

# Project Administration Manual

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Project Number: 55346-001

Loan Number: XXXX

Grant Number: XXXX

November 2023

## Nepal: Urban Resilience and Livability Improvement Project

## ABBREVIATIONS

ADB	–	Asian Development Bank
ADF	–	Asian Development Fund
APFS	–	Audited project financial statement
COVID-19	–	coronavirus disease
CFMIP	–	comprehensive financial management improvement plan
CSO	–	civil society organization
DDR	–	due diligence report
DMF	–	design and monitoring framework
DSC	–	Design and Supervision Consultant
DUDBC	–	Department of Urban Development and Building Construction
EARF	–	environmental assessment and review framework
EHS	–	Environment, Health and Safety
EMP	–	environmental management plan
FMA	–	financial management assessment
GDP	–	gross domestic product
GESI	–	gender equality and social inclusion
GLBC	–	Greater Lumbini Buddhist Circuit
GRC	–	grievance redressal committee
GRM	–	grievance redress mechanism
IEE	–	initial environmental examination
ISPC	–	institutional strengthening and community participation consultant
LMBIS	–	Line Ministry Budget Information System
km	–	kilometer
MOF	–	Ministry of Finance
MOUD	–	Ministry of Urban Development
MTR	–	midterm review
NOC	–	No objection certificate
OAG	–	Office of the Auditor General
OCB	–	open competitive bidding
OCR	–	ordinary capital resources
O&M	–	operation and maintenance
PCO	–	project coordination office
PIU	–	project implementation unit
PMCDC	–	Project management and capacity development consultants
QPR	–	quarterly progress report
RIPP	–	resettlement and indigenous peoples plan
SDC	–	Supervision and Design Consultant
SEMP	–	site-specific environmental management plan
SOE	–	Statement of Expenditure
SPS	–	Safeguards Policy Statement
SUTRA	–	Sub-National Treasury Regulatory Application
TDF	–	Town Development Fund
WUC	–	western urbanizing corridor

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## **Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and following the policies and procedures of the government and the Asian Development Bank (ADB). The PAM should reference all available templates and instructions either by linking to relevant URLs or by directly incorporating them in the PAM.

The purposes of the PAM are to (i) share the project status with ADB's and the government's project teams, (ii) identify the contact persons to facilitate communication and coordination between ADB and the government, and (iii) facilitate preparation of the project completion report. The PAM will be useful for new project members to understand the project status easily and communicate effectively with other members.

The executing and implementing agencies are wholly responsible for implementing ADB-financed projects, as agreed jointly between the borrower and ADB, and following the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation, including monitoring compliance by executing and implementing agencies of their obligations and responsibilities for project implementation following ADB policies and procedures and the loan and grant agreement.

At loan and grant negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan and grant agreement. Such agreement shall be reflected in the minutes of the loan and grant negotiations. In case of any discrepancy or contradiction between the PAM and the loan and grant agreement, the provisions of the loan and grant agreement shall prevail.

After ADB Board approval of the project's report and recommendation of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the project administration instructions) and upon such approval, they will be subsequently incorporated in the PAM.



## I. PROJECT DESCRIPTION

1. The project will support the Government of Nepal's (the government's) goal of building resilient and livable cities that provide residents with improved quality of life, increased resilience against climate and disaster risks, and local economic growth through sustainable tourism. The project will improve municipal infrastructure and services; regenerate natural, cultural, and heritage tourism assets; and strengthen institutional capacity of seven municipalities and Department of Urban Development and Building Construction (DUDBC); benefiting 0.7 million residents.<sup>1</sup>

