

ASIAN DEVELOPMENT BANK MEMBER FACT SHEET

Nepal: 2018 Committed Loans, Grants, and Technical Assistance (\$ million)

Loans		Technical Assistance	Grants	Total
Sovereign	Nonsovereign			
582.21	–	8.01	15.00	605.22

– = nil.

Notes: Commitment is the financing approved by the ADB Board of Directors or Management for which the investment agreement has been signed by the borrower, recipient, or the investee company and ADB.

Grants and technical assistance include ADB-administered cofinancing.

Nepal: Cumulative Lending, Grant, and Technical Assistance Commitments^{a,b,c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	178	1,190.94	18.82
Education	54	912.70	14.43
Energy	69	1,213.98	19.19
Finance	35	252.93	4.00
Health	10	8.76	0.14
Industry and Trade	29	185.58	2.93
Information and Communication Technology	2	34.00	0.54
Multisector	6	12.72	0.20
Public Sector Management	57	239.78	3.79
Transport	65	1,158.92	18.32
Water and Other Urban Infrastructure and Services	57	1,116.52	17.65
Total	562	6,326.83	100.00

^a Grants and technical assistance include ADB-administered cofinancing.

^b Includes sovereign and nonsovereign loans and technical assistance.

^c Using primary sector in reporting of commitments.

^d Numbers may not sum precisely because of rounding.

Nepal: Ordinary Capital Resources Nonsovereign Commitments by Product, 2007–2018

No. of Transactions Signed	0
	Amount (\$ million)
Loans	–
Equity Investments	–
Guarantees	–
Total	–

– = nil.

ADB's updated country partnership strategy for Nepal considers development challenges in a federal system, the strategic objectives and priorities of the government, the activities of other development partners in the country, and the best use of the bank's limited resources.

NEPAL

Nepal has made notable economic and social progress in recent years: literacy rates have increased, poverty rates have declined, and gender disparities have narrowed. Nepal aims to achieve the Sustainable Development Goals by 2030. However, poverty is still high in rural areas and among socially disadvantaged groups.

Nepal moved to a federal system of government after the promulgation of its constitution in 2015. In 2017, the country's first-ever elections at the federal, provincial, and local levels were held successfully. The federalization process has devolved powers and responsibilities among 7 provinces and 753 local governments.

Since 1966, the Asian Development Bank (ADB) has approved sovereign and non-sovereign assistance (loans and grants) totaling \$5.8 billion and technical assistance of \$0.2 billion for Nepal. The current ADB portfolio consists of 36 projects amounting to \$2.8 billion and 18 technical assistance projects worth \$26.34 million. In 2018, ADB committed five projects for Nepal, with loans and grants totaling

\$592 million and technical assistance of \$8.01 million (including \$5.31 million cofinancing).

Cumulative loan and grant disbursements to Nepal amount to \$3.58 billion. These were financed by regular and concessional ordinary capital resources, the Asian Development Fund, and other special funds.

ADB-SUPPORTED PROJECTS AND PROGRAMS

ADB is supporting the Government of Nepal's efforts to build infrastructure, develop human capital, and transform agriculture. Institutional capacity building, gender equality and social inclusion, and mitigating the effects of climate change are also emphasized in ADB's development program for the country.



In November 2018, ADB committed \$130 million for the Urban Water Supply and Sanitation (Sector) Project to improve access to community-managed water supply and sanitation in 20 urban municipalities of Nepal. The project will help install or repair of 1,600 kilometers of water pipes and 15 water treatment plants, connecting 66,000 households to piped water. The ADB-supported Melamchi Water Supply Project achieved a major milestone in 2018, with the completion of the excavation of the longest tunnel (26 kilometers) in Nepal. The tunnel will eventually carry an additional 170 million liters of potable water every day from the Melamchi river to the Kathmandu Valley.

