

Project Administration Memorandum

Project Number: 40554
Grant Number: 0093
January 2008

NEP: Rural Reconstruction and Rehabilitation Sector Development Program

The project administration memorandum is an active document, progressively updated and revised as necessary, particularly following any changes in project or program costs, scope, or implementation arrangements. This document, however, may not reflect the latest project or program changes.

CURRENCY EQUIVALENTS

(as of January 2008)

Currency Unit	-	Nepalese rupee/s (NRe/NRs)
NRs1.00	=	\$0.01538
\$1.00	=	NRs63.00

ABBREVIATIONS

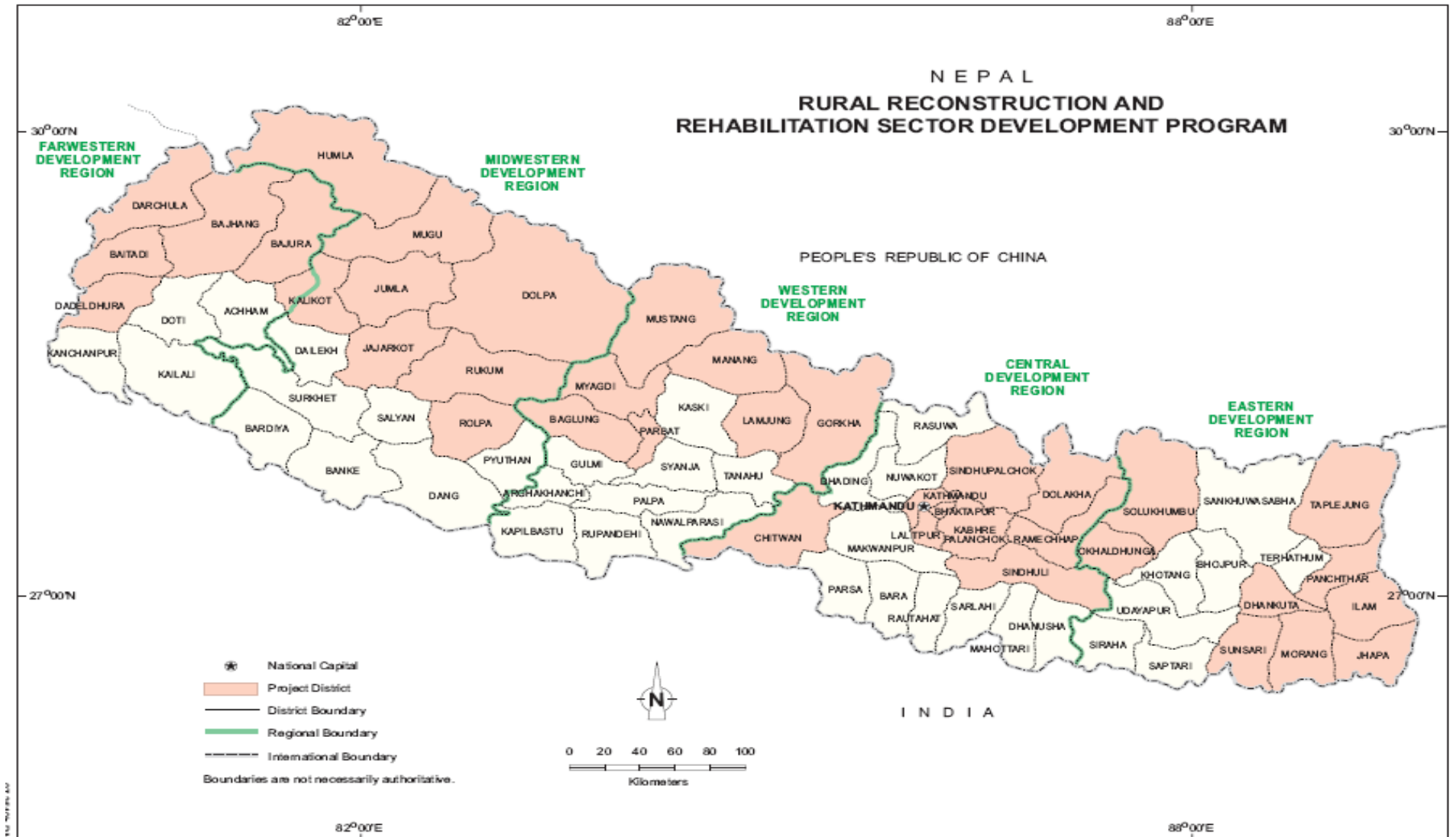
ADB	-	Asian Development Bank
ADF	-	Asian Development Fund
BG	-	building group
CF	-	conversion factor
DDC	-	district development committee
DDF	-	district development fund
DFID	-	Department for International Development of the United Kingdom
DMF	-	Design and Monitoring Framework
DOLIDAR	-	Department of Local Infrastructure Development and Agricultural Roads
DOR	-	Department of Roads
DTMP	-	district transport master plan
DTO	-	district technical officer
DWSS	-	Department of Water Supply and Sewerage
EIRR	-	economic internal rate of return
FCGO	-	Financial Comptroller General's Office
GDP	-	gross domestic product
GTZ	-	Gesellschaft für Technische Zusammenarbeit
HDI	-	human development index
IEE	-	initial environmental examination
LEP	-	labor- based, environmentally friendly, and participatory
LSGA	-	Local Self-Governance Act
MLD	-	Ministry of Local Development
MOF	-	Ministry of Finance
MPPW	-	Ministry of Physical Planning and Works
NGO	-	non-government organization
NPV	-	net present value
OPEC	-	Organization of Petroleum Exporting Countries
PCU	-	project coordination unit
RBM	-	results-based management
RWSS	-	Rural Water Supply and Sanitation
SDC	-	Swiss Agency for Development and Corporation
SIEE	-	summary initial environmental examination
SOE	-	statement of expenditure
SRN	-	strategic road network
TA	-	technical assistance
TOR	-	terms of reference
VDC	-	village development committee
VOC	-	vehicle operating cost

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.; FY2007 ends on 15 July 2007.
- (ii) In this report, "\$" refers to US dollars.

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MAP

GRANT PROCESSING HISTORY

	Date
(a) PPTA Approval	2 February 2007
(b) TA Review	8-22 June 2007
(c) Consultation Mission	17-20 July 2007
(d) Fact-finding	7-22 August 2007
(e) Management Review Meeting (MRM)	26 September 2007
(f) Appraisal Mission	2-11 October 2007
(g) 2 nd MRM Meeting	30 October 2007
(h) Grant Negotiations	7-8 November 2007
(i) Board Circulation	21 November 2007
(j) Board Consideration and Approval	12 December 2007
(k) Grant Agreement Signing	14 January 2008
(l) Cofinancing arrangement finalized and agreements signed	
(m) Grant Effectiveness	1 February 2008

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
Impact Reduce rural poverty in hill, mountain, and terai districts where isolation and hardship are common	<ul style="list-style-type: none"> Proportion of rural population living below poverty line decreases from current 34.6% to 25% by 2020 	<ul style="list-style-type: none"> National census and statistics (NCS) Nepal living standards survey 	Assumption <ul style="list-style-type: none"> Government development expenditure grows at 14% to 15% during the program Risk <ul style="list-style-type: none"> Political instability
Outcome Improved connectivity, enhanced economic and employment opportunities, and increased access to market and social services of rural communities	<ul style="list-style-type: none"> Proportion of population in project districts that have to walk 4 hours in hills and 2 hours in terai to reach the road head reduced from about 36% to less than 25% Average household (HH) travel time to market centers in road-influence area (RIA) reduced by 50% Average number of annual household trips to market centers in RIA doubled Traffic counts and/or passenger in RIA increased by at least 30% Access to assured supply of drinking water increased for about 30,000 households Average time for accessing water reduced by 50%; household supplies increased by 100%; household incidence of gastrointestinal related disease reduced by 30% Employment of 15.8 million person-days in civil works provided, at least 70% of which will be for poor and disadvantaged groups; and income and skills of people from district road corridors improved Proportional representation of women and minorities in governing bodies increased Development expenditure efficiency and quantum increased Village social capital increased 	<ul style="list-style-type: none"> NCS National geographic information system (GIS) database on population access (Department of Roads) Targeted benchmark, midterm, and final impact evaluation studies, surveys, and reports Project completion report (PCR) Subproject worker days listed in attendance sheets Government reports on gender and ethnic make-up in elected and civil service positions (2008 versus 2011) Budget and development expenditure (2008 versus 2011) Socioeconomic studies of project districts from other sources 	Assumptions <ul style="list-style-type: none"> Project areas remain safe and secure for development project implementation DDCs give priority to poverty reduction and good governance District development initiatives under the Project are not diverted or politicized in the run-up to elections Risk District political parties are unable to reach consensus on development priorities
Outputs 1. Improved rural roads 2. Developed and improved community-based supplementary rural infrastructure	<ul style="list-style-type: none"> Improvement of 560 km of rural roads Construction of 1,100 meters of bridges <ul style="list-style-type: none"> 485 supplementary infrastructure (village trails, trail bridges, microirrigation, market buildings, primary schools, and health posts) undertaken based on community demands 390 water supply subprojects 	<ul style="list-style-type: none"> Trimester project performance report (TPPR) Review mission reports PCR <ul style="list-style-type: none"> TPPR Review mission reports PCR 	Assumptions <ul style="list-style-type: none"> Subprojects selected by the DDCs (June/July 2007) are screened, prioritized, and confirmed for implementation District implementation support teams (DISTs) in place by June 2008 Assumptions <ul style="list-style-type: none"> Subprojects selected by DDC by July 2007 are confirmed for implementation DISTs in place by June 2008

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
	constructed, rehabilitated, and functional		
3. Enhanced equity, employment, and income opportunities for the poor and disadvantaged	<ul style="list-style-type: none"> At least 75% of the district infrastructure coordination committee, village infrastructure user groups (VIUGs), and building groups are formed with at least 50% women and proportionate representation of major disadvantaged groups At least 75% of the self-help groups (SHG) with at least 70% women and proportionate representation of major disadvantaged groups formed Members of building groups receive full wages within 30 days of completed works; members of building groups are all insured Men and women receive equal wages for work of equal value Members of SHGs receive demand-driven skill training (600 training programs) with 50% female representation and at least proportionate representation from disadvantaged caste and ethnic groups 50% representation of women in building groups, user groups, and coordination committees; and proportionate representation of disadvantaged, castes, and ethnic groups to their population in the project areas, with preference given to the poorest of the poor 	<ul style="list-style-type: none"> TPPR statistics based on summaries of attendance sheets and meeting minutes that account for gender and disadvantaged classification Profile of members of user groups, building groups, and committees from district benefit monitoring and evaluation summaries Review mission reports PCR 	<p>Risk</p> <p>Training opportunities are diverted from the poor and disadvantaged to upper strata villagers</p>
4. Strengthened institutional capacity of MLD, DOLIDAR, DDCs, and communities	<ul style="list-style-type: none"> 20 DDC trainings in project orientation and awareness in year 1 Five regional workshops held for DDCs on standards, requirements, and procedures for financial management, procurement, resettlement, environment, and social inclusion Five regional workshops held on strengthening quality control and operation and maintenance (O&M) Progress made toward sector/subsector integration (to program-based approaches (PBA)) 	<ul style="list-style-type: none"> TPPR account summarizing training sessions and attendance Review mission reports PCR 	<p>Risk</p> <ul style="list-style-type: none"> Trained staff are transferred before serving 2 or more years of service for the DDC
5. Improved project management	<ul style="list-style-type: none"> Advanced procurement action (from October 2007) initiated for five individual start-up consultants; same fielded by January 2008; manuals/updates and training delivered to DDCs by individual consultants by March 2008 Central implementation support consultants (CISC) under DOLIDAR fielded by April 2008 (advanced procurement action started from 	<ul style="list-style-type: none"> TPPR Review mission reports PCR 	<p>Risk</p> <ul style="list-style-type: none"> Delegation of authority to DTOs is hindered by extended government procedures

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
	<p>October 2007)</p> <ul style="list-style-type: none"> • DISTs with 33% women recruited (from February–May 2008) in 20 districts; additional 18 WSS engineers fielded in Decentralized Rural Infrastructure and Livelihood Project (DRILP) districts • CISC prepares project procedures and guidelines for project implementation, supervision and monitoring by May 2008 • Regular project coordination unit (PCU)/CISC and DPO/DIST supervision, monitoring, and guidance activities • The public audits of all completed works under subprojects carried out by December 2011 		

Activities and Milestone	Inputs
<ol style="list-style-type: none"> 1. Rural roads <ol style="list-style-type: none"> a. Survey, investigation, and design; resettlement assessment and plan; environmental assessment and mitigation plan; and social mobilization and participation by December 2008 b. Land acquisition by March 2009 c. Contractors and/or building groups procured/trained (January 2009–July 2010) d. Equipment, tools, and materials procured by July 2008 e. Construction (April 2009–July 2011) f. O&M plan (by June 2008), training and implementation (August 2008–July 2010) 2. Supplementary infrastructure <ol style="list-style-type: none"> a. Survey, investigation, and design; environmental assessment and mitigation plan; and social mobilization by September 2008 for DRILP districts and by Feb 2009 for non-DRILP districts b. Contractors and/or community building groups procured/employed by September 2008 c. Equipment, tools, and/or materials procured (July 2008–July 2010) d. Construction (September 2008–December 2011) e. O&M plan, training, and implementation 3. Community empowerment <ol style="list-style-type: none"> a. Community and group facilitation/organization (September 2008–July 2009) b. Supplementary infrastructure development facilitated/rural roads monitored (April 2009–July 2011) c. Training needs for SHGs identified and provided 4. Institutional capacity development <ol style="list-style-type: none"> a. District and community awareness campaign on Project (January–December 2008) b. Preparatory capacity-building through manual revisions and workshop presentations to the DDCs by December 2008 c. Training on quality control and O&M intermittent every year d. Progress made toward sector integration (sectorwide approach/PBA) 5. Project management services <ol style="list-style-type: none"> a. PCU and DPOs staffed and equipped (March 2008) b. Individual capacity-building consultants fielded (January 2008) c. CISC and DIST firms recruited (July 2008) d. Project operating procedures, monitoring, and reporting established (March 2008) e. PCU/CISC support and guidance for DPOs/DISTs f. Implement, monitor progress, adjust, complete, evaluate 	<ul style="list-style-type: none"> • ADB: \$50 million grant • OPEC Fund for International Development (OFID): \$10 million equivalent loan • Government of Nepal: \$15.7 million equivalent • Beneficiaries: \$2.7 million equivalent

I. PROJECT DESCRIPTION

A. Project Area and Location

1. The Project covers 20 districts including Panchthar, Ilam, Jhapa, Morang, Sunsari, and Dhankuta from the Eastern Development Region; Sindhuli, Dolakha, Sindhupalchowk, Kabhrepalanchok, Lalitpur, Bhaktapur, Kathmandu, and Chitawan from the Central Development Region; Manang, Mustang, and Parbat from the Western Development Region; Rolpa and Rukum from the Mid-Western Development Region; and Dadeldhura from the Far-Western Development Region. In addition, the Project will provide complementary support to the existing 18 Decentralized Rural Infrastructure and Livelihood Project (DRILP) districts, which are Baitadi, Bajhang, Bajura, Darchula, Dolpa, Jumla, Jajarkot, Kalikot, Mugu, Baglung, Gorakha, Lamjung, Myagdi, Okhaldhunga, Ramechhap, Sankhuwasabha, Solukhumbu, and Taplejung.

B. Impact and Outcome

2. Rural Reconstruction and Rehabilitation Sector Development Program (RRRSDP) will reduce rural poverty in hill, mountain and Terai districts where isolation and hardship are common. It will focus on immediate post conflict development priorities for accelerated poverty reduction and inclusive development, thereby enhancing the effectiveness and efficiency of the delivery of public services, and improving access of rural people to economic opportunities and social services. The target of the Program will be proportion of rural population below poverty line dropped from current 34.6% to 25% by 2020. However, change in project scope will occur after SDC's and DFID's formal participation in the Project.

3. The project outcome will be improved connectivity, enhanced economic and employment opportunities, and increased access to market and social services of rural communities. The key indicators for the outcome for the project period are (i) reduction in proportion of population in project districts that have to walk 4 hours in hill and 2 hours in Terai to reach the road head from about 36% to less than 25%; (ii) average household travel time to market cents in road- influence area reduced by 50%; (iii) traffic counts and/or passenger movements increased by at least 30%; (iv) improved access to assured supply of drinking water for about 30,000 households; (v) employment of 15.8 million person-days in civil works provided, with at least 70% from the poor and disadvantaged groups, and income and skills of people from district road corridors improved; and (vi) increased social capital at village level.

C. Outputs

4. The Project outputs include (i) improved rural roads; (ii) developed and improved community-based supplementary rural infrastructure; (iii) enhanced equity, employment, and income opportunities for the poor and disadvantaged;¹ (iv) strengthened institutional capacity of Ministry of Local Development (MLD), Department of Local Infrastructure Development and Agricultural Roads (DOLIDAR), district development committees (DDCs), and communities; and (v) improved project management.

¹ For the purpose of the Project, disadvantaged groups are, as commonly understood, socially excluded castes (dalits), ethnic groups, madhesi middle caste group, minority muslims, poor female headed households, and the isolated population from remote areas. However, if the disadvantaged groups are not adequately available in baseline survey of the project districts or road corridors, poorest of the poor and deprived people will be considered the target groups.

Component 1: Rural Roads

5. The Project will improve and upgrade approximately 560 kilometers of rural roads in 20 non- DRILP districts included in the District Transport Master Plans (DTMP). However, the total will increase to 870 kilometers after DFID's cofinancing is confirmed. The civil works will be for continuous roads only (not partial sections) that connect rural population to market centers, towns, and the higher road network. Qualifying civil works include: (i) reconstruction of damaged rural roads due to conflict; (ii) rehabilitation and preservation of rural roads which fell into disrepair during conflict, and (iii) rural roads which were planned but could not be completed due to conflict. The road construction will include an estimated 1,100 meters bridges (a total of about 42 bridges). The roads will be built to DOLIDAR standards, adopting LEP approach to the extent possible. To the extent possible, building groups (BGs) will undertake most subproject works. Only in cases where the road works are more technical and complex (i.e. bridge construction, structures, drainage works and road pavement works) contractors be engaged in the consent of district coordination committee and village infrastructure coordination committee.

6. **Maintenance:** Based on the DOLIDAR's O&M guideline, each participating should prepare and adopt O&M plan. The Project will support DDCs to implement O&M plan as per the district's O&M strategy. Each DDC will establish a district roads maintenance fund for maintaining district roads, main trails and bridges. To support the development of local resources for maintenance, financing for district roads maintenance will be provided under the Project on a matching and declining basis.² Financing maintenance after Project completion will be the DDCs' continuing responsibility. Project assistance also contributes to training for the organization, management, and physical aspects of maintenance. DDCs will form and operate user committees representing transport operators to manage road use, monitor road conditions and maintenance performance, and mobilize additional resources for maintenance. In addition, the Road Board Nepal is required to allocate 30% of its annual maintenance allotment to local bodies for local road maintenance, and DDCs can apply for and access the Road Board fund.

Component 2: Supplementary Infrastructure

7. This component will complement the rural road improvements by constructing and rehabilitating 485 community, demand-driven supplementary infrastructure such as social and market facilities, school infrastructure, micro-irrigation, link trails, trail bridges,³ and 390 rural water supply and sanitation (WSS).⁴ The investments will typically generate additional linkages and benefits in proximity to the rural road subprojects. Supplementary infrastructure will be implemented using LEP approach.

8. **Maintenance.** O&M of supplementary infrastructure varies with the capture of benefits. In a typical WSS subproject, O&M costs will be borne fully by the users committee with an O&M fund established with up-front community contribution and water tariff to meet regular O&M costs of the built WSS scheme. For more public or more technically complex supplementary infrastructure (for example, school infrastructure or trail bridges), VDCs will be responsible for O&M, with technical and financial support from the DDC, if required.

² The Project's share of road maintenance cost will be 100% in the first year, 75%, 50%, and 25% respectively in the following years. DDCs will provide the remaining required funds on an increasing basis accordingly.

³ SDC, through an existing presence and capacity in the trail bridge subsector, will provide technical assistance, bull dog grips and cables to support this initiative under RRRSDP.

⁴ Unlike the other supplementary infrastructure, WSS schemes are not tied to the proximity of the rural roads. A typical scheme will consist of an intake structure at an existing natural water source (such as a spring or a stream), a transmission pipeline, and a distribution network, with each supply point serving a group of 5 to 10 rural households.

Component 3: Community Empowerment

9. In line with government policies toward inclusion, the Project will strengthen the capacities of communities, beneficiary participation, and social cohesion to integrate the poor and disadvantaged into the mainstream of development activities. This goal will be achieved through activities that (i) raise awareness of the Project and opportunities (employment, training and access to subprojects) among all social groups; (ii) organize and train BGs for construction, using and building on existing socially mobilized groups; (iii) assist communities in identification of supplementary infrastructure and preparing proposals; (iv) facilitate beneficiary participation in implementing and maintaining subprojects through pro-poor delivery mechanisms including public hearing and annual social auditing; and (v) ensure capacity in maintenance of supplementary infrastructure. The Project will target minorities and the disadvantaged for proportional representation in BGs, and promote female membership of at least 50% and women as BG leaders. Further, through this component the Project will ensure that members of building groups receive full wages within 30 days of completed works, they are all insured and both men and women receive equal wage for work of equal value.

10. In addition to rural infrastructure activities, the Project will support demand-driven skills training by the social development officer, social mobilizers/facilitators in District Implementation Support Team (DIST)⁵ who will identify the group-specific training needs first. The training will cover areas such as agriculture and livestock, forestry and soil conservation, micro-enterprise and skills development, and social (health and literacy) awareness and legal rights. The Project will seek to link communities to qualified government and non-government training entities, closely coordinate with ongoing social and community development initiatives, and facilitate the communities in linking with credit, extension and related service providers.⁶ These skills and services will enhance the ability of the rural population to promote their well being after the termination of employment associated with the rural infrastructure construction.

Component 4: Institutional Capacity Development

11. The assessment of capacity both at the central and DDC level, as well as experience from other rural infrastructure projects, has shown that institutional capacity needs strengthening. Therefore, in order to enhance existing technical and administrative capabilities at MLD, DOLIDAR and at districts, this component specifically targets building institutional capacities and will support following subcomponents.

Subcomponent A: Strengthening Implementation and O&M

12. This subcomponent will support (i) implementation of the Institutional Strengthening Action Plan, which is a long-term road map (supported by the donors working in rural infrastructure) for building capacity in MLD, DOLIDAR, and DDCs; (ii) update and disseminate DRILP manuals and procedures in coordination with DRILP project; (iii) supply laboratory testing equipments to districts, and district staff will be trained on the use and application of lab testing for rural roads as quality control and O&M are keys to maximizing the life of rural infrastructure investments; and (iv) workshops for the districts on strengthening O&M procedures and programs will be provided at the local level.

⁵ DIST includes engineering, safeguard, and social mobilization staff, of which a minimum of 33% should be women.

⁶ An example is linking with the ADB-assisted Skills for Employment Project in those districts of common project presence.

Subcomponent B: Enhancing Fiduciary Management and Social Safeguard Compliance

13. This subcomponent will (i) update DRILP procedures manuals for procurement, resettlement and environment in both English and Nepali; (ii) develop and deliver a related training program through central and regional workshops; (iii) provide individual support in these areas to districts on a need basis; and (iv).provide financial management support to develop an accounting manual, in both English and Nepali, and to develop and deliver a related training program in conjunction with procurement matters to facilitate accounting procedures and internal controls across districts

Subcomponent C: Donor Harmonization

14. The Project will provide consulting services of nine person months to the Government to develop an integrated framework to harmonize donor aid and move rural development towards a program-based approach/SWAP, and interim measures to coordinate donor projects. This will be done within the project period.

Component 5: Project Management Services

15. A project coordination unit (PCU) is established in DOLIDAR,⁷ and a district project office (DPO)⁸ will be established in each of the twenty core project districts. The Project will work with the existing DPOs in the 18 DRILP districts and supplement each DRILP DPO with one water supply engineer, a junior engineer, and a sub-overseer to implement rural water supply and sanitation subprojects. PCU, assisted by Central Implementation Support Consultants (CISC) will provide coordination and guidance for all facets of Project implementation, including engineering, safeguards (environment, social, and resettlement), financial management, and procurement. DPO, assisted by DIST will (a) prepare annual work programs; (b) finalize detailed subproject designs; (c) ensure all safeguard measures are complied with; (d) supervise all construction activities; (e) organize community level training; and (f) arrange procurement. Both PCU and DPOs will be supplied with computers, equipment, and vehicles to support project supervision, management, technology, and quality control. PCU will be actively involved in monitoring district activities with frequent field visits and submit field reports.

D. Important Features

16. In an effort to address the complexities of poverty and conflict, the Project takes a multi-dimensional approach, including infrastructure, community development, training and capacity building. The main complement of project works, rural roads, are to be accomplished by employing local BGs, which are to be constituted by targeting the poor and disadvantaged for inclusion. The supplementary investments are identified and undertaken in a demand-driven, process approach. Again, the poor and disadvantaged are targeted for this activity. These groups will also be provided training to extend their skills and knowledge base to assist employment and income generation after road construction is completed.

17. For inclusion of poor and disadvantaged as envisaged by the project, the social mobilization measures will include activities to advocate the inclusion of the poor, women and socially excluded caste and ethnic groups in community discussions and affairs, and the

⁷ PCU will have one project coordinator, two senior divisional engineers, five engineers, one sociologist, one environmental engineer, one resettlement officer, one senior accountant, two accountants, one computer operator, one assistant, two administrative assistants, four drivers, and three messengers.

⁸ Headed by the DTO chief, DPO will have one rural infrastructure engineer, one sub-engineer, two assistant sub-engineers, one accountant, one administrative staff, one computer operator, one driver, and two messengers.

organization of special meetings with particular target groups to raise awareness, disseminate information, and encourage them to participate. These measures will be undertaken to ensure that the poorest, most disadvantaged and excluded: (a) are given priority for unskilled employment on construction works; (b) are targeted in skills training and income generating activities, and more broadly (b) become actively involved in community consultations and decision-making particularly in VICCC and VIUG so that project outputs are better targeted towards meeting their needs. For better targeting the poor, disadvantaged and socially excluded the project will develop social inclusion strategy and guidelines relevant to all project components. The strategy will include the mechanism, tools, and criteria for mapping and targeting the poor and socially excluded in all project activities.

18. The project will implement Gender Action Plan (GAP) (attached in appendix 5) to ensure equal participation of women in all project activities and for mainstreaming gender in the Project. For effective implementation, a detailed implementation plan of GAP will be prepared by PCU with support from Social Development Specialist of CISC in a participatory way with DPOs and DIST Sociologists. Required budget will be allocated by the project to implement the plan. The GAP will be reviewed annually to: (i) assess the progress against indicators in GAP and in DMF; (ii) address the critical issues that come up during implementation; and (iii) revise the approaches and targets for step by step progress to achieve greater gender equality and empowerment of women through project activities. To facilitate the implementation, the project will develop a gender and social inclusion manual for the use of DPOs, DISTs and NGOs.

19. As per social safeguard policies, the Indigenous Peoples Development Framework attached in Appendix 6 provides policy and procedures to screen project impacts on indigenous peoples (IPs) and prepare planning documents in compliance with ADB's Indigenous Peoples Policy for sub-projects during implementation. In feasibility study of sub-projects, the IPs plans will be implemented as per the framework covering: (i) screening and categorization of impacts on IPs; (ii) social impact assessment and preparation of IP plans; (iii) consultation and participation of IPs in formulation of sub-projects; and (iv) monitoring of the IP plans.

20. The social mobilization measures will include activities to advocate the inclusion of the poor, women and socially excluded caste and ethnic groups in community discussions and affairs, and the organization of special meetings with particular target groups to raise awareness, disseminate information, and encourage them to participate. These measures will be undertaken to ensure that the poorest, most disadvantaged and excluded: (a) are given priority for unskilled employment on construction works; and more broadly (b) become actively involved in community consultations and decision-making so that project outputs are better targeted towards meeting their needs.

21. The project will implement Gender Action Plan (in Appendix 5) with detailed implementation plan to ensure equal participation of women in all project activities. For better targeting the poor and socially excluded the project will develop social inclusion strategy and guidelines relevant to all project components.

22. To the extent feasible the Project adopts LEP approach that has strengths in providing income- and employment-generation for the poor, minimizing environmental impact of machine-intensive road construction, and generating skills and ownership for O&M (through use of local population). However, to be effective, the approach does not lend itself to shortcuts. Significant training, preparation and supervision of BGs are required. In order to reconcile the time required for organizing, training, and implementing under LEP with the Government's articulated desire for rapid employment- and income-generating works, the project design seeks to speed preparatory activities by utilizing advance action for recruitment of consultants. This will help put expertise in place early after project

effectiveness to assist and guide local bodies in critical start-up areas such as (i) procurement of DISTs; (ii) financial management (in relation to managing a multilateral-funded project); and (iii) guidance in the requirements and standards for environment, resettlement, and social safeguards. Additionally, in an effort to expedite implementation, the Project will adopt and extend already compiled and applied procedural guidelines and manuals developed under DRILP.

II COST ESTIMATES AND FINANCING PLAN

A. Cost Estimates

23. The project investment cost is estimated at \$78.4 million, including taxes and duties of \$4.6 million. Summary estimates by component are in Table 1. Detailed cost estimates by expenditure category and by financier are in Appendix 1.

Table 1: Project Investment Plan
(\$ million)

Item	Amount ^a
A. Base Cost^b	
1. Rural Transport	45.2
2. Supplementary Infrastructure	17.5
3. Community Empowerment	3.2
4. Institutional Capacity Development	0.3
5. Project Management Services	8.2
Subtotal (A)	74.4
B. Contingencies^c	3.7
C. Interest During Implementation	0.3
Total	78.4

^a Includes taxes and duties of \$4.6 million.

^b In October 2007 prices.

^c Physical contingencies computed at 5% for civil works, equipment, and vehicles. Price contingencies computed at a foreign price escalator of 0.8% per year, and a domestic price escalator of 5.4% in the first year, 5.1% in the second year, and 5.0% in the following years.

Source: Asian Development Bank estimates.

B. Financing Plan

24. ADB has approved a grant of f \$50.0 million equivalent from its Special Funds resources to help finance the Project. The grant will finance 63.8% of the Project cost. The provision of grant assistance is justified by the pro-poor orientation of the Project and the country's tight fiscal position. The Government is to provide \$15.7 million equivalent to finance part of civil works (16.5% on rural roads and 31.3% on supplementary infrastructure), 20% on land acquisition and resettlement compensation, 50% on rural road O&M, 100% on project staff salary and taxes and duties. Beneficiaries will provide about \$2.7 million on the construction (in kind) and O&M of supplementary infrastructure.

25. The OPEC Fund for International Development (OFID) will provide a loan of \$10.0 million equivalent to jointly finance 29.1% rural road civil works. Administered by ADB, the OFID loan will have a maturity of 20 years including a 5 years grace period, 1% interest charge per year and 1% service charge per year. Table 2 summarizes the financing plan.⁹

⁹ DFID has expressed interest to provide a grant of \$20 million equivalent to jointly finance rural road civil works, subject to its final approval. SDC also expressed interest to provide the district technical services in four districts of Dolakha, Kabhrepalanchok, Sindhuli, and Sindhupalchowk. The project scope will be extended and the project investment and financing plans will be adjusted when the proposed DFID and SDC cofinancing is finalized.

TABLE 2: FINANCING PLAN (\$ million)

Source	Total	%
Asian Development Bank	50.0	63.8
OPEC Fund for International Development	10.0	12.8
Government of Nepal	15.7	20.0
Beneficiaries	2.7	3.4
Total	78.4	100.0

C. Allocation of Grant Proceeds

26. The allocation by cost categories and financing of the grant is presented in Table 3.

Table 3: Allocation and Withdrawal of Grant Proceeds

CATEGORY				ADB FINANCING
No.	Item	Amount Allocated [\$'000] Category Subcategory		Percentage and Basis for Withdrawal from the Grant Account
1	Civil Works	26,198		
1A	Rural Roads		17,773	54 percent of total expenditure*
1B	Supplementary Infrastructure		8,425	54 percent of total expenditure*
2	Survey, Investigation, Design and Preparatory Works	1,720		100 percent of total expenditure
3	Land Acquisition and Resettlement Compensation	3,492		80 percent of total expenditure*
4	Vehicles and Motorcycles	1,666		100 percent of total expenditure
5	Equipment	761		100 percent of total expenditure
6	Consulting Services	3,097		100 percent of total expenditure
7	Locally Contracted Services	5,836		100 percent of total expenditure
8	Training, Studies, Workshops, Seminars	1,053		100 percent of total expenditure
9	Incremental Operating Expenses	4,142		100 percent of total expenditure
10	Rural Road Operation and Maintenance	480		50 percent of total expenditure*
11	Unallocated	1,555		
	Total	50,000		

* excluding local taxes and duties, which shall be borne by the Government

27. The goods, works, and consulting services and other items of expenditure to be financed out of the proceeds of the grant and the allocation of amounts of the grant among different categories of such goods, works, and consulting services and other items of

expenditure shall be in accordance with the provisions of Schedule 2 of the Grant Agreement dated 14 January 2008, as such Schedule may be amended from time to time by agreement between the Government and ADB.

28. Except as ADB may otherwise agree all goods, works, and consulting services to be finance out of the proceeds of the grant shall be procured in accordance with the provision of Schedule 3 of the Grant Agreement.

29. Withdrawals from the grant account in respect of goods, works, and consulting services to be finance out of the proceeds of the grant shall be procured in accordance with the provisions of Schedule 3 of the Grant Agreement.

30. Withdrawals form the grant account in respect of goods, works, and consulting services shall be made only on account of expenditures relating to:

- goods which are produced in and supplied from and services which are supplied from such member countries of ADB as shall have been specified by ADB from time to time as eligible sources for procurement, and
- goods, works, and consulting services which meet such other eligibility requirements as shall have been specified by ADB from time to time.

31. **Reallocation:** Notwithstanding the allocation of grant proceeds and the withdrawal percentages set forth in Table 3:

- (a) If the amount of the grant allocated to any category appears to be insufficient to finance all agreed expenditures in that category, ADB may, by notice to the Government, (i) reallocate to such category, to the extent required to meet the estimated shortfall, amounts of the grant which have been allocated to another category but, in the opinion of ADB, are not needed to meet other expenditures, and (ii) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such category may continue until all expenditures there under shall have been made; and
- (b) If the amount of the grant then allocated to any category appears to exceed all agreed expenditures in that category, ADB may, by notice to the Government reallocate such excess amount to any other category.

III. IMPLEMENTATION ARRANGEMENTS

A. Central Level

32. The arrangements and responsibilities for project management and implementation at the central level and decentralized level will be in accordance with the provision of Schedule 4 of the Grant Agreement. The executing agency for the Project will be MLD, and DOLIDAR will be the central implementing agency for central level activities. The organizational structure for implementing the Project is outlined in Appendix 2.

33. **Project Monitoring Committee and Project Implementation Coordination Committee:** Within one month of the Effective Date of 1 February 2008, Project Monitoring Committee (PMC)¹⁰ will be established in MLD chaired by the Joint Secretary of MLD. The

¹⁰ The project monitoring committee will also include the Director General of DOLIDAR, project coordinator, heads of MLD's Financial Administration, Planning and Foreign Aid Coordination and Monitoring Sections, and members from ADB and cofinancers. Joint Secretary of Local Self-Governance Division of MLD will participate as an invitee.

PMC will be responsible to (i) monitor overall Project implementation; (ii) resolve policy issues; (iii) guide PCU; and (iv) facilitate inter-ministerial coordination.¹¹ Project monitoring committee will meet at least once every six months. DOLIDAR will establish a Project Implementation Coordination Committee (PICC)¹² within one month of Effective Date of 1 February 2008, PICC will be responsible to (i) supervise day-to-day Project implementation; (ii) review Project progress; and (iii) coordinate between DOLIDAR and DDCs. The PICC will meet whenever necessary, but not less than once every three months.

34. **Project Coordination Unit:** Within one of the Effective Date of 1 February 2008, DOLIDAR will have established and fully staffed a Project Coordination Unit (PCU). The PCU at all times during Project implementation will be headed by a full-time Project Coordinator of class one officer. The PCU will include at least the following full-time staff: two senior divisional engineers, five engineers, one environmental engineer, one senior resettlement officer, one sociologist, one account officer, two accountants, one computer operator and sufficient support staff. The PCU staff will be supported by consultants of whom the expertise and duration of assignment will be as agreed between MLD and ADB. The Project Coordinator will report to the Secretary of the MLD through the Director General of DOLIDAR.

35. The PCU will coordinate, guide and monitor day-to-day Project implementation, including engineering, compliance with safeguard provisions including gender action plan, financial management, and procurement. Specific responsibilities of the PCU will include, but not be limited to,: (a) detailed planning of Project implementation; (b) guiding and monitoring DDCs/DTOs that participate in the Project; (c) allocating and disbursing Project funds in accordance with mechanisms and processes established in the Recipient's Local Body Financial Administration Regulations; (d) liaising with other donor-funded projects in the rural infrastructure sector on day-to-day implementation matters; (e) preparing consolidated annual workplans; (f) ensuring satisfactory implementation of the gender action plan, the environmental guidelines, the resettlement frameworks and plans, and indigenous peoples framework and plans; (g) ensuring timely compliance of agreed covenants; and (h) preparing necessary progress reports as well as the Project completion report.

36. DFID will take MOF's clearance for involvement of the DFID/GTZ risk management advisor, and coordinate with other donor agencies that are providing risk management services for projects under MLD. DFID will then prepare detailed TOR for the advisor to be cleared by MLD and DOLIDAR. Then the advisor's inputs will be provisioned for the Project.

B. Decentralized Level

37. **Project Implementing Agencies:** The DDCs will be the Project Implementing Agencies at the district level. The DTO of each respective DDC shall be responsible for technical and Project management matters. Each DDC shall establish and chair a District Project Coordination Committee to (i) coordinate with all relevant line agencies; (ii) issue District policy guidelines; (iii) resolve District implementation issues; and (iv) hear complaints against the Project, if any.

38. **District Project Office:** Within one month of the Effective Date, each DDC will have established and staffed a DPO. The head of the district technical office (DTO) of each

¹¹ The existing joint steering committee for rural infrastructure under the chairmanship of the Secretary MLD will provide overall policy direction for the sector.

¹² PICC will be chaired by the Director General of DOLIDAR, two representatives of MLD (Financial Administration Section, and Monitoring Section), two representatives of DOLIDAR (Planning and donor coordination and monitoring, environment and technology promotion section) and five representatives from project districts on rotation basis. ADB and other cofinanciers may participate as both members and observers. PCU will be the secretariat for PICC with the project coordinator being the member secretary.

participating DDC will also head the DPO in the District. In addition, each DPO will comprise the following full-time DTO staff: one rural infrastructure engineer, one sub-engineer, two assistant sub-engineers, one accountant, one administrative staff, one computer operator, and sufficient support staff. The DTO staff in the DPO will be supported by the DIST, which will be engaged as a firm and will include engineering, safeguards, and social mobilization staff. DOLIDAR will ensure that DISTs engage equally qualified local engineers and other staff on a priority basis, provided such engineers and local staff are equally qualified as candidates from outside the District.

39. Specific responsibilities of the DPO, assisted by the DIST, shall include, but not be limited to: (a) preparing annual work programs; (b) finalizing detailed subproject designs; (c) ensuring that all safeguard measures including gender action plan shall be complied with; (d) supervising all construction activities; (e) organizing community level training; and (f) arranging procurement.

40. Any Project activities to be implemented in the DRILP districts will be implemented through the District implementing agencies for DRILP.

41. **Village Level Implementation:** At the village level, village infrastructure construction coordination committees (VICCCs) will be constituted in each VDC where projects will be implemented. VICC will be formed prior to the commencement of any Project activities and will include representatives of political parties, non-government organizations active in the VDC area, women, dalits and other disadvantaged groups. All efforts must be made to ensure participation of 33% women as well as a due representation of various ethnic groups and castes.

42. Each VICCC, in close cooperation with and under the guidance of the respective DPO, shall be responsible for: (a) coordinating supplementary infrastructure planning; (b) guiding the formation of building groups (BGs) for rural roads and of Village Infrastructure User Groups for supplementary infrastructure with gender and caste/ethnicity sensitivity; (c) ensuring proper payment to BGs; (d) supervising beneficiaries' contributions for subprojects; (e) monitoring implementation of village infrastructure works; and (f) ensuring public audits upon subproject completion.

C. State Restructuring

43. If at any time during Project implementation, the Recipient shall undergo state restructuring resulting in changes to its public administration, the Recipient shall immediately inform the ADB thereof. In such case, the Recipient and ADB shall review the Project management and implementation arrangements to ensure such arrangements reflect the changes.

D. Budget Reallocation

44. MLD, DOLIDAR, ADB, and cofinancer will jointly assess situation in a conflict affected district, its effect on work and utilization of allocated budget, and take decision for reallocation of the budget for another district where budget can be utilized.

IV. IMPLEMENTATION SCHEDULE

45. The Project will be implemented over four years starting from January 2008 to December 2011. Initial activities will include organizing the district implementation team; recruiting consultants; survey, design and investigation; social mobilization; conducting benchmark socioeconomic surveys; carrying out environmental and resettlement studies; and procuring needed equipment and vehicles. Civil works will commence after the

engagements of consultants; land and rights to land, free of encumbrances, are available for construction; and resettlement activities and compensation payments have been completed. A detailed project implementation schedule is in Appendix 3.

A. Selection and Implementation of Subprojects and Supplementary Infrastructure

46. The selection and implementation of subprojects and supplementary infrastructure will be in accordance with the provision of schedule 4 of the Grant Agreement. DOLIDAR will ensure that the selection and approval of all subprojects will be in accordance with the criteria agreed upon between MLD and DOLIDAR on the one hand and ADB on the other hand and as set forth in Appendix 11 of the RRP. Maximum number of subprojects to be selected will be three roads per district for upgrading/new construction. However, it can vary based on the progress made, which will be decided on a case by case basis.

47. To the extent feasible, selected subprojects must be technically suited for construction using the LEP approach. DOLIDAR must ensure that there will be no geographical overlap between Project-funded subprojects and projects funded by other development partners including ADB. DPOs will assess VICCC's recommended subprojects in respect to social, technical, economic, environment, and resettlement aspects, and will score, prioritize and prepare a list of identified proposed subprojects for the project investment. The DDC in consultation with DPCC will provide the concurrence to proceed implementation of identified subprojects. The final DDC's decisions regarding the selection of supplementary infrastructure should be communicated to communities through VICCCs. DIST will undertake feasibility study and detailed design for the highest-ranked sub-projects, including detailed technical design, drawings, quantity and cost estimate, and environment, resettlement and social requirements and plans. Public consultations will be undertaken to incorporate information and views of the stakeholders. During the process, disputes in finalization of the subproject will be resolved in discussion with local community and VICCC.

48. Prior to the commencement of any Project activities in a district, DOLIDAR and the DDC of such district must have entered into a project agreement, the format of which has to be approved by ADB, which regulates: (a) the terms and conditions for releasing funds from the DDC to the BGs – including conditions relating to the DDC contribution; (b) the auditing and reporting mechanism from the DDC to the PCU; and (c) coordination mechanisms with similar activities under other projects in the district.

49. Prior to the commencement of any supplementary infrastructure in a village or community, the DDC, the relevant VDC, VICCC and the village infrastructure user groups (VIUG) must have entered into an agreement, in form and substance acceptable to ADB, regulating: (a) the in-kind beneficiaries' contribution; (b) minimum specifications and standards of construction and management of works to be performed by the VIUG; (c) minimum specifications and standards for the operation of the works to be performed by the BGs; (d) environmental standards applicable to the design, construction, and operation and maintenance of the works; (e) employment terms and conditions for VIUG-members, including wage rate, frequency of pay and equal pay for women and men for work of equal value (f) specific targeting of women, and disadvantaged caste and ethnic groups in BGs, VICCC and VIUGs.

50. Prior to the commencement of any road construction along the road alignment, the DDC, the relevant VDC, and VICCC must have entered into an agreement, in form and substance acceptable to ADB, regulating: (a) minimum specifications and standards of construction and operation of works to be performed by the BGs; (b) labor availability survey and formation of BGs; (c) environmental standards applicable to the design, construction, and operation and maintenance of the works; and (d) employment terms and conditions for

BG-members, including wage rate and frequency of payment and participation of women and disadvantage as per Gender Action Plan.

51. DOLIDAR must ensure that prior to any civil works for a rural road (a) the feasibility study and detailed design for such road must have been completed; (b) all environmental and social safeguard clearances must have been obtained; and (c) all resettlement activities and compensation payment must have been completed

52. Supplementary infrastructure preparations will proceed along with the commencement of the rural roads. Each VICCC will be informed by DPO about project approach, component, funding modality, budget ceiling for supplementary infrastructure and process for identification. VICCC in consultation with communities assess needs and demand of communities which is eligible for project investment. VICCC through community decision prioritize their demands and recommends top ranked supplementary infrastructure to DDC/DPO. DPO will follow the process of evaluation, prioritization of VICCCs' recommendation and forward to DDC for approval. Final decision about the selection of supplementation infrastructure for project investment should be communicated to all demanding communities.

53. DOLIDAR must ensure that interested beneficiaries living within the influence area of the infrastructure to be constructed will be reserved for unskilled employment. Priority must be given to poor and disadvantaged groups and castes, as well as households affected by the acquisition of land and assets who are willing to work. DOLIDAR must ensure that workers shall be paid in full, on a fortnightly basis.

54. The Government must ensure that civil works contractors comply with all applicable labor legislation. Bidding documents must include a clause on the prohibition of child labor, as defined in the Recipient's legislation, for construction and maintenance activities as well as a clause stipulating equal pay for men and women for work of equal value. Compliance with these provisions must be strictly monitored during Project implementation.

55. Before 14 April of each year during Project implementation, DOLIDAR and ADB must agree on the annual maintenance program for rural roads in the Project districts for the following year. DOLIDAR must submit to ADB, for its review, the proposed maintenance budget by 14 March of each year.

56. DOLIDAR and DDCs of districts in the Project area must take all appropriate and necessary measures to increase rural road maintenance funding to a sustainable level. This includes the establishment of District Roads Maintenance Funds and adoption of O&M strategy.

B. Poor and Disadvantaged Groups Mapping

57. Household survey will be carried out with specific parameters to identify the target groups of sub projects (rural roads, water supply and sanitation and supplementary infrastructure), the poor and socio-culturally disadvantaged. Criteria of household survey will include two major dimensions: economic and socio-cultural. In economic dimension food sufficiency level and sources of income of the household will be considered. In socio-cultural dimension, caste, ethnic and gender based discriminations are used as parameters. In addition to these dimensions, remoteness is also considered as a criterion for the water supply and sanitation project selection (which is not necessarily close to rural road subprojects). The project will collect socio-economic baseline data of the targeted groups disaggregated by gender, caste, ethnicity and other minority groups during detailed feasibility study of the subproject and reports the progress in PPRs accordingly.

V. SAFEGUARD REQUIREMENTS

58. The project will ensure that safeguard matters will be implemented in accordance with the provision of Schedule 4 of the Grant Agreement. For environment and social safeguard, subprojects will be classified based on respective checklists (Appendix 5). Determination will be made based on environmental screening and classification checklist, whether IEE is required; based on the involuntary resettlement checklist, whether a “Short” or “Full” Resettlement Plan (RP) is required, and based on the indigenous people checklist, whether an Indigenous People Development Plan (IPDP) is required. If required (in case of any safeguards), IEE (including EMP and Summary IEE), RP (Short or Full), and IPDP will be prepared during feasibility of the eligible subprojects in accordance with agreed frameworks (Appendix 6). Approval, clearance and disclosure procedures as well as implementation processes including monitoring/auditing requirements will be followed as specified in the frameworks.

VI. CONSULTANT SERVICES

59. The selection and engagement of all consulting services will be in accordance with [ADB's Guidelines on the Use of Consultants](#) and other arrangements satisfactory to ADB for engaging national consultants.

60. **Central Implementation Support Consultants:** The objective of the central-level consulting services is to support the Project Coordination Unit (PCU) to (i) deliver the planned outputs and outcomes on schedule; (ii) backstop the implementing agencies at the district level; (iii) ensure the compliance with safeguard policies including social, environmental and resettlement safeguards; (iv) meet the reporting requirements of the Government and ADB; and (v) develop institutional capacities of the central and local institutions involved in rural infrastructure sector. Consultant inputs cover expertise related to engineering, construction supervision, gender and social development, environmental management, resettlement and compensation policy, monitoring and evaluation, quality control and quality assurance, fiduciary and financial management, training and capacity building, procurement, sector stakeholder integration, and project management (work program and budgeting, administration, monitoring and reporting). The detailed terms of reference is in Appendix 7

61. A core team of consultants will comprise a rural infrastructure expert (Team Leader-international), a construction engineer (Deputy Team Leader), a social development specialist, a rural water supply and sanitation specialist, a bridge specialist, an environmental management specialist, a resettlement specialist, a procurement specialist, a financial management specialist, and policy/aide effectiveness specialist. In addition, there will be two full-time rural infrastructure engineers and two regional social coordinators, each one in charge of one of two regional groupings of project districts, as members of the central-level consulting team. Specialized services in areas like technical audit, quality assurance, impact evaluation, bioengineering, training and capacity building will be procured for shorter durations on an as-and-when needed basis. This arrangement will optimize consultant inputs and provide flexibility during the project implementation. The Project will be implemented in collaboration with other projects and will benefit from others' initiatives and expertise as well.

