



Technical Assistance Report

Project Number: 54402-002
Transaction Technical Assistance (TRTA)
December 2021

Nepal: Implementation Support to the South Asia Subregional Economic Cooperation Customs and Logistics Reforms Program

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 12 November 2021)

Currency unit	–	Nepalese rupee/s (NRe/NRs)
NRs1.00	=	\$0.008
\$1.00	=	NRs119.170

ABBREVIATIONS

ADB	–	Asian Development Bank
TA	–	technical assistance

NOTES

- (i) The fiscal year of the Government of Nepal and its agencies ends on 15 July.
- (ii) In this report, "\$" refers to United States dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 54402-002	
Project Name	Implementation Support to the South Asia Subregional Economic Cooperation Customs and Logistics Reforms Program	Department/Division	SARD/SARC
Nature of Activity Modality	Capacity Development Regular	Executing Agency	Ministry of Finance
Country	Nepal		
2. Sector		Subsector(s)	
✓ Industry and trade	Industry and trade sector development	ADB Financing (\$ million)	
	Trade and services	0.20	
Public sector management	Public administration	0.40	
		0.40	
		Total	1.00
3. Operational Priorities		Climate Change Information	
✓ Strengthening governance and institutional capacity		GHG Reductions (tons per annum)	0.000
✓ Fostering regional cooperation and integration		Climate Change impact on the Project	Low
		ADB Financing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
		Cofinancing	
		Adaptation (\$ million)	0.00
		Mitigation (\$ million)	0.00
Sustainable Development Goals		Gender Equity and Mainstreaming	
SDG 8.2		No gender elements (NGE)	✓
SDG 9.1			
SDG 16.6		Poverty Targeting	
SDG 17.10, 17.11		General Intervention on Poverty	✓
4. Risk Categorization Low			
5. Safeguard Categorization Safeguard Policy Statement does not apply			
6. Financing			
Modality and Sources		Amount (\$ million)	
ADB		1.00	
Transaction technical assistance: Technical Assistance Special Fund		1.00	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		1.00	
Currency of ADB Financing: US Dollar			

I. THE ENSUING PROGRAM

1. The Government of Nepal has requested the Asian Development Bank (ADB) for a \$150 million programmatic policy-based loan from ADB's concessional ordinary capital resources for the proposed South Asia Subregional Economic Cooperation Customs and Logistics Reforms Program. The program is aligned with the ADB country partnership strategy for Nepal, 2020–2024 under strategic objective 1 which prioritizes logistics as a key factor in improving domestic and cross-border connectivity.¹ The program and this transaction technical assistance (TA) are included in the indicative country pipeline and monitoring (ICPM) report, 2022-2024.²

2. The program aims to improve competitiveness of the logistics industry in Nepal through reforms in regulations, business processes, and the institutional and governance structure that will help reduce the cost of trade, improve domestic supply chain management, facilitate trade, and generate quality employment. The program's impact is growth and diversification of trade achieved.³ The program's outcome is efficiency of domestic and cross-border trade increased.

II. THE TECHNICAL ASSISTANCE

A. Justification

3. The TA will help the Government of Nepal implement the South Asia Subregional Economic Cooperation Customs and Logistics Reforms Program, specifically in analytical studies to underpin the implementation of reform measures and building its capacity to execute the reform measures.

B. Outputs and Activities

4. The TA outputs will help achieve the program's policy actions.

5. **Output 1: Analytical studies on selected topics of the logistics industry prepared.** The topics will cover the areas under the program and include the following: trade and transport infrastructure and services; trade and transit facilitation; distribution and related services; standards, testing, and certification; and crosscutting themes such as e-commerce and advanced logistics systems (consolidation, mechanization, and digitization). The studies will undertake extensive review of literature on the sectors in the context of logistics development, identify global best practices, and assess their suitability for adoption in Nepal given its social, political, economic, and geographical conditions. Rigorous technical analyses will be conducted by looking at the interplay between and among thematic sectors and identify the factors that would ensure seamless connectivity within the context of an overall logistics industry. The study will also analyze existing gaps in the policies, regulations, and institutional framework.