The South Asia Subregional Economic Cooperation (SASEC) Highway Improvement Project (\$180 million) is supporting improvements to Nepal's East–West Highway, the country's main domestic and international trade route. The project will help boost the efficiency of Nepal's transport system, strengthen national and regional connectivity to promote trade and growth, and improve road safety. ADB projects for Nepal's district and core roads have helped connect villages, towns, and cities to enhance access to markets and social services. The

Rural Connectivity Improvement Project (\$100 million) will improve remote roads and promote more extensive agriculture and agribusiness development in Nepal. ADB is also supporting upgrades to key airports, including the Tribhuvan and Gautam Buddha international airports.

The ongoing Raising Incomes of Small and Medium Farmers Project is helping farmers move into higher-value crops and build supply chain links to buyers and markets. ADB's support through the Community-Managed Irrigated Agriculture Sector Project balances irrigation infrastructure support with the strengthening of community water groups and the transferring of modern agricultural technology to small farmers.

In the energy sector, ADB is providing support for reforms, including the financial restructuring of the Nepal Electricity Authority. The bank has also committed a \$20 million loan as additional financing for the SASEC Power System Expansion Project to help the government increase the capacity of the national power grid and foster renewable energy development.

To build stronger human capital by expanding access to quality education

across Nepal, ADB is supporting the government's Schools Sector Development Plan. The ongoing Earthquake Emergency Assistance Project (\$193.06 million) is rebuilding schools, government buildings, and roads, while the Disaster Resilience of Schools Project (\$158.86 million) is helping the government reconstruct school buildings heavily damaged by the devastating earthquake of 2015.

NONSOVEREIGN OPERATIONS

As a catalyst for private investments, ADB provides financial assistance to nonsovereign projects and financial intermediaries. Total commitments from ADB's own funds (in equity and direct loans) in 2018 amounted to \$3.14 billion for 32 transactions in economic and social infrastructure, the finance sector, and agribusiness. ADB also actively mobilizes cofinancing from commercial and concessional sources. In 2018, ADB mobilized \$3.17 billion of long-term cofinancing and \$3.99 billion of cofinancing in trade finance, microfinance, and supply chain finance programs. Total outstanding balances and commitments of nonsovereign transactions funded by ADB's own resources stood at \$12.7 billion as of 31 December 2018.

Nepal: Project Success Rates

Year	Success Rate (%)	No. of Independently Evaluated Projects and Programs
2007	100.0	1
2009	50.0	4
2010	100.0	1
2011	50.0	2
2012	100.0	2
2013	66.7	3
2014	100.0	1
2015	100.0	2
2016	100.0	2
2017	66.7	3
2018	100.0	2
Total	78.3	23

Note: "Year" refers to the circulation year of the project completion report (PCR). The success rates reported are based on the ratings from validated PCRs and independently evaluated performance evaluation reports only and do not include self-evaluations. With small sample sizes, success rates do not necessarily represent country operations performance.

Source: PCR validation reports and project/program performance evaluation reports ratings database as of 31 December 2018.

Nepal: Portfolio Performance Quality Indicators for Sovereign Lending and Grants, 2017–2018

No. of Ongoing Loans ^a (as of 31 Dec 2018)	31	
	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	366.37	364.07
Disbursements ^b	238.68	226.46
No. of Ongoing Grants ^a (as of 31 Dec 2018)	18	
	2017 (\$ million)	2018 (\$ million)
Contract Awards ^{b,c}	31.39	9.44
Disbursements ^{b,d}	36.76	20.20
Actual Problem Projects (%) (as of 31 Dec 2018)	-	

- = nil.

^a Based on commitments.

^b Includes closed loans/grants that had contract awards or disbursements during the year.

^c Excludes policy-based lending/grants.

^d Includes only Asian Development Fund and other ADB special funds.

Nepal: Projects Cofinanced, 1 January 2014–31 December 2018

Cofinancing	No. of Projects	Amount (\$ million)
Projects ^a	13	881.79
Grants	9	323.17
Official loans	7	553.30
Commercial cofinancing	1	5.32
Technical Assistance Grants	7	11.52

^a A project with more than one source of cofinancing is counted once.