62. PCU will recruit the central-level consulting services in two subsets. At the outset of the Project, five individual consultants will be recruited by PCU to advance project preparatory activities at the central and district levels including (i) 108 person-months national consulting services in procurement, financial management, resettlement, and environmental management; and (ii) 9 person-months international consulting services on development of a joint donor coordination framework. The other CISC consultants consisting

of 24 person-months international and 320 person-months national consulting services will be recruited by PCU through a firm using quality and cost-based selection with quality-cost ratio at 80:20. The Government will undertake advance action for recruiting consultants to facilitate the Project's start-up. An indicative list of the types of specialization and person months of inputs are summarized in Table A8.

Table A8.1: Central Implementation Support Consultants

Consultants/Associates		Person-months	
		International	National
A.	Consultants		
	Team Leader (Rural Infrastructure Specialist)	24	
	Deputy Team Leader (Construction Engineer)		42
	Social Development Specialist		36
	Environmental Management Specialist		24
	Rural Water Supply and Sanitation Specialist		42
	Resettlement Specialist		36
	Rural Infrastructure Engineers (2)		84
	Regional Social Coordinators (2)		60
	Bridge Specialist		24
	Financial Management Specialist		24
	Procurement Specialist		24
	Rural Development Policy / Aid Effectiveness	9	
	Unallocated (Technical Audit Specialist, Quality Assurance Specialist, Impact Evaluation Specialist, Training and Capacity Building Specialist, Decentralized Planning and Implementation Specialist, Evaluation Specialist)		32
	Subtotal	33	428
B.	Associates		
	Resettlement Assistants (3)		90
	Environmental Assistants (3)		54
	Unallocated (Junior Professionals)		48

63. **District Implementation Support Team:** The district implementation support team (DIST) requires social, technical and professional inputs for: (i) survey, investigation and design; (ii) resettlement planning and implementation; (iii) environmental assessment and mitigation; (iv) works supervision and quality control; (v) beneficiary mobilization, empowerment and skills training; (vi) procurement and management of services; and (vii) accounting, monitoring and reporting. The composition of the services will vary by district but will typically include (i) a rural infrastructure engineer supported by two junior engineers/overseers, and five sub-overseers, (ii) a social development officer supported by three social mobilizers/community facilitators, (iii) a resettlement specialist and an environmental specialist, and (iv) an accountant and two support staff. A provision is made

for unallocated input to meet special needs (such as geotechnical, hydrology, etc.). The services will generally be fulltime for the project period except for the resettlement, environmental specialists who will be employed in the early phases of implementation and subsequently, only as needed, and the unallocated specialists who will be deployed also only as needed.

64. DIST will set out works at sites with the participation of building groups and/or contractors – ensuring that building groups/contractors understand the job to be undertaken. DIST provides coaching and on-job-training to workers to maintain quality and standards, as well as to enhance building group skills. DIST also monitors the working conditions, social aspects, and compliance with environmental and resettlement recommendations.

65. Of 38 project districts, 18 DRILP districts already have district support teams in place. Therefore, the full DISTs will be recruited by district project offices (DPOs) only in the 20 new RRRSDP districts through a single firm or integrated association of firms/nongovernment organizations. However, provision is made for recruitment of one water resource engineer, overseer, and sub-overseer for each of the 18 DRILP districts to cover the rural water supply and sanitation in those districts. The water resource engineers and assistants are to be recruited individually by the DRILP DPOs.

Table A9.1: Indicative District-Level Implementation Support, per District

		Staff	Person-months
A.	DIST for 20 New RRRSDP Districts		
	1.	Technical Staff	
	a.	Rural Infrastructure Engineer/District Team Leader	42
	b.	Civil Engineer/Deputy District Team Leader	42
	c.	Social Development Specialist	24-40
	d.	Resettlement Specialist	12-18
	e.	Environmental Specialist	12-15
	f.	Unallocated	10
		Subtotal	142-167
	2.	Support Staff/District	
	a.	Sub Engineers (2 persons)	84
	b.	Assistant Sub Engineers (4 persons)	168
	c.	Social Mobilizers/Facilitators (4 persons)	168
	d.	Accountant/Administrative Assistant	42
B.	Water Supply Support Staff for 18 DRILP Districts		
	1.	Rural Water Supply and Sanitation Engineer	30
	2.	Sub Engineer	30
	3.	Assistant Sub-engineer	30

66. The selection and engagement of all consulting services to be financed under the Project should be in accordance with the provisions of **Schedule 3 of the Grant Agreement** and [ADB's Guidelines on the Use of Consultants](#). The central-level consulting services will be selected using Quality-and Cost-based Selection (QCBS) procedure, and district-level

consulting services using Consultants' Qualifications Selection (CQS) procedure or individual consultant selection procedure.

67. The procedure for recruiting consulting firms using QCBS, CQS, and individual consultant methods for Grant projects are given below:

A. Recruitment of Consulting Firms for Grant Projects Using QCBS

- (a) Notification of Expression of Interest (EOI). EOIs will be published for 30 days in national, local papers, DOLIDAR's website as well as ADB's Business opportunities. The standard format approved by ADB will be used.
- (b) Invitation for technical and financial proposals. The invitation to submit technical and financial proposals (hereinafter called the request for Proposals or RFP) and all related documents shall be approved by the Bank before they are issued. For this purpose, three copies of the draft RFP, the names of consultants to be short-listed, the proposed criteria for evaluation of proposals, a draft consultancy contract, and other related documents shall be submitted to ADB. A period of at least 45 days shall be allowed for submission of both proposals. A copy of the final RFP as issued, together with all related documents, shall be furnished to ADB for information promptly after issuance. The validity period for the technical and financial proposals as provided in the RFP shall usually not exceed three months from the date specified for submission of the technical and financial proposals. The approval of ADB shall be obtained for any request to extend such validity period. Except as ADB may otherwise agree, the validity period, including any extensions, shall not exceed a maximum total period of six months. If the contract is not signed within the validity period in accordance with the *Guidelines on the Use of Consultants*, the selection shall be invalid and the selection and engagement process as provided in this paragraph shall be followed again.
- (c) Evaluation and scoring of technical proposals. Immediately after the technical proposals have been evaluated and scored, approval of the ADB shall be obtained to the evaluation and scoring of the technical proposals. For this purpose, the ADB shall be furnished with one copy of the technical proposals.
- (d) Public opening of financial proposals. The financial proposals of the firms whose technical proposals meet the minimum qualifying technical score shall be opened publicly after adequate notice is given to such firms or their representatives to attend the opening of the financial proposals.
- (e) Evaluation and scoring of financial proposals and ranking of technical and financial proposals. After the financial proposals have been evaluated and scored, the ranking of the technical and financial proposals shall be made, before negotiations are started with the first-ranked consultants, approval of the Bank shall be obtained to the evaluation and scoring of the financial proposals and the ranking of the technical and financial proposals. For this purpose, ADB shall be provided with three copies of (i) the evaluation and scoring of the financial proposals and (ii) the ranking of the technical and financial proposals.
- (f) Execution of contract. After the conclusion of negotiations but before the signing of the contract, ADB shall be furnished with the contract as

negotiated for approval. Promptly after the contract is signed, ADB shall be furnished with three copies of the signed contract. If any substantial amendment of the contract is proposed after its execution, the proposed changes shall be submitted to ADB for prior approval.

The Borrower has requested that the international-recruited consultants to be selected collaborate with domestic consultants. The specific arrangements relating to the collaboration shall be included in the proposals to be submitted to ADB.

B. Consultants' Qualifications Selection (CQS)

- a) The DPO prepares a detailed and specific TOR. The scope of work must be defined and all the factors affecting the project cost, including all the required inputs, must be stated.
- b) The TA requests amplified expression of interest (EOIs) and information on the consultants' experience and competence relevant to the assignments.
- c) The DPO establishes a shortlist of at least three firms.
- d) The DPO selects the firm with the most appropriate qualifications and references based on the EOIs.
- e) The first-ranked firm shall be asked to submit a combined technical-financial proposal and then be invited to negotiate the contract. Should negotiations fail, the borrower or ADB shall start negotiations with the next ranked firm until an agreement is reached.

C. Recruitment of Individual Consultants

68. Individual consultants may be engaged directly or through an organization, such as a consulting firm, an academic institution, a government, or international agency. PCU recruiting individual consultants for ADB-financed loan projects must follow ADB's requirements and the following procedures:

- (a) The PCU finalizes the TOR in consultation with ADB, and then prepares a list of at least 3 qualified candidates.
- (b) The PCU then ranks the candidates and submits their names and qualifications to ADB for approval, together with the draft contract that will be used for the negotiation.
- (c) ADB approves (i) shortlist and evaluation criteria, (ii) evaluation report and ranking, and (iii) draft contract.
- (d) The PCU negotiates with the first-ranked candidate. If the negotiations fail, the PCU obtain ADB's approval to negotiate in turn with the next-ranked candidate until agreement is reached. The PCU then sends a copy of the draft negotiated contract to ADB for approval.
- (e) After ADB approves the draft negotiated contract, the PCU concludes the negotiations, signs the contract, and submits 3 copies to ADB for its records.

69. The Recipient shall ensure that all ADB-financed contracts with consultants

contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.

VII. PROCUREMENT

70. All goods, related services, and civil works financed by ADB and cofinanciers will be procured in accordance with Schedule 3 of the Grant Agreement and [ADB's Procurement Guidelines](#). All small and widely dispersed civil works amounting up to \$30,000 will be undertaken by the community, following the community participation guide. Shopping will be used for works exceeding \$30,000 but no more than \$100,000. In cases involving more complex works such as bridge construction, drainage works, road pavement, high retaining walls, hard rock cutting valuing more than \$100,000 but no more than \$1,000,000, civil work contracts will be required and procured by DPO on the basis of national competitive bidding in accordance with the Government's procurement procedures acceptable to ADB.¹³ Supply contracts for equipment or materials exceeding \$1.0 million will be procured following international competitive bidding, and those not exceeding \$1.0 million but more than \$100,000 will be awarded on the basis of national competitive bidding. Shopping will be used for procuring readily available off-the-shelf goods valued up to \$100,000. The PCU and DTOs will procure the equipment and vehicles. Detailed procurement plan up to 18 months with indicative procurement packages are in Appendix 8.

71. The applicable modes of procurement are:

A. Community-Based Procurement

72. Normally local procurement procedures and guidelines should be followed, and these procedures are not in contravention of ADB's *Guidelines for Procurement* and are transparent and fair. The Village Infrastructure Construction Coordination Committee (VICCC) will normally be responsible for procurement. To the extent possible, the VICCC should purchase the construction materials such as cement, steel, stone aggregate, sand and tools in bulk through direct purchase procedures by inviting at least three quotations, preferably from local suppliers. Bulk procurement action should be judiciously exercised to avoid pilferage. Labor component of the subprojects can be extended by the members of the community, provided adequate expertise exists, who should be reimbursed adequately for the services rendered. It should be ensured that children are not employed for the subprojects. In case the VICCC cannot identify adequate skilled labor within the community, the work can be let out by inviting quotations from three local contractors. In exceptional cases, if sufficient contractors are not available, the contract can be awarded on direct-assignment basis, after ascertaining the capability of the proposed contractor and reasonability of rates. Here also, to the extent possible, members of the local community should be employed by the contractors as labor. The contract should be in the local language and simple, adequately addressing the main issues such as scope of work, date of start, completion period, payment terms, progress and quality review, direct-liability period, responsibilities of the VICCC and contractor, including review, inspection, payment procedures and contract termination.

B. National Competitive Bidding

73. The threshold for National Competitive Bidding (NCB) is between \$100,000 and \$1 million for both work contracts and supply of goods. NCB procedures used by the

¹³ Nepal's Financial Administration Rules, 1999, have been reviewed and agreements have been reached between ADB and the Government on the modifications that need to be made to bring them in line with ADB's requirements.

PCU/DPO under the laws and regulations of the recipient DMC must provide adequate competition to ensure reasonable prices and must not conflict with the basic principles underlying ADB's *Procurement Guidelines*. Evaluation of bids and contract awards must be fair, and evaluation criteria must be made known to all bidders.

a) Treatment of Foreign Bidders under NCB

74. Contractors from all member countries are entitled to apply for prequalification or to bid for contracts under NCB. ADB requires the borrowing DMC to permit participation, but foreign bidders must adhere to local procedures acceptable to ADB, including using the local language and paying in local currency, if required by the bidding documents. Under NCB, the delivered cost of materials including duties and other taxes may be used when comparing bids. ADB's domestic preference policy does not apply to NCB.

b) International Advertising

75. Bidding of NCB contracts estimated at \$500,000 or more for goods and related services or \$1,000,000 or more for civil works is advertised concurrently with the general procurement notices in the *Business Opportunities* section of adb.org.

c) Using Standard Bidding Documents for NCB

76. Recipients are encouraged to use ADB-approved standard bidding documents for NCB. This will ensure high quality and consistency in the documents and will hasten ADB's review. The documents must reflect local procurement requirements and be acceptable to ADB by not contravening the basic principles underlying [ADB's Procurement Guidelines](#).

d) Review of NCB Bidding Documents

77. For each project, the first draft English language version of the procurement documents should be submitted for ADB review and approval regardless of the estimated contract amount. ADB-approved procurement documents should be used as a model for all procurement financed by ADB for the project, and need not be subjected to further review unless specified in the procurement plan, or required under special arrangements.

e) Approval of Contract Award for NCB

78. For NCB, ADB will review the bid evaluation report (BER) and award of contract on a post-review basis. PCU must submit copies of the BER and signed contract in English to the concerned sector division or resident mission for post review as soon as possible following contract award (unless prior review is specified in the procurement plan). PCU should be advised that ADB reserves the right to refuse financing for the contract if it is found during post review that the procurement has not been conducted in accordance with the [ADB's Procurement Guidelines](#), or other provisions specified in the financing agreement.

f) Bidding Period

79. This could be shorter than for ICB; 30 days is acceptable.

g) Prequalification

80. Prequalification is discouraged for contracts bid following NCB. Where used, an individual prequalification exercise is acceptable for each contract as is the use of a registration system (or approved standing list) of contractors based on criteria such as

experience, financial capacity, and technical capacity. However, foreign bidders from eligible member countries must be allowed to obtain registration and to bid without unreasonable cost or additional requirements.

h) Bidding

81. Bids can be made in the local language, restricted to local banks for bid and performance security (where used), and limited to local currency for bidding and payment. Specifications are to be unambiguous; international standards are not required. A copy of the bidding documents must be made available in English to ADB for review.

82. The use of standard bidding documents is encouraged. Once ADB accepts the documents they must be used for all subsequent ADB-funded NCB.

Other features

- Public bid opening and recording of bids if mandatory.
- Bracketing and lottery systems are not acceptable to ADB, nor is publishing the detailed estimated values of the contracts.
- The use of multiple-delivery places for bids and bid opening is unacceptable.
- Bids should not be invited on the basis of a percentage premium or discount over the estimated cost.
- Bids should not be rejected only on the basis of a comparison with the PCU/DPO's estimate.
- Extension of bid validity may be sought only under exceptional circumstances.
- Factors, evaluation methodology, and evaluation criteria must be explicitly stated in bidding documents and applied consistently, and the contract award must be to the bidder who submitted the lowest evaluated substantially responsive bid.
- Price negotiations with bidders before signing contract is not acceptable, except when all bids received are substantially higher than the estimate and ADB gives prior approval to negotiate with the bidder who submitted the lowest evaluated substantially responsive bid for a price reduction, before resorting to rebidding.
- ADB's domestic preference policy is not applicable under NCB. When foreign bidders participate, comparison will be on the delivered price including import duties and taxes.

C. Shopping

83. Shopping is a simplified procedure used for procuring readily available off-the-shelf goods or standard specification commodities of small value, or simple civil works of small value. This is based on comparing price quotations obtained from several suppliers (in the case of goods) or from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices. The threshold for Shopping is currently set at \$100,000 for all recipients. Some key features of Shopping are:

- The PCU/DPO issues written invitations to bid to at least three bidders. Requests for quotations shall indicate the description and quantity of the goods or specifications of works, the terms and conditions of procurement as well as desired delivery (or completion) time and place (quotations may be solicited from authorized local agents of foreign manufacturers).
- Quotations may be submitted by letter, facsimile or by electronic means.
- The evaluation of quotations shall follow the same principles as of open bidding.

- The terms of the accepted offer shall be incorporated in a purchase order or brief contract.

84. Unless otherwise indicated in the loan agreement, ADB's review will generally occur after the award of the contract (but before authorizing disbursement) when the PCU/DPO sends

- The withdrawal applications;
- Copies of the signed contract
- The bidding documents;
- Details of bid opening procedures, including minutes of bid opening;
- The bid evaluation report;
- The results of the evaluation; and
- A certificate of eligibility of the contract where required by ADB.

85. ADB reserves the right to refuse to finance the contract in case of misprocurement. ADB, therefore, discourages the system of prior award of contract by the EA and after-the-fact approval by ADB unless the PCU/DPOs have sufficient funds to finance the contract if ADB declares misprocurement. In order to strengthen procurement procedures and prevent corruption, (i) PCU will support DPOs in contract bidding process to the extent possible; (ii) explore e-bidding process; (iii) PCU will ensure that each transaction with standard procurement will be followed; and (iv) PCU will keep PICC informed regularly.

VIII. DISBURSEMENT PROCEDURES

86. The disbursement procedures will be according to the Schedule 4 of the Grant Agreement. The financial management will be based on the LBFAR and the District Development Fund Release and Management Procedures. To ensure effective project implementation and timely disbursement, immediately after grant effectiveness the Government will establish two separate project imprest accounts for (i) ADB grant, and (ii) OFID loan, each at the Nepal Rastra Bank. Project funding (other than beneficiary contribution) comprising of government counterpart funds and ADB and OFID funds will be channeled to the following accounts: (i) PCU project operating account to be established at the central level, or (ii) DPO project operating accounts established in each district.

87. PCU will take the leadership in coordinating with the DDCs and other central level agencies to formulate annual program and budget and obtain flow of accounting information. The funds that are paid to PCU project operating account will fund the operations of the PCU. The project operating account at PCU will be used to pay for incremental operating expenses, office equipment and consultancy services.

88. PCU will submit to ADB quarterly and annual progress reports on project implementation. In this connection, the PCU will maintain separate project accounts and records to facilitate identification of project-related income and expenditures, and monitor consistently the project DDCs both financial and physical progress, and prepare the reports. The reports will include information on the Project's financial and physical progress and the project components' status. Within 3 months of the Project's substantial physical completion, PCU will submit to ADB a project completion report covering project implementation, cost, project performance management activities, and other information requested by ADB.

89. PCU will assign one account officers and one accountant, who have past experiences in multi donor funded projects and with computer skills. In addition to core account staff PCU will hire consultants in developing financial management and accounting manual, and procurement procedures guidelines manual for use by PCU and DDC staff, and

establishment of enhanced database tracking system at MLD and DOLIDAR to be able to expedite both financial and physical progress of subprojects periodically.

90. The DDCs are required to submit monthly statements of expenditures to the concerned DTCOs and the PMU within seven days of the following months. The PMU will be responsible for consolidating the accounts, and submitting withdrawal application to ADB for reimbursement. The PMU will collect supporting documents, and prepare withdrawal applications and send them to ADB in accordance with **ADB's Loan Disbursement Handbook**. ADB project funding will periodically be disbursed from the ADB account into a sub-account of the project account.

91. The statement of expenditure (SOE) procedure will be adopted to facilitate reimbursement and liquidation. The imprest accounts and the SOE procedure will be established, maintained, and audited in accordance with **ADB's Loan Disbursement Handbook**. The ceiling of each imprest account will not exceed the estimated corresponding donor-financed expenditures for the next 6 months, or 10% of the project grant amount, whichever is lower. The SOE procedure is applicable for reimbursing eligible expenditures or any individual payment not exceeding \$100,000 and liquidating advances provided for in the imprest accounts.

(a) Procedures for Establishing Imprest Fund

92. An imprest account will be established, managed, replenished, and liquidated in accordance with **ADB's Disbursement Handbook, (2007 as amended from time to time)**, and detailed arrangements between the Government and ADB. Accordingly, the recipient is required to open, for the exclusive use of the Project, a separate bank account for depositing advances. The imprest account must be maintained in current account only and opened in the recipient's name. For this Project, an account will be established with Nepal Rastra Bank. The initial amount to be deposited in the imprest account will be based on the estimated expenditures for the next two trimesters or agreed percentage of loan/grant amount, whichever is lower.

(b) Basic Requirements for Initial Advance in the Imprest Fund

93. The recipient should submit to ADB: (a) signed withdrawal application for imprest account together with the statement of estimated expenditures (b) a letter of authority of the person(s) who will sign the withdrawal applications on behalf of the recipient, together with the authenticated specimen signatures of each authorized person; and (c) the evidence that an account has been opened in the recipient's name.

(c) Statement of Expenditures (SOE) Procedure

94. ADB makes an advance disbursement from the grant account for deposit to the Project imprest account to be used exclusively for ADB's share of the eligible expenditures. For all payments out of the imprest account, the Bank shall be furnished periodically with a withdrawal application for liquidation/replenishment supported by: (i) a statement of expenditures together with a certificate that goods and services have been procured and paid for in accordance with the Banks' Loan and Project Agreement and Guidelines for Procurement and Disbursement; and (ii) a statement of account prepared by the bank which maintains the imprest account. SOE procedure shall be used to replenish/liquidate the imprest fund. Under this procedure, PCU is required to submit to ADB Withdrawal Application together with a SOE duly certified by persons authorized to sign Withdrawal Applications. All relevant supporting documents (invoices, receipts, etc.) will be retained by PCU and will be available for examination by Bank's field mission.

95. In the case of funds cofinanced by other donors, the disbursement/withdrawal procedures will be as agreed between ADB, Government and the cofinancers, and the detailed arrangements will be finalized and elaborated after ADB receives confirmation from the cofinancers.

IX. PROJECT PERFORMANCE MONITORING SYSTEM

96. The Design and Monitoring Framework of the Project will be used as the benchmark for monitoring outcome, outputs, activities and milestones. Within nine months of the Effective Date, the PCU shall have established a Project Performance Monitoring System (PPMS) to monitor whether Project inputs and activities deliver the expected outputs and benefits to the intended beneficiaries. PCU will conduct benchmark physical and socioeconomic survey at selected project districts, and submit for ADB's review and concurrence a detailed implementation plan for monitoring performance and preparing benchmark information within nine months of Grant effectiveness. Baseline data will include income and expenditure data, livelihoods data, demographic trends, gender issues, and data on ethnic and minority groups. Further, the Project will ensure that the collection of disaggregated social information will be carried out. After the initial survey, PCU will submit annual benefit monitoring reports to ADB and cofinanciers throughout the implementation period of the Project. Dissemination of evaluation studies/reports through bulletins, newspapers, radio, television, and websites will be done on a regular basis

97. DPOs with the assistance of DIST will verify the information, prepare and submit periodic progress reports in the prescribed reporting formats to PCU/CISC. PCU and CISC's monitoring teams will frequently visit subprojects in districts to support and discuss any emerging issues with respective field team members and stakeholders, and verify the received data on a sample basis to ensure that the works have met the expected project standard. PCU, with the assistance of CISC, will prepare and submit trimester and annual progress reports. The PCU will circulate the reports to concerned government and donor agencies. DPOs with the assistance of the DIST will regularly monitor field work and record in prescribed formats. They will advise BGs, contractors, and VIUGs regularly to maintain daily records of attendance of labor, use of material and tools, and payments to labor groups. The information collected will be processed in districts and submitted to PCU/CISC quarterly and annual progress reporting. The project performance will be monitored during review mission, mid-term and at project completion.

98. In support of the midterm and project completion review missions, independent impact evaluation surveys and studies will be undertaken and the reports will be transmitted to ADB and cofinanciers at a minimum of four weeks before the respective missions. The surveys should complement the benchmark data and measure the degree to which the Project has attained outputs, outcomes, and impacts by closely reflecting the indicators of DMF. The following detailed procedures for monitoring and evaluation of the project is suggested.

(a) Output and Milestones Monitoring

99. Monitoring and Evaluation specialist of the CISC will allocate the overall output targets along with the milestones targets, if any, to achieve the outputs in Annual Performance Targets (APT) with reference to approved subprojects for the year. The baseline data and targets of each sub projects will be derived from the walkover surveys carried out for detail design of the selected sub projects. The DIST will then prepare APT for the approved subprojects for their districts. All these targets will be allocated to respective user groups.

100. During the implementation of the subprojects, group leaders of BG for rural roads and of Village Infrastructure User Groups (VIUG) for supplementary infrastructures will record the progress in stipulated time interval (Appendix 10) and report to VICC on a monthly basis. The group leaders will be trained for this record keeping under the community empowerment components and facilitated by social mobilizers and DIST staffs during the documentation. After a review of the collected records by VICC they will be compiled and reported to DIST. The DIST will record all the progress data in computer preferably excel until new soft ware is installed. A copy of this computer file will be submitted to District Information and Documentation Center (DIDC) for their updates in their Decentralized Monitoring Information System (DMIS). All DDCs have established DIDC and DIDC operates DMIS which is a main component of District Poverty Monitoring and Analysis. The data will be processed by DIST to find out aggregate progress against the targets in quarterly basis. The progress reports will be prepared on the basis of this processing and reports will be disseminated to DPO and DPCC. After a review on the progress reports by DPO and DPCC final district progress reports will be sent to PCU/CISC at DOLIDAR. The CISC will record the data in its computer and the data will be processed to find out overall progress against the annual targets. The processed data will be reviewed by PCU and PICC, and then sent to M&E section of DOLIDAR to integrate them into its system. Similarly the progress reports will be sent to ADB on quarterly basis.

101. CISC will prepare project performance report (PPR) in trimester basis, in which the account of performance assessment and analysis of deviation, if any, will be included. PPR will be the basis of generating feedback on the performance assessment to be disseminated to DPO, DIST, and DIDC and suggestions for corrective measures to improve the speed of output performance. DPOs with the assistance of the DIST will then generate feedback to be disseminated to BGs, VIUG, and VICC for corrective measures.

(b) Outcome Monitoring

102. Monitoring and Evaluation specialist will allocate the overall outcome targets in Annual Performance Targets (APT) with reference to the baseline data and outcome targets of approved subprojects for the year. The baseline data and outcome targets mainly existing travel time in a whole stretch of the roads to be rehabilitated and upgraded, additional households to be served by water supply schemes, proportion of major disadvantaged groups in the community etc. of each sub projects will be derived from the walkover surveys (a part of socio economic surveys) carried out for detail design of the selected sub projects. The DIST will then allocate baseline data and outcome targets in APT for the approved subprojects for their districts. All these subprojects will be allocated to different subprojects to VDC and user groups (Appendix 10).

103. After the completion of the subprojects at VDC, group leaders of BG and VIUG will record the outcome progress in stipulated time interval (Appendix 10) in its records sheet whenever the outcome data are available. The main outcome progress are travel time experienced by them in the rehabilitated and upgraded roads, count of additional households being served with new water supply and sanitation projects, and number and proportion of women and disadvantaged castes and ethnic groups in their groups. These records will be submitted to VICC in a quarterly basis. The group leaders will be facilitated by social mobilizers and DIST staff for this documentation. After a review of the collected records by VRCC, they will be compiled and reported to DIST. The DIST will update records of outcome progress data in its computer data base. This updated computer file will be shared with DPCC for their updates in their DMIS. The data will be processed by DIST to find out aggregate outcome progress against the targets in half yearly basis. The progress reports will be updated with the outcome progress and reported to DPO and DPCC. After a review on the progress reports by DPO and DPCC, final updated district progress reports will be

sent to PCU/ CISC at DOLIDAR. The CISC will record the outcome data in its computer. The outcome progress date will be processed to find out overall outcome progress against its annual targets. The processed data will be reviewed by DOLIDAR/ PCU and PICC and then sent to M&E section of DOLIDAR to integrate into its system. The updated progress reports will be sent to ADB in quarterly basis and other donors as per their requirements.

104. CISC will prepare Project Benefit Monitoring and Evaluation (PMBE) report on the basis of outcome data in a half yearly basis and reported to ADB. The data of this report will be integrated into PPR. A performance assessment will be carried out by reviewing the outcome progress against its targets and corresponding output performance in order to find out whether the output progress is contributing to generate the desired outcome. An analysis of the deviation if any will be helpful to generate the feed back for planning or adjustments in the design of the subprojects and its selection. These suggestions will be disseminated to DPO and DIST. Same will be shared with ADB and other donors, and DOLIDAR and MLD for their review in half yearly basis.

(c) Impact Monitoring and Evaluation

105. The impact cannot be monitored regularly because of a long time lag in producing the impact. The projection based on the actual growth rate of overall development expenditure can be made annually to estimate the impact. This projection should be substantiated by NLSS if taken place within the project period. A rapid poverty surveys will be conducted in sample project areas to validate the projection six before the end of the project. These tasks will be carried out by independent consultants. This report resembles the evaluation study on efficiency and effectiveness. Efficiency is indicated by the production of planned level of outputs with the allocated levels of inputs with the project schedule and inputs. Effectiveness is reflected by the achievement of project outcomes and impacts as a consequence of full implementations of all planned interventions. In addition, sustainability of the programs can be evaluated by verifying whether the arrangement of regular repair and maintenance of constructed infrastructure are made through adequate regular funding sources and mechanism, and whether the economic and social activities of Self Help Group (SHG) will continue after the closing of the programs. These sustainability indicators can be measured through review of the latest PPR and physical observation made through the field visits in the sample areas.

IX. REPORTING REQUIREMENTS

106. The following reports should be submitted to ADB (and shared with other participating donors) in a timely manner.

(a) Trimester Progress Report

107. The PCU will prepare a detailed Trimester progress reports (TPRs) on project implementation to be submitted to ADB 15 days after the end of each trimester. The reports will include basic data, utilization of funds, implementation progress (against established targets), achievement of immediate development objectives, compliance with covenants, and major issues and problems. The report format and content of the TPR should enable ADB staff to readily capture key information for inputting into ADB's Project Performance Report (PPR). The suggested PPR format is given below while Appendix 11 shows the PPR.

Pro Forma of the Trimester Project Progress Report

• Introduction and Basic Data

- ADB grant number, project title, recipient, executing agency, implementing agency (ies);
- Total estimated project cost and financing plan;
- Status of project financing including availability of counterpart funds and co-financing;
- Dates of approval, signing, and effectiveness of ADB loan;
- Original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- Date of last ADB review mission.

B. Utilization of Funds

- Cumulative contract awards financed by the ADB grant, cofinancing, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- Cumulative disbursements from the ADB grant, cofinancing, and counterpart funds (expenditure to date), and comparison with time-bound projection (targets); and
- Re-estimated costs to completion, need for reallocation within ADB loan categories, and whether and overall project cost overrun is likely.

C. Project Purpose

- Status of project scope/implementation arrangements compared with those in RRP and whether major changes have occurred or will need to be made;
- An assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- An assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- Other project developments, including monitoring and reporting on resettlement, environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

D. Implementation Progress

- An assessment of project implementation arrangements such as establishment, staffing, and funding of the PCU;
- Information relating to other aspects of the PCU/DPOs internal operations that may impact on the implementation arrangements or project progress;
- Progress or achievements in implementation since the last progress report;
- An assessment of the progress of each project component; including safeguard plans and gender action plan with gender/caste/ethnicity disaggregated data and information
- Status of recruitment of consultants and their performance;
- Procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and

- The performance of suppliers, manufactures, and contractors for goods and works contracts;
- An assessment of progress in implementing the overall project to date in comparison with the original implementation schedule-quantifiable and monitorable targets (include simple charts such as bar or milestone to illustrate progress); and
- An assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.

E. Compliance with Covenants

- The recipient's compliance with policy loan covenants such as sector reform initiatives and MLD/DOLIDAR reforms, and the reasons for any noncompliance or delay in compliance;
- The recipient's compliance with financial grant covenants including the MLD/DOLIDAR financial management, and the provision of audited project accounts or audited agency financial statements; and
- The recipient's compliance with project-specific grant covenants associated with implementation, environment, resettlement and social dimensions.

F. Major Project Issues and Problems

- Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

(b) Project Review

108. DOLIDAR, OFID, and ADB shall jointly undertake at least two review missions annually. The Project reviews shall be carried out simultaneously with the program reviews under the Program Grant Agreement. Other than routine matters, the reviews shall give particular attention to (a) the performance of DOLIDAR, the PCU, DPOs, consultants, and contractors; (b) the implementation of Grant covenants; (c) inclusion of the poor, excluded groups, and women in the implementation of the Project; (d) the implementation of safeguard measures; (e) the physical progress of project implementation; (f) the progress of capacity building activities; (g) coordination with other projects with similar activities; and (h) the continued feasibility for Project implementation in each Project district, taking into account the political context and security situation. Staff from similar donor-funded projects such as RAIDP, RAP2 and DRSP will be invited to join review missions for cross learning.

109. DOLIDAR, OFID and ADB shall jointly undertake a mid-term review (MTR) of the Project at the beginning of year three of Project implementation. The MTR shall review and evaluate (a) Project scope, design, implementation arrangements; (b) implementation progress against agreed indicators in the annual workplans based on the logframe; (c) procurement performance; (d) PCU effectiveness; (e) compliance with the safeguard measures; (f) the progress of implementation of the Gender Action Plan and social inclusion; (g) the extent to which District Road Maintenance Funds have been established, and their effectiveness; (h) the effectiveness of capacity building, in particular at the district level; (i) the extent to which inclusiveness objectives of the Project are being met; (j) the extent to which project agreements (between the PCU and DDCs) and BG contracts have been implemented and complied with; and (k) any other issue agreed upon between the PCU and the ADB. At the latest one month prior to the MTR, the PCU shall submit to the ADB and

OFID a comprehensive report on each of the above mentioned issues. The MTR shall include the recommendation of changes in Project design and implementation arrangements as needed.

(c) Safeguard Monitoring Reports

110. PCU will prepare and submit safeguard monitoring reports every six months based on the safeguard framework approved for subprojects.

(d) Contract Awards and Disbursement Projections

111. PCU will prepare and submit contract awards and disbursement projections for four quarters starting January of every year in the format shown in Appendix 12. Contract awards and disbursement projections are due every December during the implementation period. This is required for effective monitoring of project implementation. Accurate disbursement projections help ADB in its cash flow and portfolio management. ADB should also be informed of the amount requested for local counterpart budget and the amount approved.

(e) Project Completion Report

112. A project completion review covering project implementation, costs, project performance, management activities and other relevant information will be prepared after the physical completion of the Project. The Government, acting through MLD, will submit the project completion report within three months of the Project's physical completion in a format acceptable to ADB. The draft format of the project completion report is in Appendix 13.

X. AUDITING REQUIREMENTS

113. The submission of financial statements and audit reports for the Project is governed by **Section 4.02(a) of the Grant Agreement**. ADB requires the PCU to maintain separate project accounts and records adequate to identify goods and services financed under the Project and get all project accounts and financial statements audited annually by auditors acceptable to ADB to ensure that the loan/grant funds were used only for the objectives set out in the Loan/Grant Agreements. The Auditor General's Office of Nepal is acceptable for this purpose. The auditor's report and copies of the certified accounts and related financial statements, including a separate audit opinion on the use of the imprest account and SOE procedure will be submitted to ADB in English not later than nine months after the close of the Government's fiscal year. The main auditing requirements are contained in the Sample Audit Letter (Appendix 14). It is important to submit audited project accounts and audit reports to the ADB on a timely basis. In line with ADB policy on submission of audited accounts, sanctions are mandatory (i) for statements submitted to ADB more than 6 months past due date, when imprest funds will not be reimbursed; and (ii) for statements submitted to ADB more than 12 months past due date, when the loan/grant may be suspended.

XI. MAJOR GRANT COVENANTS

114. A list of the major project-specific covenants as stipulated in **Schedule 4 of the Grant Agreement** are given in Appendix 15. These covenants are considered essential to ensure successful implementation of the Project. The status of compliance with these covenants should be submitted to ADB together with the Quarterly Progress Report.

XII. KEY PERSONS INVOLVED IN THE PROJECT

I.	ASIAN DEVELOPMENT BANK	NAME
	<u>Headquarter</u>	
	Vice President	J. Lin, Operations Group 1
	Director General	K. Senga, South Asia Department (SARD)
	Director	F. Roche, SANS
	Counsel	
	Sr. Financial Project Analyst	
	Address	Asian Development Bank P.O.Box 789 0980 Manila, Philippines
	Telephone	(632) 632 4444
	Facsimile	(632) 636 2444
	<u>Nepal Resident Mission</u>	
	Country Director	Paul J. Heytens
	Team Leader	Govinda Gewali
	Team Members:	
	Address	Srikunj Kamaladi Ward No. 31, Block 2/597 Kathmandu Metropolis P.O. Box 5017
	E-mail	adbnrm@adb.org
	Telephone	977-1-227 779
	Facsimile	977-1-225 063
II.	GOVERNMENT	
	Executing Agency – Ministry of Local Development (MLD)	
	Secretary	
	Joint Secretary	Ganga D. Awasthi
	Address	Shri Mahal, Pulchowk, Lalitpur, Nepal
	Email	ipd@mld.gov.np
	Telephone	977-1- 5521728/5521727
	Facsimile	977-1- 5522045
	Department of Local Infrastructure Development and Agriculture Roads (DOLIDAR)	
	Director General	Dhana B. Tamang
	Senior Divisional Engineer	Thakur R. Pant
	E-mail	rrsdp@dolidar.gov.np
	Telephone	977-1-5000128/5555001
	Facsimile	977-1-5531850/5000007

XIII. ANTICORRUPTION

115. ADB's anticorruption policy had been explained to and discussed with the Government and MLD. Consistent with its commitment to good governance, accountability, and transparency, ADB reserves the right to investigate, directly through its agents, any alleged corrupt, fraudulent, collusive, or coercive practices relating to the Project. To support these efforts, relevant provisions of ADB's anticorruption policy are included in the grant regulations and the bidding documents for the Project. In particular, all contracts financed by ADB in connection with the Project will include provisions specifying the right of ADB in connection with the Project will include provisions specifying the right of ADB to audit and examine the records and accounts of MLD/DOLIDAR and all contractors, suppliers, consultant, and other service providers as they relate to the Project. Allegations of corrupt, fraudulent, collusive or coercive practices may be reported to the Integrity Division of the Office of the General Auditor or ADB. The following site provides procedures on how to report fraud or corruption: <http://www.adb.org/integrity/howto.asp>.

116. The Project has incorporated certain measures to enhance governance and prevent corruption. The measures for project wide activities include the following

117. In addition, the project will implement the following to ensure its activities are as transparent as possible:

- (i) The Project will disseminate information regarding its objectives, programs and funding arrangements to the targeted beneficiaries to ensure optimal awareness and understanding of the Project.
- (ii) The complaint redressal mechanism to be established under the Project will ensure that the community is able to submit complaints and track measures undertaken to address them.
- (iii) The Project will involve beneficiaries in monitoring project implementation. Representatives of beneficiaries assisted under the Project will meet in workshop situations on a regular basis to report to the PCU on the delivery of project inputs, effectiveness of project interventions, and performance of partner NGOs.
- (iv) Within 3 months of submission to ADB, annual project progress reports shall be made available to the public, in particular the local stakeholders, in Nepali language.

DETAILED COST ESTIMATES

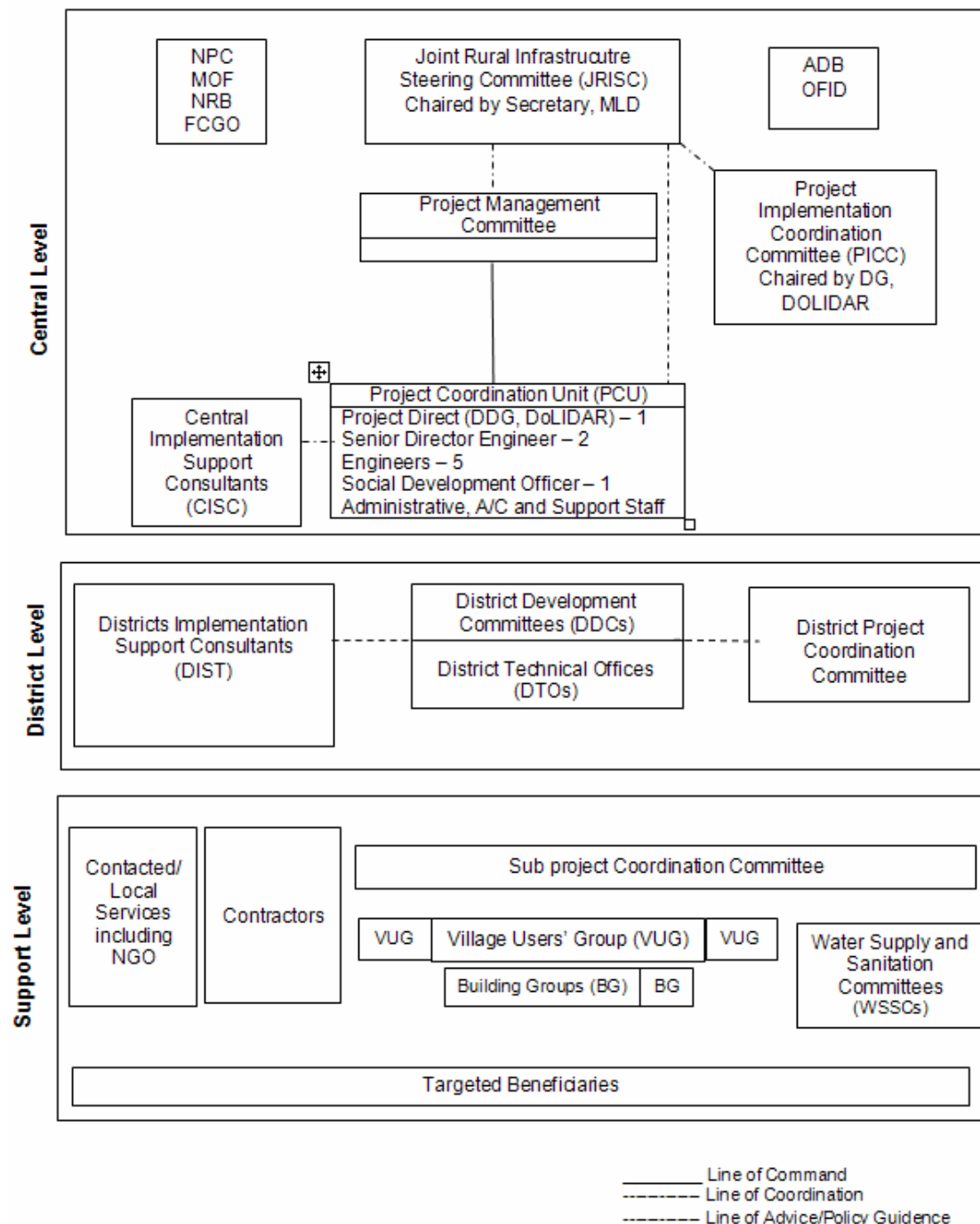
Table A10.1: Expenditure Accounts by Components

	Rural Roads	Supplementary Infrastructure	Community Empowerment	Institutional Capacity Development	Project Management Services	Total
I. Investment Costs						
A. Survey/Investigation/Design/Preparatory Works	946	773	-	-	-	1,720
B. Civil Works						
1. Civil Works RRs - contractor	15,778	-	-	-	-	15,778
2. Civil Works RRs - community	16,229	-	-	-	-	16,229
3. Civil Works SI - community	-	15,498	-	-	-	15,498
Subtotal Civil Works	32,006	15,498	-	-	-	47,505
C. Land Acquisition/Compensation	4,365	-	-	-	-	4,365
D. Vehicles and Equipment						
1. 4-wheel Drive Vehicles	1,157	-	-	-	1,658	2,814
2. Motorcycles	141	126	-	-	119	386
3. Equipment, Machinery, Furniture	361	-	50	-	458	869
Subtotal Vehicles and Equipment	1,659	126	50	-	2,235	4,070
E. Consultant Services						
1. International Cons.	-	-	-	135	924	1,059
2. Domestic cons.	-	-	-	-	2,039	2,039
Subtotal Consultant Services	-	-	-	135	2,962	3,097
F. Locally Contracted Services						
1. District Implementation Support Team	3,626	810	1,320	-	-	5,756
2. Local or NGO Contracts/Services	80	-	-	-	-	80
Subtotal Locally Contracted Services	3,706	810	1,320	-	-	5,836
G. Studies, Workshops, Seminar, Research	-	-	-	-	139	139
H. Supervision and Implementation						
1. Staff	-	-	-	-	1,520	1,520
2. Incremental Operating Expenses	1,622	45	1,104	-	1,294	4,064
Subtotal Supervision and Implementation	1,622	45	1,104	-	2,813	5,584
I. Training	-	-	683	214	-	897
Total Investment Costs	44,305	17,253	3,157	349	8,150	73,213
II. Recurrent Costs						
A. O&M of Roads	960	-	-	-	-	960
C. O&M of Supplementary Investments	-	199	-	-	-	199
Total Recurrent Costs	960	199	-	-	-	1,160
Total BASELINE COSTS	45,265	17,452	3,157	349	8,150	74,372
Physical Contingencies	1,734	783	13	-	169	2,699
Price Contingencies	762	200	38	-	43	1,043
Total Costs to be Financed	47,761	18,436	3,207	349	8,361	78,114
Interest and Service Charge During Implementation						269
Total PROJECT COSTS						78,382

Table A10.2: Expenditure Accounts by Financier
(\$'000)

	GoN		ADB		OPEC		Bene's		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
I. Investment Costs										
A. Survey/Investigation/Design/Preparatory Works	-	-	1,720	100.0	-	-	-	-	1,720	2.2
B. Civil Works										
1. Civil Works RRs - contractor	2,792	16.5	9,199	54.4	4,930	29.1	-	-	16,921	21.6
2. Civil Works RRs - community	2,872	16.5	9,462	54.4	5,071	29.1	-	-	17,404	22.2
3. Civil Works SI - community	5,156	31.3	8,846	53.7	-	-	2,471	15.0	16,474	21.0
Subtotal Civil Works	10,820	21.3	27,508	54.2	10,000	19.7	2,471	4.9	50,799	64.8
C. Land Acquisition/Compensation	873	20.0	3,492	80.0	-	-	-	-	4,365	5.6
D. Vehicles and Equipment										
1. 4-wheel Drive Vehicles	1,427	48.0	1,546	52.0	-	-	-	-	2,973	3.8
2. Motorcycles	203	50.0	203	50.0	-	-	-	-	407	0.5
3. Equipment, Machinery, Furniture	119	13.0	799	87.0	-	-	-	-	919	1.2
Subtotal Vehicles and Equipment	1,750	40.7	2,549	59.3	-	-	-	-	4,299	5.5
E. Consultant Services										
1. International Cons.	-	-	1,059	100.0	-	-	-	-	1,059	1.4
2. Domestic cons.	-	-	2,039	100.0	-	-	-	-	2,039	2.6
Subtotal Consultant Services	-	-	3,097	100.0	-	-	-	-	3,097	4.0
F. Locally Contracted Services										
1. District Implementation Support Team	-	-	5,756	100.0	-	-	-	-	5,756	7.3
2. Local or NGO Contracts/Services	-	-	80	100.0	-	-	-	-	80	0.1
Subtotal Locally Contracted Services	-	-	5,836	100.0	-	-	-	-	5,836	7.4
G. Studies, Workshops, Seminar, Research	-	-	142	100.0	-	-	-	-	142	0.2
H. Supervision and Implementation										
1. Staff	1,520	100.0	-	-	-	-	-	-	1,520	1.9
2. Incremental Operating Expenses	0	-	4,264	100.0	-	-	-	-	4,264	5.4
Subtotal Supervision and Implementation	1,520	26.3	4,264	73.7	-	-	-	-	5,783	7.4
I. Training	-	-	912	100.0	-	-	-	-	912	1.2
Total Investment Costs	14,963	19.4	49,520	64.3	10,000	13.0	2,471	3.2	76,954	98.2
II. Recurrent Costs										
A. O&M of Roads	480	50.0	480	50.0	-	-	-	-	960	1.2
C. O&M of Supplementary Investments	-	-	-	-	-	-	199	100.0	199	0.3
Total Recurrent Costs	480	41.4	480	41.4	-	-	199	17.2	1,160	1.5
Total Costs to be Financed	15,443	20	50,000	64	10,000	13	2,670	3	78,114	100
Interest and Service Charge During Implementation	269	100.0	-	-	-	-	-	-	269	0.3
Total PROJECT COSTS	15,712	20.0	50,000	63.8	10,000	12.8	2,670	3.4	78,382	100.0

Project Institutional Arrangements



PROJECT IMPLEMENTATION SCHEDULE

Items	Year 0	Year 1	Year 2	Year 3	Year 4
Rural Roads					
Non DRILP subprojects					
Prioritize rural roads for participation based on selection criteria	■				
Open district maintenance fund and use for O&M of district's infrastructure	■	
Sub-project survey and design (social, environment, technical and financial)		■			
Formation of village infrastructure construction coordination committee		■			
Preparation of resettlement plan		■			
Packaging of construction works			■		
Implementation of resettlement plan - land acquisition and compensation			■		
Procurement of gabion wire and tools (direct purchase and NCB)			■		
Construction of works through building groups			■	■	■
Contracting of skilled works for local contractors			■	■	■
Construction of works through local contractors			■	■	■
Bio-engineering works on sub-projects			■	■	■
Supplementary Infrastructure (SI)					
Non DRILP subprojects					
Community mobilization along the road alignments		■			
Formation of village infrastructure user groups		■			
Stocktaking of exisiting community support program		■			
Demands collections through VDCs		■			
Prioritization of demands for SI and select SI for RRRSDP		■		■	
Mobilization of community/users of selected SI			■	■	
Survey and design of selected SIs (social, environment, technical, and financial)			■	■	■
Implementation of selected SI			■	■	■
DRILP subprojects					
Community mobilization along the road alignments (done under DRILP)					
Formation of village infrastructure user groups (done under DRILP)					
Demands collections through VDCs	■				
Stocktaking of exisiting community support programs	■				
Prioritization of demands for SI and select SI for RRRSDP		■			
Engage individual consultants to support SI planning, design and implementation	■	■			
Mobilization of community for SI for RRRSDP		■			
Survey and design of selected SI (social, environment, technical and financial)		■			
Implementation of SI		■	■		

Items	Year 0	Year 1	Year 2	Year 3	Year 4
Community Empowerment					
Awareness of the project and opportunities					
Awareness on equal wage payment, gender, pro-poor strategy					
Inventory of community groups or organization in subproject area					
Formation of building groups					
Training building groups for construction					
Training on SI operation and maintenance					
Community based auditing, social audits and financial accounting					
Demand-driven skill training					
Institutional Capacity Development					
DOLIDAR engage individual consultant (procurement/resettlement/environment/PBA)					
Individual consultants to support MLD, DOLIDAR and Districts					
Supports to DOLIDAR on planning, management, technology, and M&E					
Train district technical support team on project procedure					
Support to district on planning, management, technology, and M&E					
Train DDC, VDC, user committees about maintenance, M&E, bioengineering					
Update and disseminate DRILP project procedures and manuals					
Develop and deliver training program on procurement, finance, resettlement, and environment					
Develop accounting manual, in both English and Nepali and provide training					
Donor harmonization and moving towards PBA					
Project Management Services					
Participating districts to enter into project agreement					
District call for district technical support team					
District technical support team tendered and evaluated					
District technical support team awarded and mobilized					
DOLIDAR call for central implementation support consultant					
Central consulting services tendered and evaluated					
Central consulting services awarded and mobilized					
Review workshops to share experience					
Annual work programming (loan disbursement projects and fiscal year budgeting)					
Progress reporting					
Monitoring: progress & performance, technical, social mobilization, safeguards					
Community-based auditing					
Impact evaluation surveys					
Special evaluation studies					
Resettlement evaluation					
Review missions					

Notes: Monsoon rain periods shaded in grey

DDC= district development committee; DOLIDAR= Department of Local Infrastructure Development and Agricultural Roads; DRILP= Decentralized Rural Infrastructure and Livelihood Project; M&E=monitoring and evaluation; MLD=Ministry of Local Development; NCB=national competitive bidding; O&M=operations and maintenance; PBA= program-based approach; RRRSDP= Rural Reconstruction and Rehabilitation Sector Development Program; VDC= village development committee.