2. The project is aligned with the following impacts: (i) improved living standards achieved, and (ii) sustainable climate-resilient tourism development achieved.<sup>2</sup> The project will have the following outcome: improved resilience, livability, and sustainability of urban service delivery and tourism by project municipalities.<sup>3</sup> To achieve greater benefits and efficiency, the project will target five project municipalities (Devdaha municipality, Lumbini Sanskritik municipality, Sainamaina municipality, Siddharthanagar municipality, and Tilottama municipality)—a subnational regional cluster based on their geographical proximity, tourism linkages, and dominance for development in the western urbanizing corridor; and two project municipalities (Pokhara metropolitan city and Janakpur sub metropolitan city) as two separate single dominant cities that form a continuous sphere of surrounding regions in promoting tourism. The project will develop municipal infrastructures aligned with the priorities set in the municipalities' investment plans. The ADB-supported Pokhara Sustainable Tourism Action Plan prepared through a consultative process, informed the Pokhara metropolitan city components under outputs 2 and 3, which captures the potential of sustainable tourism to drive enhanced urban livability, expand the green economy, and create a safer tourism environment.<sup>4</sup> The design and monitoring framework in Appendix 1 presents the impact, outcome, and outputs. The project will support three outputs which are defined based on the municipality-wise financial analysis and capacity assessment.

- **Output 1: Municipal infrastructure for resilience improved.** Output 1 will support integrated components (drainage, roads, footpaths, and utilities) for tourism development and improvement of municipal resilience. The project will (i) construct 150 kilometers (km) of stormwater drains to reduce inundation from flooding and lessen the resulting damage to assets and economic activities and (ii) reconstruct 100 km of urban roads and 45 km of footpaths with inclusive and climate-resilient design features for the older, women, children, and people with disabilities, and bicycle lanes to promote nonmotorized transport. .
- **Output 2: Tourism assets revitalized, and management improved.** The project will improve historical, natural, and cultural heritage-based tourism by enacting protective zoning and promoting visitors' experiences.<sup>5</sup> Output 2 includes (i) approving seven

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<sup>1</sup> The seven project municipalities are Devdaha municipality, Janakpur sub-metropolitan city, Lumbini Sanskritik municipality, Sainamaina municipality, Siddharthanagar municipality, Tilottama municipality, and Pokhara metropolitan city. Urban local bodies are classified into three types primarily based on population and average annual income: (i) municipality has a population of 50,000 to less than 200,000 and average annual income of less NRs2.5 million; (ii) sub-metropolitan city has a population of 200,000 to less than 500,000 and average annual income of NRs2.5 million to less than NRs10.0 million; (iii) metropolitan city has a population of 500,000 and above with the average annual income of equal and more than NRs10.0 million.

<sup>2</sup> Government of Nepal, National Planning Commission. 2020. Kathmandu. [Fifteenth-Year](#). Kathmandu. Government of Nepal. 2021. [National Adaptation Plan, 2021–2050: Summary for Policy Makers](#). Kathmandu.

<sup>3</sup> The design and monitoring framework is in [Appendix 1](#).

<sup>4</sup> ADB.2023. [Pokhara Sustainable Tourism Action Plan](#). Manila.

<sup>5</sup> The project supports improvement of cultural, natural, and heritage assets under the municipalities' jurisdiction.

gender equality and social inclusion (GESI)—responsive historical, natural, and cultural heritage management plans;<sup>6</sup> (ii) improving at least any one of the historical, cultural, and natural heritage sites per project municipality with GESI-responsive tourism infrastructure such as Pokhara cycle routes connecting the seven lakes, Bindabasini area street, the Phewa organic trail, Pokhara Santi Ban Batika (urban forest), Janakpur Ratnasagar area, Lumbini global park, and Panchase eco-development area; (iii) improving 150,000 square meters of green public spaces—including improvement of the Siddharthanagar Dandha river corridor and greening of public spaces in all municipalities—with gender-inclusive and climate-resilient design features for improved quality of life;<sup>7</sup> and (iv) ensuring project municipalities spend at least 30% of their socioeconomic development program fund on socioeconomic infrastructure and activities related to tourism and improved livability. The output will also support the construction of at least seven GESI-friendly public toilets at cultural and natural heritage sites and support biodiversity conservation, including sarus crane conservation in Lumbini Province and related awareness-raising initiatives.<sup>8</sup>