Nepal: Share of Procurement Contracts for Loan, Grant, and Technical Assistance Projects

Item	2017		2018		Cumulative (as of 31 Dec 2018)	
	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total	Amount (\$ million)	% of Total
Goods, Works, and Related Services	200.39	1.97	137.79	1.10	2,156.80	1.19
Consulting Services	13.64	1.83	6.43	0.92	176.27	1.39
Total Procurement	214.03	1.96	144.22	1.09	2,333.08	1.21

Top 5 Contractors/Suppliers from Nepal Involved in Goods, Works, and Related Services Contracts under ADB Loan and Grant Projects, 1 January 2014–31 December 2018

Contractor/Supplier	Sector	Contract Amount (\$ million)
Swachchhanda Nirman Sewa Pvt. Ltd.	ANR, EDU, TRA	45.96
Kalika Construction Pvt. Ltd.	ANR, WUS	34.30
Sharma and Company Pvt. Ltd.	EDU	29.91
Lumbini Builders Pvt. Ltd.	EDU, TRA, WUS	22.91
Lama Construction Co. Pvt. Ltd.	EDU, TRA, WUS	21.11
Others		466.03
Total		620.23

ANR = agriculture, natural resources, and rural development; EDU = education; TRA = transport; WUS = water and other urban infrastructure and services.

Top 5 Consultants from Nepal Involved in Consulting Services Contracts under ADB Loan, Grant, and Technical Assistance Projects, 1 January 2014–31 December 2018

Consultant	Sector	Contract Amount (\$ million)
Environment and Resource Management Consultant Pvt. Ltd.	ANR, EDU, WUS	7.94
Building Design Authority Pvt. Ltd.	ANR, PSM, WUS	6.72
Training Center Nepal Pvt. Ltd.	EDU, TRA	3.69
TAEC Consult Pvt. Ltd.	EDU, WUS	3.51
Full Bright Consultancy Pvt. Ltd. & CMS (JV)	ANR	2.73
Individual Consultants		17.19
Others		16.97
Total		58.74

ANR = agriculture, natural resources, and rural development; EDU = education; PSM = public sector management; TRA = transport; WUS = water and other urban infrastructure and services.

COFINANCING

Cofinancing operations enable ADB's financing partners, governments or their agencies, multilateral financing institutions, and commercial organizations to participate in financing ADB projects. The additional funds are provided in the form of official loans and grants, technical assistance, other concessional financing, and commercial cofinancing such as B loans, risk transfer arrangements, parallel loans and equity, guarantee cofinancing, and cofinancing for transactions under ADB's [Trade Finance Program](#) and [Supply Chain Finance Program](#).

ADB began cofinancing operations in Nepal in 1976. Since then, cumulative direct value-added official cofinancing commitments for Nepal have amounted to \$1.8 billion for 48 investment projects, and \$83.1 million for 91 technical assistance projects. Cumulative direct value-added commercial cofinancing for Nepal has amounted to \$59.94 million for three investment projects.

In 2018, Nepal received \$5 million in grant cofinancing from the Clean Energy Fund under the [Clean Energy Financing Partnership Facility](#) for the project Disaster Resilience of Schools.

A summary of projects with cofinancing from 1 January 2014 to 31 December 2018 is available at www.adb.org/countries/nepal/cofinancing.

PARTNERSHIPS

The ADB Nepal Resident Mission is a key member of the International Development Partners' Group, which brings together major multilateral and

bilateral institutions in Nepal. The bank also belongs to various development partner sector working groups to share information on specific policies and programs.

ADB is a contributor to the Nepal Portfolio Performance Review, organized between the government and 13 development partners, to enhance the efficiency and effectiveness of the country's development projects. The review aims to assist Nepal in adopting the principles of the Paris Declaration for making aid more effective.

PROCUREMENT

Each year, ADB provides loans, grants, and technical assistance to fund projects and activities in its developing member countries and several billion dollars in contracts to procure goods, works, and consulting services. Most contracts are awarded on the basis of international competition, which is open to firms and individuals from any ADB member, regional or nonregional.

Share of ADB's Procurement Contracts

Goods, Works, and Related Services

ADB's procurement contracts in Asia and the Pacific for goods, works, and related services under loan and grant operations totaled \$10.2 billion in 2017 and \$12.55 billion in 2018. Cumulative procurement since 1966 has been \$180.86 billion covering 215,461 contracts.