SUBPROJECT SELECTION CRITERIA

A. Rural Roads

1. District eligibility criteria for rural road subprojects include
 - (i) district transport master plan prepared and approved by the district development committee (DDC) and acceptable to the Ministry of Local Development;
 - (ii) district office of Department of Survey and Land Revenue functional;
 - (iii) qualified district engineer in district technical office;
 - (iv) district infrastructure coordination committee formed and functioning;
 - (v) agreement between the DDCs and Department of Local Infrastructure Development and Agricultural Roads (DOLIDAR) to implement the Project in accordance with project requirements and procedures, including the resettlement framework; and
 - (vi) district road maintenance fund established.
2. Rural road selection criteria include the following:
 - (i) The rural road is listed as a priority road in the district transport master plan.
 - (ii) The road will not have a significant negative environmental or resettlement impact, as defined in the environmental assessment and review procedures and the resettlement framework agreed to by the Asian Development Bank and the Government. Maximum effort will be made in design to ensure alignments that minimize impact on structures and settlements.
 - (iii) Road construction can be completed within 3 years using labor-based, environment-friendly, and participatory approaches.
 - (iv) The road has at least a 12% economic internal rate of return.
 - (v) The road does not exceed 40 kilometers (km); the cumulative length of all proposed roads in that district will not be more than 60 km.
 - (vi) The proposed road length covers the total length of the road alignment, not just partial sections.
 - (vii) The number of bridges will not exceed three or the total bridge cost will not exceed 25% of the total estimated cost of the proposed road alignment.

B. Supplementary Infrastructure other than Water Supply and Sanitation

3. The supplementary investment
 - (i) will generate additional access benefits for the rural road subproject it is near to;
 - (ii) was identified and planned through a community participatory process that involves the poorest and most socially excluded groups, and targets the poor, identified through earlier social mobilization activities;
 - (iii) does not duplicate activities of other development projects;
 - (iv) will contribute to income-generating opportunities;
 - (v) will be formulated with a sustainable operation and maintenance plan (financial, physical, and organizational); and
 - (vi) the community can contribute 15% (cash or in-kind).

4. Supplementary investment type by eligibility and budgetary ceilings includes

- (i) improvement of a village trail to improve access to the rural road subproject; maximum length 10 km, indicative costs NRs100,000 per km (maximum total cost NRs1 million);
- (ii) construction of a short span trail bridge on village trail to improve access to the main subproject; maximum span 120 meters, indicative costs: NRs20,000 per meter span (maximum total cost NRs2.4 million);
- (iii) reconstruction and rehabilitation of an existing small irrigation scheme;¹⁴ maximum size 25 hectares (ha), indicative costs NRs100,000 per ha (maximum total cost NRs2.5 million);
- (iv) construction of a market building (agro collection centers, dairy, etc.); maximum size 100 square meters (m²), indicative costs NRs9,000 per m² (maximum total cost NRs900,000);
- (v) construction of a community building; maximum size 100 m², indicative costs NRs10,000 per m² (maximum total cost NRs1 million);
- (vi) construction of a new or rehabilitation/upgrading of an existing primary school; new construction: up to 3 classrooms, 32 m² per classroom, indicative costs NRs10,000 per m² (maximum total cost NRs960,000); and
- (vii) construction of a new or rehabilitation/upgrading of an existing health subpost; maximum size 100 m², indicative costs NRs10,000 per m² (maximum total cost NRs1 million).

C. Rural Water Supply and Sanitation Subproject Selection Criteria¹⁵

5. Participating DDCs will prioritize the demands from the village development committees (VDCs). The subprojects will be funded by the Project if they rank high according to the criteria. Willingness to share the costs of the water supply and sanitation subproject will be based on the Government's Rural Water Supply and Sanitation Sector Policy and Strategy. For poor communities¹⁶ in remote inaccessible areas, the minimum contribution will be reduced to 10% and 1% upfront cash is not mandatory. If the project districts overlap with community-based water supply and sanitation districts,¹⁷ the Project should select the subproject based on the existing priority list of the DDC.

6. Required eligibility criteria include

- (i) water supply and sanitation scheme is included in the district plan;
- (ii) demand for a water scheme originated from the community;
- (iii) the community is willing to contribute as per the Government's Rural Water Supply and Sanitation Sector Policy and Strategies; community contribution is 20% (cash or in-kind) and 1% cash up-front;¹⁸

¹⁴ Construction of new (as opposed to rehabilitation of existing) irrigation schemes has been excluded because of the complexity of the process of surveying and designing a new scheme and organizing participatory management.

¹⁵ This is consistent with the criteria that 19 hill and mountain districts of the far Midwestern district, and 2 western (1 terai and 1 hill) districts following under the Community Based Water Supply and Sanitation Sector Project. Ministry of Physical Planning and Works (lead agency for water supply and sanitation) adopted the criteria for the Community Based Water Supply and Sanitation.

¹⁶ According to the Nepal Poverty Assessment 1999 indicators poor households are (i) households having food sufficiency for less than 6 months in a year; (ii) households whose major source of income is wage from labor; (iii) households headed by women with disabled persons; and (iv) other households with low literacy and unsatisfactory health indicators.

¹⁷ Accham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekha, Dang, Darchula, Dolpa, Doti, Gulmi, Humla, Jajarkot, Jumla, Kalikot, Kapilvastu, Mugu, Pyuthan, Rolpa, Rukum., and Salyan.

¹⁸ However, in the case of poor and ultra-poor, the up-front cash requirement can be foregone, and the in-kind contribution lowered to 10%.

- (iv) the community accepts responsibility for operation and maintenance of the scheme after its completion;
- (v) the DDCs and VDCs commit to maintain the scheme in case of natural calamities and required major rehabilitation; and
- (vi) maximum 1,000 people per scheme (and subject to available and equitably distributed supplementary investment budget across all districts); indicative costs per person, new construction up to NRs5,000 per person and rehabilitation up to NRs3,000 (maximum NRs5 million); water supply may be complemented by investments in sanitary/health infrastructure such as private and public toilets, and improved cooking stoves, as long as the total budgetary outlays remain within the indicated limits.

7. **Process of Prioritization.** Selected subproject must pass the screening criteria. After the screening process, the schemes demand is ranked as per the criteria for screening. Poverty, water supply coverage, and incidence of diarrhea and other waterborne diseases are major criteria for screening.

- 8. Village planning includes that the communities
 - (i) submit the demand form to the DDCs through the VDCs, and
 - (ii) are willing to share the costs of the water supply and sanitation subproject as per the Government's Rural Water Supply and Sanitation Sector Policy.
- 9. District planning involves the following:
 - (i) community demand must be included in the DDC plan,
 - (ii) the DDCs must prioritize all demands based on the social and poverty factors and hardship factors, and
 - (iii) criteria for subproject ranking will be defined and adopted for prioritizing the demand by community (through the VDCs) for implementation based on the priority.

GENDER ACTION PLAN

Activities/Measures	Indicators and Target	Responsible
Rural Roads: Women from all caste, ethnicity and minority groups have equal access to project resources and services		
The baseline survey collects disaggregated data on gender, caste, ethnicity and minority groups in the project districts. Poverty mapping and gender assessment are carried out to identify the most vulnerable and the excluded. The mapping will have indicators to measure differential socio-economic situation of women from different caste, ethnic and minority groups and the gender assessment will identify the specific constraints and barriers to their participation in Project activities.	Updated data disaggregated by gender, caste, ethnicity and minority groups is obtained within nine months of the start of the Project. The most vulnerable groups are identified.	CISC Planning and Monitoring Specialist and Social development specialist
Ensure participation and representation of women from all caste, ethnic and minority groups in project orientation, planning, management and public and social auditing of rural road projects.	Women comprise 50% of total participants with proportionate representation from all caste, ethnic and minority groups as per their population share in VDC.	DIST social mobilizers and community facilitators
Ensure participation and representation of women from all caste, ethnic and minority groups in Village Infrastructure Construction Coordination Committees (VICCC), Road Building Groups (RBG) and Road Maintenance Committees.	<ul style="list-style-type: none"> • VICCC: 33% women representation and proportionate representation from disadvantaged caste, ethnic and minority groups • RBG: 50% women representation • RBG Leadership: 33% women from all caste, ethnic and minority groups 	DIST social mobilizers/community facilitators
The policy of 'equal pay for work of equal value' is implemented in employments in rural roads.	Women and men building group members receive equal payment for work of equal value.	
Supplementary Infrastructure: The supplementary infrastructures (water supply and sanitation, school toilets, micro-irrigation, trails, micro-hydropower, etc) have reduced women's drudgery and increased their involvement in economically productive activities.		
Identification and selection of supplementary infrastructure projects are done in a participatory way based on community demand.	Out of total consulted regarding project identification and selection, 50% are women. There is a proportionate representation of women from all caste/ethnic/minority groups	DPO / DIST
Ensure participation of women in Village Infrastructure Building Groups (VIBG)	Women are 50% in VIBG and in their leadership positions. There is a proportionate representation from caste / ethnic / minority groups.	Social Development Officer/ DPO
Provide Supplementary Infrastructure Operation and Maintenance Training	Women participation is 50% in training and 33% in maintenance committees. There is a proportionate representation from all caste/ethnic/minority groups is must.	Social Development Officer/ social mobilizers/ DPO
Community Empowerment: Poor and disadvantaged, and particularly women from these groups, have increasing ability to raise voice and influence the decisions.		
Ensure participation of women in all district, village and group level training and orientation programs on project approach including gender action plan.	At least 50% of the total participants in all training are women with proportionate representation from all caste/ethnic groups.	DISC/ DPO/ social mobilizers
Develop and deliver special livelihood enhancement skill training in the areas of agriculture, livestock, forestry, soil conservation, micro enterprise, health and literacy, legal rights	At least 70% of building group members are targeted in empowerment package of which at least 50% are women.	Social Development Specialist/ Officer

<p>specific to poor and disadvantaged. Incorporate gender section in each training package focusing on women's needs and priorities.</p> <p>Self help group mobilization is promoted through developing special social mobilization package and tools (group mobilization, saving & credit, group management, project identification & proposal development, linkage, record keeping)</p> <p>To create enabling working environment for women, child care facilities, separate toilets for women and men and first-aid facilities are provided at work place.</p> <p>Sensitize VICCC on gender equality, and economic and social inclusion.</p>	<p>Proportionate percentage of women from all groups is represented.</p> <p>Training curriculum and manuals for specific sectors are available. Women are at least 50% of self-help group members, proportionately from all groups.</p> <p>At least one child care center is operational in each project district during working season.</p> <p>At least 70% of the members of VICCC, are oriented on gender equality and social inclusion.</p>	<p>Social Development Specialist/ Officer</p> <p>Social Development specialist/ Officer</p> <p>Social Development Officer/ social mobilizers</p>
Project Management Services: PCU, CISC, DPO, and DIST are responsive to gender issues and have promoted gender equality.		
<p>Adopt Gender Action Plan and formulate annual program for implementation. Instruct and orient DDC/DPO to prepare annual program and implement accordingly.</p> <p>Orient DDC/ DPO and DIST on gender mainstreaming tools and Gender Action Plan.</p> <p>Integrate gender and social inclusion concerns in all events (training, review, periodical meetings) of the project for its stakeholders.</p> <p>Establish monitoring system with gender, caste, ethnicity and minority groups disaggregated data.</p> <p>Integrate gender equality measures and monitoring indicators in project operational guidelines, log frame, and sub sector strategies</p> <p>Social mobilizers and community facilitators are locally hired.</p> <p>Junior technicians and road supervisors are selected.</p> <p>Hiring of consultants for district and central implementation support team</p>	<p>Annual District Gender Action Plans are developed and implemented.</p> <p>DPO and DIST are equipped with gender mainstreaming tools and are effectively implementing district specific gender action plans.</p> <p>All stakeholders are aware of gender and social inclusion concerns and are implementing activities to address them</p> <p>Output and impact data disaggregated by gender, caste, ethnicity and minority groups are available.</p> <p>Project log frame, guidelines and strategies have gender indicators and equality measures incorporated.</p> <p>At least 50% social mobilizers and community facilitators are women and represent from all caste/ethnic groups in the district</p> <p>At least 33% of them are women.</p> <p>The teams have at least 33% women professional staff from diverse caste, ethnic groups.</p>	<p>CIST Social Development Specialist / DPO</p> <p>Social Development Specialist</p> <p>Monitoring specialist / Social Development Specialist</p> <p>Planning and Monitoring Specialist/ Social Development Specialist</p> <p>Central and district implementation support units / DPO</p> <p>DDC / DPO</p> <p>PCU/ DDC/DPO</p> <p>PCU/ DDC/DPO</p>

SAFEGUARD FRAMEWORKS AND CHECKLISTS

ENVIRONMENT

I. INTRODUCTION

A. Background

1. Nepal's economic and social development is inextricably linked to its geography and accessibility. An estimated 50 percent of Nepal's population lives at least four hours walk from the nearest dry-season road where a bus or jeep may transit¹⁹; and only about 30 percent have access to all-season transport services²⁰. Many in these isolated communities rely on foot trails and mule tracks and some in the mountain districts walk several days to reach the nearest dry-season road. Inadequate and inefficient rural transport service, therefore, is a major factor constraining the use of social services and markets by communities, including education, medical facilities and agriculture markets. Economic and social surveys show that children in remote districts are more likely to be malnourished, die before they reach five years of age, and less likely to attend school than children living in more accessible districts²¹. Similarly, per capita incomes are 50 to 65 percent lower in the more remote Far Western Hills and Mountain Districts than they are in the more accessible Terai and Central Hill Districts.

B. Report Content

2. The objective of this Environmental Assessment and Review Procedure (EARP) is to provide guidelines for environmental assessment for future non-core subprojects in Rural Reconstruction and Rehabilitation Sector Development Program (RRRSDP) districts so that during the following three years of the project implementation, the subprojects can be well prepared as the core subprojects in the first implementation phase.

3. For preparation of environmental assessments of future subprojects under Rural Reconstruction and Rehabilitation Sector Development Program (RRRSDP), this EARP includes: i) The process to be adopted while preparing environmental reports, ii) the potential environmental impacts that could result from undertaking the Project based on the Initial Environmental Examinations (IEEs) of sample core subprojects; iii) the proposed mitigation measures to avoid the identified impacts; iv) institutional capacity assessment and strengthening arrangements; v) legal framework for environmental assessment, domestic and the Asian Development Bank (ADB) environmental assessment and review procedures; and finally vi) the approaches to be adopted during implementation of the Project in order to ensure that environmental aspects are dealt with in a comprehensive manner.

¹⁹ GON. CBS. 1996. Nepal Living Standards Survey.

²⁰ ADB. May 2004. Transport Indicators Survey.

²¹ Central Bureau of Statistics, GON.

II. OVERVIEW OF THE TYPES OF SUBPROJECTS TO BE ASSESSED

A. Description of the sample core subprojects

4. Detailed feasibility and technical studies including environmental studies have been carried out by RRRSDP. The RRRSDP will carry out five sample core subprojects in five districts. The districts are selected one each from the country's five development regions. The districts and the sample core subprojects have been selected as per the recommendations of the Ministry of Local Development (MOLD), which is the national Executive Agency of RRRSDP from Government of Nepal (GON). Concerned District Development Committees, the implementing agencies at the district level, in essence, recommended the sample core subprojects,

5. The list of sample core subprojects and their classifications and locations are given below:

Table1: List of Sample Core Subprojects

Development Region	Name of the Scheme	Type of Core Subproject	District
Eastern	Bhojpur- Manebhanjyang Section of Bhojpur-Ghodetar Road	Rural Road	Bhojpur
Far Western	Dundhejhari – Tikapur	Rural Road	Kailali
Mid Western	Chandane	Water Supply	Surkhet
Western	Beni – Pakhapani	Rural Road	Myagdi
Central	Kamidanda–Taldhunga	Rural Road	Kavre

Table 2: Environmental Categorization of the Five Sample Core Subprojects

No.	Sample Core Subproject	GON's's Procedure			ADB's Prodedure		
		Category	EPR	Approval	Category	EAD	
1	Bhojpur- Manebhanjyang Section of Bhojpur-Ghodetar Road	B	IEE	MOLD approval obtained.	B	IEE	SIEE prepared for RRRSDP
2	Dundhejhari – Tikapur Rural road	B	IEE	MOLD	B	IEE	
3	Beni – Pakhapani Rural road	B	IEE	MOLD	B	IEE	
4	Kamidanda–Taldhunga Rural road	B	IEE	MOLD	B	IEE	
5	Chandane Rural Drinking Water Supply Scheme	C	EIF	MOLD	C	ES	

B. ADB Financed Subprojects (Investment Plan)

6. The RRRSDP will prepare an investment package for the country's rural infrastructure sector with particular emphasis on rural roads as this sub-sector has the highest priority in the Government investment plan for the short-term (for the coming three years). Rural water supply, to a lesser extent will also be included together with a number of other sub-sector (small irrigation schemes, mini-micro-hydroelectric systems etc.) based on a demand-driven signals from the local population in the course of implementation.

7. Based on the feasibility studies of the sample core subprojects, an investment package for the rural infrastructure sector will be prepared under ADB's sector program development approach. The project will enhance rural livelihoods through a social mobilization program, and build the capacity of institutions at central, district and village levels for more effective management of rural infrastructure. The RRRSDP builds on the experiences and lessons learnt from similar programs in Nepal.

III. GON AND ADB'S ENVIRONMENTAL ASSESSMENT AND REVIEW PROCEDURES

A. GON's Procedures

8. This section describes GON's national environmental legislation and how it encompasses environmental assessment and review through components of the national legislation, regulations and guidelines.

1. Legislation

9. GON gives due consideration to ADB's environmental guidelines and procedures for loan and grant processing. ADB guidelines are given equal importance while carrying out Environmental Impact Assessment for projects using credits and loans from ADB in Nepal. All the projects, be it donor/lender funded or financed by GON, are legally required to comply with environmental procedures as described in Environmental Protection Act 2053 (1997) and Environmental Protection Regulations 2054 (1997). In addition there are several guidelines, safeguard frameworks, working procedures for sector specific projects, such as roads, that are developed and adopted by concerned ministry. These additional guidelines are developed to meet project level environmental mitigation measures and are highly specialized for specific type of projects. All these sector specific guidelines are compatible with national level documents and standards.

Environmental Protection Act 2053 (1997) and Environmental Protection Rules 2054 (1997)

10. Environmental Protection Act, 1997, (EPA) and Environmental Protection Rules, 1997, (EPR) have been enacted and enforced to prevent or minimize adverse environmental impacts likely to be caused by development activities. According to the EPA 1997, all development projects, including roads, should first be screened using criteria that are based on project type, size, location and cost, stipulated in the Rules to determine the level of environmental assessment required. Small projects that are not expected to cause significant environmental damage, such as rehabilitation of rural roads, are not required to do any environmental assessment. Projects that could result in some environmental impacts are required to conduct Initial environmental examination (IEE) and large projects that can result in major environmental impacts are required to go through an Environmental Impact Assessment (EIA) process.

Other Relevant GON Legislation and Policies

11. The Interim Constitution of Nepal, 2063: At present, the Interim Constitution of Nepal has been promulgated and is into effect and several articles in the constitution had declared the need to protect the environment and to safeguard the rights of the people.

12. Local Self-Governance Act, 2055 and Local Self- Governance Rule, 2056: The Local Self-governance Act has been enacted to provide greater political, administrative and financial autonomy to local bodies and facilitate community participation at the local level. In accordance with the Act, local bodies have been formed at three levels: Village Development Committee (VDC) at village level, Municipality at town level, and District Development Committee (DDC) at district level. The Act empowers these local bodies to formulate and implement periodical and annual plans within their own jurisdiction.
13. Explosive Material Act, 2018: If construction activities require the use of explosive, in accordance with the Explosive Material Act 2018, prior approval of the Chief District Officer (CDO) is needed to purchase explosives.
14. Public Road Act, 2031: The Public Road Act is the governing legislation for construction and operation of roads in Nepal. The Act prohibits the construction of permanent structures (buildings) in a defined distance from the rural road, i.e., the road agency has the authority over everything within the right of way (ROW). If road projects temporarily require land and/or other properties during construction, rehabilitation and maintenance, compensation is determined by the DDC. Provisions are also detailed for compensation for the extraction of construction materials.
15. Forest Act, 2049: The use of forestland for rural road project is subject to forest law and regulation. As rural roads pass through different patches of forests and/or privately owned trees the Forest Act and the Forest Rules also become applicable. The road projects need to comply with the provisions of forest law when it requires the use of forestland for road construction.
16. Land Acquisition Act 2034 and Land Acquisition Regulations 2026: The Land Acquisition Act 2034 (1977) and the Land Acquisition Rules 2026 (1969) are the two main legal instruments that specify procedural matters of land acquisition and compensation.

GON's Guidelines

17. Environmental Guidelines: In order to integrate the environmental aspects in development projects and programs, the GON has developed the National EIA Guidelines (1993), a Road Sector EIA Guideline (1997). An environmental Management Guidelines for roads was also developed in 1997 and adopted as environmental policy document by the Department of Roads (DOR) in January 2000. The Guidelines provide guidance to project proponent on integrating environmental mitigation measures, particularly on the management of quarries, borrow pits, stockpiling of materials and spoil disposal, operation of the work camps, earthworks and slope stabilization, location of stone crushing plants, etc.

2. Environmental Assessment, Review and Approval Procedures

General

18. The purpose of this EARP is to establish environmental assessment and review procedures to ensure that RRRSDP meets all the requirements of GON and are compatible and non-controversial with ADB's policy and operational guidelines. It will also help to systematically identify, predict, and evaluate beneficial and adverse environmental impacts of development activities, designing enhancement measures for beneficial impacts, and implement mitigating

measures for adverse impacts. The environmental assessment is an integral part of the project identification and feasibility studies, as well as project implementation and operation.

Environmental Screening Process

19. Every subproject proposal to be funded under RRRSDP will undergo an environmental screening process before it is selected for implementation. The screening process will establish the level of environmental assessment required, as well as help RRRSDP project offices to understand environmental issues related to the project before they are considered for implementation and assist in the decision making process. To the extent possible, environmental screening will be done together with technical and economic screening.

Environmental Screening Criteria

20. Screening criteria for road projects that require IEE only as defined by the EPR and ADB guidelines are to be adopted in RRRSDP. The screening procedures and criterion are discussed in detail in section 4.B.

Environmental Assessment Process for Subprojects

21. Once the screening determines the level of environmental assessment that will be necessary, the DDC with necessary support from MOLD, Department of Local Infrastructure Development and Agricultural Roads (DOLIDAR) and Project Coordination Unit (PCU) will commission IEE of subprojects in accordance with GON and ADB requirements and guidelines, which is described in chapter IV.

Initial environmental examination

22. An IEE is carried out to determine whether potentially adverse environmental effects are significant or whether mitigation measures can be adopted to reduce or eliminate these adverse impacts. An IEE requires more in-depth analysis than applied in the screening procedure. Consequently, an IEE involves more time and resources and requires technical input from environmental specialists. Draft Terms of Reference for IEE is presented in appendix 5.

B. ADB's Procedures

1. Requirements on Sector Approach Project

23. RRRSDP is developed under a sector approach modality. Therefore, the subprojects are intended to be small and the likelihood of significant adverse impacts from any one subproject is low. In essence, any subproject requiring EIA will not be eligible for funding under RRRSDP. In compliance with the **ADB Environmental Assessment Guidelines (Manila, 2003)**, the environmental assessment of sector impacts is required to ensure the cumulative impacts of all the known or unknown subprojects and are assessed prior to loan approval. A summary IEE report has been prepared for the RRRSDP which has made an assessment of likely positive and negative cumulative impacts including opportunities for enhancing positive impacts.

24. The second challenge for the environmental assessment and review of sector approach is to provide an efficient mechanism for environmental assessment of each subproject. ADB's

requirements for IEE of sample subprojects are also important. The specific results of the sample IEE are very useful in determining the appropriate level of environmental assessment requirements for all subprojects to be financed under the loan.

2. Categorization

25. All loans and investments are subject to categorization to determine environmental assessment requirements. Categorization is to be undertaken using Rapid Environmental Assessment (REA), consisting of questions relating to (i) the sensitivity and vulnerability of environmental resources in project area, and (ii) the potential for the project to cause significant adverse environmental impacts. Loans are classified into one of:

- (i) Category A (OM 20) ²²: Projects with potential for significant adverse environmental impacts. An environmental impact assessment (EIA) is required to address significant impacts.
- (ii) Category B (OM 20): Projects judged to have some adverse environmental impacts, but of lesser degree and/or significance than those for category A projects. An initial environmental examination (IEE) is required to determine whether or not significant environmental impacts warranting an EIA are likely. If an EIA is not needed, the IEE is regarded as the final environmental assessment report.
- (iii) Category C (OM 20): Projects unlikely to have adverse environmental impacts. No EIA or IEE is required, although environmental implications are still reviewed.
- (iv) Category FI (OM 20): Projects are classified as category FI if they involve a credit line through a financial intermediary or an equity investment in a financial intermediary (FI). The financial intermediary must apply an environmental management system, unless all subprojects will result in insignificant impacts.

26. Most of the subprojects proposed for construction under the RRRSDP will be reconstruction and rehabilitation of rural roads, water supply schemes, irrigation schemes etc. These projects will not have any significant individual or cumulative impacts as has been observed in the IEE reports of sample core subprojects (Four roads and one water supply).

3. Basic Environmental Assessment Requirements

27. **Category A.** EIA is required to examine the project's potential impacts, and to recommend an environmentally sound project by comparing all possible alternatives. However RRRSDP projects are categorized under category B.

28. **Category B.** An IEE is required for Category B projects to determine whether or not significant environmental impacts warranting an EIA are likely. If an EIA is not needed, the IEE is regarded as the final environmental assessment report. For Category B projects deemed environmentally sensitive, the Summary Initial Environmental Examination (SIEE) should be submitted to the Board at least 120 days prior to the Board consideration. An IEE report is required to follow the recommended format. A SIEE is required to follow the recommended format in Appendix 3. In addition to the SIEE, IEE will be made available to Board members

²² ADB. 2003. *Environmental Considerations in ADB Operations. Operations Manual*, Section 20. Manila

upon request. The Bank may make the SIEE available to locally affected groups and nongovernment organizations (NGOs), upon request, through the Board Member of the developing member country (DMC) concerned, or through the Bank's Depository Library program, except where confidentiality rules would be violated.

29. **Category C.** No EIA or IEE is required but environmental implications of the project still need to be reviewed and mitigation measures if any should be directly integrated into the project design.

30. **Category FI.** Environmental Assessment of the financial intermediation and equity investments is required. A due diligence assessment of the financial intermediary and its environmental management system is required, except where the subproject involves only small loans with insignificant impacts. In cases where there will be on lending through credit lines, an environmental assessment and review procedures for subprojects are required. The environmental assessment and review procedures are similar to that for sector loans and the requirements for public involvement, information disclosure, and in some cases, clearances by ADB apply.

31. In addition, there is also Category B Sensitive, which is an essentially category B but in sensitive areas and/or involved sensitive environmental issues. Basically requirements for environmental impact assessment for Category B Sensitive projects are similar to Category A, including two rounds of public consultation and 120 days disclosure period.

4. Disclosure and Approval

32. ADB requires the EIA documents for Category A and Category B Sensitive projects, once prepared, reviewed, accepted and cleared by the ADB staff, and relevant regulatory agencies, be fully disclosed to the public worldwide as well as to the local communities 120 days prior to the Board of Director meeting for review and approval of the projects. All public concerns, queries, comments and objections received within this period should be appropriately and satisfactorily addressed, responded or resolved prior to the Board meeting for final loan approval.

IV. SPECIFIC PROCEDURES FOR SUBPROJECTS

33. The sections below detail the environmental procedures to be followed in selecting, designing, preparing and implementing subprojects in the project area. These procedures include details regarding the authorities and personnel responsible for the compliance of the Project with the EARP and all prescribed environmental guidelines.

A. Responsibilities and Authorities

34. In RRRSDP, core subprojects have already been identified that are to be implemented in the first phase of the project. The core subprojects have been appraised and approved, and the IEEs have also been conducted. The selection and preparation of future non-core subprojects will primarily be the responsibility of the DDCs with less intensive involvements of the ADB project task team than that in the project appraisal stage. This section describes the various government agencies, project owners, and institutions which will be responsible and/or involved in the project management including future subproject selection and preparation.

1. Executing Agency (EA)

35. At the national level, Ministry of Local Development (MLD) has been established as the Executive Agency (EA) to oversee the preparation and implementation of the overall project. The MOLD has an Environmental Management Section (EMS), which is mandated with the overall environmental responsibility of the ministry. The MOLD is mandated to approve the Terms of Reference (TOR) and IEEs of projects that will be implemented by concerned departments under the Ministry such as DOLIDAR, DDCs and other local bodies such as VDCs and municipalities.

2. Implementing Agency (IA)

36. The District Development Committees (DDC)s will be the implementing agencies for RRRSDP. As the owners or proponents of the subprojects, DDCs, are responsible for screening and ToR preparation, commissioning IEE studies, and carrying out mitigating works. The DDCs will have the responsibility of conducting IEEs and the MOLD will approve them or advice the DDCs on all other discrepancies on IEE process. The DDCs with responsibilities for preparation and submission of IEEs for final approval by MOLD will coordinate between different level of local government, such as Village Development Committees (VDCs), and Wards, organizing or coordinating environmental as built audit, acceptance review, organizing or coordinating environmental monitoring, supervision and examination during project implementation, addressing relevant environmental issues as well. Support from PCU in any aspect of IEE or other technical matters are assured. As most DDCs lack staff with strong environmental expertise and experience, the Project will engage environmental specialist to provide DDCs advisory and technical supports and to train DDC staff whose capacity will be enhanced through on the job training.

37. During the planning phase, DDCs will coordinate with the MOLD, DOLIDAR and PCU to ensure that the project scale and size is as prescribed in the EARP report, and that all recommended mitigation measures proposed for this phase of the operation are incorporated in the design.

38. DDCs will be primarily responsible for the engagement of consultants for conducting an environmental assessment study for each subproject requiring such a study, and as such have the direct responsibility for completion with required quality. The MOLD, DOLIDAR and the PCU will provide guidance to the DDCs in this matter by providing technical guidelines and standard formats.

39. DDCs have the responsibility to undertake necessary activities in future to ensure the following environmental documents completed following required procedures and timings:

- (i) preparation of IEEs for subprojects complying with EPR (1997) and requirements, and in compliance with current ADB Environmental Assessment Guidelines on the preparation of IEEs as well;
- (ii) preparation of Environmental statements for the small sized projects not requiring an IEE.

40. During the construction phase, DDCs will coordinate with the concerned institutions, consultants, contractors and construction supervision companies to implement all mitigation measures and guidelines prescribed in the EARP and the environmental reports and

Environmental Management Plan (EMP)s for the particular subprojects. The DDCs will be also responsible for engagement of independent environmental monitoring consultants of the subproject during the construction phase.

41. The Environmental Management Section (EMS) of MOLD and DOLIDAR with necessary support from PCU should coordinate the overall project level monitoring. Considering the resource and capacity constraints of the EMS (MOLD) and DOLIDAR, RRRSDP will finance the monitoring (including use of local consultants) and provide necessary logistic and other support. The monitoring team should be independent of the implementation team, and should submit its report to MOLD, DOLIDAR as well as to ADB. The overall project level environmental monitoring will be carried out preferably during the active construction seasons.

3. Government Departments

Department of Local Infrastructure and Agricultural Roads (DOLIDAR)

42. The DOLIDAR is the main technically mandated and qualified department of MOLD. DOLIDAR will play a vital role in implementing national environmental policies and legislation at the national as well as at the District level. It is also responsible issuing environmental guidelines; development and enforcing environmental standards and technical standard measures; providing inputs to the MOLD on technical policies and development plans; environmental monitoring, statistics and information; supervising natural resources development and utilization activities; addressing significant environmental issues; follow up on approval process of IEE reports of subprojects and supervising overall subproject activities, etc.

43. Other GON Departments whose timely support and guidance will be important are Department of Roads (DOR), Department of Mines and Geology (DMG), Survey Department (SD), Department of Agriculture etc. just to mention a few.

4. ADB Department

Regional Department (RD)

44. The process of determining a project's environment category is to be initiated by the RD sector division, which will prepare a REA screening checklist, taking into account the type, size, and location of the proposed project. Since ADB's Public Communications Policy (2005) requires that ADB disclose all monitoring reports received by the Executing Agency, it will be the responsibility of the EA to ensure that such reports are submitted to ADB in a timely manner.

45. Although the relevant ADB departments will ultimately be responsible for ensuring all future non-core subprojects of the fulfilling ADB safeguard policies, the detailed and specific review and recommendation for clearance responsibility for the hundreds of Category B non-core projects during the RRRSDP implementation will be primarily rendered to the MOLD, DOLIDAR, PCU and DDCs. ADB environmental specialists will provide support and assistance as is needed for quality control and quality assurance.

B. Environmental Criteria of Subproject Selection

47. In accordance with the EPA (1997) and EPR (1997), amended (1999), two categories (A and B) are prescribed, mainly based on degrees of projects impacts on environment. Schedule 1 of the EPR lists projects that require IEE and Schedule 2 lists projects that require EIA.

- (i) Category A: Projects with potential for significant adverse environmental impacts. A full environmental impact assessment (EIA) is required to assess, in detailed and thoroughly, the positive and negative impacts produced by the projects on environment.
- (ii) Category B: Projects with some lesser adverse environmental impacts are categorized as B. An Initial Environmental Examination (IEE) report is required to analyze or specially evaluate the positive and negative impacts by the projects on environment.
- (iii) ADB must receive and review English versions of SIEEs/Summary Environmental Impact Assessments (SEIA)s. If required ADB will send comments to the PCU within a set period of three weeks.
- (iv) ADB has the right to request English versions of any IEEs/EIAs.

48. The sensitivity and vulnerability of environmental resources such as forest resources, endangered species, heritage and cultural sites etc. in project area are also considered as categorization criteria, besides the potential for the project to cause significant adverse environmental impacts.

Table 3: Categorization Directory of Major Road Projects, EPR 1997

Category		
SN	(B) IEE	(A) EIA
1	Construction of following roads: 1. District Roads 2. Urban Roads 3. Rural Roads 4. Small access roads	Construction of following roads: 1. National Highways 2. Main Feeder Roads
2	Construction of 1 to 5 km long ropeways.	Construction of more than 5 km long ropeways.
3	Constructing 1 to 5 km long cable car routes.	Construction of more than 5 km long cable car routes
4	Improvement of the standard, rehabilitation, and reconstruction of national highways and feeder roads.	
5	The activities relating to construction of 1 to 5 km long agricultural roads.	

49. Considering the potential environmental impacts of the sample core subprojects, the following environmental criteria will be adopted for the selection of other subprojects.

- (i) Subprojects should not pass through any buffer or core zone of any protected national park, wildlife sanctuary or sensitive wetland.
- (ii) Subprojects preferably should not pass through sample or buffer zone of any ecologically sensitive area as recognized by GON or areas of international ecological significance identified by international convention (e.g. a RAMSAR site).
- (iii) To the extent possible, subprojects should avoid inclusion of any stretch that passes through any area designated for its cultural heritage values by GON or other international agency such as UNESCO.
- (iv) Subprojects requiring EIA by GON regulations and falling under Category A in ADB guidelines will not qualify for RRRSDP funding.
- (v) A road gradient maximum will be considered by the civil engineer(s) responsible for road design in order to reduce probability of slope failure, erosion, and traffic accidents.

C. Procedures for Environmental Assessment of Subprojects

1. Preparation of Environmental Assessment Documents (EADs)

50. An Environmental Assessment Document (EAD) is necessary for each of the recommended subprojects envisaged in the Project. Sample IEEs have been conducted for some core subprojects. Each individual IEEs will identify mitigation measures specific to the terrain of the area where the subproject is proposed, and also to the scale of each operation. The IEE methodology to be applied involves following six steps and they have been adopted from ADB guidelines and GON procedures.

- (i) TOR/Scoping;
- (ii) Publish Public Notice;
- (iii) Field visit and public consultation;
- (iv) Baseline Information and data Collection;
- (v) Impact identification and analysis, and planning and recommendation of mitigation measures;
- (vi) Preparation of an environmental management and monitoring plan.

2. Preparation and Approval of IEE Terms of Reference

51. The EPR 1997 requires that the DDCs prepare a Terms of Reference (ToR) in the format prescribed in Appendix 3 before going ahead with an IEE. The MOLD must approve this ToR. The EPR 1997 ToR format has been adopted for this project. See appendix 5. A review of Nepalese Country Systems for conducting and reporting of IEE's found no significant differences of content between Government of Nepal and ADB requirements. This includes alignment of requirements for public consultation, budgeting mitigation measures and environmental plans (See appendix 5 for sample IEE). Based on this analysis, it is recommended that Nepalese systems be implemented fper beta. Should ADB find any discrepancies/deficiencies in context or process, ADB may request revisions of the said IEE's to the EA.

52. For developing ToR a meeting will be called at the office of the DDC. All relevant stakeholders from the proposed subproject location including NGO's/ Community Based Organizations (CBO)s, if any operating in the area, persons knowledgeable about the area should be invited to participate in the meeting. A list of potentially positive or negative

environmental consequences of the proposed subproject, and possible options for the subproject, should be prepared, based on the discussion in this meeting. This should be utilized to formulate the TOR for the subproject.

3. Publish Public Notice

53. The proponent shall inform the VDC/Municipality, or other stakeholders, individual or organizations, concerning the implementation of the project and its impacts through a 15-day notice to be published in a national daily newspaper and notified at VDC/Municipality, DDC, school, hospital/health post etc. Comments and suggestions received through such a notice needs to be included in the IEE report.

4. Baseline Information and Data Collection

54. Baseline information is important reference for conducting IEE. Normally, information is collected from secondary sources or the field investigations. Baseline data are collected for two main purposes. They are:

- (i) To provide a description of the status and trends of environmental factors against which predicted changes can be compared and evaluated in terms of importance; and
- (ii) To provide a means of detecting actual change by monitoring once a project has been initiated.

55. The environmental assessment team will review all readily available information in the light of the concerns raised in the meeting referred to above, as well as considering the formal requirements. This will result in a preliminary summary of the relevant environmental information.

56. Baseline information is collected in terms of:

- (i) Social or Socio-economic Environment
- (ii) Physical Environment
- (iii) Biological Environment
- (iv) Cultural Environment

5. Field Visit and Public Consultation

57. The environmental assessment team will carry out a walk-through field inspection of the subproject site, and collect relevant data. In addition to the observations and measurements made by the environmental assessment team members, information will be collected through a process of consultation after informing the local communities and stakeholders of the proposed operation. Consultation plays a very important role in the environmental assessment process. All relevant stakeholders, such as affected communities, any NGOs/CBO's, local bodies, and knowledgeable persons will be consulted.

58. Different governmental agencies, community organizations are part of public consultation and information dissemination processes of EARP. DDCs assume prime responsibilities to carry out public consultation and information dissemination. VDCs are responsible to mobilize community members and encourage their active participation in

consultation and information dissemination processes. Where VDCs lack capacity, DDC will hire consultants or local NGOs to help VDCs mobilize community members and carry out consultation and information dissemination. Among other community groups, Road User Committee (RUGs) and Road Building Groups (RBGs) are strongly encouraged to participate in consultation and information dissemination processes, to ensure that they understand all protective measures to be taken for road building and maintenance.

6. Impact Identification, Analysis, Planning and Recommendation of Mitigation Measures

59. The environmental assessment team will analyze and interpret all information gained through the previous steps. This will result in the identification and assessment of the following:

- (i) Subproject impacts: these are impacts generated by subproject activities, or other activities directly induced by the subproject.
- (ii) Receptors of impacts: these are the environmental components, setting or features, and living or non-living entities in the subproject area.
- (iii) Mitigation measures: The team will then recommend appropriate and cost-effective measures to mitigate the adverse consequences, and at the same time to enhance the positive impacts.

60. The environmental assessment team will prepare a report incorporating all the work and findings. Both ADB and GON have almost similar formats for the IEE report. The Project will adapt the domestic IEE report in such a manner that it appropriately covers all information sought by the ADB. In this way, a single report will satisfy the needs of both.

7. Prescribe Mitigation Measures

61. Mitigation measures should be designed to maximize project benefits and minimizing undesirable impacts. A wide range of mitigation measures may be proposed, but the following are relevant to most rural infrastructure development projects.

- (i) Consideration of project alternatives in terms of scale, technology used, location, alignment, design and time schedule to minimize impacts;
- (ii) Introduction of compensatory measures to restore, rehabilitate damaged resources; and
- (iii) Introduction of corrective and preventive measures such as bioengineering and slope protection.

8. Environmental Management Plan (EMP)

62. A matrix detailing the recommended mitigation measures for each of the identified impacts will be formulated, along with the persons and institutions responsible for the monitoring of each impact.

63. Environmental monitoring is necessary during both the construction and operation phases. Monitoring is done to ensure the use of appropriate practices, record the environmental impacts, and provide feedback to improve the infrastructure quality.

9. IEE Report Preparation and Approval

64. Upon completion of IEE report, a copy will be sent to PCU for further action needed, if any, by ADB. If the IEE is acceptable to ADB, it will be submitted to MOLD with all the necessary documents. The MOLD can provide an approval or can recommend further information to be included in the IEE. Upon submission after satisfactory inclusion of all the comments, the MOLD can approve the IEE within 21 days of submission.

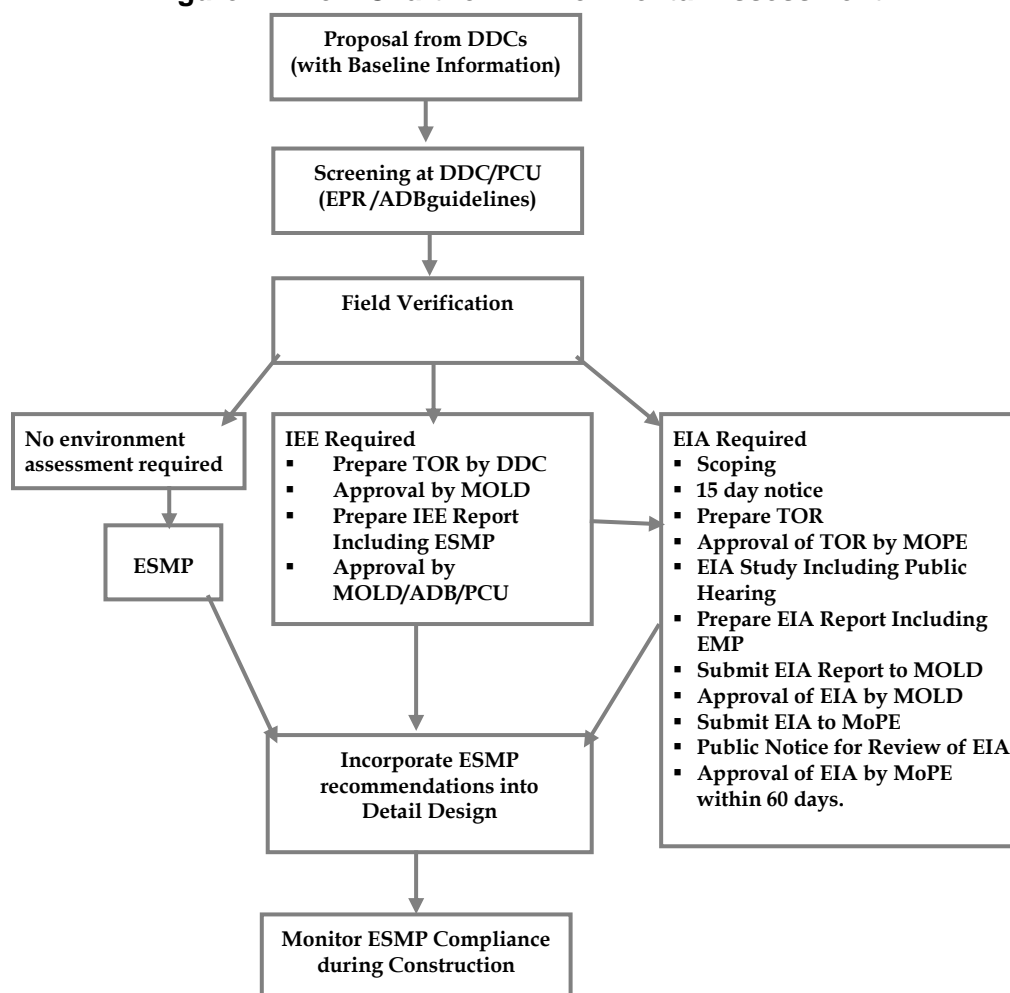
10. Information Disclosure

65. Environmental assessment reports for both GON and ADB projects are accessible to interested parties and the general public. The SIEE reports are required to be circulated through the depository library system and on the ADB web site. The full IEE reports are also made available to interested parties on request. ADB's "120 day rule" requires that for Category B sensitive projects, an SIEE is made available to the general public at least 120 days before ADB's Board of Directors considers the loan, or in relevant cases, before approval of significant changes in project scope or subprojects. To facilitate the required consultations with project-affected groups and local NGOs, the information on the project's environmental issues will be provided in a form and language accessible to those being consulted.