6. **Output 2: Enhanced business processes operationalized.** Under this output, the TA will support the installation of a transparent and consistent cross-border trade and transit process. This will be done through the conduct of studies to restructure customs processes for faster, easier, and cheaper logistics-related transactions. In addition, the TA will facilitate the formulation

¹ ADB. 2019. [Country Partnership Strategy, 2020–2024—Promoting Connectivity, Devolved Services, and Resilience](#). Manila.

² ADB. 2021. *Indicative Country Pipeline and Monitoring Report 2022–2024*. Manila. (internal)

³ Government of Nepal. 2020. *The Fifteenth Plan, Fiscal Year 2019/20–2023/24*. Kathmandu.

and integration of the Customs Reforms and Modernization Plan 2021–2026 in the annual plan of the Department of Customs.

7. **Output 3: Digital technology for logistics-related transactions adopted.** This output will continue reforms geared at enhancing efficiency across the logistics value chain through increased digitalization and technology adoption. Activities under this output include analytical studies on the adoption of an e-payment system and paperless customs clearance, and piloting them in government agencies and customs offices.

8. **Output 4: Institutional structure improved and capacity developed.** To further enable integrated development of the logistics industry, the TA will support establishment of national committees and thematic groups to monitor and coordinate implementation of policy reforms. The TA will also conduct capacity building activities to sustain the activities envisaged under the program.

C. Cost and Financing

9. The TA is estimated to cost \$1,000,000 to be financed by ADB's Technical Assistance Special Fund (TASF-7). The key expenditure items are listed in Appendix 1. The government will provide counterpart support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions. The government was informed that approval of the TA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

10. ADB will administer the TA. The Regional Cooperation and Operations Coordination Division of the South Asia Department will select, supervise, and evaluate consultants. The implementation arrangements are summarized in the table.

Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	December 2021–October 2025		
Executing agency	Ministry of Finance		
Implementing agencies	Ministry of Industry, Commerce and Supplies; Department of Customs		
Consultants	To be selected and engaged by ADB		
	Individual: individual selection	International expertise (17 person-months)	\$255,000
	Individual: individual selection	National expertise (31 person-months)	\$290,000
Procurement	To be procured by ADB		
	Request for quotation	Computers, software, and small office equipment	\$10,000
Disbursement	The TA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2020, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Equipment will be turned over to the Government of Nepal following ADB guidelines upon completion of the TA.		

ADB = Asian Development Bank, TA = technical assistance

Source: ADB.

11. **Consulting services.** ADB will recruit international and national individual consultants for the implementation of activities. ADB may also engage resource persons, when necessary, for knowledge-sharing events. ADB will consider output-based (lump-sum) contracts for consulting services, as appropriate. ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.⁴

⁴ Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Amount
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	255.0
ii. National consultants	290.0
b. Out-of-pocket expenditures	
International and local travel	100.0
2. Training, seminars, workshops, forums, and conferences	
a. Facilitators and resource persons	20.0
b. Venue rental	100.0
c. Participants	200.0
3. Equipment ^b	10.0
4. Miscellaneous administration and support costs ^c	10.0
5. Contingency	15.0
TOTAL	1,000.0

Notes: The technical assistance (TA) is estimated to cost \$1,050,000, of which contributions from the Asian Development Bank are presented in the table above. The government will provide counterpart support in the form of counterpart staff, office and housing accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions. The value of government contributions estimated to account for 5% of the total TA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-7).

^b Equipment is limited to that required for implementing the TA activities by the implementing agency, which will include office equipment (e.g., computers, printer and/or scanner, and other related office equipment).

^c Printed external publications are necessary to disseminate the results of the studies to a wider audience. It will also help facilitate the involvement of targeted stakeholders. The number of copies will not exceed 2,000 and the costs will remain below \$10,000.

Source: Asian Development Bank estimates.

LIST OF LINKED DOCUMENTS

<http://www.adb.org/Documents/LinkedDocs/?id=54402-002-TARreport>

1. Terms of Reference for Consultants