In Nepal, 10,606 contracts worth \$2.16 billion have been awarded to contractors and suppliers since 1966.

Consulting Services

ADB's procurement contracts in Asia and the Pacific for consulting services under loan, grant, and technical assistance operations totaled \$746.79 million in 2017 and \$696.18 million in 2018. Cumulative procurement since 1966 has been \$12.7 billion covering 59,248 contracts.

In Nepal, 2,156 contracts worth \$176.27 million have been awarded to consultants since 1966.

OPERATIONAL CHALLENGES

Weak governance has long affected the effectiveness of development assistance in Nepal, and the country now faces challenges to ensure the smooth implementation of federalism. These challenges include limited capacity at subnational levels, slow progress in requisite legislation and deployment of staff, lack of clarity about mandates and responsibilities of the three tiers of government, and a greater need for coordination among these tiers.

Accelerated and inclusive economic growth is further impeded by Nepal's rugged terrain, inadequate human capital and infrastructural gaps.

FUTURE DIRECTIONS

ADB is formulating a new [country partnership strategy](#) for Nepal, covering 2020–2024. The strategy, scheduled for approval in 2019, will take into consideration development challenges in a federal system, the strategic objectives and priorities of the government, the activities of other development partners in the country,

and the best use of the bank's limited resources. Comprehensive consultations will be undertaken at all three tiers of Nepal's governmental structure and with international development partners, civil

society organizations, and the private sector.

ADB will continue to work with Nepal to build sound institutional capacities

for sector planning, high project readiness, effective implementation, and sustainable asset management.

ABOUT NEPAL AND ADB

ADB Membership

Joined 1966

Shareholding and Voting Power

Number of shares held:	15,606 (0.147% of total shares)
Votes:	55,303 (0.416% of total membership, 0.639% of total regional membership)
Overall capital subscription:	\$217.05 million
Paid-in capital subscription:	\$10.86 million

Anuar bin Ariffin is the Director and **Ram Saran Pudasaini** is the Alternate Director representing Nepal on the ADB Board of Directors.

Mukhtor Khamudkhanov is the ADB Country Director for Nepal. The Nepal Resident Mission was opened in 1989 and provides the primary operational link for activities between ADB and the government, the private sector, civil society stakeholders, and development partners. The resident mission engages in policy dialogue, country partnership strategy development and programming, and portfolio management, while also acting as a knowledge base on development issues in Nepal.

The Nepal government agency handling ADB affairs is the Ministry of Finance.

ABOUT THE ASIAN DEVELOPMENT BANK

ADB is a multilateral development bank owned by 68 members, 49 from the region and 19 from other parts of the world. ADB's main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance. In 2018, lending volume was \$19.88 billion (126 projects), with technical assistance at \$241.20 million (280 projects) and grant-financed projects at \$1.42 billion (44 projects). In addition, \$14 billion was generated in direct value-added cofinancing in the form of official loans and grants, other concessional cofinancing, and commercial cofinancing such as B loans, risk transfer arrangements, guarantee cofinancing, parallel loans, parallel equity, and cofinancing for transactions under ADB's Trade Finance Program. From 1 January 2014 to 31 December 2018, ADB's annual lending volume averaged \$15.99 billion. In addition, investment grants and technical assistance funded by ADB and Special Funds resources averaged \$583.95 million and \$184 million over the same period. As of 31 December 2018, the cumulative totals excluding cofinancing were \$275.82 billion in loans for 3,090 projects in 44 countries, \$9.38 billion in 374 grants, and \$4.52 billion in technical assistance grants, including regional technical assistance grants.

CONTACTS

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Useful ADB websites

Asian Development Bank
www.adb.org

Annual Report
www.adb.org/documents/series/adb-annual-reports

Asian Development Outlook
www.adb.org/publications/series/asian-development-outlook

ADB Data Library
data.adb.org

Notes:

ADB welcomed Niue as its 68th member in March 2019.

Figures are estimated by ADB unless otherwise stated. "\$" refers to United States dollars.

Data are updated as of 31 December 2018 unless otherwise indicated. Fact sheets are published annually in April.