66. The proposed consultation enlisting types of activities and procedure that should be carried out in each project phase, as well as who should be responsible for each activity is presented in a table in annex - 6.

11. Subprojects with no Significant Impacts

67. For the subprojects which have no significant impacts, including the rehabilitation and upgrading of irrigation schemes, small water supply schemes and protection from soil and river training subprojects, impacts during the implementation are only likely to arise during their construction phase. Hence, we mainly concern the construction phase of these subprojects, and all impacts pertaining to the construction phase will be listed together, followed by the recommended mitigation measures. This report is recorded as Environmental Statement report.

Figure 1: Flow Chart for Environmental Assessment

D. Potential Impacts and proposed Mitigation Measures for RRRSDP

68. All of the sample core subproject specific appraisals and IEEs have already been completed in accordance with the environmental legislation of GON and the ADB's environmental guidelines. During this EARP preparation, all core subproject specific IEEs, have been thoroughly studied as a samples to establish likely impacts and mitigation measures.

1. Environment Friendly Construction Approach

69. **The Labor-Based, Environmentally Friendly, and Participatory Approaches (LEP) construction approach:** The LEP approach has evolved over several years of experience as the technically, environmentally and socially appropriate method for constructing rural roads in hill and mountain areas of Nepal. As the name "Labour-based, Environmentally-friendly and Participatory" implies:

- (i) labour, hand tools and small equipments are used for construction and not large equipment;

- (ii) the natural environment is conserved as much as possible; and
- (iii) local interests and opinions are incorporated into the design and implementation of the schemes.

The main technical features of the LEP approach are:

70. **Road alignment:** As part of the construction process, emphasis to the careful selection of the horizontal and longitudinal alignment prior to the start of the construction phase. As a rule of thumb, the alignment of the road should be chosen such that the centre line is close to the surface of the hill slope resulting in low cut slope.

71. **Balancing cut and fill:** RRRSDP will encourage and emphasize planning and design of subprojects aiming to have cut and fill balanced. A complete balance of cut and fill may not always be practical or possible in which case excess spoils will be placed in pre-identified and approved safe tipping sites.

72. **Blasting:** In general, blasting will not be allowed during construction. As much as possible, rocky portions need to be avoided by choosing an alternative alignment. If rocky areas cannot be avoided, then technologies other than blasting can be used (i.e. drilling, heating and cooling, and rock cutting). In exceptional cases only, when there is no other option, controlled blasting may be permitted. However it must meet the following conditions: there must be independent technical justification proving that all the possible routes have been explored; it must be a limited section only; it must be proved that there are no other technical options. The controlled blasting must be performed by a separate, skilled team only (not by the users).

73. **Appropriate structures:** Structures will be built on the basis of actual need determined on site, rather than on prepared designs. Standard drawings are used as the basis for choice of structure type, which should always be the lowest cost option that will serve the function required. For example, dry stone walls are favored over gabions, and gabions over concrete masonry; and scuppers are favored over hume pipe culverts.

74. **Bio-engineering:** RRRSDP will integrate the use of vegetation in combination with simple civil engineering structures such as gabion walls and simple drains to give the best overall slope protection and shallow stabilization.

75. **Local labor:** Under the LEP approach, unskilled and semi-skilled works such as earthworks, simple retaining structures, minor cross-drainage structures and side drainage will be carried out by local people formed into Building Groups (BGs). Other works, requiring skilled inputs and/or use of specialized equipment, will be carried out by local contractors.

76. **Decentralization and the process approach:** In line with GON policy, the institutional arrangements for the RRRSDP are decentralized. DDCs will be the Implementing Agencies, the project owners. Most of the subproject investments will be selected by the DDCs. They will progressively be identified, appraised and approved through a decentralized and participatory process managed by the DDCs, but in accordance with defined selection criteria. However, there will be a crucial project management role for DOLIDAR: facilitating, supervising and approving key decisions; overall management, co-ordination and reporting; provision of guidance; technical support and training.

2. Environmental Review

77. Detailed field investigations were carried out by environmental and social specialists in sample core subprojects to identify environmental impacts. These were supplemented by field based consultations that were carried out at these sites by expert environmental consultants. The consultations identified potential environmental impacts and perceptions of the affected communities about the subproject's benefits and impacts. On the basis of these consultations, it appears that subprojects will have no major environmental impacts, for the following reasons:

- (i) Almost all of the sample core subprojects consist of reconstruction or rehabilitation of existing roads except extension and rehabilitation of one rural water supply scheme. Therefore, there will be minimal adverse impacts, such as loss of land, damage to local infrastructure, loss of vegetation, and slope cutting, that are related to opening up of new tracks.
- (ii) Hill roads often suffer from problems related to slope failures and erosion. In the case of RRRSDP, the project will improve existing areas with unstable slopes, using protection structures and bio-engineering and it will use labor-based technology which will minimize damage to fragile slopes.
- (iii) In the Terai, almost all the proposed roads are intended to be north-south roads. The potential for flood damage is less in these roads than east-west roads. Furthermore, as some of the north-south roads also function as embankments, the roads will assist in flood control.
- (iv) All roads will have Environmental Management Plans which have been prepared during the IEE stage of the subprojects.
- (v) Local communities will be involved in road construction as well as monitoring.

78. There appears to be broad consensus among people consulted to provide assistance (i.e. voluntarily donate land) and participate in the project. In many roads, particularly those constructed by local communities or DDCs, there are local users groups that can be mobilized to assist in community level monitoring. In cases where such groups are not present, they can be formed. Local communities believe that there will be very little, if any; adverse environmental impacts and many expect the project to improve environmental conditions caused by existing roads. These mainly include poor drainage conditions in the Terai and unstable slopes in some areas in the hills. They also view improved accessibility resulting from the project to improve their standard of living.

3. Impacts and Mitigation Measures

79. Environmental consequences: Undesirable social and environmental consequences generally resulted from road development and particularly observed in the rural areas are summarized in the following paragraphs. Wherever applicable, these issues should be addressed during planning, construction and operation of the RRRSDP. Many of the environmental issues are inter-related. For example, soil erosion may be caused by various factors acting alone or in combination. The issues are described under separate headings for clarity but should be viewed in totality so that inter-linkages become apparent.

80. Approach: Balancing cut and fill and other construction methods and practices that incorporate soil and vegetation conservation aspects are desirable. The road construction approach should give due consideration to the above aspects and use precautionary and

mitigation measures wherever possible. For this, the LEP process has been recommended for the implementation of the subprojects.

81. Instability, landslide and soil erosion: Instability, landslide and soil erosion are the major environmental impacts associated with road construction in Nepal. This is particularly so in the hilly and mountainous terrain and is mainly a problem in weak and vulnerable geological areas. The problem generally results from interaction between water flow and soil, both of which are disturbed by road construction. The situation gets worse if vegetation is also cleared. Fresh cut slopes and embankments are relatively more vulnerable to landslides and soil erosion, particularly due to improper water management in the vicinity. During the construction period, instability, landslides and soil erosion problems may result because of:

- (i) Steeper cut and fill (embankment) slopes and their construction qualities
- (ii) Haphazard disposal of construction spoils
- (iii) Unsuitable locations of quarry sites and borrow pits
- (iv) Rash quarrying and borrowing activities
- (v) Construction carried out in rainy season without proper water control and drainage facilities; and
- (vi) Improper construction methods which leave soils exposed unnecessarily, etc.

82. During the operational phase, the instability, landslides and soil erosion result not only from the road and its structures but also from the activities of road neighbors. The common causes of the problem are:

- (i) Deficiency of or improper drainage structures,
- (ii) Modification of water paths leading to concentrated flows (may also be caused by blocked ditches),
- (iii) High gradient in cut or fill slopes, and
- (iv) Cleared areas which have been left without re-plantation.

Improperly disposed construction spoil may worsen this situation.

83. Soil erosion: There are many instances of ploughing the road reserve for cultivation to the very edge of road which make the land susceptible to erosion and landslides. Similarly, water leaking from the irrigation canals located near the road or from the irrigated land adjacent to the road, mining of soil (for mud plastering of houses) and stone from road slopes, destruction of vegetation due to animal grazing, fodder collection (mowing), slash and burn cultivation in road corridors and road reserves, etc. may also result in landslides and soil erosion.

84. These problems may be avoided by choosing the right alignment, reducing the area of ground clearance, re-plantation in the slopes promptly and their routine maintenance, controlling speed and volume of water flows, etc. Construction practices that are sensitive to and incorporate soil conservation aspects are necessary. The practice should encourage protection of trees and vegetation in the road vicinity and re-vegetation of cut slopes as soon as possible. There should be minimum destruction to the vegetation in the right-of-way. The quality of 'cut and fill' mode of construction and the drainage structures is important in this regard.

85. Encroachment into forest and disturbance to wildlife: A road that passes through forest areas takes up forest land and may disturb the activities of the wildlife. There is a high

chance of occupying forest areas by a rural road as rural road development expects land contribution without compensation. Road may contribute to increased hunting and poaching of wildlife as it provides easier access to its habitat. It may restrict movements and breeding of the wildlife, alter/destroy the existence of habitat. Accessibility made easier by road may also cause pressure on and encroachment to the forests (national parks, wildlife reserve areas, community forests, religious forests, private forests, etc.). Activities of the work-force that create pressure on the forest and forest resources include firewood collection and hunting birds/animals. With the roads, the forests become easily accessible and render animal grazing, firewood collection, hunting, timber export, etc. easier. This can lead to increased timber cutting (legal or illegal) and illegal collection and export of medicinal plants. All these factors may cause significant deforestation and degradation of the forests.

86. Measures that may be employed to avoid/minimize such pressures are the establishment of barriers to control entrance to forest areas, strict enforcement of environmental work-code, reduction of human dependency on forest or forest resources, supply of alternate energy such as kerosene, bio-gas, micro-hydropower, etc. Similarly, preparation of land-use plan that incorporates environmentally sensitive locations of at least the environmental influence corridor and strict adherence to the same can help to preserve the forest and wildlife.

87. **Disruption to natural drainage system:** Construction of roads may modify the overland (surface) flow patterns causing no flow or reduced flow in some natural channels and high/concentrated flow (floods) in the others. The actions that result in such modifications are diversion of or obstruction to the natural drainage system. In many cases, the speed of water flow may be increased. Road may also disrupt or alter sub-soil drainage, for example, road cut may intersect water-table. Interruption of sub-surface flow may be indicated by the seepage on the exposed road-cut surfaces. This may cause significant changes in the sub-surface flow leading to reduction in/drying-up of local spring flow or may cause instability in the cut slope. Road drainage and excavation can lower the water table, while embankment and structures can raise the water table by restricting the natural flow.

88. **Flow regime:** The changes in flow of surface water and ground water may lead to a variety of consequences like increased bank-cuttings, inundation of areas which were normally not inundated (flooding), creating water-logging in some areas, non-availability of water in other areas, scouring and siltation of streams, instability, erosion, deterioration of soil and vegetation, loss of water for drinking and agriculture use, etc. These changes in turn can have substantial effects on natural vegetation, fish, wildlife and human. These chain effects extend well beyond the immediate vicinity of the road.

89. **Road drains:** Some common problems likely to be encountered in RRRSDP are termination of road drains on agricultural land which gets damaged by silt and gravel deposits, creation of new water bodies in the borrow pits, and flooding of farms and settlements because of inadequate number of culverts and their improper placing (particularly in Terai and in the upstream side of the embankments). It is, therefore, advisable that natural drainage patterns be left undisturbed as far as possible. Whenever it is necessary, appropriate mitigation measures and drainage works such as flow reduction measures, settling basins, intercepting drains, energy dissipaters (like cascade), etc. be provided. A well-designed road drainage system can also improve the surrounding environment by retaining water for human and nature benefits or by reducing floods or/and by draining out the unhealthy stagnant water.

90. **Effects on water quality:** Uncontrolled construction activities such as cutting and filling, disposal of construction waste and spoil, erosion and soil movement due to road construction activities like quarrying and borrowing, etc. cause increase in turbidity/silt content of streams and rivers. Improper sanitation of workers or local inhabitants may also pollute water, particularly drinking water sources. Surface water may be polluted by road run-off containing oil, grease, lubricants and other chemical spills. Other water pollution sources include wastewater generated by the new activities (hotels, industries, settlements) and bad sanitation practices (open field defecation, discharging wastewater into water bodies, dumping solid wastes into or near to the water bodies) etc. Typical effect of water pollution could be health hazards to the downstream water users. Water may become unfit for bathing, drinking, animal consumption, irrigation, etc. or effect on fish and other aquatic life. Increased silt content could also cause unnecessary sediment deposition in downstream which causes the rising of river beds resulting floods in downstream areas.

91. **Air and noise pollution:** Air pollution due to vehicle emission and noise are generally not major issues in rural roads since the traffic volume is extremely low. However, the dust raised and blown by vehicles may significantly pollute the air in the areas adjacent to construction sites or earthen/gravel roads. Direct effects of dust could be health hazards to road workers, residents adjacent to road and/or interference on plant/crop growth in the vicinity. Careful management of construction sites, storage of construction materials, management of road surface and simple dust control measures like water sprinkling in sensitive places can reduce this problem. At densely populated areas low cost bituminous surfacing may be used to control dust nuisance problems.

92. **Implication on public health:** Stagnant water bodies created due to road construction such as borrow-pits and quarries may become breeding sites for disease vectors. This may contribute to increase in number and type of disease vectors and incidence of water-related infectious diseases. Increased movements of people (from or to outside) may introduce new diseases to the area (particularly, communicable diseases like Tuberculosis, Venereal Disease (VD), Acquired Immune Deficiency Syndrome (AIDS), etc.).

93. **Dust control:** Dust raised by construction activities and blown by air may pose health risks to the workers and inhabitants near the road alignment. Construction practice should employ dust control practices/measures and construction activities should be scheduled taking this into account.

94. **Public health:** Gathering of people and contact among them may lead to transmission of various infectious/communicable diseases. Regular health check-ups help to detect and control transmission of such diseases. Timely and appropriate landscaping, filling and draining of stagnant water can avoid or reduce chances of water-borne infectious diseases.

95. **Cultural and historical areas:** historic sites may be threatened by road construction and associated works such as quarrying. It can destroy the sites or alter their character. Road may result in illegal occupation or encroachment of the culturally and historically important areas (temples, shrines, shattal/pati, religious sites, mela/jatra sites, caves, graveyards, forts, palaces, etc.) or the land belonging to these sectors. On the other hand, the increased accessibility may attract visitors to these areas which encourage better use, care and conservation of the same. Road development works should, wherever appropriate, include measures to protect such sites.

96. **Induced roadside development and road neighbors' activities:** Road attracts people to migrate to roadside (from outside the area or local people). It may lead to development of new settlements or old settlements may become larger. Temporary houses or sheds built during the construction period may become permanent and continue to be used during the operation period also. Road generally stimulates ribbon settlement along its alignment. Establishment of industries, increase in commercial activities like general shops, lodges, hotels, liquor shops, etc. may lead to the increase (or in some cases decrease) in land values (adjoining and others). Operation of road may bring about changes in the agricultural practices, productivity, crop-variety, etc. and land-uses (increase in built-up areas, decrease in agricultural areas, forest areas, etc.), farmers' livelihood and may also encourage tourism. The induced changes are not necessarily limited to the immediate vicinity of the road route. Both positive and negative social and environmental consequences are possible from such changes.

97. **Undesirable activities:** Some of the undesirable activities of road neighbors are over-grazing of roadside, unauthorized and inappropriate collection of firewood/fodder/mowing from road reserve and vicinity, cultivation without terracing in the immediate vicinity of road, cultivation to the very edge of terraces or cut slopes, uncontrolled quarrying of stone and clay from the road cut slopes, poor construction and maintenance of irrigation canals causing water to seep into road slopes and slash and burn cultivation in road vicinity.

98. **Social disharmony:** Road construction activities may cause damage or increase risks to the communities living in the right-of-way or in the vicinity. Special precaution is required at the time of construction if such risk is unavoidable. Location of and activities at construction camps may also create problems and conflicts. Where construction camps are necessary, the sites should be properly located from social point of view and they should be carefully managed. The activities of workers living in the camp or working in the project may create social conflicts. To avoid conflicts, alcohol consumption and other socially unacceptable activities should be controlled. Adequate efforts should be made to maintain social harmony and co-operation among the workers and local residents. Other social issues during construction are payment to the workers/labors (in time and adequately); protection, improvement and integration of approach trails and tracks, chautaras, etc. to the road as special features; road-side new income generation activities (tea-stalls, liquor shops, aggregate production, etc.); fate of traditional activities (cultivation, portering) etc.

99. **Economic activities:** The introduction of rural road leads to increased land values and more intensive land-use, especially for lands adjacent to the road. This may cause shift in ownership or rights of resource use from poorer to wealthier classes. Changes in the agricultural practices may have negative effects on local nutrition levels. The increased mobility can result in the spread of diseases and pests. The road will have effects on traditional means of transportation such as animal drawn carts, mules, porters, etc. which in turn can affect the people surviving from such means.

100. **Aesthetic qualities:** A road can be visually attractive or unsightly depending on its physical layout within the surrounding landscape and how far the attention is given to detailed designs, road-side planting and maintenance. Road can result in landscape distorted by cuts, quarries, slides, etc. These will lead to depreciation and loss of scenic values and sites, view points, etc. Road induced activities may lead to the generation and mismanagement of wastes (solid and liquid) in the roadsides and create scars on the landscape. Proper and controlled disposal of construction wastes and use of good-house-keeping are some ways which can help maintain good aesthetic qualities. Construction of road may cause loss of or encroachment to

unique geological and geographical sites, natural beauty spots and scenic sites and sites of scientific interests.

101. Safety issues associated with road works and traffic: Construction of road involves occupational health and safety risks. Accidents may occur during the construction and operation of roads causing injuries or loss of property and life. Some common reasons for accidents in rural road works include unsafe excavation, collapse of trenches, injuries from unsafe tools/equipment, lack of protective clothing, debris falling from hill slopes, inappropriate disposal of construction wastes, etc. Similarly, traffic operation may result in accidents because of careless driving, inadequate traffic signs, inappropriate road standards and designs, natural disasters, etc.

102. Repair and maintenance aspects: Quite often, rural road suffers from lack of proper attention to the road surface, road structures, drainage structures, environmental mitigation measures and general repair and maintenance. The maintenance of constructed roads is extremely important to prevent long-term negative environmental impacts.

4. Capacity Building for Review Procedures

103. As most of the DDCs do not have sufficient staff with strong environmental backgrounds, the Project may require inputs from an environmental specialist²³ for each district in the district implementation support team, and extensive capacity building for environmental assessment and management will be carried out throughout this project. Various trainings will have to be carried out for communities, VDC, DDC, contractors and other relevant project staffs. With regard to the environment Specialist – training programmes relating to required monitoring activities at the sub-project level, detailed in the EMP sections of the IEE will be provided. The training programmes will also be targeted such that they will accommodate programmes which also seek to create awareness towards the importance of environmental management at the sub-project level amongst the district level implementation staff, GoN and other concerned stakeholders. Each person will be given a general orientation course on environmental management and the principles to be followed under RRRSDP will be the main focus of the training program. Depending on the technical ability and the responsibility of the persons, they will be given detailed engineering training on bio-engineering, slope stabilization and road alignment or training on how to recognize environmental issues, prepare environmental management plans and monitor environmental impacts.

104. To address environmental management capacity constraints and to meet the environmental requirements of the project, and to contribute to capacity building, the RRRSDP will:

- (i) Finance the costs of conduct of IEEs (if local consultants are utilized) and of environmental monitoring, including logistics and support costs.
- (ii) Through the PCU Consultants, will provide capacity-building and awareness-raising support that will also demonstrate how the private sector can be used to fill capacity gaps. The consultants will provide a substantive input, by qualified and experienced domestic personnel, to: (i) assist in developing practical environmental guidelines, methodologies and institutional mechanisms as part of the Project Procedures Manual; (ii) advise DOLIDAR and the DDCs on environmental screening of all proposed subprojects; (iii) provide training and advisory support to the DDCs for the preparation and conduct of IEEs; (iv) assist the EMS of MOLD in the review of IEE

²³ This is not a Government staff position. Specific details of District Level Technical Implementation support and Central Implementation Support Consultants are provided in Appendix 8 and 9 of the RRP.

reports; (v) provide advice to DOLIDAR in checking the environmental compliance of subprojects and supplementary investments approved by the DDCs; (vi) support the organization, conduct and reporting of environmental monitoring; and (vii) organize awareness-raising activities and training to strengthen environmental management capacities in the VDCs, DDCs and DOLIDAR including MOLD.

5. Central Support

105. At the central level, a project coordination unit (PCU) to support the project will be established to represent RRRSDP and to function as the day to day working and management arm of the RRRSDP. The PCU will play a vital coordination role both during project preparations and implementation and ensure smooth communications with the MOLD, DOLIDAR, DDCs and other project stakeholders. As the concerned and supportive wing of RRRSDP, the PCU coordinate and facilitate the overall responsibility for safeguarding the environment, throughout the project feasibility study, preparation and implementation stages, as well as its overall responsibility for management of the development program itself.

106. MOLD/DOLIDAR will appoint an environmental officer in the PCU. In addition, within the PCU, the central implementation support consultant team will have environmental management/environmental engineer to support MOLD and DDCs at the central and district levels respectively. The PCU takes the specific responsibility for technical support to DDCs in environmental preparation, supervision, monitoring and enforcement of mitigation measures including review of environmental performance during project implementation. In particular, PCU will have the following specific responsibilities in its environmental aspects of operation during the implementation stage:

- (i) Provide inputs in subprojects identification and implementation with regard to environmental and social considerations.
- (ii) Submit environmental monitoring reports to ADB every six months. The environmental monitoring reports should clearly describe progress towards achieving mitigations, identify environmental issues that need to be resolved, and propose recommendations to resolve the issues."
- (iii) Confirm subproject environmental categorization, and corresponding environmental documentation requirements, in consultation with the concerned environmental authorities, and in accordance with the relevant ADB guidelines and GON regulatory requirements, which are described in this EARP.
- (iv) Facilitate engagement of consulting firms as requested by DDCs in preparation for environmental impact assessment documents to comply with the relevant regulatory requirements and ADB safeguard policies.
- (v) Review completed IEEs for subprojects. As the regulatory review and approval will be the responsibility of the MOLD, the review by this group will be essentially to ensure the documents meet the ADB requirements and guide and assist the documents revision and improvement until it completely meets the ADB requirements.
- (vi) Supervise the actual implementation of environmental mitigation measures prescribed in the IEE during the project construction stage, through site visits, inspection tours, receiving and responding public concerns and complaints and review reports from contractors and DDCs and DTOs.
- (vii) Facilitate engagement of independent environmental monitoring institutions to support DDCs to carry out the environmental monitoring programs outlined in the

- project EMP. The PCU will also be responsible for review the monitoring reports and responding to any recommendations made in the monitoring reports.
- (viii) Initiate corrective actions and additional mitigation measures to those proposed in the EMP as may be needed during the project construction phase, in responding site supervision, monitoring and/or public complaints.
 - (ix) Communicate and coordinate among project stakeholders mainly MOLD, DOLIDAR, DDCs, other relevant government agencies, professional teams/consultants, contractors, construction supervision companies, project communities, the general public as well as ADB, on environmental matters and advise MOLD/DOLIDAR senior management for policies, actions, programs and requirements to ensure the impacts of the project be minimized and project activities in full compliance with regulatory standards, and ADB safeguard policies.
 - (x) Organize and coordinate project completion, environmental acceptance inspections and review in accordance with relevant domestic regulatory requirements.
 - (xi) Conduct other tasks as may be requested by MOLD, DOLIDAR, and DDCs or as may be recommended by ADB or as may be needed by the project for environmental protection.

107. Capacity building and institutional strengthening for MOLD, DOLIDAR and DDCs in general and EMS of MOLD in particular are critically important for the success of environmental management. Many of the responsibilities and functions listed above go far and beyond the standard requirements for DDCs for their regular annual projects. This is because; the DDCs will have to be thoroughly familiar with the ADB environmental requirements. To strengthen EMS of MOLD and DDCs the following have been proposed:

- (i) Staff the PCU with the most qualified technical staff preferably, environmental engineers. Besides the general environmental impact assessment and environmental management experience for construction projects, the environmental staff of the PCU shall also be experienced with ADB policies, procedures and requirements.
- (ii) Conduct training for the DDC and EMS staff, including but not necessarily limited to classroom training for ADB policies and procedures, study tours to other more experienced PCUs which have successfully managed ADB projects, and attending relevant conferences.

108. In addition, it is proposed that for the first group of non-core subprojects when DDCs start to undertake environmental procedures, PCU environmental specialists will involve in their full capacity. The objective of this process is to identify shortcomings of DDCs so that specific measures can be taken to strengthen DDCs (focused training, engagement of additional consultants, etc.). This process may also help ADB to understand and be satisfied with the ability, experience and knowledge to function independently without minimum ADB direct supervision for preparation and clearance of the remaining non-core subprojects.

6. Monitoring and Evaluation

109. Monitoring is an important element of environmental management. To improve the implementation of mitigation measures, the following activities will be undertaken during environmental monitoring.

- (i) Determine indicators to be used.
- (ii) Collect important and relevant information.
- (iii) Apply quantifiable criteria with respect to prescribed indicators.
- (iv) Conduct objective analysis of the information collected.
- (v) Work out clear conclusions based on above points.
- (vi) Draw rational conclusions and recommend improved mitigation measure to implementing agencies.

110. Types of Monitoring: Monitoring activities for the project are to be divided in three types:

- (i) Pre-Construction and Baseline Monitoring;
- (ii) Construction Phase Monitoring; this is generally sub-divided in two related activities:
 - a) Compliance Monitoring
 - b) Impact Monitoring
- (iii) Operational Phase Monitoring.
 - b) Compliance Monitoring
 - c) Impact Monitoring

111. Pre-Construction Monitoring: In the pre-construction monitoring, it will be necessary to confirm that all procedures regarding land acquisition and compensation have been properly set out and followed, and that the construction mitigation plan is in place. Priorities in this regard will include:

- (i) Verification that the IEE mitigation recommendations relevant to the Contractor's responsibility are incorporated in the tender specifications;
- (ii) Verification that all government permits and approvals are in place prior to construction;
- (iii) Verification that land, property and crop and livestock disturbance compensation valuations have been completed prior to construction;
- (iv) Verification that all the necessary sub-plans within the framework of the Environmental Assessment and Review Procedures have been identified and prepared.
- (v) Verification that all necessary activities regarding the job opportunities, giving priority to the project affected families (PAF)s, have been completed prior to construction and hiring.

112. Baseline Monitoring: The primary concern during this phase will be to collect field data needed to enhance the knowledge of baseline conditions in order to assist in designing and estimating the cost of mitigation measures. Detailed information on the type of materials to be used, material collection site and methodology, design for drainage management, slope/erosion control and disposal of excess construction materials will be collected. Priorities in regard to baseline monitoring include:

- (i) Mapping of Sensitive Areas: Maps of sensitive areas, including protected areas, community forests, settlements and unstable slopes, should be prepared and cross referenced with proposed IEE measures.
- (ii) Survey and Documentation of Existing Agriculture Practices: Further analysis of the crops and livestock practices in the areas to be directly affected by the project is needed. This will provide information on precise measures to minimize

disturbance and loss of cultivated and grazing land, as well as measures to increase agriculture intensity to replace the yield lost from land take.

113. Construction Phase Monitoring: Construction phase monitoring is more comprehensive and multi-faceted. Compliance monitoring will be done by the DDC or a committee formed by the DDC at the local level and by DOLIDAR at the central level to ensure that EMP recommendations are being complied.

114. Impact monitoring will focus on key indicators to assess whether the impacts have been accurately predicted, and whether the mitigation measures are sufficient and effective. The main parameters for measurement will likely include:

- (i) Water bodies at critical areas like crossing of major water bodies;
- (ii) Quality of potable water supply to work camps and affected villages;
- (iii) State of forests, including community forests;
- (iv) Re-vegetation and slope stabilization monitoring;
- (v) Public safety and security monitoring;
- (vi) Health and sanitation monitoring;
- (vii) Status of flora and fauna monitoring;
- (viii) Social impact monitoring;
- (ix) Monitoring disposal areas and hazardous waste dump areas for leaching or run-off; and
- (x) Employment monitoring.

115. Operation Phase Monitoring: The proponent or developer will have the primary responsibility for operation phase monitoring. Same as the construction phase monitoring, there will be compliance monitoring and impact monitoring. The compliance monitoring will focus on determining that the prescribed mitigation and enhancement measures are being carried out.

116. The impact monitoring will again focus on key indicators to assess whether the impacts have been accurately predicted and whether the mitigation measures are sufficient and effective. The main parameters for measurement will likely include:

- (i) Adaptation of resettlement households to their new homes and communities;
- (ii) Quality of potable water supply to workers and affected villages;
- (iii) Reconnaissance forest and land use change monitoring;
- (iv) Community forest monitoring;
- (v) Effects of access and control measures on wild lands, wildlife habitats and wildlife populations;
- (vi) Illegal hunting, trapping and tree felling monitoring;
- (vii) Public safety and security monitoring;
- (viii) Health and sanitation monitoring.

7. Auditing

117. Auditing refers to a general class of environmental investigations that are used to verify past and current environmental performance. The audit will assess the actual environmental impact, accuracy of prediction, effectiveness of environmental impact mitigation and enhancement measures, and functioning of pre-construction, construction and operation phase monitoring mechanisms.

E. Implementation Arrangement

General

118. The various stages of the environmental process pertaining to EARP involve more than one government agency, different management levels within each agency, and various other parties, such as, project unit, contractor, local community bodies, and the people themselves. The success of EARP implementation depends heavily on the ability of the project's management personnel, in collaboration with specialists from other agencies, to take appropriate actions throughout the various stages of the entire road development process. The table below identifies the common implementation mechanism that need to be undertaken to ensure successful implementation of the environmental assessment.

Table 4: EARP Implementation Mechanism for RRRSDP

SN	Mechanism	Responsibility
1	Defining policy directions for RRRSDP in light of the GON policies and legislation.	MOLD, DOLIDAR
2	Drafting ToR for specific subproject.	Concerned DDC
3	Assembling teams to conduct environmental assessments.	Concerned DDC, with support from DOLIDAR and Project Management Unit (PCU)
4	Ensure internal coordination among different level of authorities within the government agency.	MOLD, DOLIDAR, and DDC
5	Staying up-dated with regulations and developments pertaining to RRRSDP relevance.	DOLIDAR, DDC, PCU
6	Defining priorities for RRRSDP.	DOLIDAR, DDC, PCU
7	Organizing public consultations and participatory processes to ensure environmental assessment obligations.	DDC, PCU, Local NGOs
8	Develop methods and operational tools for environmental awareness at policy, program, and operations level.	DOLIDAR, DDC, PCU
9	Organizing training and information campaigns.	MOLD, DOLIDAR, DDC with PCU

F. Institutional Arrangement

119. Prime responsibility for IEE process is with DDC. For this purpose, during the implementation of RRRSDP, the District Project Implementation Unit will work under District Technical Office (DTO) to support the project. The DDC will also receive necessary assistance from the PCU of RRRSDP, as well as the Environmental Focal Point at DOLIDAR. During the pre-feasibility stages, the DDC will be responsible for conducting environmental screening. If the subproject requires IEE as per the government regulations, the DDC will conduct the IEE with the help of external consultants and technical support from DOLIDAR and PCU if required. During project implementation, the DDC, with assistance from local communities will monitor the compliance of EMP.

V. PROCEDURES CONFIRMATION

120. This section is to confirm that environmental assessment and review procedures conforms to ADB's environmental and social safeguard policies, based on the evaluation of the

adequacy of the procedures in the context of ADB's environmental assessment requirements and the specific nature of the sector approach. The main characteristic of this sector approach is that a very large number of mostly small scale and relatively simple subprojects are to be identified during the project implementation stage. It is not practical for ADB to review and clear all the IEEs for this large number of subprojects. As such, the primary responsibility for subproject review and approval will be conducted by project PCU. But the process and procedures themselves as well as the standards and quality requirements including categorization and environmental documentation will be the same as if they were reviewed and cleared by ADB.

VI. STAFFING REQUIREMENTS AND BUDGET

A. Staffing and Training

121. The primary body responsible for managing environmental affairs in the RRRSDP will be a newly established Project coordination unit at the central level. Its responsibilities are listed in this EARP including providing environmental inputs for subproject identification and analysis of alternatives, project categorization and review and recommendation for clearance. This PCU will be supported by four environmental engineers as shown in Table 5. A full summary of environmental support is summarized in Appendix 8 and 9 of the Report and Recommendation of the President (RRP).

Table 5: Environmental Support Staffing and Key Qualifications

No.	Title	Key qualifications
1	Environment Specialist/ (Environmental Engineer)	Proven experience with EIA and IEE procedures. Coordination of multi-disciplinary environmental planning, experiences with ADB funded project preparation and implementation monitoring and supervision, thorough understanding of GON environmental regulations, standards, review and approval procedures, and their applications in capital projects, experience in DDC level projects of GON, excellent communication skills and fluent in both English and Nepali.

122. A competent environmental engineer/ specialist (local consultant, 33 person-months) with rich experience in environmental policy and related GON/ADB requirements will be recruited during project implementation to assist PCU to: (i) review IEEs prepared by the local consultants for all non-core subprojects; (iii) provide guidance to PCU and subproject implementing agencies to ensure the effective implementation of EMPs for all components or subprojects funded under the project; and (iv) provide training.

123. A training program will be designed for the concerned officials and technical persons who will be involved at different stages of project implementation. This program will be finalized in coordination with other training programs and after a need assessment is carried out.

B. Budget

124. Implementation of the subprojects is the responsibility of the DDCs (IAs) i.e., the concerned Districts. Similarly conformance with the EARP is also the responsibility of the DDCs, including bearing the costs for various environmental tasks. The estimated environmental budget is shown as below:

Table 6: Environmental Budget

Items	Unit Cost US\$	Months	Persons /No.	Total US \$
Environmental Officer (consultant) ²⁴	200	54	1	10,800.00
Environmental Management Specialist (consultants)	3,000	33	1	99,000.00
Environmental Engineers (consultant)	1,000	46	3	138,000.00
District Environmental Specialist (consultant)	500	36	38	684,000.00
Budget for Environmental Assessment	Included in design of subproject	-	-	
Budget for environmental training	Included in CISC			
Bioengineering and other Environmental Mitigation measures	@ 3% of total Construction cost (based on empirical experience)			2,340,000.00 (estimated at \$78M as construction cost)
Total budget for Environmental Inputs²⁵	-	-	-	3,271,800.00

VII. CONCLUSIONS AND SUMMARY

125. Among the subprojects, five sample core subprojects have been selected, and four full IEEs, one environmental statement (drinking water scheme) with a SIEE have been completed in accordance with relevant GON and ADB requirements. The SIEE has been endorsed by DOLIDAR. These environmental documents will be a showcase for identification, preparation and execution, including environmental assessment, of further subprojects.

126. The sub projects will be classified as Category B or C in accordance with the GON/ADB criteria. Small schemes, such as drinking water supply schemes, will be classified as Category C on the basis of GON/ADB classifications. Neither EIAs or IEEs will be required but environmental statements for each such subproject will be completed.

127. Impacts pertaining to the construction and operational phases have been initially identified and summarized in this EARP with recommended mitigation measures. Sample IEEs, and SIEE have been conducted for sample core subprojects, which will serve as models to be followed by the DDCs for preparing individual IEEs for future subprojects.

128. The EARP report concludes that environmental capacity of MLD, DOLIDAR and DDCs should be strengthened to ensure compliance with the recommended environmental assessment and review procedures for future non-core subprojects as stated in this EARP report.

²⁴ Terms of Reference for these positions will be formulated during appraisal but will include generic environmental management and monitoring responsibilities, including IEE preparation, inputs towards preparation of environmental monitoring reports; training of GoN staff in environmental monitoring.

²⁵ Project costs as reflected in Table 6.2 are constantly being revised the scope of civil works has been reduced hence the reduction in costs reflected and this figure may well change again as we progress in the processing cycle.

Recommended Table of Content of IEE (GON)

	Subject Matter Required in IEE Report
1	Name and address of individual or institution preparing the report
2	Summary of the proposal Objectives of proposal Impacts on land-use Adverse impacts on the environment, impacts on human life, and population pressure Damage to be suffered by local goods or objects Other necessary matters
3	The following matters must be explicitly mentioned in respect to the proposal: Type of proposal If related to delivery, the nature and type of goods to be delivered Proposal's installed capacity and number of hours to be operated Materials to be used (quality and year to be mentioned) Emissions resulting from the implementation of the proposal Energy to be used Manpower requirements Resources required for the implementation of the proposals Detailed particulars of the area where the project is to be implemented Manufacturing processes Details of the technology Other necessary matters
4	Impacts of implementation of the proposal on the environment: Impacts on social, economic, and cultural domain Biological impacts Physical impacts
5	Alternatives for implementation of the proposal
6	Measures to reduce or control the impact of implementation of the proposal on the environment
7	Matters to be monitored while implementing the proposal
8	Other necessary matters
9	Data, maps, photographs, tables, charts, graphs, etc. as required

(Ref.: EPR 1997, Schedule 5)

Recommended Format for IEEs, ADB

ADB. 2003. Environmental Assessment Guidelines. Manila.

a. Introduction

This section usually includes the following:

- purpose of the report, including (a) identification of the project and project proponent; (b) brief description of the nature, size, and location of the project and of its importance to the country; and (c) any other pertinent background information; and
- (ii) Extent of the IEE study: scope of study, magnitude of effort, person or agency performing the study, and acknowledgement.

b. Description of the Project

Furnish sufficient details to give a brief but clear picture of the following (include only applicable items):

- type of project;
- category of Project;
- need for project;
- location (use maps showing general location, specific location, and project site);
- size or magnitude of operation;
- proposed schedule for implementation; and
- descriptions of the project, including drawings showing project layout, and project components. This information should be of the same type and extent as is included in feasibility reports for proposed projects to give a clear picture of the project and its operations.

c. Description of the Environment

Furnish sufficient information to give a brief but clear picture of the existing environmental resources in the area affected by the project, including the following (to the extent applicable):

- Physical Resources: (e.g.) atmosphere (e.g. air quality and climate), topography and soils, surface water, groundwater, geology/seismology.
- Ecological Resources: (e.g.) fisheries, aquatic biology, wildlife, forests, rare or endangered species, protected areas, coastal resources.
- Economic Development: (e.g.) industries, infrastructure facilities (e.g. water supply, sewerage, flood control), transportation (roads, harbors, airports, and navigation), land use (e.g. dedicated area uses), power sources and transmission agricultural development, mineral development, and tourism facilities.
- Social and Cultural Resources: (e.g.) population and communities (e.g. numbers, locations, composition, employment), health facilities, education facilities, socio-economic conditions (e.g. community structure, family structure, social well being), physical or cultural heritage, current use of lands and resources for traditional purposes by Indigenous Peoples (IP), structures

or sites that are of historical, archaeological, paleontological, or architectural significance.

d. Screening of Potential Environmental Impacts and Mitigation Measures

Using the checklist of environmental parameters for different sector projects, this section will screen out “no significant impacts” from those with significant adverse impact by reviewing each relevant parameter according to the following factors or operational stages. Mitigation measures, where appropriate, will also be recommended environmental problems due to project location, and related to project design, construction, and operations. Potential environmental enhancement measures and additional considerations will also be covered.

e. Institutional Requirements and Environmental Monitoring Plan

This section should state the impacts to be mitigated, and activities to implement the mitigation measures, including how, when, and where they will be implemented. Institutional arrangements for implementation should be described. The environmental monitoring plan will describe the impacts to be monitored, and when and where monitoring activities will be carried out, and who will carry them out. The environmental management and monitoring costs should also be described.

f. Public Consultation and Information Disclosure

This section will describe the process undertaken to involve the public in project design and recommended measures for continuing public participation; summarize major comments received from beneficiaries, local officials, community leaders, NGOs, and others, and describe how these comments were addressed; list milestones in public involvement such as dates, attendance, and topics of public meetings; list recipients of this document and other project related documents; describe compliance with relevant regulatory requirements for public participation; and summarize other related materials or activities, such as press releases and notifications. This section will provide of summary of information disclosed to date and procedures for future disclosure.

g. Findings and Recommendations

This section will include an evaluation of the screening process and recommendation will be provided whether significant environmental impacts exist needing further detailed study or EIA. If there is no need for further study, the IEE itself, which at times may need to be supplemented by a special study in view of limited but significant impacts, becomes the completed environmental assessment for the project and no follow-up EIA will be needed. If an EIA is needed, then this section will include a brief terms of reference (TOR) for the needed follow-up EIA, including approximate descriptions of work tasks, professional skills required, time required, and estimated costs. The Bank's Environment Guidelines provides a guide for preparing the TOR for different projects.

h. Conclusions

This section will discuss the result of the IEE and justification, if any, of the need for additional study or EIA. If an IEE, or an IEE supplemented by a special study, is sufficient for the project, then the IEE with the recommended institutional and monitoring program becomes the completed EIA.

Recommended Format for SIEEs

ADB. 2003. Environmental Assessment Guidelines. Manila.

A. Introduction (1/2 page)

This section will include the purpose of the report, extent of the IEE study and brief description of any special techniques or methods used.

B. Description of the Project (1/2 page)

This section will include the type of and need for the project; and project location, size or magnitude, operation, and proposed schedule for implementation.

C. Description of the Environment (2 pages)

This section will include the physical and ecological resources, human and economic development, and quality of life values.

D. Forecasting Environmental Impacts and Mitigation Measures (2-4 pages)

This section will identify "no significant impacts" from those with significant adverse impacts and will discuss the appropriate mitigation measures, where necessary.

E. Institutional Requirements and Environmental Monitoring Plan (1 page)

This section will describe the impacts to be mitigated, and activities to implement the mitigation measures, including how, when, and where they will be implemented. The environmental monitoring plan will describe the impacts to be monitored, and when and where monitoring activities will be carried out, and who will carry them out.

F. Public Consultation and Disclosure

This section will describe the process undertaken to involve the public in project design and recommended measures for continuing public participation; summarize major comments received from beneficiaries, local officials, community leaders, NGOs, and others, and describe how these comments were addressed; list milestones in public involvement such as dates, attendance, and topics of public meetings; list recipients of this document and other project related documents; describe compliance with relevant regulatory requirements for public participation; and summarize other related materials or activities, such as press releases and notifications. This section will provide of summary of information disclosed to date and procedures for future disclosure.

G. Findings and Recommendations (1-2 pages)

This section will include an evaluation of the screening process, and recommendation will be provided whether significant environmental impacts exist needing further detailed study or EIA. If there is no need for further study, the IEE itself, which at times may need to be supplemented by a special study in view of some small significant impacts, becomes the completed EIA for the project and no follow-up EIA will be needed. If further additional study is needed, then this section will include a brief terms of reference (TOR) for the needed follow-up EIA, including approximate descriptions of work tasks, professional skills required, time required, and estimated costs. The Bank's Environment Guidelines provides a guide for preparing the TOR for different projects.

H. Conclusions (1/2 page)

This section will discuss the result of the IEE and justification if any of the need for additional study or EIA. If an IEE or an IEE supplemented by a special study is sufficient for the project, then the IEE with the recommended institutional requirements and monitoring program become the completed EIA.

Local Level Guidelines for Implementing EARP

Activities	Sub-Activities	Responsibilities	Remarks
1. Project Identification	1. Call Subproject proposals from the DDCs, 2. District Annual Plans/ District Periodic Plans/DTMP as guidelines for roads and other projects 3. Develop criteria tools and formats for project proposals, 4. Select candidate projects and recommend to RRRSDP	1. DOLIDAR 2. DDC 3. RRRSDP	1. Project identification task is multi stage because it needs to come within the criteria of RRRSDP.
2. Project Screening	1. Desk Screening of Project/ Subprojects 2. Verification of desk screening data in field	1. DDC 2. DOLIDAR 5. RRRSDP	1. Checking whether priority roads are prioritized in District Transportation Master Plan (DTMP) or not.
3. Preparation of Database	1. Field data screening, analysis and documentation of the selected subprojects	RRRSDP/ DOLIDAR/ DDC	
4. Implementation	1. Land Acquisition 2. Compensation 3. Resettlement 4. Réhabilitations 5. Construction	1. Land acquisition Committee 2.3.4. Compensation Determination Committee 5. District Road Coordination Committee (DRCC)/ Village Road Coordination Committee (VRCC)/ RBG Mobilizer	1.2.3.4. Formation of Compensation Committee for Land Acquisition, Compensation and Resettlement program 5. Construction Supervision and procurement
5. Monitoring	1. Construction Monitoring/ Social Impact monitoring	1. MOLD/DOLIDAR/DR CC/ VDC/ NGO/ Community Mobilizer/Consultant	1. Social impact monitoring/Overall benefit monitoring/ Project evaluation and further planning/
6. Evaluation/ Impact assessment	1. Social Impact evaluation 2. Economic evaluation 3. Technical /Environmental impact assessment	1.MOLD/DOLIDAR/ DDC	1.Total input-output evaluation of the project
7. Maintenance	1. Routine maintenance and réhabilitations	1 DDC	1. Mobilization of local resources for sustainability

Proposed Terms of Reference for IEE

.....(name of the road)..... road improvement

1. Introduction

1.1 General

This Terms of Reference (ToR) is prepared to conduct Initial Environmental Examination (IEE) of(name of road), in(name of district)...district. This is a high priority road in (name of district).....district, and is proposed for investment under RRRSDP.

An IEE of the proposal is necessary in order to assess the environmental consequences of the proposed rural road investment activities and suggest appropriate, practical and site specific mitigation and enhancement measures. The DDC, ..(name of district)....., now wishes to hire a consulting firm to undertake the IEE of the

Environment Protection Rules (EPR) 1997 (amended 1998) requires an IEE for the proposed rural road as the estimated investment for the improvement falls within the cost threshold zone for IEE as defined in the Schedule 1 (i.e NRs 10 million to 100 million).

1.2 Proponent

The Local Self-Governance Act (LSGA) empowers the District Development Committee (DDC) in planning and implementation of local infrastructure including local/ rural roads. The proposed road is a top priority in the District Transport Master Plan (DTMP) prepared by the DDC and approved by the District Council. Hence, the DDC owns the road and improvement is also proposed by the DDC. The DDC of(name of district) district is, therefore, the Project Proponent. Following is the address of the Project Proponent:

Local Development Officer
District Development Committee
.....(name of district headquarters)....., (name of district).....
Nepal.

Telephone:(area code).... -(telephone number).....
Fax:(area code).... -(fax number).....
Email:(if available)

The Department of Local Infrastructure Development and Agriculture Roads (DOLIDAR) will coordinate RRRSDP at the centre. RRRSDP / DOLIDAR will assist the DDC in carrying out the IEE by supporting in preparing IEE ToR and hiring consultant, (wherever applicable); reviewing the IEE Report and in the approval of the IEE Report by the Ministry of Local Development (MOLD).

2. Project proposal

2.1 Background

RRRSDP is to provide beneficiary rural communities with improved and sustainable transport access to economic opportunities and social services. It is hoped that the proposed project will: reduce the proportion of people without all weather road access in participating districts; create rural employment opportunities; and help DDCs pull together resources for rural transport infrastructure development and management.

Under the RRRSDP mechanism, MLD/DOLIDAR will be responsible for facilitation, coordination and monitoring. The DDC will be responsible for managing the implementation of the subprojects. The subproject implementation, in line with the decentralization principle, will adopt bottom-up planning and local participation in every possible way. Maintenance of the subproject will be a high priority. Implementation of civil works follow labor-based technology and LEP approach as applicable by ensuring involvement of local beneficiaries in the planning and implementation of the works. Small contractors as well as community groups (such as Users Committee/Groups or Road Building Groups) will be contracted for appropriate nature of the works.

3. Objective and scope

3.1 Objective

The overall objective of the IEE is to appraise the environmental consequences, both positive and negative, of the proposed subprojects; suggest mitigation and enhancement measures; and prepare management and monitoring plan. More specifically, the objectives are to:

- establish environmental baseline condition of the subproject locality. This will require identification of important environmental features (natural and socio-cultural-economic) located in the subproject locality and document their existing condition, including trend of change.
- identify any environmental problems/ difficulties that are existing now due to the existing road, and assess nature/extent / significance of the problems/ difficulties.
- identify the significant environmental issues/ concerns (physical, biological, and socio-cultural-economic) that can arise from the proposed investment activities.
- predict and assess the significant environmental impacts (adverse and beneficial) due to the subproject activities.
- recommend practical and site specific environmental mitigation and enhancement measures, and
- prepare environmental management and monitoring plan for the subproject in consultation with the community.