- **Output 3: Capacity of communities, municipalities, province, and Department of Urban Development and Building Construction strengthened.** The project will implement municipal reforms, including digital transformation, institutional strengthening, and capacity-building of project municipalities, to improve service delivery and quality of life. Output 3 will support updating and implementation of a comprehensive financial management improvement plan (CFMIP)—an institutional reform measure designed for revenue enhancement (through broadening own-source revenue coverage, implementing digital tax billing and collection, improving tax administration, installing an electronic building permit system that factors in climate and disaster risk zoning and application of building codes and bylaws); streamline efficient budgeting and expenditure management; strengthen internal and external audit, procurement; and maintain a robust database of public assets, including infrastructure, utilities, cultural and natural heritage sites, and public, and financial management systems. Second, output 3 will promote a safer tourism environment and address carbon emissions and climate- and disaster-related risks by (i) preparing decarbonization and risk-sensitive urban development plans and enforcing the plans to control urban sprawl;<sup>9</sup> (ii) preparing seven heat action plans to ensure well-coordinated response actions during extreme heat events, tailored to disadvantaged groups; and (iii) establishing a municipal emergency operation center in Pokhara. Third, output 3 will strengthen institutions and develop capacity by (i) establishing and equipping O&M units in each municipality; (ii) constructing an energy-efficient and disaster-resilient municipal office building for Lumbini Sanskritik municipality; (iii) conducting training and workshops for staff (including eligible women staff and elected female representatives) of municipalities, provinces, and the DUDBC in municipal finance, natural ecosystems, decarbonization, and urban resilience planning; and (iv)

<sup>6</sup> The approved plans will integrate climate and disaster resilience features and include a GESI section that describes affirmative action for women and disadvantaged groups to participate in implementing the plans.

<sup>7</sup> Involves planting of trees, including mature trees; nature-based eco-drainage solutions; cycle lanes and sidewalks; covered and seating areas; fencing for protected areas; and sculptures, murals, and other forms of public art that connect residents with nature and the environment. Features that enhance women's safety and feelings of safety will include improved lighting and visibility; sidewalks; improved ease of access; seating for women, including those with babies and children; and signage displaying helpline numbers.

<sup>8</sup> Public toilets will have male and female toilets at a ratio 1:2, all-gender toilets with adequate wash facilities, and accessible toilet designs for the elderly and people with reduced mobility.

<sup>9</sup> Including multi-hazard disaster risk assessment and seismic microzoning of Pokhara.



supporting internship and skills improvement programs for women and disadvantaged groups.<sup>10</sup>

3. **Government strategy.** The Constitution of Nepal (2015) entrusts provinces and local governments to develop public infrastructure and deliver services. The Fifteenth Plan identifies sustainable urbanization as a key driver of the country's socioeconomic transformation to make cities inclusive, safe, resilient, and sustainable. The National Adaptation Plan (2021–2050) has identified adaptation priorities related to risk-informed urban plans, heat action plans, and climate-resilient building practices.<sup>11</sup> Specific priorities of the government include a national program for integrated urban development, investments prioritized by urbanizing corridor strategies, heritage conservations, and tourism infrastructure, thereby opening major opportunities for development, a significant source of employment, and a contribution to poverty reduction.<sup>12</sup> The government has identified several municipalities with high tourism potential, with recently improved access that is likely to increase visitors, and where investment is urgently required to safeguard heritage and enhance visitor experience while improving the quality of life for residents. Accordingly, the government requested the Asian Development Bank (ADB) to focus on strategically important municipalities and build on integrated development strategies for better tourism sector performance. The project will target seven municipalities that are strategically and economically important, with unique physical, spatial, and cultural characteristics and challenges.

