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PRESS RELEASE

Nepal: Government, World Bank sign US\$100 Million Project to Improve Provincial and Local Roads

KATHMANDU, August 5, 2024—The Government of Nepal and the World Bank today signed a financing agreement for a US\$100 million concessional loan from the International Development Association (IDA) to help improve the connectivity, efficiency, resilience, and safety of Nepal's provincial and local road network and strengthen the government's capacity to manage the road network.

The Provincial and Local Roads Improvement Program (PLRIP)-Phase 1 will build and maintain about 3,000 kilometers of all-weather, resilient, and safe provincial and local roads and bridges, benefiting about one million people in Sudurpashchim, Karnali, and Madhesh provinces. It will also strengthen the institutional, management and technical capacity of provincial and local governments to plan, design, construct, and maintain road and bridge infrastructure and improve service delivery.

The financing agreement was signed by the Finance Secretary, Dr. Ram Prasad Ghimire on behalf of the Government of Nepal and the World Bank Country Director for Maldives, Nepal and Sri Lanka, Mr. David Sislen. A separate project agreement was also signed by the Ministry of Urban Development, the participating provinces, and the World Bank.

"This program will help enhance rural connectivity, improve access to services and markets, and unlock Nepal's economic potential in an inclusive manner, while reducing travel time and costs for Nepalis," said **Joint Secretary, Mr. Shreekrishna Nepal**.

The Government of Nepal recognizes the scale and magnitude of transport connectivity challenges and the need for substantial investment to support provincial and local governments as they adapt to decentralized governance. To address this, the PLRIP will help strengthen rural development and build the capacity of the provincial and local governments to handle complex sector challenges. The first of the three-phase program will target three of Nepal's seven provinces and four local areas which will be scaled up in future phases.

"The program supports Nepal's federalism agenda by empowering provincial and local governments and promoting inter-governmental coordination in the transport connectivity sector to help improve the lives of Nepalis through better infrastructure and services," said **David Sislen, World Bank Country Director for Maldives, Nepal, and Sri Lanka**.

The program will introduce several best practices including five-year performance-based maintenance along with construction contracts, routine maintenance through self-help groups, community-led complimentary infrastructure, pilots on alternative means of connectivity and rural transport services, approach roads, and an online program monitoring and management system.