3.2 Scope

The consultant scope of the work includes the following sectors of environment in the subproject locality/ corridor, typically within 1.5 km on both sides of the proposed road for improvement. The IEE should consider the likely environmental consequences that may arise as a result of the proposed subproject during the construction as well as operation periods.

- a. Physical / chemical environment
- b. Biological environment
- c. Socio-cultural and economic environment

a. Physical/ chemical environment

The issues and concerns generally related to physical / chemical environment typically include, but not necessarily limited to;

- slope instability and soil erosion particularly in the hilly terrain due to various activities including slope cutting, spoil dumping, quarrying, concentrated flows due to water diversions and inappropriate drain outfalls.
- disruption to natural drainage pattern / hydrology leading to inundation and water-logging, particularly in the Tarai (plain area) and increasing causing flood damage risks.
- degradation of air quality (particularly dust) and increase in vibration/ noise
- change in the quality and/ or quantity of water of water sources or water bodies (e.g. spring, stream, wetland, etc).
- change in land use including development or expansion of road side settlements
- assessment of the potential cumulative environmental impacts due to the construction activity.

b. Biological environment

The issues and concerns generally related to biological environment typically include, but not necessarily limited to;

- loss or degradation of forests and vegetation. This includes all forest areas including protected and conservation areas, state or community or leasehold or private forest.
- impact on wildlife including birds due to loss or degradation of habitat, increased hunting and other form of human pressure. Particularly, impacts on the endangered floral and faunal habitats/ ecology due to increased access to and demands on forests
- impacts on the local ecology and ecological balance/ functions

c. Socio- cultural and economic environment

The issues and concerns generally related to socio-cultural and economic environment typically include, but not necessarily limited to;

- loss or degradation of farm land (khet and bari) and productivity directly or indirectly (such as due to occupation of land, disposal of spoils, diversion of water / drain waters, or disruption of hydrology/ natural drainage, quarrying, burrow pits etc)
- loss or degradation of private properties such as houses, farm sheds, and other structures, crops and fodder / fruit trees
- impact on community infrastructure such as irrigation, water supply, schools, health post, trail and trail bridges,
- impacts on cultural, religious and archeological sites
- impacts on social structures, employment opportunities, economy, cultural values
- impacts on health and sanitation

Major concerns. Environmental concerns related to the proposed subproject apparent at the stage of ToR formulation are:

- ☐
- ☐
- ☐
- ☐
- ☐

3.3 Tasks

The consultant shall perform the following tasks in accordance with the accepted professional standard and defined procedures. The consultant team will be given an orientation briefing on the subproject and RRRSDP approach immediately after signing the contract. Following this and prior to the start of field work, the consultant will be required to make an inception presentation and plan of the works. The tasks of the consultant include the following:

- Task 1: Conduct walk-through survey along the road and identify the significant environmental features (physical, biological and socio-cultural-economic) located in the influence corridor and likely to be affected by the proposed improvements. The principle guidelines to be followed are outlined in the Environmental Assessment and Review Procedures prepared under RRRSDP.
- Task 2: Collect necessary information about the significant environmental features in order to establish their present conditions and trend of change.
- Task 3: Collect information about existing environmental problems and difficulties in the road corridor.
- Task 4: Conduct stakeholder consultation including community meetings and meetings with other concerned institutions at the district headquarters (such as DDC team, District Agriculture Office, District Soil Conservation Office, District or /and Ilaka Forest Office, NGOs active in the proposed road corridor, etc) to determine that all stakeholder concerns have been addressed.
- Task 5: Analyze the information to confirm the significant positive and negative consequences of the proposed road improvement in the physical/ chemical, biological and socio-cultural-economic environment. Additional aspect of the analysis is to assess the environmental problems and difficulties existing at present, without the proposed improvements.
- Task 6: Alternative analysis. Various options and alternatives of improvement activities for example location and type of structures, technology, and change in alignment in a section, schedule of construction etc as well as no improvement option needs to be analyzed to see the consequences of the improvement.
- Task 7: Identify and recommend appropriate and site specific environmental impact prevention, mitigation and enhancement measures, including cost estimates for these measures. This will include, but not be limited to, (i) engineering codes of practice followed for project design, with particular relevance to environment management; (ii) the construction management practices and environmental management specifications to be followed at the site; (iii) implementation of slope and soil stabilization strategies; (iv) implementation of environmental enhancement measures, such as enhancement of roadside water bodies or common property resources; and (v) overall compliance with adequate environmental, social and health safeguards, during construction. The measures stipulated here will be included in the contractual agreement with the respective contractor..
- Task 8: Prepare environmental management, supervision and monitoring plan for the subproject for both the implementation and operation periods, in close consultation and agreement with the community.

Task 9: Prepare Initial Environmental Examination Report of the subproject for submission to and approval of MOLD.

The IEE team will require to work closely with the DTO staff and DDC in the district.

4. Applicable Acts, Rules and Guidelines

The IEE study should fulfill or be guided by the requirements and provisions of the following acts, rules and guidelines as applicable.

- i. Environment Protection Act, 1996 and Environment Protection Rules, 1997 (amended 1999)
- ii. Various safeguard frameworks of RRRSDP/ DOLIDAR.
- iii. Batabaraniya Nirdeśika (Nepali; MOLD), 2057
- iv. Environment Assessment PWD Part II Procedural Directives (Chapter 3), 2001
- v. Forest Act, 1992 and Forest Rules 1995
- vi. National Park and Wildlife Conservation Act, 1973 and Conservation Area Management Rules, 1996.
- vii. Local-Self Governance Act, 1999 and Local Self-Governance Rules, 2000
- viii. Land Acquisition Act 1977

5. Approach and Methodology

The IEE approach, methodology and procedure should generally follow the provisions of the Environment Protection Act and EPR. The methodology approach to be used for conducting the IEE include review of literature, simple survey/ inspections/ observations making simple measurements, discussion with communities and other stakeholders, and IEE team judgment.

a. Literature review: published and unpublished readily available relevant information should be reviewed. The potential sources of information include, but not limited to; topographical maps,

- publications of DDC, District Forest Office, District Soil Conservation Office, District Agriculture Office, District Irrigation Office, District Water Supply Office, District Livestock Services Office, and NGOs
- District Transport Master Plan
- Reports related to subproject (e.g. Environmental Desk Screening Report, and Field Verification Report of the Subproject, subproject request proposal submitted by DDC, any other report related to subproject)

Literature review should result specific checklists of environmental aspects to be studied in the context of the subproject. This will guide the field work.

b. Walk-through survey: The IEE team will walk through along the road alignment visiting the significant environmental features in the probable influence corridor, and make necessary measurements, inspect/ observe and discuss it with the local stakeholders.

c. Focus Group Discussion (FGD): The team will utilize the walk-through visit to conduct consultation with the local communities and organize FGD at different location along the road corridor. The FGD will discuss the environmental sensitivity and concern in the area, importance of environmental features located in the area, present status, present problems or difficulties, potential solutions, and consequences of the proposed improvement of the road.

d. Briefing and debriefing meeting: IEE team will organize initial briefing meeting prior to field visit and debriefing meeting after field visit at district headquarters. The initial briefing meeting will obtain initial information about the potential environmental features

of significant importance, existing problems and potential impact of road improvement. The debriefing will discuss the IEE team's findings from the field visit and potential mitigation and enhancement measures.

e. Group Judgment: The IEE team will work as a group. All sectoral analysis will be discussed in the group to identify inter-linkages and complementarity. The IEE team will use the group judgment as the basic tool to establish the significance of environmental impact, identification and design of potential mitigation and enhancement measures, and preparing EMP of the subproject.

6. IEE Report Content

IEE report shall be prepared as per the format outline in the Schedule 5 of the EPR, 2054 (amended 2055). Executive summary of the IEE should be prepared in Nepali also for use of HMG/N Nepal agencies, DDCs, VDCs, and local stakeholders. The IEE report, whenever applicable, shall be supplemented by maps, graphs, photographs, tables and matrix. Relevant applicable documents and studies prepared by the consultant may be attached as appendix if required so.

7. Qualification

7.1 Consulting firm

The consulting firm should have i) at least 5 years of working experience, ii) conducted minimum of 2 IEEs or 1 EIA (preferably of roads), iii) priority will be given to the firms having in-house qualified staff for the IEEs, iv) priority will be given to those firms having experiences of working in conflict environment.

7.2 Manpower

The proposed expert must have at least Bachelor level of education (preferably Master level) in the relevant field. Training on EIA or IEE of more than 15 days duration would be an asset.

The proposed expert must have at least three years work experience and at least one IEE, preferably of road.

The team leader must be well versed in environmental assessment process and procedures and must have at least five years of work experiences and at least two IEEs or EIAs, preferably of road.

The IEE team shall include the expertise from the following fields:

- Forest and wildlife
- Landslides, slope stability and erosion: in the hilly terrain
- Drainage/ hydrology /flood: in the plain areas
- Road engineering
- Socio-culture-economy

IEE team can typically consist of three persons representing different field of expertise relevant to the environmental issues of the proposed subproject. It is not necessary that an expert is needed in each of the above field; for example expertise related to landslides and erosion may not be necessary in the Tarai (plain area). Similarly presence of the DISC at the district headquarters may drastically reduce the amount of inputs from the road engineering and socio-culture-economy, as the IEE team can benefit from them.

8. Duration and reporting requirements

8.1 Duration

The consulting service for the proposed IEE shall be of two (2) months period effective from..... An indicative schedule of IEE works is given in Table below.

No.	Activities	Week								
		1	2	3	4	5	6	7	8	9
1.	Public notice publication	↓								
2.	Orientation briefing		↓							
3.	Desk study and Inception Presentation		—	—						
4.	Consultation and briefing at district Hqrs			↓						
5.	Walk-through survey /community consultations				—					
6.	Collection of recommendations from stakeholders (VDC, School, post office, etc)				—					
7.	Discussion at district Hqrs (debriefing)					↓				
8.	Analysis and interpretation					—	—			
9.	Draft report preparation						—			
10.	Submission of draft report							↓		
11.	Comments on draft report							—		
12.	Final Report Preparation								—	
13.	Submission of the final report								↓	
14.	Approval of the final report									↓

8.2 Reporting Requirement

The consultant/IEE team must prepare and submit the following reports,

- an inception report within ten days of the effective date. This should contain, among other thing time, schedule for the IEE works, initial list of potential environmental problems as well as opportunity for the environmental enhancement in the subproject context, and environmental checklist for the use in the subproject.
- initial draft report for review by the DDC and RRRSDP within six week of the effective date.
- draft final report for review by the MOLD within a week of the comments received from the DDC and RRRSDP on the initial draft report.
- final report within a week of the comments received from the MOLD on the final draft report.

Information Dissemination and Community Mobilization

SN	Responsible Party	Activity	Output	Evidence of Participation	Remarks
Pre-Construction					
1	Community mobilizer/ Consultant	<ul style="list-style-type: none"> - Attend community meetings and inform participants of the project - Mobilize community members to help carry out environmental and social screening 	<ul style="list-style-type: none"> - Consultation report, Environmental screening 	<ul style="list-style-type: none"> - Minutes of community meeting 	<ul style="list-style-type: none"> - Positive and negative views expressed by participants are recorded
2	VDC	<ul style="list-style-type: none"> - Mobilize local people, organize or re-organize RUGs and RBGs - Raise broad-based awareness towards the project. 	<ul style="list-style-type: none"> - Community meetings - RUCs/RBGs formed as per the guidelines 	<ul style="list-style-type: none"> - Minutes of community meeting - Minutes of RUCs/RUGs meetings 	<ul style="list-style-type: none"> - Ensure broad participation of community members
3	Local Communities/ RUGs and RBGs	<ul style="list-style-type: none"> - Participate in community meetings - Organize themselves into RUGs and RBGs - Identify major issues related to the project. 	<ul style="list-style-type: none"> - Community meetings - RUGs/RBGs 	<ul style="list-style-type: none"> - Minutes of community meeting - Minutes of RUCs/RUGs meetings 	<ul style="list-style-type: none"> - RUGs and RBGs must be organized or reorganized as per the guidelines
Feasibility Study					
4	Community mobilizer/ consultant	<ul style="list-style-type: none"> - Inform community members of positive and negative project impacts - Identify environmental and social impacts 	<ul style="list-style-type: none"> - IEE Report for consideration 	<ul style="list-style-type: none"> - Minutes of community meeting 	
5	VDC	<ul style="list-style-type: none"> - Define project impact areas and identify affected population - Organize community meetings 	<ul style="list-style-type: none"> - Community meetings 	<ul style="list-style-type: none"> - Do 	<ul style="list-style-type: none"> - Ensure broad participation of community members
6	Local Communities/ RUGs and RBGs	<ul style="list-style-type: none"> - Participate in community meetings 	<ul style="list-style-type: none"> - Do 	<ul style="list-style-type: none"> - Minutes of community meeting 	<ul style="list-style-type: none"> - Community members must understand project impacts.
Design of Project					
7	Community mobilizer/ consultant	<ul style="list-style-type: none"> - Inform community members of project design and components - Consult community members to develop EMP, 	<ul style="list-style-type: none"> - EMP and other mitigation plans 	<ul style="list-style-type: none"> - Minutes of community meeting 	<ul style="list-style-type: none"> - EMP and other impact mitigation plans must be developed
8	VDC	<ul style="list-style-type: none"> - Organize community meetings - Collect supplementary data to develop socioeconomic profile 	<ul style="list-style-type: none"> - Community meetings - Supplementary data to develop IEE 	<ul style="list-style-type: none"> - Do 	
9	Local Communities/ RUGs	<ul style="list-style-type: none"> - Understand project component and mitigation measures 	<ul style="list-style-type: none"> - Community meetings 	<ul style="list-style-type: none"> - Minutes of community meeting 	<ul style="list-style-type: none"> - RUGs/RBGs must understand mitigation

SN	Responsible Party	Activity	Output	Evidence of Participation	Remarks
	and RBGs	to be carried out			measures
Project Approval					
10	Community mobilizer/consultant	- Inform communities and VDCs of implementation procedures	- Minutes of public hearing	- Minutes of public hearing	
11	VDC	- Understand project components, impacts and mitigation measures - Organize public hearing		- Do	
12	Local Communities/ RUGs and RBGs	- Participate in public hearing, understand the project and mitigation measures to be implemented - RUCs/RBGs hold group meetings to ensure their members understand mitigation measures to be implemented	- Minutes of group meetings	- Minutes of public hearing - Minutes of group meetings	- RUGs/RBGs must understand mitigation measures - All RUGs/RBGs members aware of group meetings
Project Construction					
13	Community mobilizer/consultant	- Attend community meetings to ensure mitigation measures are implemented - Hear and resolve problems that cannot be solved locally - Keep track of project indirect effects	- Monitoring report	- Minutes of community meeting	- Ensure all are aware of conflict resolution and grievance redress mechanisms
14	VDC	- Monitor implementation of subprojects and the affected population - Hear and resolve conflicts - Keep track of project indirect effects		- Do	- Make sure that project components are not overlooked.
15	Local Communities/ RUGs and RBGs	- Participate in road building process - Understand and implement mitigation measures		- Do	- Capacity building of RBGs
Post-Construction					
16	Community mobilizer/consultant	- Observe maintenance and compliance norms			
17	VDC	- Monitor direct and indirect impacts of project on community livelihood.		- Do	- All direct and indirect impacts must be recorded in DDC
18	Local Communities/ RUGs and RBGs	- Prepare maintenance contract with DDC		- Do	- RUGs/RBGs must develop strong ownership to the roads built

Proposals Requiring Initial Environmental Examination

Schedule-1 (Pertaining to Rule 3)

Road Sector

- (1) Construction of the following roads:
 - (a) District roads
 - (b) Urban roads
 - (c) Rural roads
 - (d) Small feeder roads
- (2) Construction of 1 to 5 kilometers long ropeways.
- (3) Construction of 1 to 5 kilometers long cable car routes.
- (4) Construction of major bridges.
- (5) Construction of tunnels.
- (6) Improvement of the standard, rehabilitation and reconstruction of national highways and feeder roads.

Drinking Water

- (1) Collection of rain-water in an area of not more than 200 hectares, and use of water sources (springs and wet-lands) located within the same area.
- (2) Surface water sources with not more than 1 cubic ft. safe yield, and supply of not more than 50 percent of the water during the dry season.
- (3) Processing water at the rate of 10 to 25 liters per second.
- (4) Recharging up to 50 percent of the total aquifer for the development of underground water sources.
- (5) Construction of not more than one kilometer long tunnels for carrying water.
- (6) Displacement of not more than 100 persons for operating a water supply scheme.
- (7) Settlement of not more than 500 persons on the upper reaches of water sources.
- (8) Supply of drinking water to a population ranging between 2,000 and 20,000.
- (9) Supply of drinking water to a population ranging between 10,000 and 100,000, and connection of new sources.
- (10) Installation of more than 20 kilometers long electricity transmission lines for pumping or processing water, and consumption of more than one mw of electricity.
- (11) River training and diversion activities over an area of more than one kilometer.

Proposals Requiring Environmental Impact Assessment (EIA)**Schedule-2
(Pertaining to Rule 3)**

Road sector:

1. Construction of the following roads:
 - a. National highways.
 - b. Main feeder roads.
2. Construction of more than 5 kilometers long ropeways
3. Construction of more than 5 kilometers long cable car routes.

Drinking water

1. Collection of rain-water in an area of more than 200 hectares and use of water sources (springs/ wetlands) located within the same area.
2. Surface water sources with more than 1 cft. safe yield, and the use of its entire parts during the dry season.
3. Water processing at the rate of more than 25 liters per second.
4. Recharging of more than 50 percent of the total aquifer for the development of underground water sources.
5. Construction of more than 1 kilometer long water tunnels.
6. Displacement of more than 100 persons for the operation of water supply schemes.
7. Settlement of more than 500 persons on the upper reaches of water sources.
8. Supply of drinking water to a population of more than 20,000.
9. Supply of drinking water to a population of more than 100,000 and connection of new sources.
10. Over mining of biologically or chemically polluted point and non-point sources or underground water sources that may be affected by them.
11. Operation of multi-purpose projects relating to sources of drinking water using sources at the rate of more than 25 liters per second.

Involuntary Resettlement Framework

INTRODUCTION

118. The Rural Reconstruction and Rehabilitation Sector Development Project (the Project) aims at improving the rural infrastructures in 38 districts of Nepal that have been abandoned, left unfinished or rendered inoperable due to the decade-long armed/political conflict in Nepal. These infrastructures include: (i) 800 km rural roads and 50 bridges, and (ii) supplementary infrastructure including water supply, construction and rehabilitation of social and market facilities, school infrastructure, micro-irrigation, micro-hydropower, link trails, and trail bridges. The sub-projects will be selected and constructed based on the labor-based, environment-friendly and participatory (LEP) approach. The Ministry of Local Development is the Executing Agency (EA) and the District Development Committees (DDCs) will be the Implementing Agencies. The Project will be financed by the Asian Development Bank (ADB) and other donors and ADB will take the lead on ensuring social and environmental safeguards in project preparation and implementation.

119. This Resettlement Framework (RF) is prepared to provide the policy and procedures to screen, assess, and plan land acquisition and resettlement aspects of subprojects that are prepared and approved during the Project implementation in full compliance with ADB's Involuntary Resettlement Policy as well as applicable national laws. The RF includes:

- i) Likely scope of land acquisition and resettlement;
- ii) Review of applicable policy and legal framework;
- iii) Screening procedures for sub-projects;
- iv) Resettlement policies, eligibility criteria and entitlement consistent with the ADB Policy;
- v) Procedures for subproject planning and preparation of resettlement plans (RPs);
- vi) Information, consultation, participation and disclosure arrangement;
- vii) Implementation, budgeting and monitoring of resettlement plan, including capacity building of the project agencies. EA, project implementing agencies.

LIKELY SCOPE OF LAND ACQUISITION AND RESETTLEMENT AND SCREENING OF SUB-PROJECTS

120. The rehabilitation of existing infrastructure is not expected to involve any land acquisition and resettlement. However, subprojects with new civil works construction may require additional land for their right of way. Mostly, road projects will need additional land and thus may trigger ADB's Involuntary Resettlement Policy. Based on a typical cross-section of a project road, 10 meter wide right of way is envisaged for most road sections, except for those which require additional structures (e.g., retaining walls). In this way, new road construction and rehabilitation of roads may require about 1 ha/km and 0.5 ha/km, respectively. Of which, half is expected to involve privately owned land and the remaining to be government/public land. While the private land may also involve private trees and structures, the extent of population displacement or relocation of houses is expected to be low in rural roads. Other sub-sectors are not expected to involve any land acquisition and resettlement, as their selection criteria exclude any subprojects that require additional private land and/or involve any involuntary resettlement impacts (see Para. 9).

121. The three road subprojects were studied under the PPTA and RPs have been prepared for these sub-projects. These will serve as sample documents for the future sub-projects. Table 1 summarizes scope of land acquisition and resettlement for these sub-projects:

Table 1: Scope of Land Acquisition and Resettlement in Core-Subprojects

Name	New road/ Rehab.	Public Land	Private Land	House	Tree	Other structr.	APs
Khopasi-Taldhunga in Kavre	35.7 km rehab. 6 km new (total 41.7 km)	29.6 ha	5.3 ha	2	12046	12	1146 (151 HH)
Bhojpur-Ghodetar in Bhojpur	5 km rehab. 41 km new (total 46 km)	8.2 ha	12.9 ha	0	2641	0	2265 (230 HH)
Beni-Pakhapani Myagdi	8 km rehab. 11.5 km new (total 19.5 km)	8 ha	7.5 ha	19	394	29	2216 (275 HH)
Total		45.8 ha	25.7 ha	21	15081	41	5627 (656 HH)

122. As part of the feasibility study, affected households (HH) and their assets were listed through a census survey and the extent of land loss was calculated based on the information derived from census survey (Table 2). It was found that about 59 percent households had land holding size of ≥ 0.5 ha, and 41 percent households had < 0.5 ha land holding. Most of the households would lose $< 10\%$ of their land and/or trees only, and 15 percent households would lose $\geq 10\%$ land. An analysis of pre and post project scenario indicates that the land holding pattern will remain similar after the project, but 3% additional households would come below 0.5 ha threshold as a result of land loss.

Table 2: Land Holding and Extent of Land Loss

Name	Khopasi-Taldhunga in Kavre		Bhojpur-Ghodetar in Bhojpur		Beni-Pakhapani Myagdi		All three subprojects			
	Pre-Project	Post-Project	Pre-Project	Post-Project	Pre-Project	Post-Project	Pre-Project		Post-Project	
							#	%	#	%
1. Land Holding (HH)										
<0.5 ha	53	59	62	67	136	142	251	41	268	44
0.5-1.0 ha	28	26	55	50	59	55	142	23	131	21
>1.0 ha	50	46	91	91	79	77	220	36	214	35
Average (ha)	0.92	0.88	1.09	1.02	0.93	0.91	0.57		0.54	
2. Land Loss (HH)										
<10%	83		170		245		498	81		
10-20%	20		31		16		67	11		
>20%	7		7		11		25	4		
0% (i.e. only tree etc.)	21		0		3		24	4		
Average ha (%)	0.04 (6.3 %)		0.07 (6.4%)		0.03 (6.7%)		0.05 (6.5%)			

123. The census was followed by a detailed socio-economic survey of available APs households in the village focused to collect further information regarding APs income, food sufficiency, poverty and ethnic background. While the detailed information is documented in the respective RPs, the Table 3 summarizes socio-economic information of APs in three core subprojects.

Table 3: Socio-Economic Information (Pre and Post Project)

Name	Khopasi-Taldhunga in Kavre		Bhojpur-Ghodetar in Bhojpur		Beni-Pakhapani Myagdi		Total			
	Pre	Post	Pre	Post	Pre	Post				
1. Income from Land (HH)							#	%	#	%
<12,000	10	14	31	35	73	104	114	28	153	37
12000-25,000	37	33	41	47	93	62	171	41	142	34
>25,000	29	29	63	53	36	36	128	31	118	29
Average	23,116	22,319	26,601	24,789	16,618	15,648	21,077		19,864	
2. Non-agr. Income (HH)										
<12,000	3		26		19		48	12		
12000-25,000	6		56		26		88	21		
>25,000	67		53		158		278	67		
Average	57,804		35,830		88,779		65,827			
3. Total Income(HH)										
<25,000	2	2	19	22	28	30	49	12	54	13
25000-50,000	14	15	54	52	37	37	105	25	104	25
>50,000	60	59	62	61	138	136	260	63	256	62
Average	80,921	80,124	65,511	63,699	105,398	104,428	87,898		86,685	
4. Food sufficiency (HH)										
1-3 months	3	3	9	11	30	31	42	10	45	11
4-6 months	25	25	42	42	95	101	162	39	168	41
7-9 months	27	28	32	35	43	39	102	25	102	25
10-12 months	11	10	18	31	31	28	60	14	69	17
More than 12 months	10	10	34	16	3	3	47	11	29	7
Average (months)	8.4	8.1	8.5	7.9	6.6	5.4	7.6		6.7	
5. Ethnicity (HH)										
Dalit caste	2		20		33		55	9		
Marginalized Ethnic Group (defined as IP by Project)	0		0		0		0	0		
Other Janajati (ethnic)	72		91		102		265	45		
Non-dalit caste	50		80		140		270	46		
6. Poverty (HH)										
<20% land loss										
Above Poverty (PCI)	30	31	37	35	105	104	172	42	170	42
Below Poverty (PCI)	44	43	91	93	81	82	216	53	218	54
>20% land loss										
Above Poverty (PCI)	1	1	0	0	4	4	5	1	5	1
Below Poverty (PCI)	1	1	7	7	6	6	14	3	14	3

124. As the Table 3 shows, average annual income of the affected households is about 88,000 rupees. Majority households have annual income above 50,000 rupees, and 13% households have annual income less than 25,000 rupees. It is interesting to note that of the total annual income, about three fourth come from other sources and only one fourth come from land. While no changes are expected on non-agricultural income as a direct result of the land loss, households are expected to experience some reduction in agricultural income in proportion

to their loss of land. In terms food sufficiency (self-production), only few (11%) households have above 12 months food security, majority households have 6-12 months and/or even less. On average, households are expected to experience reduction of annual agricultural income and food sufficiency of about 1,000 rupees and 1 month, respectively. However, it is expected to be off-set by benefits of the roads as well as compensation/assistance provided under the project.

125. Although total households income was relatively high, in terms of per capita income majority households fell below the national poverty line due to their larger family size. While affected households were willing to donate their land, the assessment revealed that almost all APs households losing >20% land holding fell below the poverty line. This suggests that any land donation should be limited to the threshold of 20% land holding. Accordingly, adequate safeguards have been worked out to prevent forced land donation and to ensure that households already below poverty line or those who might fall below poverty line are excluded from such donation option (see para 23 for the exclusion criteria for land donation).

126. Based on the above analysis, the Project will adopt following criteria, among others, while selecting sub-projects during implementation:

- (i) The priority in selection of subproject will be given to those which don't require additional land such as rehabilitation of existing infrastructure.
- (ii) The selection criteria for supplementary infrastructure will exclude any subproject that may involve land acquisition and resettlement. They will be implemented only if land is already available or do not require additional land.
- (iii) The road projects may require additional land to improve the road standards and safety and therefore this might not be fully avoided. However, in order to minimize land acquisition and involuntary resettlement impacts, following criteria will be followed in selection of road subprojects:
 - a. Priority will be given to road rehabilitation or road upgrading where track is already open;
 - b. total length of the road will not exceed 40 km;
 - c. additional requirement of land (private) should not exceed 15 ha;
 - d. it should not physically displace families. If APs have alternate housing and/or in exceptional cases (e.g. in districts not yet connected by roads), it should limit to 20 houses; and
 - e. For use of existing right of way for road improvement/upgrading, it should have been used for road traffic for past 3 years.

APPLICABLE LEGAL AND POLICY FRAMEWORK

127. The **Interim Constitution of Nepal (2007)** guarantees the fundamental rights of a citizen. Article 19(1) establishes the right to property for every citizen of Nepal, whereby every citizen is entitled to earn, use, sell and exercise their right to property under existing laws. Article 19(2) states that except for social welfare, the state will not acquire or exercise authority over individual property. Article 19(3) states that when the state acquires or establishes its right over private property, the state will compensate for loss of property and the basis and procedure for such compensation will be specified under relevant laws.

128. The **Land Acquisition Act (1977)** and its subsequent amendment in 1993 specify procedures of land acquisition and compensation. The Act empowers the Government to acquire any land, on the payment of compensation, for public purposes or for the operation of any development project initiated by government institutions. There is a provision of Compensation Determination Committee (CDC) chaired by Chief District Officer to determine compensation rates for affected properties. The Act also includes a provision for acquisition of land through negotiations. It states in Clause 27 "notwithstanding anything contained elsewhere in this Act, the Government may acquire any land for any purpose through negotiations with the concerned land owner. It shall not be necessary to comply with the procedure laid down in this act when acquiring land through negotiations."

129. The **Land Reform Act (1964)** is also relevant. As per the Act, a landowner may not be compensated for more land than he is entitled to under the law. This Act also establishes the tiller's right on the land which he is tilling. The land reform act additionally specifies the compensation entitlements of registered tenants on land sold by the owner or acquired for the development purposes. The Act amendment most recently in 2001 has established a rule that when state acquires land under tenancy, the tenant and the landlord will each be entitled to 50 percent of the total compensation amount.

130. The **Land Revenue Act (1977)** is also applicable, as the land acquisition involves change of ownership of land. Article 8 of the Act states that registration, change in ownership, termination of ownership right and maintenance of land records are done by Land Revenue Office. Similarly article 16 says, if land revenue is not paid by the concerned owner for long period of time, the revenue can be collected through auction of the parcel of the land for which revenue has been due.

131. **The Public Roads Act, 2031 (1974)** empowers the government to acquire any land on a temporary basis for storage facilities, construction camps and so on during construction and upgrading of roads. Any buildings and other structures such as houses, sheds, schools, and temples are to be avoided wherever possible. The government is required to pay compensation for any damages caused to buildings, standing crops and trees. Compensation rates are negotiated between the government and the landowners.

132. Land acquisition must also comply with the provisions set out in the Guthi Corporation Act 1976. The Section 42 of the Act states that Guthi (religious/trust) land acquired for a development must be replaced with other land.

133. The government has drafted, with ADB's technical assistance, a National Policy on Land Acquisition, Compensation and Resettlement Development Projects. The Policy is still in the draft form, but once approved will provide clear guidelines to screen, assess and plan land acquisition and resettlement aspects in development projects. The draft Policy highlights the need to handle resettlement issues with utmost care and forethought particularly in case of vulnerable groups. There are provisions of voluntary land donation by non-poor and providing assistance to poor families.

134. The ADB's Policy on Involuntary Resettlement states that involuntary resettlement should be avoided where feasible. Where population displacement is unavoidable, it should be minimized by exploring all viable options. People unavoidably displaced should be compensated and assisted, so that their economic and social future would be generally as favorable with the project as it would have been in the absence of the project. People affected should be informed fully and consulted on resettlement and compensation options. Existing social and cultural institutions of resettlers and their hosts should be supported and used to the greatest extent possible, and resettlers should be integrated economically and socially into host communities. The absence of formal legal title to land by some affected groups should not be a bar to compensation; particular attention should be paid to households headed by women and other vulnerable groups, such as indigenous peoples and ethnic minorities, and appropriate assistance provided to help them improve their status. As far as possible, involuntary resettlement should be conceived in the presentation of project costs and benefits. The policy addresses losses of land, resources, and means of livelihood or social support systems, which people suffer as a result of an ADB project.

135. ADB's Operational Manual Section F2/OP states that where projects provide direct benefits to communities, and are amenable to a local decision-making process, arrangements to deal with losses on a transparent, voluntary basis may be included in resettlement plans, with appropriate safeguards. Such safeguards include (i) full consultation with landowners and any nontitled affected people on site selection; (ii) ensuring that voluntary donations do not severely affect the living standards of affected people, and are linked directly to benefits for the affected people, with community sanctioned measures to replace any losses that are agreed to through

verbal and written record by affected people; iii) any voluntary “donation” will be confirmed through verbal and written record and verified by an independent third party such as a designated nongovernment organization or legal authority; and (iv) having adequate grievance redress mechanisms in place. All such arrangements will be set out in a resettlement framework that is prepared before the first management review meeting or private sector credit committee meeting and covenanted.

136. Based on a comparison of the Government legislation and ADB Policy on Involuntary Resettlement, the measures to bridge the identified gaps are presented in Attachment 1.

DEFINITION, OBJECTIVES, POLICIES AND ENTITLEMENT FOR THE PROJECT

137. The following are the definition of related terminology used in this framework:

- i) **Affected Person (AP):** All persons who as of the cut-off-date stand to lose for the Project all or part of their land or other assets, irrespective of legal or ownership title.
- ii) **Cut-off Date:** The date of census survey to count the APs and their affected land and assets.
- iii) **Land Donation:** Land owners' willingness to provide part of his land for the project in expectation of project benefits. It must be voluntary or unforced and confirmed in written agreement witnessed by third part.
- iv) **Legalizable:** Those who do not have formal legal rights to land when APs are recorded, but could claim rights to such land under the law of Nepal.
- v) **Nontitled:** Those who have no recognizable rights or claims to the land that they are occupying.
- vi) **Poverty Line:** The level of income below which an individual or a household is considered poor. Nepal's national poverty line (currently about NRs 9,000 for most districts), which is based on a food consumption basket of 2,124 calories and an allowance for nonfood items of about two thirds of the cost of the basket, will be adopted by the Project to count APs under the poverty line. The determination of poor households or persons under the Project will be based on the census and socio-economic survey and confirmed by community meeting that affected person/household falls below the poverty line.
- vii) **Project Affected Family:** A family consisting of APs, his/her spouse, sons, unmarried daughters, daughters-in law, brothers or unmarried sisters, father, mother and other legally adopted members residing with him/her and dependent on him/her for their livelihood.
- viii) **Severely Project Affected Family/People (SPAF):** A Project Affected Family that is affected by the project such that:
 - a. There is a loss of land or income such that the affected family fall below the poverty line; and/or
 - b. There is a loss of residential house such that the family members are physically displaced from housing.
- ix) **Squatters:** People living on or farming land not owned by them selves and without any legal title or tenancy agreement. The land may belong to the Government or to individuals.
- x) **Titled:** APs who have formal legal rights to land, including any customary of traditional rights recognized under the laws of Nepal.
- xi) **Third Party:** An agency or organization to witness and/or verify "no coercion" clause in an agreement with APs in case of voluntary land donation. One independent agency (i.e. not involved in project implementation), preferably working on rights aspect, will be recruited in each development region to serve this function.
- xii) **Vulnerable Group:** Distinct group of people or persons who are considered to be more vulnerable to impoverishment risks than others. The poor, women-headed, *Dalits* and IPs households who fall below poverty line will be counted as vulnerable APs.
- xiii) **Women-headed household:** Household headed by women, the woman may be divorced, widowed or abandoned or her husband can be working away from the District

for long periods of time, but where the woman takes the decisions about the use of and access to household resources.

138. The objectives of the RF are to (i) avoid land acquisition and involuntary resettlement wherever feasible; and (ii) minimize it where it is unavoidable, and ensure that APs receive assistance, so that they would be at least as well off as they would have been in the absence of the project. The key resettlement principles for the Project are as following:

- i) Involuntary land acquisition and resettlement impact will be avoided or minimized through careful planning and design of the project;
- ii) For any unavoidable involuntary land acquisition and resettlement, APs will be provided compensation at replacement cost and/or assistance so that they will be as well-off as without the project;
- iii) APs will not be forced for donation of their land, and there will be adequate safeguards for voluntary land donation.
- iv) APs will be fully informed and consulted during project design and implementation, particularly on land acquisition and compensation options;
- v) The absence of formal legal title to land will not be a bar to compensation for house, structures and trees/crops, and particular attention will be paid to vulnerable groups and appropriate assistance provided to help them improve their socio-economic status;
- vi) Land compensation and resettlement assistance will be completed before award of civil works contracts, while other rehabilitation activities will continue during project construction; and
- vii) Land acquisition and resettlement will be conceived part of the project and the costs related to resettlement will be included in and financed out of the project cost.

139. While selecting the subproject, the EA will define the category/type of road to be constructed and declare the Right of Way (RoW) to a minimum possible width. Normally, 8 m width of road corridor will be maintained, except in few sections which require additional support structures. Alignment designers will select the least agriculturally productive land and will avoid settlement areas while selecting the road alignment.

140. The sub-project selection and implementation will follow community-driven approach, which gives communities control over planning and project implementation. The Project will focus more on rural infrastructure that provide direct benefits to community, including improved access to markets and services such as schools, health and other public services. It is believed that the improved road also will lead to higher value and production of local land because of improved access and availability of agricultural inputs. Given that most local people are willing to voluntarily donate part of their land in building community/rural roads and small-scale rural infrastructure that provide direct benefit to community, the Project will also continue to some extent the Nepal's tradition of land donation. However, adequate process and safeguards will be built in resettlement plan to ensure that the voluntary land donation is unforced and it doesn't lead to impoverishment of affected people, including:

- (i) Full consultation with affected persons and communities on selection of sites and appropriate design to avoid/minimize additional land take and resettlement effects;
- (ii) As a first principle, APs will be informed of their right to entitle compensation for any loss of their property (house, land, and trees) that might be caused by the project construction, and the land donation might be accepted only as a last option;
- (iii) No one will be forced to donate their land and APs will have the right to refuse land donation proposal from EA;
- (iv) In case APs are directly linked to project benefits and thus are willing to voluntarily donate their land after they are fully informed about their entitlement, the project will assess their socio-economic status and potential impact of land donation and accept land donation only from those APs who do not fall below the poverty line after the land donation (Note: analysis of core sub-projects shows that all APs losing >20 land holding fall under poverty line so excluded from land donation, and hence the land donation will be limited to 20% land holding);

- (v) Any voluntary land donation (after the process as mentioned above) will be confirmed through a written record, including a "no coercion" clause verified by an independent third party (format in Attachment 2);
- (vi) The donation will be limited to only land and minor assets (houses and major assets will be excluded from donation);
- (vii) A grievance redress committees (GRC) will be set up in every road section (chaired by local leader, and including representatives of APs) and APs who are not satisfied with the land donation can file their complaint with GRC. If GRC found out that the above provisions were not complied with, APs will be excluded from the land donation.

141. All involuntary land acquisition (other than exceptional voluntary land donation) will be compensated at replacement cost and APs assisted so that their economic and social future would generally be as favorable as it would have been in the absence of the project. The absence to formal title to land will not be a bar to compensation assistance for loss of assets and special attention will be paid to ensuring that households headed by women and other vulnerable groups receive appropriate assistance to help them improve their status. The date of the census will be the "cut-off-date" for the entitlement, and owners (including non-titled) of affected assets till such a date will be eligible to be categorized as APs. The entitlement policy/matrix is in Table 4.

Table 4: Entitlement Policy/Matrix

Type of Loss	Application	Definition of Entitled Persons	Policy/Entitlement
1. Acquisition of private, tenancy, or Guthi land	Entire or part of land to be acquired from owner of the land as recorded at cut off date	<ul style="list-style-type: none"> Titleholder Tenants 	<ul style="list-style-type: none"> Land with equivalent size and category, or cash compensation at replacement cost In case of vulnerable group, preference will be in replacing land for land. Any transfer costs, registration fees or charges Tenant will receive the 50% value of the land Land registration in the name of both land owner and spouse (in case of land for land compensation) If remaining land becomes unviable as a result of land acquisition, APs will have option to relinquish unviable remaining portion of land and receive similar benefits to those losing all their land parcel. Non-titled persons will receive compensation for crops and subsistence allowance for one year crop, and provided with replacement land if <i>ailani</i> or Gov. land is available in the village. Any up-front costs for the tenancy agreement will be reimbursed either through an agreement with the land lord or by the EA
2. Temporary loss of land	Temporary land taken by the project	<ul style="list-style-type: none"> Titleholder Tenants 	<ul style="list-style-type: none"> Compensation at replacement cost for the net loss of income, damaged assets, crops and trees etc. An agreement between contractors and APs before entering the site.
3. Loss of residential, commercial, and other structure	Structures, buildings including cattle shed, walls, toilets etc. affected by the project.	<ul style="list-style-type: none"> Owner Tenants Non-titled (encroachers/squatters) 	<ul style="list-style-type: none"> Compensation for full or partial loss at replacement cost of the affected structure without depreciation or deduction for salvaged material. Displacement and transportation allowance for residential and commercial structures to cover actual transact cost as estimated in the RP. Rental stipend equivalent of three months rent for tenants who have to relocate from tented building.
4. Loss of community structures / resources	Community facilities (e.g. irrigation, water, etc.) affected by the project.	The users of the facility or community or group	<ul style="list-style-type: none"> Reconstruction by the project leaving such facilities in a better condition than they were before. or Cash compensation at full replacement cost without depreciation of deduction for salvaged material.
5. Loss of trees and crops	Affected fruit/nut trees	Owner of the affected fruit/nut trees	Cash compensation based on annual value of the produce and calculated according to the Department of Agriculture norms. RPs to confirm that the DOA norms and techniques are sufficient and updated regularly.
	Affected timber and fodder trees	Owner of the affected timber and fodder trees	Cash compensation based on calculation of the production and calculated according to the District norms as decided by the Department of Forestry.
	Affected crops	Owner of the affected crops Sharecropper of the affected crops	<ul style="list-style-type: none"> Cash compensation based on the locally market prices for the produce of one year and calculated as per the norms of District Agriculture Development Office. 50% cash compensation of the lost crop for the sharecropper.

Type of Loss	Application	Definition of Entitled Persons	Policy/Entitlement
6. Loss of economic opportunity	Economic opportunity lost as result of loss of livelihood base.	Persons in the road vicinity who may be adversely affected, although they do not lose assets as such	<ul style="list-style-type: none"> • Preferential involvement in project construction works. • Skills training support for economic restoration • Priority in poverty reduction/social development program
7. Loss of time and travel expenses	All expenses incurred in traveling to fill application and making claims and time lost.	The entire project affected persons eligible for compensation.	<p>Project facilitates transportation in official process</p> <p>Payment in the same day as other compensation.</p>
8. Land donations	Loss of land and other assets by means of voluntary donation	<p>Voluntary donation is accepted only if AP:</p> <ul style="list-style-type: none"> • Is project beneficiary and is fully consulted and informed about their rights; • Doesn't fall below poverty line after land donation; • Donating up to 20% land holding, • Unforced or freely willing to donate (with an agreement, including a "no coercion" verified by third party; 	<ul style="list-style-type: none"> • No compensation for the donated land, but entitled for compensation of other assets such as house, structures, allowances, etc. • Transfer of land ownership by negotiation (DDC and the owner). • Free/escape of any transfer costs, registration fees or charges. • Preferential employment in project construction work.
9. Additional Assistance			
	9.1 Preferential treatment in employment in project activities	All APs	<ul style="list-style-type: none"> • Construction contracts include provision that APs will have priority in wage labor/employment on project construction during implementation. • APs shall be given priority after construction for work as maintenance worker, mandated in local body agreement.
	9.2 Skill training and income generation support	One member of each PAF belonging to vulnerable group/below poverty line	<ul style="list-style-type: none"> • Skill training and income generation support financed by project • RP to include a need assessment and skill training program for APs.
	9.3 Priority in poverty reduction/social development programs	All APs	<ul style="list-style-type: none"> • Participation of APs with priority in saving credit scheme facilitated by the Project. • Participation of APs with priority in life skills, income generation, and other entrepreneurship.

SPECIFIC PROCEDURES FOR SUB-PROJECT PLANNING AND PARTICIPATION OF APS

142. This section provides detailed procedures to be followed in screening, social assessment, and preparation of resettlement plans for sub-projects. It will be ensured that APs are informed, consulted and participated in the entire sub-project cycle. The key planning activities in the sub-project cycle is summarized in Table 5.

Table 5: Resettlement Assessment and Planning in Sub-project Cycle

Project stage	Task	Responsible agencies	Time Frame
Sub-project selection stage	Dissemination of project information	District Implementation Unit (DIU)	Since project beginning
	Selection of subproject	DIU	
Project planning and design stage	Resettlement Plan preparation stage	DIU/ Design Consultant (DC)	After approval of subproject (by Jan 08)
		DIU/DC	First two weeks of design stage
		DIU/DC	Second two weeks
		DIU /DC	Fifth and Sixth weeks
		DIU//DC	Seventh week
		DIU/DC	Eighth & Ninth weeks
		DIU/DC	10 th and 11 th weeks
		DIU/DC	12 th week of design stage
		DIU/DC	13 th week
		DIU	14 th week
		DIU	1st month of implem.
		PCU	Before contract award
		DIU	2nd month
		DIU	„
Planning and Design stage	Resettlement	DIU	construction
		DIU	„
Construction stage	RP Implementation	DIU/ Grievance Redress Committee	Throughout the project cycle
		Internal: DIU External: Consultant /NGO	Ongoing
Post Construction	RP Implementation	Internal: DIU External: Consultant /NGO	Ongoing

5.1 Screening and Categorization of Impacts on IPs

143. Initial screening of sub-project impacts on IR will be conducted as early as possible in the sub-project cycle to categorize the impacts and identify subsequent approaches and resource requirements to address IR issues. A thorough screening will be conducted during Initial Poverty and Social Assessment (IPSA) as part of sub-project (pre)feasibility study. The District Implementation Unit (DIU) assisted by Social/Resettlement Specialist will identify APs, their population, and their characteristics through primary and secondary data

information collection. District development profiles, VDC and Ward level information will be consulted and meetings with local leaders and NGOs/CBOs representing causes of APs will be held to assess the population APs, the sub-category within them (e.g. poor, non-poor etc.), and the likely impact of the sub-project on each sub-groups. The IPSA will be carried out in accordance with ADB's Handbook on Poverty and Social Assessment, particularly the Appendix 6 on Involuntary Resettlement (http://www.adb.org/Documents/Handbooks/Poverty_Social/appendix6.pdf).

144. The sub-project design team comprising DIU staff, engineers, social specialist, and local community representatives will make a walkover survey of each sub-project. The main aim of the walkover survey is to carry out a preliminary assessment of each short-listed sub-project for the social, technical, environmental and resettlement aspects, that will further assist in identifying the sub-project to be chosen for the feasibility study. The team will visit the subproject site and arrange public meetings in selected settlements including village leaders to provide information about the project and collect their views on resettlement impact and willingness of APs for any voluntary land donation.

145. The screening will identify the potential for loss of land, asset/structures, livelihoods, willingness of the community to donate the land to the project, and their impacts. Resettlement screening will also enable the categorization of subprojects based on their level of social impacts. The level of impacts will be determined by the type, location, scale, nature, magnitude of potential impacts on APs. The sub-project will fall to one of the following categories:

- i) Category A: sub-projects expected to have significant impacts that require a full resettlement plan;
- ii) Category B: sub-projects expected to have not-significant (or limited) impacts that require a short resettlement plan; and
- iii) Category C: sub-projects not expected to have involuntary resettlement impacts and therefore do not require a resettlement plan.

146. The impacts will be considered significant if means 200 or more people experience major impacts, which are defined as (i) physically displaced from housing, or (ii) losing 10% or more of their productive assets.

147. The screening and categorization will be initiated by DIU, supported by Social Development Specialist, and reviewed and confirmed by PCU. Once finalized, the IPSA report and categorization form will be included in sub-project feasibility/design report to be submitted to ADB. The Sub-project Impact Categorization Form is in Attachment 3.

5.2 Social Impact Assessment and Preparation of Resettlement Plans

148. The DIU assisted by Social/Resettlement Specialist and sub-project design consultants will undertake an SIA as part of the detailed design of the sub-project. The SIA will gather relevant information about APs, including (i) population record of affected people, (ii) an inventory of affected assets (land, homes/structures, trees, crops, community services, and income sources) based on the cadastral map, (iii) landownership, usage and productivity assessments, and (iv) data on the existing economic and social condition of APs, including an assessment of impoverishment risks and a survey of least 10% of affected people and 20% of seriously affected people, together with local-level impact data. The census survey will enumerate of all APs based on site investigation sufficient to identify titled, legalizable and non-titled APs. The census will also serve as a cut-off date to prevent later influx of outsiders to the project area. The information will be gathered in participation of affected community, local NGOs/CBOs, and APs.

149. The SIA will identify potential impacts and measures to avoid/minimize/mitigate involuntary resettlement risks. Vulnerability assessment of APs will be part of SIA and a list of vulnerable APs prepared and finalized in consultation with local community. The list and assistance for them will be displayed at the VDC office along with the eligibility criteria based on which the list was derived. The SIA will also assess options for any relocation, opportunities for income restoration/economic rehabilitation, and any need of social preparation phase for vulnerable groups. It will also solicit APs willingness to donate their land. Based on this information, the eligibility criteria and entitlement for compensation/assistance will be established in consultation with local stakeholders. Based on the SIA (upon completion of detailed engineering design and detailed measurement survey), the project will prepare appropriate resettlement plans- i.e. full RP for category A and short RP for category B subprojects. The indicative terms of reference for the SIA and preparation of RPs are in Attachment 4.