4. **Selection of project municipalities.** The project municipalities were selected given their unique assets and untapped potential for contributing to Nepal's high economic growth related to the expansion of the tourism sector and logistic support for tourism growth: (i) Pokhara metropolitan city, which is in the foothills of the Himalayas, is Nepal's second-largest city, is a gateway for trekking in the Annapurna circuit, and has its unique biodiversity and ecosystems centered around a cluster of nine lakes; (ii) Janakpur metropolitan with cultural and religious significance, that attracts domestic and international visitors (mainly from India); and (iii) the western Terai region, an agglomeration of five municipalities (Devdaha municipality, Lumbini Sanskritik municipality, Sainamaina municipality, Siddharthanagar municipality, and Tilottama municipality) in Lumbini province within the Greater Lumbini Buddhist Circuit, a network for religious pilgrimage and cultural tourism based around the birthplace of Buddha. New international airports in Siddharthanagar (gateway to the cultural and religious tourism in the Greater Lumbini Buddhist Circuit) and Pokhara are expected to increase tourist arrivals and facilitate trade in both areas.<sup>13</sup>

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<sup>10</sup> Gender Equality and Social Inclusion Action Plan (accessible from the list of linked documents in [Appendix 2](#)). The DUDBC will coordinate with the Council for Technical Education and Vocational Training to link project municipalities with private institutions approved by the Council for Technical Education and Vocational Training for certified skills and tourist guide training.

<sup>11</sup> Government of Nepal. 2021. [National Adaptation Plan \(NAP\), 2021-2050: Summary for Policy Makers](#).

<sup>12</sup> Government of Nepal, Department of Urban Development and Building Construction. 2019. *Integrated Development Strategies for Two Terai Corridors: Western Urbanizing Corridor and Easter Urbanizing Corridor*. Kathmandu.


<sup>13</sup> Lumbini region saw a rapidly growing tourism demand of 14.9% per year between 2011 and 2019, reaching 1.8 million in 2019. Pokhara has high tourism demand, reaching 476,000 international and 714,000 domestic tourists in 2019. Similarly, Janakpur is home to important cultural and religious sites and is expected to see its nascent tourism sector expand rapidly as transportation links to India improve. [Ministry of Culture, Tourism and Civil Aviation 2020, Nepal Tourism Statistics 2019](#).

## II. IMPLEMENTATION PLANS

### A. Project Readiness Activities

5. A table on project readiness activities (Table 1) is included as follows.

**Table 1: Project Readiness Activities**

Indicative Activities	2023		2024				2025	Responsible
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	
<b>Complete Detailed Engineering Design</b>								PCO/PIUs
<b>Recruit Supervision and Design Consultant (WUC)</b>								PCO/PIUs
Request EOI	Aug							
Shortlist and draft RFP	Sep							
Obtain ADB and executing agency's approval and issue RFP	Sep							
Receive proposals		Oct						
Receive executing agency's evaluation report		Nov						
Obtain ADB's prior review and no objection		Dec						
Obtain executing agency's approval			Jan					
Award contract and mobilize			Feb					
<b>Conduct Resettlement Activities</b>								
Disclose draft resettlement plan	Aug							ADB, PCO
Complete evaluation		Nov			Sep			
<b>Procure Civil Works Package CW-1 (Tilottama)</b>								PCO/PIUs
Finalize draft bidding documents	Aug							
Invite bids (OCB National): 30 days								
Receive bids							Jan	
Receive executing agency's bid evaluation report							Feb	
Obtain ADB's prior review and no objection							Feb	
Obtain executing agency's approval							Mar	
Award and sign contract and issue guarantees							Mar	
Mobilize							Mar	
<b>Obtain ADB Board Approval</b>		Dec						ADB
<b>Conduct Loan Signing</b>		Dec						MOF/ADB
<b>Declare Loan Effectiveness</b>			Jan					MOF/ADB

ADB = Asian Development Bank, CW-1 = civil works 1, EOI = expression of interest, MOF = Ministry of Finance, OCB = open competitive bidding, PCO = project coordination office, PIU = project implementation unit, Q = quarter, RFP = request for proposal, WUC = western urbanizing corridor.