150. The content of full resettlement plan includes a statement of involuntary resettlement objective and strategy, with (i) organization responsibilities, (ii) community participation and disclosure arrangements; (iii) finding of the socio-economic survey and social and gender analysis; (iv) legal framework, including eligibility criteria and entitlement matrix; (v) mechanisms for resolution of conflicts and appeals procedures; (vi) identification alternative sites and selection; (vii) inventory, valuation of, and compensation for, lost assets; (viii) land ownership, tenure, acquisition, and transfer; (ix) access to training, employment, and credit; (x) shelter, infrastructure and social services; (xi) environmental protection and management; (xii) monitoring and evaluation; (xiii) a detailed cost estimate with budget provisions; and (xiv) an implementation schedule, showing how activities will be scheduled with time-bound actions in coordination with the civil works. The RP will establish an eligibility cutoff date.

151. A short resettlement plan covers the same issue as that of a full resettlement plan, as relevant, but in less detail. However, the short resettlement plan will ensure that adequate compensation, rehabilitation, and relocation arrangements are planned and budgeted in case of involuntary land acquisition and resettlement, and will provide appropriate safeguards in case of voluntary land donation.

152. Where sub-projects involve voluntary land donation, the RP will also include arrangements to deal with losses on a voluntary basis with appropriate safeguards. Such land donations will require a written agreement with the respective landowners. It may be in a form of MOU between the landowner(s) and the DIU or other documentation acceptable to ADB, including a no coercion clause witnessed by an independent third party e.g. NGO. Such agreement will also annexed to the RP.

153. After finalizing the technical drawings of the sub-project and the draft RP, the DIU will organize a formal consultation workshop with APs and local stakeholders to share the draft RP and inform them about how the concerns raised by them during the screening and walk-through survey have or have not been addressed in the project design. The following information shall be disseminated and written proceeding will be prepared with signatures of the participants:

- Alignment with additional land requirement indicated on a map;
- Community suggestions and comments incorporated in the design;
- Community suggestions and comments not incorporated and the reasons for the same;
- Procedure and criteria for accepting any land donation (memorandum of understanding (MOU) or other documentation acceptable to ADB);
- Dates of census survey, and method and criteria for identifying vulnerable APs;
- Entitlement for APs, including targeted support/assistance for vulnerable APs;

- Compensation disbursement procedures and time table; and
- Outline employment and income earning opportunities for the community (e.g. construction labor, temporary use of land for site, etc.)

154. In order to ensure that the subproject design have incorporated concerns raised locally and measures to minimize adverse impacts and enhance project benefits, the RP will be finalized only after the final consultation with affected persons. Accordingly, the documents listed below will also form part of the RP:

- Major output of the ISA and SA, including any understanding between APs and DIU to minimize/limit/mitigate adverse impacts and enhance project benefits to APs;
- Proceedings of consultation workshop/meetings;
- Written agreement of APs for any land donation, verified by third party NGO;

155. The draft RP prepared by the design consultant will be reviewed by DIU assisted by Social/Resettlement Specialist. DIU will send it to PCU for further review and approval by ADB. No section or part thereof under the civil works contract shall be handed over to the contractor unless the RP has been approved by ADB and required land compensation has been completed.

INFORMATION DISSEMINATION, CONSULTATION, PARTICIPATION AND DISCLOSURE

156. The RPs to be developed in each sub-project will identify primary and secondary stakeholders and include specific measures for consultation, participation and information disclosure in full compliance with ADB's policies on Involuntary Resettlement and Public Communication.²⁶ The primary stakeholders include APs, beneficiaries and stakeholders directly involved in the resettlement planning and implementation. The secondary stakeholder include other individuals or groups with interest in the project, such as local or national government, policy makers, advocacy groups, elected officials and NGOs.

157. The information dissemination and consultation with the affected people will be the starting point for all activities concerning resettlement. Participation of APs as well as other stakeholders will be facilitated throughout the subproject cycle. NGOs and CBOs will also be used to facilitate this process. Various mechanisms of participation will be adopted in the process, including:

- Information dissemination/campaign through NGOs/consultants/VDCs
- Public meetings and focus group discussion
- Formation of consultative groups at VDC level
- Interviews/survey and frequent interaction with APs
- Inclusion of two APs representatives in compensation determination committees

158. Public consultation and information dissemination/campaign will be carried out in each VDC to disseminate information about the Project to APs and local communities. The APs would be provided with relevant information and consulted during IPSEA, SIA and preparation of resettlement plans. Further, the following information will be made known to the community concerned prior to the SIA and preparation of RP, including agreements for any voluntary land donation.

- Project details
- Agencies involved in project implementation and their responsibilities

²⁶ Best practices and guidelines on participation are in ADB's *Strengthening Participation for Development Results* as well as in ADB's *Handbook on Involuntary Resettlement*.

- Project drawings and list of potential APs
- Summary of Resettlement Framework in Nepali language
- Eligibility Criteria and Entitlement for involuntary land acquisition as well as for voluntary land donation
- List of vulnerable APs and support/assistance to them
- Likely construction schedule
- Grievance redress mechanism

159. The information dissemination will be through posters and pamphlets, public consultation meetings, and direct discussion with the affected families and institutions. PAPs participation should also be ensured during ISA, resettlement planning, implementation and monitoring. Details of all public meetings with dates, names of the participants, location and information provided place of announcement, major issues raised and how these have been addressed will be documented in the subproject RPs.

160. A Village Infrastructure User's Committee (VIUC) will work as local consultative forum. The VIUC will ensure APs' participation in the decision making at all sub-project cycle, including RP planning and implementation. During the process of preparing RP, discussion will be held with the affected families, institutions and the representatives of the directly affected VDCs. The DIU shall make available the following documents to APs and disclose to the public:

- (i) A draft RP, before sub-project appraisal;
- (ii) A final RP, after completion of such RP; and
- (iii) The revised RP, following the detailed technical design or change in scope in the sub-project.

161. Copies of the RPs will be placed at VDC offices accessible to the public. A summary of relevant information from the documents specified above (losses, valuations, entitlements, assistance, grievance procedures, timing of payments and displacement schedule etc.) will be made available to APs as leaflets in local languages. DIU shall also post the above documents on EA's website. During implementation, DIU will prepare resettlement monitoring reports, make them available to affected APs and post them on EA's website, and submit these to ADB for review and posting on ADB website.

GRIEVANCE REDRESS MECHANISM

162. Complaints and grievance procedures will be outlined in each resettlement plan and grievance redress mechanism will be developed in close consultation with community leaders and local officials. A Grievance Redress Committees will be established for each subproject for hearing the complaints of APs and for their appropriate resolution.²⁷ Other than disputes relating to legal rights, it will review all grievances relating to land acquisition. Grievances will be redressed within two to four weeks from the date of lodging the complaints. A Grievance Redress Committee (GRC) will comprise:

- i. Head of DDC/local leader (Chairperson),
- ii. Representative of the local bodies;
- iii. Representatives of the APs (including VG member)
- iv. Representatives of civil society organizations;
- v. Representative of Project.
- vi. Social mobilisers/NGO to attend as observers and to give support to APs.

²⁷ The complaints that are likely to arise include: (i) APs not enlisted; (ii) losses not identified correctly; (iii) problems related to land donation; (iv) inadequate compensation/assistance; (v) dispute about ownership; and (vi) problems/delays in disbursement of compensation/assistance.

163. Each VIUC will form a Grievance Redresses Sub-committee at VDC level comprising 3 members from VIUC and 2 members from APs to hear complaints and grievances at local level. APs can approach the sub-committee with his/her problem which is then discussed locally with the aim of brokering a settlement. The social mobilizers/NGOs will act as intermediaries to assist the vulnerable APs.

164. The key functions of the GRCs are to (i) provide support for APs to lodge their any complains; (i) record the complains, categories and prioritize them; (iii) settle the grievances in consultation with APs and DIU staff; (v) report to the aggrieved parties about the decision/solution; and (vi) forward the unresolved cases to higher authorities. The main steps to be followed for the grievance resolution is in Box 1:

Box 1: Steps for Grievance Resolution under the Project

Steps 1: APs shall first file their complaints at VDC level GR sub-committee. The complaints will be discussed among concerned parties to settle the issue locally (within 15 days). The social staff and NGOs working in the VDC will facilitate the consultation and deliberation in this regard.

Steps 2: If no amicable solution reached at VCD level (within 15 days), APs can appeal to District level GRC.

Steps 3: If APs are not contended with the decision of GRCs or in absence of any response from them, the AP may resort to the legal remedies available under the Land Acquisition Act.

COMPENSATION, RELOCATION AND INCOME GENERATION

165. APs will be compensated at replacement cost for any involuntary land acquisition. In line with the Land Acquisition Act 1977, the Compensation Determination Committees are formed at each district to decide compensation rates. It composes CDO, LRO, a representative of DDC, and the project manager. Two representatives of APs and VIUC will be also invited in the committee meeting as observers. The design survey team will assess the compensation rates for the lost assets and recommend it to the CDC for final valuation and compensation distribution. APs losing houses will be assisted in relocation by providing additional transportation and displacement allowances along with compensation. Vulnerable APs will get additional assistance/allowances as stated in the policy/entitlement matrix.

166. APs who lose their income sources (e.g. land, employment, business) and are at risk of impoverishment will be assisted through income restoration programs. Special attention will be given to poor and vulnerable group. APs will be given priority for employment in sub-project construction. The contract documents will include provisions regarding preferential employment of APs. The sub-project will provide at least 90 days of unskilled job to one adult from each affected families to enable them to earn sufficient to restore their income. It is expected that the unskilled APs selected for the construction work will be developed in to skilled workers through such employment and that such knowledge will be useful for APs income generation even after the project completion. The project benefits for APs will be maximised through their inclusion in the Project's savings and life skill training program. This scheme will encourage labourers to save 20% of wages in a savings scheme while payments are made. The APs join savings groups and develop the ability to manage money, learn more life skills and, as a result, can further enhance their income earning capacity. APs will also be given priority to become maintenance workers after completion of the sub-project construction.

167. In addition to sub-project employment, APs will be provided with further income restoration measures and access to other development initiatives to restore APs livelihoods. Based on the existing skills and preferences by the APs, multiple options of income generating and life skill training will be explored and the RP will include a comprehensive package of income restoration program for APs. The cost for this program will be financed under the Project's community empowerment program budget.

MONITORING AND EVALUATION

A. Monitoring at District Level

168. The District Implementation Unit (DIU) will be responsible for the internal monitoring of the resettlement planning and implementation throughout the sub-project cycle. The DIU shall submit monthly progress reports to PCU on implementation of resettlement plan. The PCU will submit quarterly monitoring reports to ADB for its review. Such reports will be posted on websites of ADB and PCU.

169. Project Manager will attend village level groups (VIUC) meetings, as and when required. Progress on resettlement implementation and any concerns will be discussed in such meetings. The VIUC and social staff will facilitate the monitoring of progress and resolution of any grievances locally.

170. DIU will organize periodic progress review workshops involving APs representatives. Special attention will be given to securing the participation of women. The workshops will provide households with the opportunity to discuss both the positive and negative aspects of their resettlement, compensation and reestablishment. An inclusive problem-solving approach will be followed, using local experiences and realities as the basis for solutions. Social development and resettlement coordinator will facilitate such workshops.

B. Verification by PCU

171. The verification of satisfactory implementation of RP including completion of land compensation is a condition for contract award and commencement of civil works. A verification report in this regard will be prepared by PCU assisted by Social /Resettlement Specialist and submitted to ADB along with proposal to award the contract(s). The verification report has to have investigated the extent to which any land donations were freely made and with adequate safeguard, and whether assessed compensation/assistance has been paid to the APs. About 10% APs may be surveyed as part of the verification.

C. External/Third Party Monitoring

172. The implementation activities will be monitored and evaluated externally once in a year through an independently appointed agency, consultant or NGO not involved with any aspects of the Project, which will provide report to both PCU/DIU and to ADB. The PCU will hire such external monitoring agency with ADB concurrence. A sample survey of affected households needs to be undertaken to assess the degree to which the Project's resettlement objectives have been met. The socio-economic survey undertaken for land acquisition will form a baseline data, from which many of the indicators can be measured. A sample survey at the end of the sub-project period will cover all the categories of APs and assess changes caused by the Project. The aim of the sample monitoring survey will be to measure the extent to which APs living standards have been restored/improved. The RPs will include appropriate monitoring indicators for external monitoring.

IMPLEMENTATION ARRANGEMENTS

A. Project Agencies

173. The key agencies involved in implementation of this framework are as follows:

- Project Coordination Unit (PCU) supported by Central Implementation Support Consultants (CISC) at Department of Local Infrastructure and Agricultural Roads (DoLIDAR), Ministry of Local Development (MLD);
- District Implementation Unit (DIU) supported by District Implementation Support Team (DIST) at District Development Committee (DDC); and
- Village Infrastructure Users' Committee (VIUC).

174. MLD/DoLIDAR has overall coordination responsibility and DIU has planning and implementation responsibilities. Subproject design consultants will be engaged to assist in preparing the resettlement plans. The design consultants will open, if required, field offices and will involve affected persons, including vulnerable group, in the implementation process. The consultants will also liaise with DIU and the contractor to assist the affected persons, especially women and other vulnerable persons to obtain jobs in construction during the construction period. DIU will make provision in the civil works contracts for preferential employment of qualified affected persons.

175. DIU will ensure that the Project's Resettlement Framework and ADB's Policy on Involuntary Resettlement are followed in preparation of subproject resettlement plans with appropriate entitlements and mitigation measures in the resettlement plans.

B. Implementation Schedule

176. Subproject RPs will include a time-bound action plan to complete the resettlement activities tailored to sub-project construction schedule. The DIU will ensure that funds are delivered on time to the CDC and/or implementing NGO/consultant for timely implementation of resettlement plan. Civil works contracts will not be awarded unless required compensation payment has been completed. However, social preparation initiatives including income restoration measures and deed transfer may continue and be completed even after civil works has begun. An indicative list of activities and time period is shown in Table 6.

Table 6: Indicative List of Activities and Period

S.No.	Activity	Period
1.	Recruitment of District Individual Support Team (DIST)	3 months
2.	Orientation of to the DIST on resettlement and RP implementation	1 Week
3.	Conduct information dissemination meetings at VDC and Ilaka/ward level. Distribute copies of leaflet, including summary RF/entitlement matrix and safeguards on land donation to local stakeholders (CDOs, DDCs, VDCs, VIUCs and APs)	1 month
4.	Walk over survey with local communities and finalization of sub-project alignment/RoW; Carry out ISA to screen & categorize IR impacts	1 month
5.	Undertake SA (including census survey, assets inventory etc.) prepare draft RP (including any land donation), as appropriate, in consultation with APs.	2 months
6.	Strengthen or establish mechanisms for local consultation, participation and grievance resolution	1 month

7.	Discuss on RP with affected persons in community workshop. Explain, elaborate and make policy and entitlement known to APs. Finalize RP based on community consultation/consensus.	1 month
8.	Establish Compensation Determination Committee and convene meeting finalize compensation rates	2 weeks
9.	Develop plan of complementary actions with relevant government line agencies for effective delivery of mitigation and rehabilitation measures.	2 weeks
10.	Undertake documentation and registration of land already acquired for existing upgrading road sections where appropriate.	2 months
11.	Distribute compensation, ensure appropriate advance evacuation notification, and implement land transfer procedures.	2 months
13.	Implementation of RP	1 year
14.	Resettlement plan implementation verification survey before contract award	1 months
17.	Transferring the land ownership (Deed Transfer)	1 year
18.	Monitoring and evaluation of RP implementation, progress and achievements	1 year
15.	External monitoring of resettlement implementation.	Once a year

D. Capacity Building of Project Agencies

177. Based on the capacity assessment, additional resources are identified and earmarked for PCU and DIUs to effectively plan and implement resettlement aspects. At central/PCU level, such resources include inputs of a resettlement specialist (48 person months) and three resettlement officers (138 person months) under CISC. At district level, each DIU will have a resettlement specialist (36 person months) and three social mobilizers (162 person months) under DIST. Further, RP will identify any resource required (e.g. NGOs) for its implementation at each sub-project.²⁸

178. The DIU staff will be trained on resettlement planning and implementation. While field level technical activities will be carried out by the consultants and NGOs, the DIU staff will have to supervise their activities, ensure quality, and coordinate with stakeholders. A similar training will be provided to the PCU staff. Social Development/Resettlement Specialist under CISC will be responsible to design and implement the training at the beginning of the Project.

RESETTLEMENT COST ESTIMATE AND FINANCING FOR THE RP

179. The RPs will provide cost estimates, budgets, and cash flows for meeting the objectives of the RP, according to the established schedules. Associated cost of land acquisition and resettlement, if any, will be itemized and included in the overall project cost under the budget for resettlement plan implementation. The costs required for RP implementation (including any land compensation) will be financed out of sub-project grant provided to the district. These costs include (i) compensation for acquired assets; (ii) costs for rehabilitation of APs; and (iii) administrative costs for RP implementation and capacity building of the project agencies.

²⁸ All consultants will be national experts.

Measures to Bridge the Gap between the ADB Policy and Government Legislation

Issue	Existing Provisions in Government Legislation	Additional Measures in Resettlement Framework to Achieve ADB Policy Requirements
A. Social Assessment and Identification of Affected Persons (APs)		
1. Land and other assets on the acquired land	The Government Officer conducts preliminary survey of land/assets, and identifies their owners. Consultation with APs is not mandatory.	In addition to the survey of land and assets, a census survey of affected households and socioeconomic surveys covering 10% of APs and 20% of seriously affected people to assess the losses and impact on their livelihoods with the help of resettlement survey team. APs will be consulted during the surveys.
2. Livelihood and income opportunities	Do not count loss of income and employment	Recognizes the loss of income and employment through census and socioeconomic survey
3. Squatters/illegal occupants	Do not consider squatters or illegal occupants as APs	Recognizes squatters' entitlement to their structures/houses. Census and socioeconomic survey, which will serve as cut-off date for entitlement, will include non-titleholders as APs for their asset loss.
B. Valuation of Affected Land and Assets		
5. Land	Compensation rates fixed by Compensation Determination Committee (CDC), consisting of (i) Chief District Officer, (ii) representative from DDC, (iii) Chief of Land Revenue Office, and (iv) Project Manager.	Current market rate is assessed by resettlement survey team during census survey. APs are consulted in assessing current price of land. CDC will make final decision on rates in the presence of representatives of APs and civil society, who will attend CDC meeting as observers.
6. Trees and crops	Rates from the District Forest Office and Agriculture Development Office are used to evaluate the cost of affected trees and standing crops.	The resettlement survey team will recommend the replacement cost of trees and crops in consultation with local people and district offices. CDC will make final decision on the rates in the presence of representatives of affected person and civil society.

Issue	Existing Provisions in Government Legislation	Additional Measures in Resettlement Framework to Achieve ADB Policy Requirements
7. Houses and other structure	CDC determines compensation rates based on their current value minus the depreciation or deduction of salvaged material.	The resettlement survey team in consultation with local people and district offices recommends compensation rates at replacement cost without depreciation or deduction for salvaged building material. CDC will make final decision on rates in the presence of representatives of APs and civil society as observer.
C. Delivery of Compensation/Entitlements		
8. Loss of land, structures, Tree, crops and perennials	Cash compensation determined by the CDC to the legal owners If somebody lose 100 % of land, then land for land compensation	Compensation at replacement cost. Registration cost is reimbursed for deed transfer. Movement, business, transportation allowances and rental stipend. Allowed to take salvaged materials free of cost. Additional allowances for vulnerable people.
9. Livelihood and income Opportunities	No provision for loss of income or employment	Preferential employment in labor groups. Life skill training and saving credit program. Cash assistance for income restoration.
10. Non-title holder (squatters and encroachers)	No provision for loss of assets of non-titleholder	Compensation for the lost assets (other than land) at replacement cost. Movement, transportation allowances and rental stipend. Allowed to take salvaged materials free of cost. Identification of alternate resettlement site (if government land is available near to project site)
11. Social dislocation	No assessment	Options for relocation of APs are considered for resettlement Renovation and extension of community facilities in host areas are provided Assistance is provided to vulnerable groups.
Issue	Existing Provisions in Government Legislation	Additional Measures in Resettlement Framework to Achieve ADB Policy Requirements
C. Voluntary Land-Donation		
12. Loss of land	Lack of safeguards against forced donation and impact of livelihoods of APs	Voluntary donation is accepted only if AP: <ul style="list-style-type: none"> • Is project beneficiary and is fully consulted and informed about their rights; • Doesn't fall below poverty line after land donation; • Donating up to 20% land holding, • Unforced or freely willing to donate (with an agreement, including a "no coercion" verified by third party;

Voluntary Contribution Consent Form

Government of Nepal

[INSERT NAME] District
[INSERT NAME] Village

CERTIFICATE OF LAND TRANSFER

I, [INSERT NAME, AGE, OCCUPATION], with residence located in [INSERT NAME] village, [INSERT NAME] district

Certify that I have been previously informed by local authority of my right to entitle compensation for any loss of property (house, land and trees) that might be caused by the construction of ([INSERT NAME]) financed under the Rural Reconstruction and Rehabilitation Project in [INSERT NAME] district. I confirm that I voluntarily donate the land of [INSERT AMOUNT LOSS] square meters located in [INSERT NAME] village ([INSERT NAME] district) to the Project construction. I also confirm that I do not request any compensation of loss of [INSERT OTHER LOSSES SUCH AS TREES] and would request the local authority to consider this as my contribution to the project.

Type of Loss	Area (sqm)	Number of Trees	Unit Rates	Total	Comment
Land					
Total					

Therefore, I prepare and sign this certificate for the proof of my decision. Further, I certify that I have given my consent without any force/coercion from anybody, including project authorities.

[INSERT NAME] district
[INSERT DATE]
The owner of the land

[INSERT NAME AND SIGN]

Witnesses:

1. [INSERT NAME]
2. [INSERT NAME]
3. [INSERT NAME]

Certified by the [INSERT NAME OF INDEPENDENT THIRD PARTY], [NAME AND SIGN]

INVOLUNTARY RESETTLEMENT CATEGORIZATION

A. Project Data

**District/ Sub-project
Title:**

B. Screening Questions for Resettlement Categorization

Probable Involuntary Resettlement Effects	Yes	No	Not Known	Possible	Remarks
Will the project include any physical construction work?					
Does the project include upgrading or rehabilitation of existing physical facilities?					
Are any project effects likely lead to loss of housing, other assets, resource use or incomes/livelihoods?					
Is land acquisition likely to be necessary?					
Is the site for land acquisition known?					
Is the ownership status and current usage of the land known?					
Will easements be utilized within an existing Right of Way?					
Are there any non-titled people who live or earn their livelihood at the site or within the Right of Way?					
Will there be loss of housing?					
Will there be loss of agricultural plots?					
Will there be losses of crops, trees, and fixed assets?					
Will there be loss of businesses or enterprises?					
Will there be loss of incomes and livelihoods?					
Will people lose access to facilities, services, or natural resources?					
Will any social or economic activities be affected by land use-related changes?					
If involuntary resettlement impacts are expected:					
• Are local laws and regulations compatible with ADB's Involuntary Resettlement policy?					
• Will coordination between government agencies be required to deal with land acquisition?					
• Are there sufficient skilled staff in the Implementing Agency for resettlement planning and implementation?					
• Are training and capacity-building interventions required prior to resettlement planning and implementation?					

Information on Affected Persons:

Any estimate of the likely number of households that will be affected by the sub-project?

☐ No ☐ Yes If yes, approximately how many? _____ (<losing <10% _____ 10% or more _____)

Are any of them poor, female-heads of households, or vulnerable to poverty risks?

☐ No ☐ Yes If yes, please briefly describe their situation _____

Are any APs from indigenous or ethnic minority groups? If yes, please explain? _____

D. Decision on Categorization

After reviewing the answer above, it is determined that the sub-project is:

- ☐ Categorized as an A project, a full Resettlement Plan is required
- ☐ Categorized as a B project, a short Resettlement Plan is required
- ☐ Categorized as a C project, no RP

Social/Resettlement Specialist, (DIU/DIST)

Date: _____

Endorsed by:

Project Manager, DIU

Date: _____

Reviewed by

Social/Resettlement Specialist,
PCU/CISC

Date: _____

Approved by:

Project Director, PCU

Date : _____

INDIGENOUS PEOPLES DEVELOPMENT FRAMEWORK

1. Introduction

1. The Rural Reconstruction and Rehabilitation Sector Development Project (the Project) will improve the rural infrastructures in 38 districts of Nepal that have been abandoned, left unfinished or rendered inoperable due to the decade-long armed/political conflict in Nepal. These infrastructures include: (i) about 800 km rural roads and 50 bridges, and (ii) supplementary infrastructure including water supply, construction and rehabilitation of social and market facilities, school infrastructure, micro-irrigation, micro-hydropower, link trails, and trail bridges. The sub-projects will be selected and constructed based on the labor-based, environment-friendly and participatory (LEP) approach. The Ministry of Local Development/Department of Local Infrastructure Development and Agricultural Roads is the Executing Agency (EA) and the District Development Committees (DDCs) will be the Implementing Agencies. The Project will be financed by the Asian Development Bank (ADB) and other donors.

2. Five core subprojects from five districts (covering five development regions and three ecological zones) were included under the PPTA for the feasibility study. Out of these subprojects, Kamidanda-Taldhunga in Kabre district was noted to have presence of Indigenous People (See Section 2 for more detail) and accordingly, Indigenous Peoples Development Plan (IPDP) has been prepared for this subproject alone. However, IP specific actions have been included in the resettlement plans and social action plans of the respective sub-projects in order to address the insignificant or limited impacts on IPs.

3. This Indigenous Peoples Development Framework (IPDF) provides policy and procedures to screen project impacts on IPs and prepare planning documents in compliance with ADB's Indigenous Peoples Policy for sub-projects during implementation.

2. Indigenous Peoples in Nepal

4. Nepal's complex social structure makes it challenging to define IPs in Nepal. The 2001 census has identified 100 different social groups in the country with over 92 languages and a mix of Hindu, Buddhist, Kirat, Animism and Muslim religions. The 2001 Census reports 8.4 million population of 43 ethnic nationalities (37.2% of Nepal's population) while the Government of Nepal (NFDIN Act) has recognized 59 different nationalities as indigenous peoples of Nepal who comprises about 37.2% of the country's population. The National Federation of Indigenous Nationalities (NEFIN) has classified these groups into five categories based on their population size and other socio-economic variables such as literacy, housing, land holdings, occupation, language and area of residence at present. Social scientists under PPTA reviewed the characteristics of the groups in the list and concluded that while majority of these groups were integrated into the mainstream society/culture, the following 24 groups (recognized by NEFIN as highly marginalized/endangered at present but the number maybe revised in higher side) would be defined as IPs for the purpose of this Project.

- i. Mountain Districts: *Lhomi-Singsa, Siyar, and Thudam (3 groups)*
- ii. Hill Districts: *Baramu, Chepang, Hayu, Kusunda, Lepcha, Raute, Sural and Thami (9 groups)*
- iii. Inner Terai Districts: *Bote, Bankariya, Danuar, Majhi and Raji (4 groups)*
- iv. Terai Districts: *Dhanuk, Jangad/Dhangad/Urau, Khadiya, Kisan, Kusbadiya; Satar/Santhai, Meche and Munda (8 groups)*

3. Indigenous Peoples in Core Sub- Projects

5. Five core sub-projects (four roads and one water supply) were studied under PPTA. The social assessment was carried out with disaggregated data by caste and ethnicity. Focus group discussions were held with relevant stakeholders, including IPs, and the significance of impacts on IPs was assessed in line with ADB's Policy on Indigenous People. Socio-economic survey and focus group discussions revealed that there were no IPs in core subprojects, except in Kamidada-Taaldhunga in Kavre district where 19 HH or 133 people belonged to *Majhi* community (which falls under the project IP definition). While the subproject will have no adverse impact on this group, it has been assessed that they will experience significant positive impacts due to improved road access and thus an IPDP has been prepared to maximize project benefits to them. This includes: (i) mandatory employment of at least one member from each affected IP household falling under below poverty line in project construction and maintenance work; and (ii) at least one member from each of the 19 affected IP households to participate in livelihood empowerment activities, including skills training for income generation, traditional skills development, agriculture extension services and linkages with the modern market, awareness training in health, sanitation, gender and other life-skills improvement activities (Please see IPDP for details). It also includes supplementary infrastructure facilities in the Majhi settlements, including support for drinking water, irrigation facilities and school building. Preference will be given to qualified *Majhi* community in recruitment of community facilitators, who will maintain frontline contact with the community in implementing IPDP activities.

6. Improved road network is expected to augment access to services of IP communities along with other sections of the subproject population, including increased access to health, education and market opportunities. Nevertheless, inclusive measures have been included in the project design to maximize project benefits and opportunities to indigenous/ethnic groups along through mainstreaming and targeted approaches. Mainstreaming approach includes increased participation and proportionate representation of IPs in various groups and committees under the sub-projects so that their needs, priorities, interests and perspectives are reflected in project planning and implementation. Targeted approach will cater poor and disadvantaged IPs through livelihood enhancement skills training activities to enable them to take full advantage of project opportunities and benefits, including employment opportunities. Livelihood enhancement skills training will be targeted to these groups on the basis of their specific needs and priorities, including promotion and upgrading of traditional skills for modern market requirements, agriculture extension services, health and hygiene and gender awareness training programs. These activities will be covered under the community empowerment budget heading under the social development plan of the Project. Additional health and hygiene training programs will be provided in drinking water and sanitation program targeting IP groups and other disadvantaged community members. Impacts related to land acquisition has been covered in the resettlement plans in each sub-projects.

4. Relevant Policies on Indigenous Peoples

7. The Interim Constitution of Nepal commits the government for the protection and development of IPs. For the welfare of *Adivasi/Janajati*, the government set up a National Committee for Development of Nationalities in 1997. The parliament passed a bill in 2002 for the formation of 'National Foundation for the Development of Indigenous Nationalities,' which came into existence in 2003 replacing the previous committee. This foundation has been working for the preservation of the languages, cultures and empowerment of the marginalized ethnic nationalities.

8. The Three Years Interim Plan Paper (2007-2010) includes following policies for inclusive development of *Adivasi/Janajati* and other disadvantaged groups: (i) creating an environment for social inclusion; (ii) participation of disadvantaged groups in policy and decision making; (iii) developing special programs for disadvantaged groups; (iv) positive discrimination or reservation in education, employment, etc.; (v) protection of their culture, language and knowledge; (vi) proportional representation in development; and (vii) making the country's entire economic framework socially inclusive.

9. NFDIN Act 2002, National Human Rights Action Plan 2005, Environmental Act 1997 and Forest Act 1993 have emphasized protection and promotion of indigenous people's knowledge and cultural heritage. In 1999, Local Self-Governance Act was enacted to give more power to the local political bodies, including authority to promote, preserve and protect the IP's language, religion, culture and their welfare.

10. ADB's Indigenous People's Policy (1998) defines IPs as *"groups with social or cultural identities distinct from the dominant or mainstream society. IPs is a generic concept that includes cultural minorities, ethnic minorities, indigenous cultural communities, tribal people, scheduled tribes, natives and aboriginals."* It recognizes the potential vulnerability of IPs in the development process and requires that development interventions should ensure that IPs have opportunities to participate in and benefit equitably from the interventions. As appropriate, concern for IPs should be reflected in and integrated into each step of the project design, implementation, and monitoring and evaluation processes. The interventions affecting IPs should (i) be consistent with the needs and aspirations of affected indigenous peoples; (ii) be compatible in substance and structure with affected indigenous peoples' cultures and social and economic institutions; (iii) be conceived, planned, and implemented with the informed participation of affected communities; (iv) be equitable in terms of development efforts and impacts; and (v) not impose the negative effects of development on indigenous peoples, but, if such effects are unavoidable, appropriate and acceptable compensation must be ensured.

5. Objectives of the Indigenous Peoples Framework

11. IPDF is prepared to guide the preparation of subprojects under the Project to ensure better distribution of the project benefits and promote development of the *Adivasi/Janajati* along with other disadvantaged social groups in the project areas of influence. The IPDF is developed based on the national policies/strategies as well as ADB's Indigenous Peoples Policy. The principal objectives of the IPDF are to:

- (i). Ensure the participation of the affected IPs in the entire process of preparation, implementation, and monitoring of project activities;
- (ii) Ensure project benefits will accrue to IPs, and mitigate any adverse impact;
- (iii) Define the institutional arrangement for screening, planning and implementation of IP plans for sub-projects; and
- (iv) Outline the monitoring and evaluation process.

6. Specific Procedures for Sub-project Planning and Participation of IPs

12. This section provides detailed procedures to be followed in screening, social impact assessment, and preparation of IP plans for additional sub-projects. It will be ensured that indigenous people are informed, consulted and participated in the entire sub-project cycle.

6.1 Screening and Categorization of Impacts on IPs

13. Initial screening of sub-project impacts on IPs will be conducted as early as possible in the sub-project cycle to categorize the impacts and identify subsequent approaches and resource requirements to address IP issues with due consultation with NEFIN's district representatives and District Coordination Committee of Janjati at DDCs. A thorough screening will be conducted during Initial Poverty and Social Assessment (IPSA) as part of sub-project (pre)feasibility study. The DPO with support of District Implementation Support Team (DIST) will identify IP community belonging to the 24 IP groups, their population (number and ratio), and their characteristics as compared to the main population in the sub-project influence zone through primary and secondary data information collection. Janajati Empowerment Project Report, District Development Profile, VDC and Ward level information will be consulted and meetings with leaders and NGOs/CBOs representing causes of IPs will be held to assess the population size of IPs, the sub-category within them, and the likely impact of the sub-project on each sub-groups. The IPSA will be carried out in accordance with ADB's Handbook on Poverty and Social Assessment, particularly the Appendix 7 on Indigenous Peoples (http://www.adb.org/Documents/Handbooks/Poverty_Social/appendix7.pdf).

14. Sub-projects will be categorized according to the level of impacts on IPs. The level of impacts will be determined by the type, location, scale, nature, magnitude of potential impacts on IPs. The sub-project will fall to one of the following categories:

- iv) Category A: sub-projects expected to have significant impacts that require IPDP;
- v) Category B: sub-projects expected to have limited impacts that require specific action for IP in resettlement plans and/or social action plan; and
- vi) Category C: sub-projects not expected to have impacts on IPs and therefore do not require special provision for IPs.

15. The impacts on IPs will be considered significant if the project positively or negatively: (i) affect their customary rights of use and access to land and natural resources; (ii) change their socio-economic status; (iii) affect their cultural and communal integrity; (iv) affect their health, education, livelihood and social security status; and/or (v) alter or undermine the recognition of indigenous knowledge.

16. The screening and categorization will be initiated by DDC/DTO/DPO, supported by DIST Social Development Specialist, and reviewed and confirmed by PCU. Once finalized, the IPSA report and categorization form will be included in sub-project feasibility/design report to be submitted to ADB. The Sub-project Impact Categorization Form is attached.

6.2 Social Impact Assessment and Preparation of IP Plans

17. The DDC/DTO/DPO will undertake an SIA as part of the detailed feasibility/design of the sub-project. The SIA will gather relevant information on demographic data; social, cultural and economic situation; and social, cultural and economic impacts. The information will be gathered through separate group meetings within the IP community, including their leaders, NGOs, CBOs, and affected persons. Discussions will focus on potential positive and negative impacts of the sub-project; measures to enhancing positive impacts; and strategies/options to minimize and/or mitigate negative impacts.

18. Based on the SIA, the project will develop appropriate mitigation measures and livelihood enhancement activities for IPs. In case of limited impacts, specific actions for IPs will be spelled out in resettlement plan and/or social action plan for the sub-project. If SIA identifies the project will have significant differential impact compared to the mainstream

population, an IPDP will be prepared to enhance distribution of project benefits and promote the development of IPs.

19. The IPDP will consist of a number of activities and include mitigation measures of the potential negative impacts through modification of project design and development assistance to enhance distribution of project benefits. Where there is land acquisition or structural losses in the ethnic/indigenous communities, the Project will ensure that their rights will not be violated and that they be compensated for the use of any part of their land in a manner that is culturally acceptable to them. The compensation measures will follow the Resettlement Framework of the Project.

20. An IPDP will address the (i) aspirations, needs, and preferred options of the affected indigenous peoples; (ii) local social organization, cultural beliefs, ancestral territory, and resource use patterns among the affected indigenous peoples; (iii) potential positive and negative impacts on indigenous peoples; (iv) measures to avoid, mitigate, or compensate for the adverse project effects; (v) measures to ensure project benefits will accrue to indigenous peoples; (vi) measures to strengthen DDC/DTO capacity to address indigenous peoples issues; (vii) the possibility of involving local organizations and non-governmental organizations with expertise in indigenous peoples issues; (viii) budget allocation; and (ix) monitoring. The PCU will submit the IPDP to ADB for review and approval prior to commencement of civil works. ADB will review and send comments within three weeks.

6.3 Consultation, Participation and Disclosure

21. The consultation with and participation of IPs will be ensured in formulation of sub-project to ensure that it adequately deal with their needs, priorities, and preference. The IPs will be provided relevant project information in language(s) and manner suitable to them. A separate focus group discussions will be held with indigenous groups to assess the project impacts and benefits to these groups. Accordingly, the project plans, including IP plans, will be prepared in consultation with IPs. Outcome of social assessment and programs/measures for IPs will be presented in community workshops/meetings.

22. The DDC/DTO/DIU shall make available the following documents to the project-affected indigenous peoples and disclose to the public:

- (i) a draft IPDP, before sub-project appraisal;
- (ii) a final IPDP, after completion of such an IPDP; and
- (iii) the revised IPDP, following the detailed technical design or change in scope in the sub-project.

23. The information from the documents specified above will be made available to affected persons as leaflets in Nepali language. DoLIDAR shall also post the above documents on its website. During implementation, DIU will prepare social monitoring reports, make them available to affected IPs, post them on its website, and submit these to ADB for review.

7. Institutional Arrangement

24. Social Development Specialist will be placed in the Central Infrastructure Support Consultancy (CISC) and if required a Social Development Officer will be placed in the District Infrastructure Support Team (DIST) to support PCU and DIU to implement IPDP activities. The social mobilization team at the DIST level will assist in the planning and implementation of IPDP.

8. Monitoring and Evaluation

25. The PCU will establish a trimester monitoring system to monitor the implementation of the IPDP. A set of monitoring indicators will be determined during IPDP preparation. A survey of existing socio-economic status and cultural practices of IPs, which will be carried out during sub-project feasibility study/design, will be the basis for establishing the baseline data to monitor the project impacts on IPs. The IPDP will also specify the system to collect data and monitor the changes and will include TOR for monitoring agency/consultant. The PCU will prepare quarterly monitoring reports, post them on its DoLIDAR's website, and submit to ADB for its review.

9. Budget

26. All the cost required to implement the IP plans will be incorporated in the project cost under the Community Empowerment (along with Social Action Plan). The IPDP/SAP will include detailed cost estimate and indicate source of funds for the required activities. While the administrative costs for survey, social assessment, and preparation of IPDP will be financed under Project Management Services, the program cost will be financed from the Community Empowerment.

Indigenous Peoples Impact Categorization Form

A. Project Data

District/ Sub-project
Title:

B. Identification of indigenous peoples in sub-project area

Impact on indigenous peoples (IPs)	Not known	Yes	No	Remarks or identified problems, if any
Are there IPs present in project locations?				
Do they maintain distinctive customs or economic activities that may make them vulnerable to hardship?				
Will the project restrict their economic and social activity and make them particularly vulnerable in the context of project?				
Will the project change their socioeconomic and cultural integrity?				
Will the project disrupt their community life?				
Will the project positively affect their health, education, livelihood or social security status?				
Will the project negatively affect their health, education, livelihood or social security status?				
Will the project alter or undermine the recognition of their knowledge, preclude customary behaviors or undermine customary institutions?				
In case no disruption of indigenous community life as a whole, will there be loss of housing, strip of land, crops, trees and other fixed assets owned or controlled by individual indigenous households?				

C. Anticipated project impacts on indigenous peoples

Project activity and output	Anticipated positive effect	Anticipated negative effect
1.		
2.		
3.		
4.		
5.		

D. Decision on Categorization

After reviewing the answer above, it is determined that the sub-project is:

- ☐ Categorized as an A project, an Indigenous Peoples Development Plan (IPDP) is required
- ☐ Categorized as a B project, a specific action favorable to indigenous peoples is required and addressed through a specific provision in related plans such as a Resettlement Plan, or a general Social Action Plan
- ☐ Categorized as a C project, no IPDP or specific action required

Social Development Specialist,
(DTO/DIU/DIST)

Date: _____

Endorsed by:

Project Manager, DTO/DIU

Date: _____

Reviewed by

Social Development Specialist,
PCU/CISC

Date: _____

Approved by:

Project Director, PCU

Date : _____

Detailed Terms of Reference for Consulting Services

A. Detailed Terms of Reference of Central Implementation Support Consultants (Central Implementation Support Consultants)

a. Team Leader/Rural Infrastructure Specialist (24 person-months, international)

1. The Team Leader of proven managerial capability will be a qualified engineer with at least 15 years experience of labor-based construction and maintenance of rural infrastructure in a decentralized framework (including 5 years as team leader). S/He should have relevant experience in the South-Asia region, preferably in Nepal.

2. The Team Leader will be responsible for the overall management and delivery of consulting services to meet the requirements of the Project. Working under PCU, the Team Leader will manage and maintain close relationship with government project staff and concerned agencies. The Team Leader will be responsible for the production and submission of all consultant reports, including monthly, trimester and annual reports to the PCU. Specifically, the Team Leader will take the lead in completing the following main tasks or overseeing their completion by the consultant team:

- (i) Establish a comprehensive management support system for PCU through the consultant team.
- (ii) Establish a project institutional framework and necessary administrative and management procedures to achieve the project objectives and meet the requirements of GON and ADB. This involves drafting, circulating and finalizing with the PCU a Project Procedures Manual (DRILP Manual could be a starting point in drafting a new manual) defining the specifications, standards, methodologies, procedures, guidelines, formats and documentation for all key aspects of project implementation. The Manual will largely be based on the technical, social, environmental and resettlement frameworks developed during project preparation, and on the best practices developed by other relevant projects; and will fully take into account the Project Procedure Manuals available in the DOLIDAR for rural infrastructure development. To the extent practicable and relevant, efforts should be made in the preparation of the Manual to harmonize the existing procedures with a view to develop and institutionalize a uniform approach for the rural infrastructure sector.
- (iii) When necessary, coordinate the provision of assistance through PCU to the required DDCs in the conduct and preparation of (i) preliminary assessment and prioritization of subprojects, (ii) technical, environmental, social, and economic feasibility studies of prioritized subprojects, and (iii) detail survey, design and estimates as well as environmental and social action plan, and resettlement plan for the subprojects.
- (iv) Assist EA/DOLIDAR in drafting and signing project agreement with DDCs. Define annual budget ceilings for individual DDCs based on agreed criteria, and review and consolidate (and provide technical advice) annual project work programs and budgets of DDCs prepared following the approved instructions, formats and guidelines.
- (v) Assist DDCs/DTOs in different aspects of the recruitment of the district implementation support teams (DISTs) and service providers following the agreed arrangements for the selection and engagement of domestic consulting firms by providing procedural guidelines, formats, training and

even a list of pre-qualified consultant firms. Assist PCU in the recruitment of DISTs in the event of inability of any DDCs to recruit them and on their request.

- (vi) Review annual procurement plans (and specific packages) based on work programs of PCU/DDCs/DTOs, and guide them with standard procedures and formats for the procurement of goods and services under the Project in accordance with LBFAR, Government's Public Procurement Act and Regulation and Grant Agreement. For works requiring private contractors to implement, review bid evaluation (submitted by DDC/DTOs) and advise PCU for giving concurrence (if required) to DDCs/DTOs for awarding the bid to lowest evaluated substantially responsive bidder. Upon request of any DDCs, which could not make timely procurement, assist PCU to make the requested procurements.
- (vii) Support DISTs with applicable criteria and guidelines in the design and estimate of supplementary investment schemes.
- (viii) Coordinate with PCU the provision of orientation and training to each of the DTOs. Ensure the continuing provision of advisory support and guidance to DTOs throughout the preparation and implementation of subprojects and supplementary investments.
- (ix) Advise DDC/DTOs on the implementation of social and vulnerable group development action plan including livelihood measures, environmental plan and mitigation measures, and resettlement plan and compensation policy.
- (x) Assist PCU in all aspects of establishing Project Performance Management System (PPMS), including installation and use of the computerized data processing system/MIS. Assist and advise DTOs to submit progress reports in the prescribed formats. Consolidate and prepare trimester and annual monitoring reports substantiated by field visits. Project monitoring reports will summarize project status, key issues and problems, mitigation measures and findings of surveys and studies as well as field visits carried out under the Project. Assist in the conduct of midterm evaluation, and preparation of final completion report. Also assist, provide guidance, and support the formulation and conduct of the targeted benchmark, midterm and final impact evaluation surveys and reports to assess outcome and impact.
- (xi) Assist in establishing and maintaining a financial management system, consolidating submissions of financial statements from DDC/DTOs, and submitting project financial reports, disbursement claims, and audit reports to ADB.
- (xii) Undertake periodic visits of subproject sites to review and supervise the execution of key project activities, discuss emerging problems and likely solutions with respective DTOs and DISTs and other stakeholders, and provide technical and advisory support to field staff. The purpose of field visits is also to check and review (i) the quality and cost-effectiveness of site works, (ii) accuracy of works measurements (iii) fair and regular payments to workers, and (iv) other critical 1.aspects of project processes and implementation.
- (xiii) Assist the EA in the performance monitoring of DDCs. Based on the findings, recommend remedial actions to PCU, as required.
- (xiv) On the basis of monitoring outputs, propose any changes in operational and management procedures that would enhance the effect of project interventions.
- (xv) Monitor, check and verify compliance with safeguard policies and mitigation measures and prepare verification reports.
- (xvi) Assist in equipment assessment and procurement for lab facilities at districts. Assist in the establishment and functioning of quality control system with lab

- facilities at the district level. Arrange to conduct third-party technical audit of completed works on a selective basis.
- (xvii) Liaise with the PCU, DTOs and relevant projects for identifying and/or pre-qualifying domestic consultant firms, contractors and local NGOs for potential engagement and training under the Project. Plan and conduct essential training in direct support of project implementation. Provide support to any job assigned by PCU
 - (xviii) Provide assistance to DOLIDAR and DDCs, subject to district-specific partnership agreements that may be reached with other donor-funded rural infrastructure projects with regards to project implementation support, to delineate and share certain responsibilities, and to coordinate and oversee the field-implementation of these arrangements.
 - (xix) Assist DDCs in devising and establishing regular planned maintenance arrangements, including a funding system, for their rural road networks according to DOLIDAR guidelines.
 - (xx) Prepare recommendations for the PCU on how planning processes at district level can be improved for better integration of rural infrastructure development with other rural development activities, and oversee the provision of advisory support to DDCs.
 - (xxi) Assist PCU in commissioning surveys and studies (e.g. targeted benchmark, midterm, final impact evaluation), as required.
 - (xxii) Assist DDCs in contracting out subproject design and implementation, where necessary (possibly, supplementary investments such as microhydel or rural electrification), to government line agencies, and in establishing mechanisms for coordination, progress review, reporting, and problem resolution.
 - (xxiii) Assist DPOs to establish and monitor effective quality control mechanisms,
 - (xxiv) Establish effective and productive working relationships and networking with PCU, DOLIDAR, MLD, and relevant projects (TAs) and agencies in order to respond effectively to project management needs and contribute to institutional strengthening.
 - (xxv) Assist in formulating rural transport strategy
 - (xxvi) Facilitate PMC, PICC and other related donor meetings.
 - (xxvii) Guide, supervise and coordinate activities of central consultants.

b. Deputy Team Leader (42 person-months, national)

3. The Deputy Team Leader will be a professionally qualified civil engineer with extensive experience of construction management, contract administration as well as survey, design and supervision of rural infrastructure works in the hill and mountain areas of Nepal. Recent experience in the use of the LEP approach in the rural sector is essential. The Construction Engineer will work under the Team Leader, and in the absence of the Team Leader, will also carry out his responsibilities.

4. The Deputy Team Leader will undertake the following tasks under the guidance of the Team Leader:

- (i) Contribute to the preparation of the Project Procedures Manual in respect of the definition of design and construction procedures, building group formation and management arrangements, technical standards and specifications, quality requirements, work norms and reporting formats for all project civil works.
- (ii) Assist DDCs/DTOs with applicable procedures in the recruitment of the DISTs. Upon request by DDCs/DTOs, review the evaluation of consulting firms' proposals.

- (iii) Assist and advise DTOs in managing services of DIST firms for subproject feasibility studies and detailed engineering, particularly in respect of technical survey, design and cost estimation, resettlement and environmental assessment, as required. Upon request by DTOs, review the design, drawings and related documents produced by the DISTs and provide necessary feedbacks.
- (iv) Assist and advise DTOs for the procurement of services of local contractors to carry out complex structures/civil works (including blacktopping), using relevant contract documentation from the directive formulated by Public Procurement Management Office. Also assess the needs for simplified model contracts and procedures for the use of DDCs.
- (v) Assist and advise DTOs in the preparation and execution of procurement plans, particularly for procuring goods and construction materials including hand tools.
- (vi) Assist and advise DTOs in the implementation of quality assurance system developed by Quality Assurance Consultant from central consulting team. Assist in the equipment assessment and procurement of district laboratory testing facilities.
- (vii) Undertake periodic field visits to assess work progress, identify technical problems, provide technical backstopping, and follow up on any situations requiring remedial actions. The field visit reports should include quality aspects of works completed.
- (viii) Support the design of a training strategy and plan (related to technical aspects) to fulfill the needs of the DTOs as well as the domestic consultants and contractors so that they are fully equipped with the technical skills needed for implementation of the civil works in accordance with project requirements.
- (ix) Provide technical orientation and training to DTOs and to the local government bodies.
- (x) Continue to provide technical advisory support to DTOs during the implementation of the civil works.
- (xi) Assist and advise DDCs, including the conduct of training, to devise and establish regular planned maintenance arrangements, and related financing systems, for their rural road networks in accordance with DOLIDAR guidelines. Also assist and advise the VDCs and communities on the operation and maintenance of the physical infrastructure provided as supplementary investments.
- (xii) Assist DTOs and PCU in developing relevant indicators and in implementing the PPMS, particularly in respect of reporting on the physical and financial progress of construction, and monitoring of compliance with all projects standards for civil works.
- (xiii) Provide technical support to environmental assessment, definition, and implementation of mitigation measures, and environmental monitoring.
- (xiv) As appropriate and based on field experience, propose changes, in operational procedures that would enhance the effects of the project interventions, for review by the PCU.
- (xv) Lead and guide the team of Rural Infrastructure Engineers to ensure the resettlement program is effectively implemented.
- (xvi) Undertake additional tasks, as required by the Team Leader.
- (xvii) Undertake the responsibility of the Team leader in absence of the Team Leader.

c. Procurement Specialist (24 person months, national)

5. The Procurement Specialist will assist in building capacity in procurement policies and procedures at DOLIDAR and at the DDCs/DTOs/DPOs, in the project districts. The specialist will be responsible mainly for updating and elaborating procurement sections in the DRILP project procedures manual, in English as well as in Nepali. The specialist is expected to understand the project thoroughly before updating the manual.

The consultant will be mainly responsible to

- (i) Study the project documents, ADB's procurement guidelines, GoN's Procurement Acts and Regulations, LBFAR, PWD, guidelines and directives prepared by Public Procurement Monitoring Office (PPMO) and current practices.
- (ii) Review the existing procurement practices of DDC-administered development activities;
- (iii) Assess the capacity of local bodies in implementing procurement policies and procedures;
- (iv) Review the ADB procurement procedure as applied for RRRSDP and suggest various monitoring forms;
- (v) Review the role and functions of PCU, DDC, DTO, and other related staff in relation to establishing a good procurement management system in the project;
- (vi) Assist in preparing Terms of References (TOR) and Request for Proposals (RFPs), Expression of Interest (EOI), and develop the evaluation criteria for Technical and Financial Proposals for selection of Central Implementation Support Consultants (CISC); District Implementation Support Team (DIST); NGOs; consulting firms and individual consultants, as per the requirement of the project.
- (vii) Assist in preparing standard bidding documents in conformity with GoN and ADB's procurement guidelines for the award of contracts for goods and works.
- (viii) Assist in preparing internal bid evaluation reports for the award of contracts for goods and works.
- (ix) Prepare yearly and overall procurement plan and Contract Roaster for procurement of goods, works and services of PCU.
- (x) Assist in preparing procurement plan and Contract Roaster for procurement of goods, works and services of districts.
- (xi) After sufficient research and review, develop an outline of the update of the Manual which will be submitted to the Project for approval;
- (xii) Update and prepare a user friendly manual with brief description of each step to be followed in the procurement process by conducting training cum workshop for local body staff, including the representatives from MLD, DoLIDAR, FCGO and OAG so that it will be used as the training tool to train the account & other staffs who will be involved in the implementation of the project.
- (xiii) Evaluate progress of DDCs on procurement efficiency and effectiveness after the trainings then assess the capacity of local bodies in view of efficient procurement management.
- (xiv) Based on district assessments, provide again targeted training and support to DDCs as necessary.
- (xv) Any other jobs assigned by the PCU related to the procurement

d. Resettlement Specialist (36 person months, national)

6. The Resettlement Specialist will assist in building capacity in resettlement policies and procedures at DoLIDAR and at the DDCs/DTOs, particularly in the 20 non-DRILP districts. The specialist's main task will be to update resettlement sections in the DRILP project procedural manual, in both English and Nepali, for changes specific to the project and train relevant staff accordingly. The consultant must become fully familiar with legal, administrative, financial and technical aspects of land acquisition and compensation to be adopted under the project

7. The consultant will undertake the following tasks.

- (i) Review the Resettlement Framework (RF) prepared for the project. In particular, review the screening and planning procedures that will be applied to RRRSDP subprojects.
- (ii) Review the guidelines and procedures prepared for the planning and implementation of resettlement tasks; resettlement scoping, cadastral mapping, loss assessment survey, affected household surveys, public consultation, review and approval of Resettlement Plans and their implementation; and managing resettlement consulting services; and support and facilitate their adoption and practice;
- (iii) Develop an implementation mechanism for efficient and effective land acquisition and resettlement for subprojects;
- (iv) Review the DRILP project procedure manuals already available in DoLIDAR for the construction of rural infrastructures and contribute to the necessary update and elaboration of the manual, in English as well as in Nepali, with new requirements in respect of resettlement aspects for subprojects.
- (v) Conduct central level and regional training workshops MLD, DoLIDAR, DDC and DTO staff.
- (vi) Work with DDCs/DTOs, District Implementation Support Team (DIST) to ensure that the requirements for resettlement and compensation works on sub-projects are minimized.
- (vii) Provide advice and support in preparing Resettlement Plans (RPs) for sub-projects.
- (viii) Support and advise DDCs/DTOS to reach agreement with Project Affected Persons (PAPs) over entitlements and voluntary donation of land.
- (ix) Monitor the implementation of resettlement plans by respective DDCs, including fair and just treatment of affected persons, adherence to ADB policy, compliance with PAP's constitutional and legal rights, completed transfer of land titles and compensation paid in full; all before construction works are started.
- (x) Work with social development, resettlement consultants of DIST and resettlement associates of CISC to identify additional counseling and support to resettled persons, including the opportunity to work in Building Groups (BGs).
- (xi) Regularly monitor to ensure that the PAP's livelihoods have not been significantly reduced and that those due for income restoration measures have received their entitlement.
- (xii) Facilitate and support the DDCs/DTOs and DIST to undertake and report on regular resettlement monitoring of ongoing sub-projects, to check compliance with project guidelines and implementation of mitigation measures defined in the Resettlement Plans.

- (xiii) Provide simple guidance on the tasks and responsibilities involved in the RPs and ensure that the staffs of DDC and DTO understand their responsibilities in actually meeting resettlement targets and implementation of RP recommendations of the subproject.
- (xiv) Where appropriate, highlight to concerned agencies: (a) situations of significant deviation from subproject resettlement requirements; (b) proposed remedial actions; and (c) proposed modifications to existing procedures or to subproject standards, for consideration by the PCU.
- (xv) Prepare and organize land acquisition and compensation rights awareness-raising and training activities, particularly for stakeholders in the districts.
- (xvi) Liaise with other programs and agencies to explore the potential for collaboration in strengthening the land acquisition and compensation capacities of the DDCs, and DoLIDAR
- (xvii) Undertake additional tasks, as required by the PCU.

e. Environmental Management Specialist (24 person months, national)

8. The Specialist will work with legal, administrative framework of GoN and ADB. The specialist will be responsible for the technical aspects of environmental measures to be adopted under the project including projects requiring IEE. He/she must have relevant experience in IEE process for the projects being implemented by DDCs/DTOs. The Specialist is also expected to be experienced in both ADB and any other GoN environmental policies and procedures.

9. The Environmental Management Specialist will undertake the following tasks:

- (i) Review the Environmental Assessment and Review Procedures (EARP) prepared for RRRSDP and assist the concerned to apply in line with the EARP
- (ii) Develop an institutional mechanism for speedy and efficient delivery of all aspects of environmental management in the project cycle of subprojects including IEE process.
- (iii) Liaise closely with the environment management section (EMS) of MLD and communicate closely with monitoring and environment section of DoLIDAR for technical support and monitoring mechanisms.
- (iv) Provide training for DDCs/DTOs staffs and District implementation Support Team (DIST) for capacity building in IEE process. Review the DRILP project procedural manuals already available in DoLIDAR for the construction of rural infrastructures, and elaborate and update the manual, in both English and Nepali, with new requirements in context of environmental aspects for subprojects. In particular, prepare guidelines and procedures for environmental tasks; screening, drafting of TOR for IEEs, review and approval of IEEs, public consultation, and managing environmental consulting services; and support and facilitate their adoption and practice.
- (v) Develop standard IEE formats for subprojects, especially rural roads, which are to be strictly followed by the consultants. These standard formats should be endorsed by MLD, DoLIDAR and DDCs. Simplifying and speeding up the IEE procedures without compromising the quality will be the major objective of the formats.
- (vi) Provide simple guidance on the tasks and responsibilities involved in the IEE process and ensure that the staffs of DDC and DTO understand their responsibilities in actually meeting environmental targets and implementation of EMP recommendations of the subproject.

- (vii) Prepare district environmental brief for each of the participating districts with appropriate consultations, using the model developed by the Rural Access Program (RAP) and endorsed by DoLIDAR.
- (viii) Support the DDCs and DTOs in undertaking environmental appraisal of sub-projects that are required by national legislation and ADB procedures. This will comprise: (a) environmental screening of all sub-projects; (b) initial environmental examinations if necessary; and (c) the processing the completion of all approvals by the appropriate authorities.
- (ix) Facilitate and support the DDCs, DTOs and District Implementation Support Team (DIST) to undertake and report on regular environmental monitoring of ongoing sub-projects, to check compliance with project guidelines and implementation of mitigation measures defined in the IEEs. Reporting mechanisms should be actually verifiable at any time during the project period.
- (x) Where appropriate, highlight to concerned agencies: (a) situations of significant deviation from project environmental requirements; (b) proposed remedial actions; and (c) proposed modifications to existing procedures or to project standards, for consideration by the PCU.
- (xi) Support the EMS of MLD, DoLIDAR and DDCs/DTOs in managing independent environmental monitoring at project level.
- (xii) Prepare and organize environmental awareness raising and training activities, particularly for stakeholders in the districts.
- (xiii) Liaise with other programs and agencies to explore the potential for collaboration in strengthening the environmental capacities of the DDCs, DoLIDAR and the EMS.
- (xiv) Develop sustainable local mechanisms for the maintenance and repair of the environmental engineering mitigation measures such as bio-engineering measures, local level erosion control measures, various measures adopted for minimizing air, water and noise pollution etc.
- (xv) Undertake additional tasks as required by the PCU.

f. Financial Management Specialist (24 person months, national)

10. The specialist will assist in all financial matters relating to the capacity building components and implementation of the project. The specialist will be mainly responsible for preparing a decentralized financial management and accounting manual and train relevant staff accordingly. The specialist is expected to understand the projects, its components as well as financing thoroughly before preparing the manual.

11. The consultant will be mainly responsible to

- (i) Study the project documents, Bank's policies, GoN's financial policy and current practices, and draw outlines of the manual which will be submitted to the project for approval;
- (ii) Describe various reporting requirements and design various monitoring forms that will be used by the project in collecting financial information;
- (iii) Describe financial reporting and disbursement arrangements of the project;
- (iv) Describe internal control system and monitoring system with clear written standards and procedures, clear responsibilities including levels of authority; clear control over assets; cash and bank accounts; easily available access to supporting documentation; and timely and accurate financial reporting;
- (v) Describe the internal audit and audit procedures and work plan to comply with the covenant of nine months' submission time period;

- (vi) Describe various reporting forms that will be used by the cost centers and at central level by the RRRSDP;
- (vii) Describe the role and functions of each cost center and of accounts staff in the RRRSDP in relation to establishing a good financial management system in the project;
- (viii) Present the Manual in a simple language to enable all district level staff to understand and procedure;
- (ix) Train the staff and stakeholders of the RRRSDP on the financial management system. The Manual will be used as the training tool to train the accounts staff who will be involved in the execution of the project.
- (x) Design and suggest simplified and more informative financial reporting formats to be used by the project districts for the purpose of preparing SOE and withdrawal application.
- (xi) Assist PCU in collecting and compiling financial statements and review it for finalizing the costs to be claimed for reimbursement.
- (xii) Assist PCU to maintain data base record of project reimbursement status.
- (xiii) Assist to organize meeting in trimester basis for reviewing the project financial progress.
- (xiv) Recommend simplified GoN budget disbursement system, develop absorbing capacity of the districts and suggest prompt and easy financial reporting system.
- (xv) Any other jobs assigned by the PCU related to the financial management.

11. The Rural Development Policy Analyst / Aid Effectiveness Specialist will be responsible for assisting the Government initiating a SWAp / PBA development process. The Specialist is expected to work closely with the MOLD, DOLIDAR, MOF, NPC and other relevant Government agencies. Additionally, the Specialist is expected coordinate efforts with the donor community. The Specialist will have expertise in the areas of rural development policy planning and should be familiar with the Government of Nepal's key rural development policies. The Specialist will undertake the following:

- (i) Analyze the Government's policies on rural development, specifically identifying inconsistencies/overlap in design and implementation;
- (ii) Review and evaluate available sector and sub-sector strategies, MTEF's, programs, budgets, etc.
- (iii) Assess the outputs and impacts of major donor-funded rural infrastructure projects and identify issues still to be addressed;
- (iv) Develop and evaluate options for SWAp/PBA in the rural infrastructure sector or sub-sector (e.g. rural roads);
- (v) Facilitate donor coordination meeting
- (vi) Develop detailed steps and related timeframe for SWAp/PBA development;
- (vii) Assist the Government in developing an interim donor coordination framework to be used until a SWAp/PBA is developed;
- (viii) Design a report to be used in the interim donor coordination framework to monitor donor projects by component, at both the central and district level, with measures to monitor physical and financial progress as well as levels of aid across districts;
- (ix) Support the Government in initial implementation of the interim donor coordination framework;
- (x) Assist the Government in drafting a 'Letter of Intent' supporting rural infrastructure SWAp/PBA between donors;

- (xi) Support the Government in leading workshops on donor coordination.
- (xii) Support MLD/DOLIDAR to formulate rural transport strategy.

h. Rural Infrastructure Engineers (2 persons, 84 person-months, national)

12 The Rural Infrastructure Engineers will be professionally qualified civil engineers with extensive experience of construction management and supervision of rural infrastructure works in different parts of Nepal including hills and mountains. The Rural Infrastructure Engineers should have recent experience in the use of the LEP approach. They should be capable trainers with leadership qualities and a good team player.

13 The Rural Infrastructure Engineers will work under the guidance of the Deputy Team Leader to undertake the following tasks:

- (i) Provide hands-on assistance to DDCs/DTOs in need of such assistance in short listing of consulting firms for DISTs, preparation of RfPs and evaluation of proposals for the recruitment of DISTs;
- (ii) Provide hands-on assistance to DTOs in need of such assistance in the preparation of contract documents and bid evaluation for the procurement of services of local contractors to carry out complex structures/civil works (including blacktopping), and to supply goods and construction materials including hand tools;
- (iii) Provide orientation and special training to DTO staff as well as domestic consultants and contractors in different technical aspects for the effective implementation of civil works under the Project;
- (iv) Train DTO staff in the use of labs for material testing and quality control of civil works;
- (v) Assist DISTs in the design and implementation of supplementary investment schemes. Provide advisory service (best practices) to beneficiary communities to establish proper operation and maintenance of the physical infrastructures built;
- (vi) Act as permanent resource persons for need-based support to DTOs on technical matters including dispute settlement;
- (vii) Undertake frequent field visits (often for extended period and at least 75 % of time in field) to provide technical backstopping to districts lagging in the implementation of subprojects;
- (viii) Assist in arranging on-site monitoring of project works by local stakeholders;
- (ix) Organize public consultation forums at the district level to discuss implementation-related technical issues, and to get firsthand beneficiary feedbacks;
- (x) Assist in the implementation and resolution of outstanding technical issues raised by stakeholders including ADB review missions and relevant studies and, wherever applicable, incorporate the themes underlying these concerns in training modules and programs;
- (xi) Feed field information to PPMS to enhance the quality of monitoring reports, and also as a means to link stakeholders' assessment with monitoring at district and project levels;
- (xii) Train and backstop DDCs in the implementation DOLIDAR maintenance guidelines;
- (xiii) Work together with social, resettlement and environmental specialists;
- (xiv) Undertake additional tasks, as required by the Team Leader.
- (xv) Train and backstop DPOs/DISTs for the implementation of standard specifications, norms, design guidelines complying with the DOLIDAR's Approach Manual and work norms.
- (xvi) Review the different existing rural road design guidelines and prepare a user

friendly design manual for rural road.

I. Bridge Specialist (24 person-months, national)

14 The Bridge Specialist will be a professionally qualified civil engineer with specialization in bridge building. The Bridge Specialist should have extensive experience of survey, design and construction of different types of road bridges, both in the hills and the Terai.

15 The Bridge Specialist will undertake the following tasks under the guidance of the Team Leader:

- (i) Develop project technical guidelines for road bridge design and construction, specifying, among others, applicable design standards including loadings, preferred software, required investigations (including related to soil and geology), technical specifications, quality control procedures (for sub and superstructures), subproject appraisal and implementation methodology as part of Project Procedures Manual.
- (ii) Review the existing bridge norms and design guidelines for motorable bridge.
- (iii) Train DTO staff and provide them continuous technical backup in the use of the guidelines.
- (iv) Assist DTOs in preparing bridge packages indicating short profiles of selected bridges (length, drainage types, importance, etc) based on approved road alignments and considering project targets and cost limits.
- (v) Assist DTOs in the recruitment of consulting firms, in accordance with applicable guidelines for the selection and engagement of consultants, for survey, design and engineering supervision of the bridge packages. This may cover such activities as short-listing, RFP, evaluation, and award of consulting services contracts.
- (vi) Review and endorse the designs (choice of technology), cost estimates and bidding documents submitted by the consultants.
- (vii) Assist DTOs through the procurement of bridge works process from issuance of bidding documents to award of civil works contracts. DTOs may also require advisory assistance in approving significant variations in quantities of work items, if arise during execution of the contracts.
- (viii) Train and assist DTOs in carrying out random work inspections and quality control checks, and also in assessing the consultants' discharge of contract administration functions.
- (ix) Provide orientation and special training to DTO/DPO staff in different technical aspects related with survey, design estimation and construction supervision of motorable as well as trail bridge.
- (x) Assist DTOs to provide progress information on bridge building in prescribed formats for PPMS.
- (xi) Develop relevant indicators for PPMS and monitor the implementation of bridge building program. Incorporate findings of field visits reports in regular project monitoring reports.
- (xii) Assist and advise DDCs to devise a sustainable arrangement for the maintenance and upkeep of the bridges.
- (xiii) Undertake additional tasks, as required by the Team Leader.
- (xiv) Coordinate with community rural road bridge program of DOLIDAR.

J. Rural Water Supply and Sanitation Specialist (42 person-months, national)

16 The Rural Water Supply Specialist will be a professionally qualified water supply engineer with civil engineering background having extensive practical experience of design

and implementation of rural water supply and sanitation (RWSS) schemes in hill, mountain and Terai regions of Nepal.

17 The Rural Water Supply Specialist will undertake the following tasks under the guidance of the Team Leader:

- (i) Furnish water sector data in MIS system developed by MPPW and DDCs.
- (ii) Prepare feasibility data collection format and socioeconomic profile.
- (iii) Assist CISC team with formulation of TORs for DISTs (concerning rural water supply) for planning, survey/design, implementation and post-construction.
- (iv) Assist more remote DDCs in capacity building by a variety of approaches. (Procurement, training, social mobilization etc.).
- (v) Coordinate with community water supply and sanitation program, the Fund Board Program, RWSS, DWSS, DOLIDAR and other national and international agencies and NGOs active in the water supply sector.
- (vi) Prepare subproject selection criteria and prioritization criteria to guide DDCs in RWSS.
- (vii) Prepare detailed implementation mechanisms for DDCs.
- (viii) Coordinate with Water Supply Section of DOLIDAR.
- (ix) Devise norms and design guidelines in consistent with DOLIDAR approach coordinating with water supply and sanitation section of DOLIDAR
- (x) Prepare annual program on water supply and sanitation for participating DDCs.
- (xi) Monitor MDG targets and indicator in the sector along with the resource gap.
- (xii) Prepare the sanitation manuals, drawings specifications for rural sanitary latrines in Nepal. (collecting materials from other agencies and design appropriate model for low cost latrine).
- (xiii) Prepare detailed procedure/drawings/plan for school led total sanitation.
- (xiv) Prepare detailed procedure and implementation mechanism for Terai hand pump program (if required).
- (xv) Monitor the performance of DISTs in the Project.
- (xvi) Assist DDCs in planning, implementation and post monitoring of water and sanitation programs.
- (xvii) Develop health and hygiene manual to be circulated and trained to local people in the subproject area.
- (xviii) Prepare water supply, sanitation, health education related information dissemination materials.
- (xix) Develop indicator related with monitoring and recording women, children and other vulnerable groups' benefits from the water supply subprojects.
- (xx) Develop indicators to monitor social inclusion in water supply and sanitation subprojects.
- (xxi) Prepare GIS based water supply and sanitation inventory of RRRSDP.
- (xxii) Train and assist DTOs/DPOs in different technical aspects of survey, design and implementation.
- (xxiii) Undertake additional tasks as recommended by Team leader.

k. Social Development Specialist (36 person-months, national)

18 The Social Development Specialist will have a Masters degree in Social Science and have substantial experience in mainstreaming gender equality and social inclusion in the project cycle. The Specialist will have a full understanding of the inclusion agenda that is in the forefront of national development and should be able to employ it in rural infrastructure sector planning and implementation arrangements. S/he is responsible for developing appropriate manuals and training guidelines and in the overall coordination and supervision

of social development interventions in the Project (Qualified women and disadvantaged caste and ethnicity will be preferred to take up the Post).

19 The Social Development Specialist will undertake the following tasks under the guidance of the Team Leader:

- (i) Review and track GoN's policies and guidelines on social development, mainly in the decentralization context and inform the PCU and DDCs to endorse it in view of project requirements.
- (ii) Supervise and guide staff at both central and district level to plan, implement and monitor social development activities for the Project. Develop terms of reference for the support staff at both the central and district level and involve in their hiring.
- (iii) Develop strategy and a standard set of operational guidelines in social inclusion and social interventions for the project and design and deliver its training components in coordination with the project technical team. In particular, update and strengthen DRILP manuals in the areas of participatory appraisals, community (ward-level) procedures in ensuring that all households, especially women-headed, dalits, janjatis, are reached by the Project, community finance and social accountability and audits, with clear rules and steps defined.
- (iv) Design social mobilization program activities to support all aspects of project planning and implementation, specifically in infrastructure and livelihood empowerment components of the project.
- (v) Design a standard set of templates and formats for implementation, monitoring and reporting of social development components, mainly the HH survey, Baseline Survey, Social Mobilization, Livelihood Enhancement Skills Training (LEST) and other related training programs.
- (vi) Develop a guideline for identifying and mobilizing external support agencies, including relevant government and sub-government bodies, NGOs and private agencies for required outsource services in social development interventions of the Project, specifically for Field Surveys and LEST activities.
- (vii) Work in close collaboration with the project technical team to assess the needs and requirements for social interventions during the implementation period and provide necessary support to plan and implement the activities.
- (viii) Review best practices, lesson learned and impact assessment reports in social interventions of similar projects and accordingly, adjust and upgrade social development components of the project.
- (ix) Form liaison with national level bodies representing the cause of vulnerable groups, including the National Women Commission, the National *Dalit* Commission, the Nepal Foundation of the Development of Indigenous Nationalities (NFDIN), National level NGOs, Relevant Government Line Agencies, National Planning Commission and Donors for information sharing and feedback.
- (x) Lead the team of Social Coordinators and guide the all socially-related aspects of the Project from the center to the village groups. Ensure that the DIST social teams work in a fully integrated way with the DIST engineers in design and DIST resettlement specialists.
- (xi) Undertake additional tasks as required by Team leader.

I. Regional Social Coordinators (2 persons, 60 person-months, national)

20 The Regional Social Coordinators will be experienced in social mobilization and community participatory process. The specialists will guide and assist DPOs and DIST in the intensive social and inclusive process required under the Project. It is desirable that the

social coordinators have experience in the use of the LEP approach. They should be capable trainers with leadership qualities and strong interpersonal skills, and be excellent team players.

10. The regional social coordinators will work under the leadership and guidance of the Social Development Specialist, and each will cover and be responsible for one of three regional groupings of districts. The tasks will include, among others:

- (i) Support to DDCs/DTOs in need of assistance in preparation of TORs and evaluation for the social team of the DIST.
- (ii) Provide orientation and training to DTO staff and DISTs in different social aspects for the effective implementation of the Project.
- (iii) Assist DISTs in the participatory process, consultation aspects of design, and implementation of supplementary investment schemes. Help provide advisory service to DISTs and beneficiary communities to establish organizational and financial systems for proper operation and maintenance of the physical infrastructures built.
- (iv) Act as permanent resource persons for need-based support to DTOs on social matters including dispute settlement.
- (v) Undertake frequent field visits (often for extended period and at least 75 % of time in field) to provide social backstopping to districts lagging in the implementation of subprojects.
- (vi) Assist in arranging on-site monitoring of project works by local stakeholders and provide guidance on the process of social audit at subproject completion.
- (vii) Help guide the DTOs/DISTs in formulating the process and program for LEST. Assist in the implementation and resolution of outstanding social and resettlement issues raised by stakeholders, including those raised during ADB review missions and in relevant studies, and, wherever applicable, incorporate the themes underlying these concerns in training or reconciliation programs.
- (viii) Undertake additional tasks as required by Team leader.

m. Short-Term Consultants (32 person-months, national)

11. Short-term consultants may be required in different areas of expertise. The following are brief outline TORs for some potential specialists; however, the actual expertise will be flexible and dependent on the needs of the Project.

12. **Awareness-Building Consultants:** The awareness building program aims to disseminate information on RRRSDP activities to general public and also makes them aware about the duties and responsibilities of local government officials and project staff. At the same time it provides opportunities to local government officials and project staff to clarify their role and responsibilities, code of conduct during project implementation. The awareness building consultants will be a group of qualified professionals, one with a social background most preferably with extensive experience in governance and citizenship charters, who will also coordinate among the team members as well, one with legal background and have extensive knowledge and experience in local governance in Nepal and sound knowledge on the code of conduct of elected and project staff and another with financial and accounting background and possesses field experience particularly public audit. They must have sound knowledge of human resource development needs and are capable trainers. The consultants will work under the team leader with guidelines from MLD/ DOLIDAR, to undertake the following tasks: (i) review the current practice of awareness building campaigns adopted by different projects especially rural infrastructure development projects and propose a modality in light of RRRSDP activities; (ii) develop a complete set of draft training materials on specific subject (as assigned), about 15–20 pages covering

different aspects of the subject in simple Nepali language; (iii) arrange for peer review of the draft materials by an expert identified by MLD/ DOLIDAR ; (iv) incorporate all comments and suggestions received and finalize the training materials for pilot workshop. Also, prepare a power point presentation for 1.5-hour session covering all main messages of the training materials; (v) the timeframe for the coordinator will be 2 weeks and for other consultants one week each; (vi) the coordinator will also consolidate all individual work and package in a single document. He/she will also organize a pilot workshop in one selected district; (vii) the coordinator with the help of other team members will incorporate all comment and suggestions and finalize the training materials.

13. **Quality Assurance Specialist:** The project will be implemented in a campaign mode to deliver results quickly to the target population. With time pressure and target orientation however, work quality may suffer and certain processes vital for the implementation of an infrastructure project could be compromised. While community participation in implementation will enhance ownership and sustainability with a potential favorable effect on quality, there is no quality control processes and culture at the DDC and community levels. This risk needs to be mitigated with the provision of an appropriate quality control support to DDCs. The Quality Assurance Specialist will (i) review the quality control and quality assurance requirements under the Project and help establish a simple but effective quality control system at DDCs; (ii) develop quality control procedures including applicable technical specifications and norms; (iii) assist and support the executing agency and DDCs to maintain the integrity of the agreed implementation processes (including procurement, contract management, technical and social processes), (iv) facilitate to establish quality control lab and train DTOs for quality control (v) secure the implementation of LEP construction approach to the specified standard of quality, and assure construction quality of completed works; (vi) carry out technical audit of a sample of subprojects, implemented both under community-based procurement and national competitive bidding procedure, for constructive feedbacks on quality improvement following the relevant manuals and checklists prepared by the National Vigilance Centre.

14. **Capacity Building and Training Specialist:** The Specialist will assist in developing the skills and capacities of DDCs/DTOs and DoLIDAR in (i) planning and implementation of rural infrastructure works, (ii) maintenance of infrastructure, (iii) procurement and management of services provided by the private and NGO sectors, and (iv) project management, monitoring and reporting. Skills training will be combined with and reinforced by mentoring support from specialist consultants. Technical and social as well as management training will be provided under the Project in coordination with relevant projects and TAs including AOTA that will be piggybacked on the project grant. The consultants will organize a series of on-the-job and formal training, orientation workshops and seminars, and hands-on sessions on the use of the project procedures and guidelines. The consultants will also assist the executing agency to monitor the performance of the trained staff and internalize the feedbacks into training programs. The consultant inputs will contribute to the broader government effort for institutional strengthening of DOLIDAR (ISAP).

15. **Impact Evaluation Specialist:** The Specialist will undertake periodic impact assessment of the Project to find out the magnitude and distribution of the direct and indirect benefits of the project interventions especially to the target population. The tasks of the consultants will be to (i) design detailed methodology on impact evaluation with Project Framework as its conceptual basis, (ii) supervise activities related to surveys, studies, data processing and analysis for impact evaluation, (iii) propose changes in operational procedures on the basis of evaluation findings to enhance the effects of the Project.

A. Detailed Terms of Reference of District Implementation Support Consultants

27. The DTO office will procure the services of the District Implementation Support Team (DIST). The scope of services for DIST follows.

a. Background

28. DIST shall be engaged mainly for social mobilization, survey, design and supervision of the implementation of the project, as well as supporting the districts to assess and select the sub-projects and supplementary investment projects. They will also execute the resettlement and environmental requirements for the subprojects. They shall be based in the district and shall maintain their operations from there. The team of engineering, social, resettlement, environmental and other expertise, as needed, will work closely and in integration.

29. A key project outcome is to create district capacity to contract out services to the private sector, as well as implementation of similar infrastructure projects. The RRRSDP LEP approach maximizes direct benefits to the rural poor in project areas, but will require a high level of supervision to ensure quality of work. The Consultants shall be utilized particularly with respect to:

- (i) Planning
- (ii) Feasibility studies
- (iii) Environmental assessment – monitoring and compliance
- (iv) Survey and Engineering design
- (v) Construction supervision and monitoring
- (vi) Measurement and Payment
- (vii) Quality control of sub-projects and supplementary investments
- (viii) Conduct social surveys
- (ix) Resettlement assessments and land compensation payment, including facilitation and negotiation between all parties
- (x) Social mobilization of Building Groups and gender and social inclusion sensitization of the community and DTO/DPO
- (xi) Involvement in selection, assessment and monitoring of supplementary investments
- (xii) Involvement in community development activities, such as; income generating schemes – Livestock, horticulture, skill development, savings and credit schemes, etc.
- (xiii) Non-income generating schemes - Literacy, awareness programs, etc.
- (xiv) Monitoring workers welfare
- (xv) Fair and timely payment to local Building Groups
- (xvi) Monitoring Public Audits / Public Hearings
- (xvii) Involvement in phase-out program development with the group
- (xviii) Involvement in situational analysis and indicator development with the group
- (xix) Liaison and facilitation of cooperation with the district administration

b. Objectives

30. The main objective of DIST is to ensure smooth implementation of the project and maintain a high quality of work at all times. The Consultants shall also be responsible for helping the districts and DPOs to assess and recommend sub-projects including organizing the feasibility studies, surveys, design, implementation and supervision of the subprojects. Similarly, all the related tasks to identify, select, design and implement supplementary investment projects shall also be carried out. The tasks shall be concentrated on, but not necessarily limited to, the following areas:

1. Implementation Aspects

31. The Consultants shall undertake feasibility study and the design of the sub-projects and supplementary investments, in accordance with the DOLIDAR LEP approach. The design shall run parallel but work closely with the resettlement assessment and cadastral surveying – the Consultants shall give due consideration to this whilst undertaking the design. Construction supervision, monitoring and reporting shall also be undertaken following the advice of the CISC and DPO.

2. Environmental Aspects

32. The Consultants shall assist in the screening and preparing IEE of proposed sub-projects, as well as the definition and implementation of mitigation measures. In addition they shall be involved in the environmental monitoring and compliance with environmental recommendations throughout the implementation period in line with GON existing environmental act.

3. Operation and Maintenance Aspects

33. The Consultants shall assist DDC in developing and establishing maintenance culture for the sustainability of the existing transport infrastructure and other facilities. Consultants also assist DDCs in the effective operation and management of district road maintenance fund (DRMF). They shall also ensure the proper implementation of DOLIDAR's rural road maintenance guidelines.

4. Capacity Building

34. The Consultants shall assist in the capacity building of the DDC to develop and manage the rural infrastructure.

5. Monitoring and Evaluation

35. The Consultants shall also carry out required monitoring to give inputs to the formal monitoring system and impact evaluation being undertaken at different stages of the project

6. Social Aspects

36. The Consultants shall also carry out all activities related to social mobilization and social development as per the project objectives

c. Scope of Work

37. The principal tasks of the Consultants with regards to technical and social aspects during the implementation of sub-projects and supplementary investment projects are, but will not be limited to, the following:

1. Technical Aspects

(a) planning, identification, selection and prioritization of sub-projects and supplementary investment projects

- (i) assist DPO in planning, identification, short-listing, prioritization and selection of sub-projects and supplementary investment projects;
- (ii) assist DPO in preparing annual work program

(b) review previous studies and collect relevant data

- (i) study and review available previous reports;

- (ii) collect topographical maps, aerial photographs, geological maps etc, if required;
- (iv) collect relevant information from concerned and relevant authorities;
- (v) collect district rates and work norms of DoLIDAR.
- (c) conduct studies, field surveys and investigation**
 - (i) carry out walkover survey, feasibility studies, IEE, detailed survey, design and cost estimates of sub-projects;
 - (ii) carry out detailed design and cost estimates of supplementary investment projects;
 - (iii) carry out and prepare detailed resettlement survey and plan
- (d) prepare designs, drawings, cost estimates, action plans**
 - (i) prepare road alignment details in consistent with the LEP approach to the extent possible, particularly considering mass balancing, phased construction and water management including bioengineering works;
 - (ii) prepare/revise detailed design of retaining structures, cross-drainage structures, slope stabilization works, with maximum use of locally available construction materials, and submit it to the DPO for approval;
 - (iii) prepare rate analysis and cost-estimates for items of work to conduct the works through the Users' Committees and local contractors and submit it to the DPO for approval;
 - (iv) prepare schedule of materials and labor required for all items of works on approved priority basis;
 - (v) prepare building group schedules allocating the construction works and length to each of the building groups in such a way that mobilized groups get an approximately equal volume of work;
 - (vi) prepare a list of tools required for each building group and recommend to the DPO for allocation to the building groups;
 - (vii) provide actual lines and layout for construction and closely monitor and supervise the works, so that the constructions are strictly within the LEP approach and within acceptable quality control limits;
 - (viii) monitor and check the attendance record of the laborers maintained by building groups;
 - (ix) certify, as required, advance payments to the labor groups on the basis of their attendance and work performed;
 - (x) measure the completed work volume in every month and certify for the running bill and / or final bill for payment to the building groups through VWRCC;
 - (xi) split the amounts to be paid to each group and its individual members;
 - (xii) identify complicated works, requiring higher skills that cannot be implemented through building groups and recommend to the DPO for contracting such works to local contractors;
 - (xiii) prepare contract documents for the execution of works specified in the above line and supervise the contract;
 - (xiv) check and certify the interim payment certificate submitted by the contractors to the client for the payment;
 - (xv) plan and implement bioengineering techniques for slope and fill stabilization;
 - (xvi) prepare training plan for different stakeholders including its own staff (engineers, senior overseers, district bio-engineering

- technicians, supervisors) and conduct training programs as per schedule so as to achieve quality control in construction;
- (xvii) prepare annual and monthly implementation plans of the construction works;
- (xviii) develop monitoring formats in compliance with GON and ADB monitoring guidelines;
- (xix) assist in contractor's pre-qualification and tender evaluation;
- (e) **carry out construction supervision;**
The consultant shall undertake full time monitoring and supervision of the construction works of sub-projects and supplementary investment projects, assuring quality and progress of works as envisaged under the LEP approach.
- (f) **prepare and recommend interim payment certificates;**
The building groups recommended by VWRCC will carry out the works on roads and others, the laborers will have to be paid at regular intervals as stated above. In case of civil works contracted to civil contractors, the consultant shall check, and recommend the interim payment certificates in two copies.
- (g) **plan and execute commissioning activities;**
To ensure that the construction works have been completed as specified in the contract documents, the consultant shall do the commissioning of the completed work and submit the Commissioning Report, preparing and submit "as built drawing".
- (h) **prepare and recommend final payment and completion certificate;**
Once commissioning is completed the consulting firm shall prepare and/or check the final payment certificate with its recommendations and submit the final completion report in five copies.
- (i) assist DPO in preparation of maintenance plans, annual work-plans for maintenance and assist to institutionalize the maintenance management of rural transport infrastructure by the concerned DDCs, including assistance in fund raising through toll collection and other sources;
- (j) collect, compile and provide relevant information, data to PCU, CISC, to develop appropriate guidelines for the effective implementation of the projects to fulfill the requirement of GON and ADB.

2. Social, Environmental, and Resettlement Aspects

- (a) **ensure institutional development of community based organizations in RRRSDP**
 - (i) facilitate in the formation and mobilization of VIUG, VICC, BGs and assist in their general assembly, regular meetings, renewal, auditing and other institutional activities;
 - (ii) plan and conduct orientation and training programs for institutional development of VIUG, VICC, BGs and affected VDCs;
 - (iii) preparation of by-laws of VIUG, VICC etc;
 - (iv) conduct mass meetings to motivate beneficiaries in the maintenance of built infrastructures;
 - (v) provide assistance in converting VIUG and VICC into the member based organizations;
 - (vi) assist the building groups to become registered as cooperatives or community based organizations (CBO);
 - (vii) Support newly formed cooperatives/ CBOs in developing their capacity for providing better services to their members.

- (b) ensure genuine participation of local beneficiaries with strong emphasis on women, disadvantaged groups**
 - (i) prepare household list of beneficiaries belonging to the project influence area in coordination with the VIUG;
 - (ii) conduct base line survey and beneficiary awareness campaigns to prepare the list of potential laborers and to form genuine labor groups with special emphasis to include women and disadvantaged people;
 - (iii) ensure that the VIUG recommend genuine building groups to the DPO for the award of works;
 - (iv) Initiate and strengthen community social empowerment activities through participatory approaches to reduce social exclusion.
 - (v) Help groups establish linkages with private, NGO and GON service providers and financial institutions;
 - (vi) Coordinate with other service providers, DDC, VDC, DAO, DFO etc as required.
- (c) ensure fair working condition to the laborers**
 - (i) conduct awareness raising programs for laborers at construction sites informing them about their opportunities, rights and duties;
 - (ii) ensure that the laborers are fully aware of the insurance facilities provided under the project and facilitate claims arising out of injuries, disabilities and death;
 - (iii) enforce strictly the provision of use of labor cards;
 - (iv) develop and implement mechanism for the use of first aid box and other possible facilities in a sustainable way;
 - (v) disseminate information regarding occupational safety and health including use of safety helmets during execution of risky works;
 - (vi) prepare posters and pamphlets for dissemination of relevant information on fair working condition including elimination of child labor, provision of equal pay for both the men and women for equal volume of works performed, occupational safety and health, and other relevant aspects;
 - (vii) develop and implement mechanisms for fair and timely distribution of wages including effective tools for maintaining transparency;
 - (viii) through group motivators witness the distribution of payments, to assure that the distributions are made fairly;
 - (ix) inform the concerned VIUG/VICC and the Project for action in case of any discrepancy noted in relation to fair working condition;
- (d) carry out activities to enhance socio-economic condition of the local beneficiaries**
 - (i) form and mobilize saving and credit groups from the potential labor groups;
 - (ii) plan and implement training programs for effective running of such saving and credit groups and facilitate their proceedings and meetings to make them sustainable;
 - (iii) identify comparatively advantageous income generating areas related to agriculture, animal husbandry and other domestic occupations and the likes and impart training on such areas for the uplift of economic condition of the local people;
 - (iv) assist to identify, prioritize, design and implement

supplementary investments projects and ensure the effective management, operation and maintenance;

- (v) prepare IPDP if required and assist in its implementation
- (vi) coordinate with the district line agencies to streamline their interventions effectively in the project influence area.

(e) carry out activities to develop feeling of ownership among the beneficiaries

- (i) conduct regularly community review meetings, public hearings and public audit for the transparency of the project and seek opinions for improvement;
- (ii) conduct extempore and essay competition in schools and clubs of project affected areas in order to raise awareness among wider mass of the population;
- (iii) develop mechanisms (e.g. signboards, notice boards, posters, pamphlets and the likes) and implement them to maintain transparency and accountability in the project so as to develop feeling of ownership among the beneficiaries;
- (iv) plan and implement awareness raising programs to the road side neighbors so as to avoid encroachment of rights of way, unplanned ribbon settlement along road corridor, unsafe disposal of water along road surface, unauthorized quarrying of stones and soil from road embankments;

(f) carry out resettlement survey and prepare resettlement plan

- (i) undertake district, community and ward level social and resettlement surveys as required for each sub-project and prepare the resettlement plan;
- (ii) resettlement assessments and land compensation payment, including facilitation and negotiation between all parties.

(g) carry out environmental assessments and mitigation plans

- (i) undertake required works for environmental assessment, clearances and reporting;
- (ii) where required, formulate an environmental mitigation plan and ensure its implementation arrangements;

(h) organize and conduct orientation training

- (i) organize and conduct orientation and awareness trainings at least once a year to different stakeholders including VIUG, VICC, BGs; savings and credit groups about the process and procedures of the project implementation.

(i) maintain constant liaison with key stakeholders, CISC and PCU

- (i) While carrying out aforementioned tasks the Consultants should follow the guidelines developed and incorporated by the project. The Consultants should also provide required information from the districts to develop and improve or incorporate in necessary guidelines, manuals etc. The Consultants shall also closely coordinate with PCU, CISC and follow the instructions and advice of the PCU, CISC in carrying out the above activities. The Consultants shall make available staff for the capacity training and other trainings carried out by PCU, CISC etc.

d. Proposed Composition of Staff

38. In order to complete the above tasks, the client has proposed the following staff:

1. Technical team

39. Individual requirements will be formulated for each district depending on the types of infrastructure and needs. Therefore the following formulation is indicative:

(a) Team Leader, Rural Infrastructure Engineer – Full time, (42 person months)

40. The Team Leader should have a minimum qualification of Bachelors Degree in civil engineering with at least 5 years of practical experience in construction project management and at least 2 years of experience in rural transport infrastructure projects with the LEP approach. Preference shall be given for the candidates with Masters Degree related to civil engineering. It is mandatory that the proposed Team Leader should be registered with the Nepal Engineering Council in accordance with the Nepal Engineering Council Act, 205.

41. The team leader shall lead both technical and social team and be responsible for the overall implementation, coordination, administration and management of the whole team. Further, assist DPOs in preparing rural road maintenance plan.

(b) Deputy Team Leader, Civil Engineer – Fulltime (42 person months)

42. The Deputy Team leadert should have a minimum qualification of Bachelor's Degree in civil engineering with, preferably, 3 years of practical experience in construction project management and 1 year of experience in rural transport infrastructure projects with the LEP approach.

43. The specialist shall provide technical input and guidance in design, engineering, construction, supervision, monitoring and reporting; and will work closely with the social, resettlement, and environment team members in overall implementation.

(c) Sub Engineers – 2 (84 person months)

44. The Overseer shall have a minimum qualification of proficiency level/Diploma in civil engineering with at least 3 years of experience in construction supervision of hill roads. S/he should be familiar with the LEP approach to rural road construction and be stationed at the construction site full time.

(c) Assistant Sub-Engineers – 4 (168 person months)

45. The Sub-overseers shall have a minimum qualification of TSLC/sub overseer level and be stationed at the construction sites full time.

2. Social Team

(a) Social Development Officer – 1 (24-40 person months)

46. The Social Development Officer should have a minimum qualification in Bachelors of Arts in social science/sociology. S/he should have at least 5 years of experience in the related field. Preference shall be given to the candidate experienced in rural infrastructure project with social mobilization aspects. S/he is expected to provide input in the field with intensive field visits.

(b) Social Mobilizers/Facilitator - 4 (168 person months)

47. Preferably, should have a minimum qualification of proficiency certificate level of Arts in social science/sociology and have had at least 3 years experience in a similar position. At a minimum, shall have at least S.L.C. level education. S/he shall be stationed at the site full time.

3. Resettlement and Environment Input

(a) Resettlement Specialist – 1 (12-18 person months)

48. Should have a minimum qualification in Bachelors of engineer/science in relevant field. S/he should have 2 years of experience in the related field. Preference shall be given to the candidate experienced in rural infrastructure project with resettlement aspects. S/he is expected to provide input in the field with intensive field visits.

(b) Environmental Specialist - 1 (12-15 person months)

49. Should have a minimum qualification in environmental sciences/management/engineering, or a closely aligned field. S/he should have a minimum of 3 years of experience in the field carrying out environmental assessment work. Preference shall be given to the candidate experienced in rural infrastructure project with environmental aspects and LEP exposure. The proposed expert should be registered with the Nepal Engineering Council in accordance with the Nepal Engineering Council Act, 2055.

4. Support Staff

(a) Accountant/Administrative assistant/Computer operator – 1 (42 person months)

50. The office assistant shall have experience in administrative and financial duties in a similar environment and should have a proficiency certificate level in any subject. S/he should have sufficient knowledge in computer and basic programs (word, spreadsheet, PowerPoint etc).

5. Unallocated Staff (10 person months)

51. The Consultants shall also propose for engagement of unallocated staffs (experts) as and when required, to address the need of such input demanded by the works. Such anticipated experts may be as follows:

(a) Geologist/Geo-technical

52. The expert should have a Masters degree in the field of specialization. S/he should have at least 5 years of experience in a related field. Preference shall be given for the experienced in rural infrastructure projects with LEP approach.

(b) Bio-engineering Technician

53. Bio-engineering technicians shall have proficiency certificate level in arts, science or engineering with at least three years of experience in supervision of bio-engineering works, including survey, design and nursery establishment and management.

(c) Bio-engineering Supervisor

54. Bio-engineering supervisor shall have a minimum qualification of TSLC/sub overseer level with experience in supervision of bio-engineering works and be stationed at the construction sites full time.

55. The proposed tentative person-months requirements for the required services are summarized as follows:

56. The input of the above proposed personnel and person-months may vary depending upon the volume of work and shall be utilized based on as and when required basis. Thus, the deployment would be on the basis of approved annual work plan.