Source: ADB.

6. Breakdown advance contracting actions into key process steps and milestones for major contract packages are included in Table 2.

**Table 2: Advance Contracting Actions**

Date	Project Processing Milestone (ADB)	Project Coordination Supervision Consultant	Advanced Procurement Activities		
			Output 1	Output 2	Output 3
May 2022	Concept paper review meeting: approve advance contracting				
	ADB and Consultant's preparatory outputs	Draft TORs of consultants (3 firms) prepared.	Draft detailed design complete.  Due diligence completed.  Component confirmed  Cost estimate finalized	Major tourist assets priorities of municipalities identified.  Component confirmed.  Cost estimate finalized	Municipal service digitalization scoping competed.  CFMIP prepared for five municipalities  Cost estimate finalized.
Jun-Jul 2023	Fact-finding mission: prepare AM/MOU and preliminary PAM	EOI published.	Final detailed design completed for four works packages  Safeguard planning documents prepared		
Aug 2023	Management review meeting	EOI published.	Invite bids for one packages		
Aug 2023	RRP and loan agreement sent to the Government of Nepal for Loan negotiations				
Sep 2023				Safeguard planning documents prepared.	
Oct 2023		EOI published.			
Nov 2023	Loan negotiation  Board consideration for approval				

Date	Project Processing Milestone (ADB)	Project Coordination Supervision Consultant	Advanced Procurement Activities		
			Output 1	Output 2	Output 3
Dec 2023	Loan signing		Submit bid evaluation report to ADB Open a	Invite bids	
Jan 2024				Receive bids	
Feb 2024	Loan effectiveness		Commence works		

ADB = Asian Development Bank, AM = aide memoire, CFMIP = comprehensive financial management improvement plan, EOI = expression of interest, MOU = memorandum of understanding, PAM = project administration manual, RFP = request for proposal, RRP = report and recommendation of the President, TOR = terms of references.