57. In case of unallocated staff positions, the inputs can be interchanged and used based on requirements.

e. Reporting

58. The Consultants should prepare all required reports mentioned in PPM and Project Performance Monitoring Systems (PPMS) in the prescribed format and numbers. Simple and concise progress monitoring and reporting should be submitted covering technical, socio-economic and financial aspects of the project. In addition the Consultants shall also assist to prepare all monthly, trimester and periodic reporting that is being undertaken by the DPO or other consultants, in accordance with the ADB and GoN requirements. The reports should be clear and concise with all relevant data disaggregated by gender. Standard reporting shall include, but not be limited to:

- (ii) Monthly progress reports for GoN as a P1 project.
- (iii) Trimesterly and Annual reports to be submitted to ADB by PCU and related GoN P1 progress reports.
- (iv) Reports on Contract Awards and Disbursement Projections and progress.
- (v) Other reporting as required by the Project Performance Management System (PPMS).
- (vi) Project completion report.
- (vii) Any other report required by DPO.

f. Drawings

59. Drawings should be submitted in suitable scales, however following references are given:

- Index Plan 1:10,000
- As built longitudinal plan and profile 1:1,000
- As built cross-sections at intervals of 10m to 20m 1:100
- Construction details and working drawings
- including cross sections 1:50 to 1:100
- Location map of spoil dump area not to scale

SUBMISSION 1
REPORT ON SHORTLISTING OF CONSULTING FIRMS
(QCBS Method)

Loan Number/Country/Project Title : : _____

Consulting Package Number : : _____

Name of Executing Agency : : _____

Report Submitted by : : _____

Name : : _____

Signature : : _____

Position : : _____

Date : : _____

1. **The CSC Members**
[List names of members according to ministry/department/agency and designation in a table format]
2. **Type of Proposal:** FTP/STP/BTP
[Select type of proposal used]
3. **Budget for Consulting Services Contract:** US\$
4. **Comments on draft RFP including Data Sheet, TOR, and draft Contract:**
[Prepare TOR and complete Data Sheet (Form 8.1). EAs are advised to avoid making modifications to the standard documentation unless absolutely necessary due to government policy, e.g. applicable law or arbitral procedure. Any proposed deviations from, and changes to, the standard ADB documents are highlighted in this section and a detailed justification must be provided for each such change.]
5. **Criteria for Evaluating Technical Proposals**
[Prepare appropriate summary evaluation sheets²⁹ (Forms: EV 1.1/EV 1.2/EV 1.3), personnel evaluation sheets³⁰ (Form EV 3.1) and the narrative evaluation criteria. Provide weights for each criterion in the summary evaluation sheet and detailed information on how to apply these weights and, if necessary, to distribute them to sub-criteria in narrative evaluation criteria.]
6. **Shortlisting Criteria**
[Apply the following criteria for the shortlisting of the consulting firms for the loan project:
 - (i) *Experience of the firm with projects of similar nature: (Insert further appropriate details)*
 - (ii) *Experience of the firm in the project country or in the region: (Insert further appropriate details)*
 - (iii) *Others: (Include other shortlisting criteria and provide appropriate details)]*

²⁹ Appropriate templates for the 3 types of proposals are: (i) FTP–Form EV 1.1, (ii) STP–Form EV 1.2, and (iii) BTP–Form EV 1.3.

³⁰ The Form EV 3.1 is the same for all types of QCBS proposals.

7. Proposed Shortlist of Consultants

[List names of Consulting Firms, and their country of incorporation]

8. Comments on Shortlisted Firms

[Reasons for including more than one firm per country, if it is the case]

9. Proposed Schedule of Recruitment Activities³¹

Date

(i)	CSC shortlisting meeting	_____
(ii)	SUBMISSION 1 submitted to ADB	_____
(iii)	Receipt of ADB's approval of SUBMISSION 1	_____
(iv)	Issuance of RFP	_____
(v)	Deadline for receipt of Proposals	_____
(vi)	CSC technical proposal evaluation	_____
(vii)	SUBMISSION 2 submitted to ADB	_____
(viii)	Receipt of ADB's approval of SUBMISSION 2	_____
(ix)	Public opening of financial proposals	_____
(x)	CSC financial evaluation and ranking of Proposals	_____
(xi)	SUBMISSION 3 submitted to ADB	_____
(xii)	Receipt of ADB's approval of SUBMISSION 3	_____
(xiii)	Commencement of contract negotiations	_____
(xiv)	SUBMISSION 4 submitted to ADB	_____
(xv)	Receipt of ADB's approval of SUBMISSION 4	_____
(xvi)	Signing of Contract	_____
(xvii)	SUBMISSION 5 submitted to ADB	_____
(xviii)	Notice to proceed and mobilization	_____
(xix)	Commencement of services	_____
(xx)	Completion of services	_____

10. Consultant Recruitment Activity Monitoring (CRAM)

[Update and confirm schedule in CRAM]

We request ADB's approval of our shortlist of consulting firms, the criteria for

evaluation of technical proposals, the draft RFP, and the draft contract.

Attachments:

Attachment 1	Minutes of CSC meeting
Attachment 2	Budget for consulting services including details of provisional sum and contingency
Attachment 3	Draft RFP with TOR, Data Sheet (Form EV 8.1), Summary Evaluation Sheet ³² (Forms: EV 2.1/EV 2.2/EV 2.3), Personnel Evaluation Sheets (Form EV 3.2), and Draft Contract
Attachment 4	Narrative Technical Evaluation Criteria
Attachment 5	Updated CRAM

³¹ Lead time for each activity could be based on the CRAM.

³² Appropriate templates for the 3 types of proposals are: (i) FTP – Form EV 1.1, (ii) STP – Form EV 1.2, and (iii) BTP – Form EV 1.3.

SUBMISSION 2
REPORT ON EVALUATION OF TECHNICAL PROPOSALS
(QCBS Method)

Loan Number/Country/Project Title : : _____

Consulting Package Number : : _____

Name of Executing Agency : : _____

Report Submitted by : : _____

Name : : _____

Signature : : _____

Position : : _____

Date : : _____

1. **The CSC Members**
[List names of members according to ministry/department/agency and designation in a table format]
2. **Result of CSC Evaluation of Technical Proposals**
[List name of consultant, country, and score in a table format]
3. **Narrative Comments on the Technical Proposals:**
[CSC's comment on the strengths and weaknesses of each technical proposal including comments on personnel evaluated as "below average."]
4. **Proposed Date of Public Opening of Financial Proposals:**
[Indicate the location and date of public opening.]
5. **Consultant Recruitment Activity Monitoring (CRAM)**
[Update CRAM. Indicate reasons for any delay and remedial actions taken.]

We request ADB's approval of our evaluation of the technical proposals. We will then publicly open the financial proposals of the technically qualified consultants for financial evaluation and ranking.

Attachments:

Attachment 1	Summary of Evaluation Sheet ³³ (Forms EV1.1/ EV1.2/ EV 1.3) <i>[Provide the appropriate evaluation sheet for the type of proposal selected]</i>
Attachment 2	Personnel Evaluation Sheets ³⁴ (Form EV 3.1)
Attachment 5	Updated CRAM

³³ The appropriate templates for the 3 types of proposals are: (i) FTP–Form EV 1.1, (ii) STP–Form EV 1.2, and (iii) BTP–Form EV 1.3.

³⁴ The Form EV 3.1 is the same for all types of QCBS proposals.

SUBMISSION 3
REPORT ON FINANCIAL EVALUATION AND RANKING OF PROPOSALS
(QCBS Method)

Loan Number/Country/Project Title : : _____

Consulting Package Number : : _____

Name of Executing Agency : : _____

Report Submitted by : : _____

Name : : _____

Signature : : _____

Position : : _____

Date : : _____

1. The CSC Members

[List names of members according to ministry/department/agency and designation in a table format]

2. Evaluation

[The calculation sheets³⁵ used for the evaluation of financial proposals will have to be submitted to ADB upon request; list name of consultant, country, score and rank on a table format; provide narrative comments on adjustments/corrections made to the financial proposals of the firms.]

3. Consultant Recruitment Activity Monitoring (CRAM)

[Update CRAM. Indicate reasons for any delay and remedial actions taken.]

We request ADB's approval to have contract negotiations with *[insert name of first-ranked firm]*, the first-ranked evaluated firm, commencing on *[insert date]* at *[insert location]*.

Attachments:

Attachment 1	Minutes of CSC meeting on evaluation
Attachment 2	Record of attendance at public opening (Form EV 4.1)
Attachment 3	Record of proposal total prices (Form EV 4.2)
Attachment 4	Completed Summary Evaluation Sheet of financial proposals of individual firms (Form EV 5.6)
Attachment 5	Completed Summary Evaluation Sheet for financial proposals for all firms (Forms EV 6 and EV 6.1)
Attachment 6	Completed Summary of Ranking Sheet (Form EV 7)
Attachment 7	Updated CRAM

³⁵ ADB will provide templates of calculation sheets upon request.

SUBMISSION 4
DRAFT NEGOTIATED CONTRACT
(QCBS Method)

Loan Number/Country/Project Title : : _____

Consulting Package Number : : _____

Name of Executing Agency : : _____

Report Submitted by : : _____

Name : : _____

Signature : : _____

Position : : _____

Date : : _____

1. Comments on Contract Negotiations

[Any changes to ADB's standard contract should be highlighted and explained with adequate justification. In case of unsuccessful negotiations, ADB is to be informed in detail on the reasons for the failure of negotiations. ADB approval must be requested before the next-ranked firm can be invited for contract negotiations.]

2. Consultant Recruitment Activity Monitoring (CRAM)

[Update CRAM. Indicate reasons for any delay and remedial actions taken.]

We request ADB's approval of the negotiated contract with the successful consulting firm *[name of firm]*.

Attachments:

Attachment 1	Minutes of Contract Negotiations
Attachment 2	Draft negotiated contract with appendixes A, B, C and D
Attachment 3	Updated CRAM

PROCUREMENT PLAN

Project Information	
Project Name	Nepal: Rural Reconstruction and Rehabilitation Sector Development Program
Project Number	
Project Cost	\$108.5 million
Of Which ADB Grant Amounts	\$50.0 million
Executing Agency	Ministry of Local Development
Approval Date of Original Procurement Plan	Target on 16 November 2007
Approval of most recent Procurement Plan	Not Applicable
Publication for Local Advertisements	Target in First Quarter of 2008
Period covered by this Plan	18 months from date of grant effectiveness

Table A13.1: Procurement Thresholds for Goods & Related Services, Works and Supply

Procurement Method	Threshold (US\$)
Goods	
International Competitive Bidding (ICB)	>1,000,000
National Competitive Bidding (NCB)	>100,000 and <= 1,000,000 Usage subject to the provisions of NCB annex
Shopping	<= 100,000
Works	
ICB	>1,000,000
NCB	>100,000 and <= 1,000,000 Usage subject to the provisions of NCB annex
Shopping	>30,000 and <=100,000
Community participation	<=30,000, in accordance with <i>Procurement Guidelines</i> (2007) para. 3.17, and PAI 3.05H and PAI 5.12

Table A13.2: Procurement Thresholds for Consulting Services

Procurement Method	Threshold (US\$)
Quality Cost Based Selection (QCBS)	>200,000
Consultants Qualifications Selection (CQS)	<=200,000
Least Cost Selection (LCS)	<=100,000
Single Source Selection (SSS)	Applied in accordance with Para. 2.29-2.31, <i>Guidelines on the Use of Consultants</i> (2007)
Individual Consultant Selection (ICS)	Applied in accordance with Para. 2.34, <i>Guidelines on the Use of Consultants</i> (2007)

Table A13.3: Goods and Works Contracts in Excess of \$100,000

Contract Description	Estimated Cost (\$ million)	Number of Contracts	Procurement Method	Expected Date of Advertisement	Prior Review (Yes/No)
Civil Works	73.9	Multiple	NCB	October 2008	Yes
Vehicle and Equipment	4.3	Multiple	ICB / NCB	February 2008	Yes

Table A13.4: Consulting Services Contracts in Excess of \$100,000

Contract Description	Estimated Cost (\$ million)	Number of Contracts	Procurement Method	Expected Date of Advertisement	Prior Review (Yes/No)
Central Implementation Support Consultants	3.1	6	QCBS (1) / ICS (5)	February 2008	Yes
District Implementation Support Team	6.0	Multiple	CQS (20)/ ICS / LCS	February 2008	Yes

DISBURSEMENT LETTER

DATE

Secretary
Ministry of Finance
Singha Durbar

Subject: **Grant 0093-NEP: Rural Reconstruction and Rehabilitation Sector Development Program**

1. We draw your attention to the Grant Agreement dated 14 January 2008. The Grant account will be credited with US Dollars Fifty Million only (US\$50,000,000) when the financing agreement becomes effective.

Withdrawal of Grant Proceeds

2. Expenditures are normally eligible for financing from the date the financing agreement becomes effective. We enclose a copy of our Loan Disbursement Handbook (Handbook), and hope it will assist you in making withdrawals from the grant account. Any one of the standard disbursement procedures described in the Handbook may be utilized. For disbursements using the Statement of Expenditures (SOE) procedure and/or the Imprest Fund procedure which normally require ADB's approval, please refer to Chapters 9 and 10 of the Handbook. Sample withdrawal applications forms are in the Appendices of the Handbook³⁶. Incomplete withdrawal applications, which do not substantially meet the criteria requirements for disbursement, will be returned to you.

3. We also wish to draw your particular attention to the following disbursement arrangements:

a. Imprest Fund Procedure

4. Under paragraph 5(a) of Schedule 2 of the financing agreement, when ADB's imprest fund procedure is used, a portion of the grant proceeds is deposited by ADB into an imprest account from which you may draw ADB's share of eligible Project expenditures. The initial amount to be deposited into the imprest account shall not exceed the lesser of the equivalent of ten (10) percent of the Grant amount or the estimated expenditure for the six months of Project implementation. Detailed procedures for establishing and operating the imprest fund are set out in Attachment 1 of this letter.

b. Statement of Expenditures (SOE)

5. Under paragraph 5(c) of Schedule 2 of the financing agreement, you may apply the SOE procedure to reimburse, liquidate or replenish the grant imprest accounts for expenditures not exceeding US\$100,000 per individual payment. Details of the SOE procedure and formats to be used are in the Handbook. Under the SOE procedure, you should retain all supporting documents and produce them for examination by ADB's representative whenever needed. Furthermore, SOE records are periodically audited, as part of the project audit, by an independent qualified auditors or auditor acceptable to ADB and the audit report is to be given to ADB not later than nine months after the end of each fiscal year.

³⁶ Please ensure that each withdrawal application is numbered sequentially with a five-character numeric identification, such as 00001. Assign an alpha identification for each EA (province) if there is more than one EA and submission of withdrawal applications is done separately by the EA (province).

Authorized Signatory (ies)

6. The Handbook describes what you must do before disbursement commences. The person(s) nominated by you to sign the withdrawal applications on your behalf should be authorized under the financing agreement provisions. An authorization letter for the Grant, together with the relevant specimen signature(s), is to be sent to ADB before submission of the authorization letter, accompanied by the specimen signature(s) to ensure uninterrupted processing of Grant disbursements.

Condition for Withdrawal from the Grant Account

7. Notwithstanding any other provision of this financing agreement, any withdrawal from the grant account will be subject to the condition that ADB has, in accordance with the provisions of the Resolution No 300 of the Board of Governors of ADB adopted 25 August 2004, "Eight Replenishment of the Asian Development Fund and Third Regularized Replenishment of the Technical Assistance Special Fund" and as determined by the President, sufficient resources to finance the Grant.

Required Action

8. We suggest that the procedures contained in the enclosed publication be studied thoroughly by the officials responsible for administering the grant. Please tell us if we can clarify any of the attachments. To avoid delays in disbursement after the grant becomes effective, you should quickly:

- (a) submit the withdrawal authorization letters together with the relevant specimen signature(s); and
- (b) submit the withdrawal applications for the initial deposit to the imprest account.

Advice of Withdrawals

9. Advice of withdrawals and other grant disbursement information is available at the Controller's Department's website address, <http://lfis.adb.org>. For password access, please contact the Borrower's Services Section, Loan Administration Division, Controller's Department at lfis@adb.org. Please provide us the updated address, telephone number and e-mail addresses of the executing/implementing agency(ies) concerned.

10. Please circulate this letter to the concerned project staff, including project accountants.

11. We look forward to your continue cooperation and a mutually beneficial relationships in the future.

Sincerely

Hiroshi Fukukawa
Officer In Charge
Loan Administration Division

Monitoring System for Output Performance Targets for Quarterly Progress Report

(Base line in APT)

Responsible agencies -> Monitoring information	At user groups (community)		At VDC (VIUG)			At DDC (DISI)			At DOLIDAR (PCU/CISC)	
	Collect	Report	Collect	Process	Report	Collect	Process	Report	Collect	Process
Institutional reforms: letter, documents, guidelines, and manuals.									Look into concerned files and documents	Verify approved documents quarterly
Awareness and training programs	Keep attendance sheets	Send them after the completion of programs	Collect the records	Compile all records, calculate proportion of participants across gender and ethnic groups	Send to DDC every month	Collect the completed program reports and attendance sheets	Record in computer and verify with base line data across different programs and calculate average proportion of participants	Report number of programs and participants disaggregated to women and ethnic groups monthly	Collect the reports in soft copy as far as possible	Record in computer and verify with base line data across different programs and calculate average proportion of participants
Physical progress Road and bridges, water supply and sanitation facilities and system installations	Count and measure completed works every month	Send the records every month	Collect the records	Compile all records across different sub projects and verify progress against the targets	Send the reports to DISC every month	Collect all the reports	Record in computer and verify with base line data across different subprojects and program components	Report the progress reports every month	Collect the reports in soft copy as far as possible	Record in computer and verify with base line data across different subprojects and program components
Wage paid, workers insured, contribution from beneficiaries						Keep wage records, insurance and contribution	Record in computer and verify with base line data across different subprojects, user groups	Report number of programs and participants disaggregated to women and ethnic groups monthly	Collect the reports in soft copy as far as possible	Record in computer and verify with base line data across different programs and calculate average proportion of participants
Number of committees and groups formed and proportion of women and disadvantaged groups in groups and committees	Keep attendance sheets,	Send them after the completion of programs	Collect the records	Compile all records, calculate proportion of participants across gender and ethnic groups	Send to DDC every month	Collect the completed program reports and attendance sheets	Record in computer and verify with base line data across different programs and calculate average proportion of participants	Report number of groups and committees and members disaggregated to women and ethnic groups monthly	Collect the reports in soft copy as far as possible	Record in computer and verify with base line data across different committees and members disaggregated to women and ethnic groups
Quantity of daily water supply, gravel standard of the roads, Local organizations mobilized for training, participatory process used, public audit conducted, activities and milestones for starting another activities or production of outputs						Make inspection visits , supervision visits, make observation and collect reports every month Verify documents	Prepare and collect reports	Send this reports every month	Collect the reports	Prepare integrated reports

Appendix 10

Monitoring System for Outcome Targets for Six Monthly PBME

Responsible agencies ->	Base line	At user groups (community)		At VDC (VIUG)			At DDC (DISC)			At DOLIDAR (PCU/CISC)	
Monitoring information		Collect	Report	Collect	Process	Report	Collect	Process	Report	Collect	Process
Average travel time to road heads reduced	4.05 hrs									GIS half yearly	GIS analysis
Average travel time in road transport reduced	Walkover study on selected subprojects prior to project design	Collect opinion on travel time on completed roads	Send the time records after the completion of sub project	Collect the time records	Compile all records, calculate differences with pre and post project	Send to DDC after the completion of subprojects	Collect the compiled time records	Verify with base line data across different subprojects and calculate average travel time	Report to the disaggregated time of subprojects and average travel times	Collect all reduced time	Calculate average reduced time across subprojects and calculate overall average
Access to assured drinking water to additional HH increased	Walkover study on selected subprojects prior to project design	Count the additional HH covered by WS projects	Send the records after the completion of sub projects	Collect the records	Compile all records total additional HH	Send to DDC after completion of subprojects	Collect all the records	Add all additional HH	Report to the disaggregated time of subprojects and average travel times		Add all additional HH
Self decision for local infrastructure development made by DDC / VDC members				Compile minutes of all management meetings	Count number of decisions made against total decisions	Send the reports every month	Collect reports from VDC and compile minutes of DDC management meeting	Count number of decisions made against total decisions in DDC and VDC	Report total and disaggregated percentage of local decisions of VDC and DDC	Collect	Calculate percentage of decisions made against total decisions in DDC and VDC
Proportion of women and disadvantaged people in user groups, committees increased	Walkover study on selected subprojects prior to project : population mix with gender and disadvantaged population	Keep attendance sheets	Send them to VDC	Collect the records and keep attendance sheet for village level committee	Compile all records, calculate proportion of participants across gender and ethnic groups	Send to DDC every month	Collect the reports and keep attendance sheets for DDC level committees	Record in computer and verify with base line data across different programs and calculate average proportion of participants	Report number of groups and committees and members disaggregated to women and ethnic groups monthly	Collect the reports in soft copy as far as possible	Record in computer and verify with base line data across different committees and members disaggregated to women and ethnic groups

Pro Forma of the Executing Agency's Project Progress Report

A. Introduction and Basic Data

Provide the following:

- ADB loan number, project title, borrower, executing agency(ies), implementing agency(ies);
- total estimated project cost and financing plan;
- status of project financing including availability of counterpart funds and cofinancing;
- dates of approval, signing, and effectiveness of ADB loan;
- original and revised (if applicable) ADB loan closing date and elapsed loan period based on original and revised (if applicable) loan closing dates; and
- date of last ADB review mission.

B. Utilization of Funds (ADB Loan, Cofinancing, and Counterpart Funds)

Provide the following:

- cumulative contract awards financed by the ADB loan, cofinancing, and counterpart funds (commitment of funds to date), and comparison with time-bound projections (targets);
- cumulative disbursements from the ADB loan, cofinancing, and counterpart funds (expenditure to date), and comparison with time-bound projections (targets); and
- reestimated costs to completion, need for reallocation within ADB loan categories, and whether an overall project cost overrun is likely.

C. Project Purpose

Provide the following:

- status of project scope/implementation arrangements compared with those in the report and recommendation of the President (RRP), and whether major changes have occurred or will need to be made;
- an assessment of the likelihood that the immediate development objectives (project purpose) will be met in part or in full, and whether remedial measures are required based on the current project scope and implementation arrangements;
- an assessment of changes to the key assumptions and risks that affect attainment of the development objectives; and
- other project developments, including monitoring and reporting on environmental and social requirements that might adversely affect the project's viability or accomplishment of immediate objectives.

D. Implementation Progress

Provide the following:

- assessment of project implementation arrangements such as establishment, staffing, and funding of the PMO or PIU;

- information relating to other aspects of the EA's internal operations that may impact on the implementation arrangements or project progress;
- progress or achievements in implementation since the last progress report;
- assessment of the progress of each project component, such as,
 - recruitment of consultants and their performance;
 - procurement of goods and works (from preparation of detailed designs and bidding documents to contract awards); and
 - the performance of suppliers, manufacturers, and contractors for goods and works contracts;
- assessment of progress in implementing the overall project to date in comparison with the original implementation schedule—quantifiable and monitorable target, (include simple charts such as bar or milestone to illustrate progress, a chart showing actual versus planned expenditure, S-curve graph showing the relationship between physical and financial performance, and actual progress in comparison with the original schedules and budgets, the reference framework or guidelines in calculating the project progress including examples are shown in Appendix 2); and
- an assessment of the validity of key assumptions and risks in achieving the quantifiable implementation targets.

E. Compliance with Covenants

Provide the following:

- the borrower's compliance with policy loan covenants such as sector reform initiatives and EA reforms, and the reasons for any noncompliance or delay in compliance;
- the borrower's and EA's compliance with financial loan covenants including the EA's financial management, and the provision of audited project accounts or audited agency financial statements; and
- the borrower's and EA's compliance with project-specific loan covenants associated with implementation, environment, and social dimensions.

F. Major Project Issues and Problems

Summarize the major problems and issues affecting or likely to affect implementation progress, compliance with covenants, and achievement of immediate development objectives. Recommend actions to overcome these problems and issues (e.g., changes in scope, changes in implementation arrangements, and reallocation of loan proceeds).

Framework and Guidelines in Calculating Project Progress

A. Introduction

1. To ensure that all implementation activities are reflected in measuring implementation progress against the project implementation schedule, the term "physical completion" in the PPR has been changed to "project progress."
2. Physical and precommencement activities are considered in calculating project implementation progress. These activities, which may include recruitment of consultants, capacity building, detailed design, preparation of bid and prequalification documents, etc., could constitute a significant proportion of overall implementation and therefore should be counted.
3. Each activity in the implementation schedule will be weighted according to its overall contribution (using time as a reference) to progress of project implementation. These weights will then be used to calculate the percentage of project progress along the entire time span of the project. This is to provide a holistic view of the pace of implementation.

B. Framework for Compiling Activity List and Assigning Weights

4. As implementation activities and their corresponding weights will vary according to the type of project, sector, and country, sector divisions or RMs will be responsible for determining and including them in the project administration memorandum. The actual project implementation progress of these activities should be reported regularly through the EA's quarterly project progress report. To ensure ADB-wide consistency, the following framework has been established; its application will be monitored through the PPR.

1. Compilation of Activity List

5. Sector divisions or RMs concerned should identify major implementation activities and include them in the implementation schedule, which is attached as an appendix in the report and recommendation of the President (RRP). The implementation schedule should follow the critical path of the project's major activities in project implementation taking account of various country, sector, and project constraints.

2. Assignment of Weights

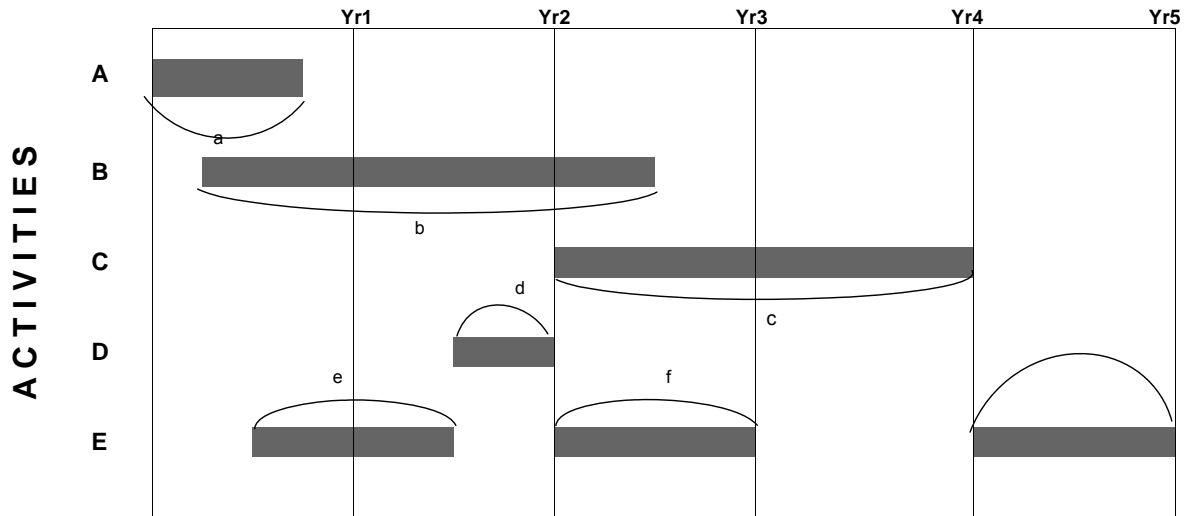
6. Corresponding weights for each activity should be assigned to ensure that "project progress" measures the percentage of achievement (nonfinancial except when the project has credit components) for all events during the entire duration of the implementation schedule. To avoid disproportionate assignment of weights, to the extent possible these should be evenly distributed along the implementation schedule. When activities are concurrent, avoid "double counting."

3. Computation of Project Progress

7. Once all activities are identified and corresponding weights assigned, project progress should be calculated using the following steps:
 - (i) Determine the actual percentage progress (nonfinancial) of each activity.
 - (ii) Multiply these percentages by the assigned weight of each activity to arrive at the weighted progress.
 - (iii) Add up the resulting weighted progress of all activities to determine the project progress.














Page 3 of this Appendix provides an illustration of this calculation using a generic sample implementation schedule and this Appendix, page 4 a specific example in the education sector.

Implementation Schedule with Activities and Weights



1. Sum of all weights should equal 100 percent ($a+b+c+d+e+f+g = 100\%$)
2. When calculating the percentage of "project progress," all completed activities should be counted as accomplished, regardless of when they were scheduled to be completed. For example, when calculating the percentage of "project progress" after year 3, if activity D is completed in year 3 rather than in year 2, it should still be included in the computation.
3. Total weight of each activity is as follows: Activity A— a ; Activity B— b ; Activity C— c ; Activity D— d ; and Activity E— $e + f + g$
4. Project progress of a project is the summation of the actual percentage of progress for each activity multiplied by the total weight of each activity.

Sample Implementation Schedule

Activities	Year 1	Year 2	Year 3	Year 4	(a) Assigned Weight	(b) Actual Progress	(a) x (b) Weighted Progress
Establish PIU					5%	100%	6%
Establish Accreditation Board, etc.					5%	0%	0%
Appoint Staff and Budget					4%	75%	3%
Adopt Architecture Plans					2%	100%	2%
Shortlist Consulting Firms					6%	100%	6%
Prepare Fellowship Program					6%	76%	4%
Prepare Civil Works Tendering					30%	0%	0%
Civil Works: Classrooms, Dorms, etc.					6%	0%	0%
Procurement of Furniture and Equipment					16%	10%	2%
Field Work of Consultants					7%	0%	0%
Provide Fellowships					6%	0%	0%
Conduct Study Tours					6%	0%	0%
Provide Curriculum Standards					6%	0%	0%
				Total Weight	100%		
				Imp. Progress			24%

(a) Assigned weight for each activity

(b) Actual progress of each activity

(a) x (b) weighted progress for each activity

Project progress = sum of all weighted progress for each activity

CONTRACTED AWARDS AND DISBURSEMENT PROJECTIONS

To : Country Director, NRM Date:

From : Project Director

Subject : Rural Reconstruction and Rehabilitation Sector Development Program

FOLLOWING QUARTERLY PROJECTIONS (IN MILLION DOLLARES) HAVE BEEN MADE
IN _____ 200 ____

AAA	CONTRACT AWARDS:	QUARTERLY I	_____
		QUARTERLY II	_____
		QUARTERLY III	_____
		QUARTERLY IV	_____
BBB	DISBURSEMENT	QUARTERLY I	-----
		QUARTERLY II	_____
		QUARTERLY III	_____
		QUARTERLY IV	_____
TOTAL FOR THE YEAR			_____

REGARDS,

Project Completion Report

(Suggested Topics for Project Completion Report to be Prepared by EA)

I. PROJECT DESCRIPTION

- A. Objectives
- B. Components (or subprojects for sector and multiprojects)
- C. Implementation methods
- D. Description and justification of changes in components (or subproject appraisal criteria) or implementation methods

II. PROJECT IMPLEMENTATION

- A. Compare original and actual implementation schedules. Indicate delays, length and causes of delays, and remedial action taken.
- B. Compare cost estimates made during appraisal and actual costs (foreign and local). Local currency costs incurred, appropriate exchange rates for their conversion into US dollars, and the foreign exchange costs financed by cofinanciers must be compiled correctly with reference to audited project accounts. Indicate factors that contributed to any significant overruns or underruns.
- C. State problems or difficulties in recruiting consultants, with reference to ADB procedures. Assess the consultant's work and the working relationship between the executing agency (EA) and the consultant. Use of a logical framework is strongly recommended.
- D. State problems or difficulties encountered in procuring goods and services (including civil works) with reference to ADB procedures. Assess the supplier's or contractor's performance under the contract.
- E. Give the extent of compliance of the borrower and EA with loan covenants, with reasons for noncompliance or delays in compliance and the remedial actions taken.
- F. State reasons for any delays in loan utilization. Evaluate the appropriateness of the disbursement methods used. Justify the reallocation of loan proceeds.
- G. State problems or difficulties with subproject appraisal. Evaluate the EA's performance and capacity to appraise subprojects.

III. INITIAL OPERATIONS

- A. Describe initial operations of the project and transitional problems encountered from project completion to initial operations.
- B. Describe measures taken to ensure continued smooth operation of the project relative to management, staffing, funding, and maintenance of project facilities.
- C. Analyze the prospects of the project benefits being realized.

IV. EVALUATION OF THE ASIAN DEVELOPMENT BANK'S PERFORMANCE

- A. Assess ADB's performance in supervising project implementation. Include comments on the adequacy of the consultants' terms of reference and appropriateness of specifications in tender documents. Evaluate the effectiveness and timeliness of assistance extended by ADB to solve implementation problems.
- B. Comment on problems encountered with ADB's procedures. Note the measures taken to resolve these problems and suggest changes in procedures and requirements.

SAMPLE AUDIT LETTER

Date

Secretary
Ministry of Finance

Dear Sir:

Subject: Rural Reconstruction and Rehabilitation Sector Development Program

This letter is to ensure your timely compliance with the loan covenants and the quality of financial information as required by ADB. ADB's *Financial Reporting and Auditing of Projects Financed by ADB* (the Booklet) is enclosed to guide you.

ADB, by its Charter, is required to ensure that the proceeds of any loan made, guaranteed, or participated in by ADB are used for the purposes for which the loan was approved. ADB requires accurate and timely financial information from its borrowers to be assured that expenditure was for the purposes stated in the loan agreement.

For this particular loan, the requirements are stipulated in Section 2.09 of the Project Agreement. Copies of the Loan/Project Agreements are enclosed for onward transmission by your office Ministry of Local Development (MLD), together with a copy of this letter.

The following are the main requirements:

- ADB requires the DDCs to maintain separate project accounts and records exclusively for the Project to ensure that the loan funds were used only for the objectives set out in the Loan or Project Agreements. The project accounts comprise the following:
 - Audited Project Accounts
 - Auditor's Opinion
- The accounts and records for the project are to be consistently maintained by using sound accounting principles. Please stipulate that your external auditor is to express an opinion on whether the financial report has been prepared using international or local generally accepted accounting standards and whether they have been applied consistently.
 - ADB prefers project accounts to use international accounting standards prescribed by the International Accounting Standards Committee. Please advise your external auditor to comment on the impact of any deviations, by _____ from international accounting standards.
- Please ensure that your external auditor specifies in the Auditor's Report the appropriate auditing standards they used, and direct them to expand the scope of the paragraph in the Auditor's Report by disclosing the key audit procedures followed. Your external auditor is also to state whether the same audit procedures were followed for all supplementary financial statements submitted.
 - ADB wishes that auditors conform to the international auditing standards issued by the International Federation of Accountants. In cases where other auditing standards are use, request that your external auditor to indicate in

the Auditor's Report the extent of any differences and their impact on the audit.

- The external auditor's opinion is also required on whether
 - The proceeds of the ADB's loan have been utilized only for the project as stated in the Project Agreement;
 - The financial information contains data specifically agreed upon between DDCs, MLD and ADB to be included in the financial statements;
 - The financial information complies with relevant regulations and statutory requirements; and
 - Compliance has been met with all the financial covenants contained in the Loan or Project Agreements.
- The Auditor's Report is to clearly state the reasons for any opinions that are qualified, adverse, or disclaimers.
- Actions on deficiencies disclosed by the external auditor in its report are to be resolved by MLD within a reasonable time. The external auditor is to comment in the subsequent Auditor's Report on the adequacy of the corrective measures taken by MLD.

Compliance with these ADB requirements will be monitored by review missions and during normal project supervision, and followed up regularly with all concerned, including the external auditor.

Yours sincerely,

Paul J. Heytens
Country Director, NRM

Major Covenants

Covenants	Reference in Project Grant Agreement	Remarks/Issues
Sector Covenants		
1. Within eighteen (18) months of the Effective Date, Ministry of Local Development (MLD) shall approve a national strategy for local transport. MLD shall ensure that the strategy shall be developed in close consultation with stakeholders at all levels. The strategy shall include a detailed and time-bound plan, with budget projection, on harmonization of technical, managerial, and administrative issues in local transport.	Schedule 4, para. 17	
2. The Department of Local Infrastructure Development and Agricultural Roads (DOLIDAR) shall ensure that there shall be no geographical overlap between Project-funded subprojects and projects funded by other development partners.	Schedule 4, para. 20	
Financial Covenants		
1. Immediately after the Effective Date, the Recipient shall establish an imprest account at Nepal Rastra Bank. The imprest account shall be separate from all the imprest account established for purposed of the OFID Loan and shall be established, managed, replenished and liquidated in accordance with ADB's Loan Disbursement Handbook and any further detailed arrangements agreed.	Schedule 2, para. 5a	
2. All Funding into the imprest account shall be channeled to either of (and no other than) the following accounts: (i) PCU Project operating account to be established at the central level, or (ii) DPO Project operating accounts established in each district, in accordance with the budgetary allocation agreed between each of these entities and the Recipient and subject to the provisions of ADB's Loan Disbursement Handbook.	Schedule 2, para. 5b	
3. The Ministry of Finance (MOF) shall ensure that the approved annual budget allocations for the Project shall be sufficient to cover all required counterpart funding, including, but not limited to: (a) resettlement related payments; and (b) land surveys and cadastral mapping.	Schedule 4, para. 15	
4. Prior to the commencement of any Project activities in a District, DOLIDAR and the DDC of such District shall have entered into a Memorandum of Understanding, the format of which has be approved by ADB, which regulates: (a) the terms and conditions for releasing funds from the DDC to the building groups - including conditions relating to the DDC contributions; (b) the auditing and reporting mechanism from the DDC to the PCU; and (c) coordination mechanisms with similar activities under other projects in the district.	Schedule 4, para. 22	
5. DOLIDAR and DDCs of districts in the Project area shall take all appropriate and necessary measures to increase rural road maintenance funding to a sustainable level. This shall include the establishment of District Roads Maintenance Funds.	Schedule 4, para. 30	
Environmental Covenants		
1. DOLIDAR shall ensure that all subproject shall be identified, selected, implemented, and reported in accordance with (a)	Schedule 4, para. 32	

<p>the environmental procedures and requirements specified in the Environmental Assessment and Review Procedure; (b) the initial environmental examination (IEE) of each subproject; (c) the ADB's Environmental Policy, 2002; and (d) relevant national and local environmental laws and regulations. DOLIDR shall ensure that each IEE shall include provisions regarding compensatory reforestation programs.</p>		
<p>Social Covenants</p>		
<p>1. The Recipient shall ensure that a village infrastructure construction coordination committee (VICCC) shall be constituted in each VDC area where Project activities are planned. The VICCC shall be formed prior to the commencement of any Project activities and shall include representatives of political parties, non-government organizations active in the VDC area, women, dalits and other disadvantaged groups. The members shall be selected through a mass meeting of beneficiaries, facilitated by the district project office (DPO). All efforts shall be made to ensure participation of 33% women as well as a due representation of various ethnic groups and castes.</p>	<p>Schedule 4, para. 12</p>	
<p>2. DOLIDAR shall ensure that all DDCs and DPOs shall involve the communities and villages identifying and selecting supplementary infrastructure. Proposals from the communities and villages shall be evaluated by the respective DPO and approved by the respective DDC.</p>	<p>Schedule 4, para. 19</p>	
<p>3. DOLIDAR shall ensure that the design of each and every subproject shall be developed in the consultation with the communities, and in close coordination between the engineering team, the resettlement team, and the environmental team.</p>	<p>Schedule 4, para. 21</p>	
<p>4. DOLIDAR shall ensure that prior to any civil works for a rural road (a) the feasibility study and detailed design for such road shall have been completed; (b) all environmental and social safeguard clearances shall have been obtained; and (c) all resettlement activities and compensation payment shall have been completed in accordance with the resettlement plan for the road.</p>	<p>Schedule 4, para. 25</p>	
<p>5. DOLIDAR shall ensure that, to the extent feasible, all civil works shall use the full labor-based, environment friendly, and participatory (LEP) approach, which includes (a) employing unskilled labor instead of heavy construction equipment; (b) applying design and construction methods that protect the physical environment; and (c) incorporation local interests and opinions in the planning, design, and implementation of the works. DOLIDAR shall provide adequate technical assistance to ensure that the integrity of the approach is maintained in all districts and throughout the entire implementation period.</p>	<p>Schedule 4, para. 26</p>	
<p>6. DOLIDAR shall ensure that unskilled employment in the subproject shall be reserved for beneficiaries living within the influence area of the infrastructure to be constructed. Priority shall be given to poor and disadvantaged groups and castes, as well as households affected by the acquisition of land and assets. DOLIDAR shall ensure that workers shall be paid in full, on a fortnightly basis.</p>	<p>Schedule 4, para. 27</p>	
<p>7. The Recipient shall ensure that civil works contractors comply with all applicable labor legislation. Bidding documents shall</p>	<p>Schedule 4, para. 28</p>	

	include a clause on the prohibition of child labor, as defined in the Recipient's legislation, for construction and maintenance activities as well as a clause stipulating equal pay for men and women for work of equal value. Compliance with these provisions shall be strictly monitored during Project implementation.		
8.	DOLIDAR shall ensure that recruitment or remobilization as the case may be, training, and deployment of social mobilizers to villages, shall be done on a priority basis at the outset of the Project, prior to the commencement of any construction activities.	Schedule 4, para. 31	
9.	MLD shall ensure that all necessary measures shall be taken to implement all provisions of the Resettlement Framework agreed upon between MLD and ADB and of the resettlement plans prepared under the Resettlement Framework.	Schedule 4, para. 33	
10.	DOLIDSR shall ensure that no voluntary land donation shall take place if such donation would result in the household falling below the poverty line, as defined in the Resettlement Framework. Any other land donation shall be done in strict compliance with the procedures set forth in the Resettlement Framework agreed upon between MLD and ADB.	Schedule 4, para. 34	
11.	DOLIDAR shall ensure that no land acquisition, either through eminent domain or through land donation, shall be required for subproject other than rural roads. If involuntary resettlement and land or asset acquisition are required for any of the subprojects, a resettlement plan, based on the detailed subproject design, shall be prepared in accordance with the ADB's Policy on Involuntary Resettlement, 1995, and the Resettlement Framework. The concerned DDC shall publicly disclose the resettlement plan, in places and using language accessible to all affected people. The resettlement plan shall include a complete census and inventory of losses.	Schedule 4, para. 35-36	
12.	DOLIDAR shall ensure not to approve any construction unless a resettlement plan, in form and substance acceptable to ADB, shall have submitted to and approved by DOLIDAR, the Project Coordination Unit (PCU), and ADB. All activities related to land acquisition, including compensation payment, shall be completed prior to possession of land and other assets, and before award of civil works contracts. DOLIDAR shall ensure to initiate compensation process simultaneously with the start of the bidding process.	Schedule 4, para. 37	
13.	Within twelve (12) months of the Effective Date, DOLIDAR shall hire an external monitoring agency to conduct annual monitoring of the implementation of and compliance within the Resettlement Framework and resettlement plans.	Schedule 4, para. 38	
14.	DOLIDAR shall ensure that the Project shall be implemented in full compliance with the Indigenous Peoples Development Framework agreed between MLD and ADB, as well as the Indigenous and Ethnic Peoples Development Plan for the subproject, if required.	Schedule 4, para. 39	
15.	DOLIDAR shall take all necessary measures to ensure full implementation of the Gender Action Plan (RRP, Appendix 16). Gender issues shall be duly considered in respect of Project beneficiaries, staff recruited by DOLIDAR, district technical offices (DTOs), and consulting firms.	Schedule 4, para. 40	
16.	Within nine months of the Effective Date, the PCU shall have conducted initial gender and ethnicity segregated baseline	Schedule 4, para. 44	

<p>physical and socioeconomic surveys, and shall have submitted a detailed Project implementation-monitoring plan for ADB's review and concurrence. The data shall include income and expenditure data, livelihoods data, demographic trends, gender issues, information on ethnic and minority groups. After the initial survey, the PCU shall conduct and DOLIDAR shall submit to ADB, and OFID annual benefit monitoring reports.</p>		
<p>Other Covenants</p>		
<p>1. Established, Staffed, and Operating PMU/PIU Within one month of the Effective Date, DOLIDAR shall have fully staffed the PCU. The PCU shall at all times during Project implementation be headed by a full-time Project Coordinator who shall be a class one officer, and who shall report to the Secretary of the MLD through the Director General of DOLIDAR. The PCU shall include at least the following full-time staff: two senior divisional engineers, five engineers, one environmental engineer, one senior resettlement officer, one sociologist, one senior accountant, two accountants, one computer operator and sufficient support staff. The PCU shall be supported by consultants.</p>	<p>Schedule 4, para. 6</p>	
<p>2. Fielding of Consultants.</p>		
<p>3. MLD shall be the Project Executing Agency, responsible for overall Project management and implementation.</p>	<p>Schedule 4, para. 1</p>	
<p>4. DOLIDAR shall be the Project Implementing Agency at the central level.</p>	<p>Schedule 4, para. 2</p>	
<p>5. Within one month of the Effective Date, MLD shall have established the PMC. The PMC shall be chaired by the Joint Secretary of the MLD and comprise the Director General of DOLIDAR, the Project Coordinator, and the respective heads of the MLD Financial Administration Section, the MLD Planning and Foreign Aid Coordination Section, the MLD Monitoring Section, and representatives from MOF and National Planning Commission. The PMC shall be responsible for (a) monitoring overall Project implementation; (B) resolving policy issues; (c) guiding the PCU; and (d) facilitating inter-ministerial coordination. The PMC shall meet whenever necessary, but not less than once every six months. The Project Coordinator shall be its member-secretary.</p>	<p>Schedule 4, para. 3</p>	
<p>6. Within one month of the Effective Date, DOLIDAR shall have established the PICC. The PICC shall be chaired by the Director General of DOLIDAR and comprise a representative from the MLD Financial Administration Section, a representative from the MLD Monitoring Section, a representative from the MLD Planning and Foreign Aid Coordination Section and five (5) representatives from Project district on a rotating basis. ADB and other co-financiers may participate as observers to the PICC. The PCU shall be the secretariat for the PICC. The Project Coordinator shall be its member-secretary. The PICC shall meet whenever necessary, but not less than once every four months. The PICC shall be responsible for (a) supervising day-to-day Project implementation; (b) reviewing Project progress; and (c) coordinating between DOLIDAR and DDCs.</p>	<p>Schedule 4, para. 4-5</p>	
<p>7. The DDCs shall be the Project Implementing Agencies at the district level, responsible for overall coordination, monitoring and facilitating of Project activities. The DTO of each respective DDC shall be responsible for technical and Project management matters. Each DDC shall establish and chair a</p>	<p>Schedule 4, para. 8</p>	

	District Project Coordination Committee to (i) coordinate with all relevant line agencies; (ii) issue District policy guidelines; (iii) resolve District implementation issues; and (iv) hear complaints against the Project, if any.		
8.	Within one month of the Effective Date, each DDC shall have established and staffed a DPO within DTO. The head of the DTO of each respective DDC shall also head the DPO in that District. In addition, each DPO shall comprise the following full-time DTO staff, one rural infrastructure engineer, one sub-engineer, two assistant sub-engineers, one accountant, one administrative staff, one computer operator, and sufficient support staff. The DPO shall be supported by the DIST, which shall be engaged as a firm and shall include engineering, safeguards, and social mobilization staff. DOLIDAR shall ensure that DISTs shall engage equally qualified local engineers and other staff on a priority basis, provided such engineers and local staff shall be equally qualified as candidates from outside the District. MLD shall ensure that all vacancies in the DTOs filled as result of the Project, shall remained filled throughout the duration of the Project implementation. Any Project activities to be implemented in the DRILP Districts, shall be implemented through the DRILP District implementing agencies.	Schedule 6, para. 9 and 11	
9.	MLD shall, for the purposes of the Project, strictly implement the provisions of the Civil Service Act, 2007, that deal with the transfer of civil servants.	Schedule 6, para. 16	
10.	DOLIDAR shall ensure that the selection and approval of all subprojects shall be in accordance with the criteria agreed upon between MLD and DOLIDAR on the one hand and ADB on the other hand and as set forth in Appendix 11 of the RRP. All selected subprojects shall be technically suited for construction using the LEP approach. DPOs shall assess short-listed projects in respect of social, technical, economic, environment, and resettlement aspects, and shall score and qualify proposed subprojects for final selection. The responsible DIST shall undertake a feasibility study and detailed design for the highest-ranked subprojects, including a detailed technical design, drawings, quantity and cost-estimate, and environment, resettlement and social requirements and plans.	Schedule 6, para. 18	
11.	Prior to the commencement of any road construction works in a village or community, the DDC, the relevant VDC, and the BGs shall have entered into a Memorandum of Understanding, in form and substance acceptable to ADB, regulating: (a) the in-kind beneficiaries' contribution; (b) minimum specifications and standards of construction works to be performed by the BGs; (c) minimum specifications and standards for the operation of the works to be performed by the BGs; (d) environmental standards applicable to the design, construction, and operation and maintenance of the works; and (e) employment terms and conditions for BG-members, including wage rate and frequency of pay.	Schedule 6, para. 23	
12.	Prior to the commencement of any supplementary infrastructure works in a village or community, the DDC, the relevant VDC, and the VIUGS shall have entered into a Memorandum of Understanding, in form and substance acceptable to ADB, regulating: (a) the in-kind beneficiaries' contribution; (b) minimum specifications and standards of construction works to be performed by the VIUGs; (c) minimum specifications and standards for the operation of the works to be performed by the VIUGs; and (d) environmental standards applicable to the design, construction, and	Schedule 6, para. 24	

operation and maintenance of the works.		
13.	Before 30 April of each year during Project implementation, DOLIDAR and ADB shall agree on the annual maintenance program for rural roads in the Project districts for the following year. DOLIDAR shall submit to ADB, for its review, the proposed maintenance budget by 31 March of each year.	Schedule 6, para. 29
14.	Within nine months of the Effective Date, the PCU shall have established a PPMS to monitor whether Project inputs and activities deliver the expected outputs and benefits to the intended beneficiaries.	Schedule 6, para. 43