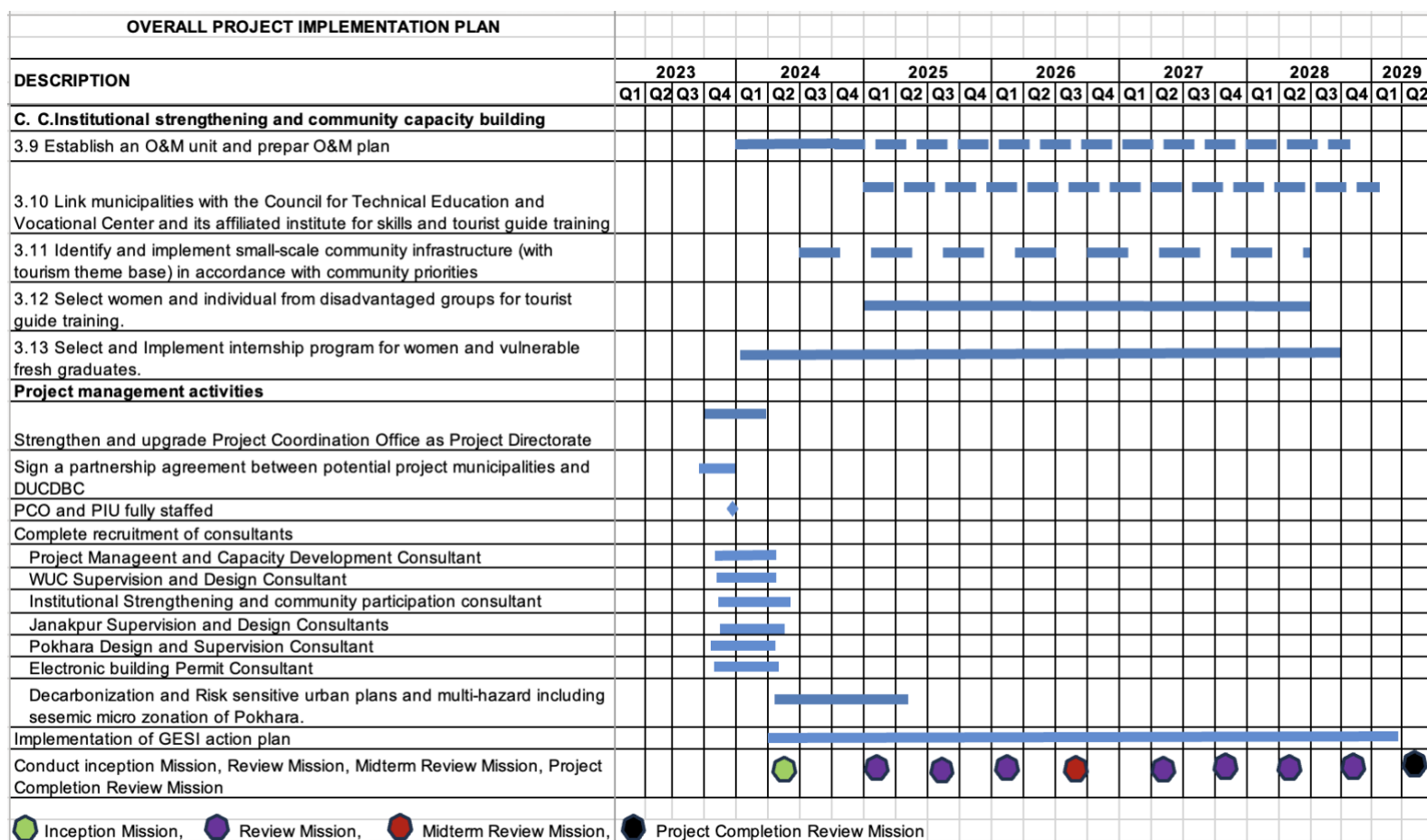
Source: ADB.

## B. Overall Project Implementation Plan

7. A Gantt chart (Table 3) records outputs with key implementation activities on a quarterly basis). The chart will be updated as necessary. The activities in Table 3 are in line with the milestones in the design and monitoring framework (DMF).

### Table 3: Overall Project Implementation Plan

OVERALL PROJECT IMPLEMENTATION PLAN		Table of Overall Project Implementation Plan																											
DESCRIPTION	2023				2024				2025				2026				2027				2028				2029				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
DMF																													
Output 1: Municipal infrastrucutre for resilience improved.																													
1.1 Prepare and finalize a detailed project report, including the engineering design of drainage, roads, and cold storage facility and safeguards planning document																													
1.2 Commence procurement of civil works contracts																													
1.3 Complete procurement of civil works packages under output 1																													
1.4 Incorporat design features responsive to women and disadvantaged groups																													
1.5 Package wise subloan agreement with Town Development Fund																													
1.6 Constructions of works packages																													
Output 2: Tourism assets revitalized, and management improved.																													
2.1 Identify cultural and natural heritage sites for regeneration																													
2.2 Prepare cultural and natural heritage site improvement and management plan																													
2.3 Prepare design of prioritized civil works or components																													
2.4 Procure works pacakges																													
2.5 Package wise subloan agreement with Town Development Fund signed.																													
2.6 Implement the plan including construction or works																													
2.7 Prepare SEDP and implement it annually																													
2.8 Prepare integrated settlement plans for three settlements of Lumbini and develop the settlements as part of socioeconomic development program.																													
Output 3: Capacity of communities, municipalities, province, and Department Urban Development and Building Construction Strengthened																													
A. Own-source revenue improved.																													
3.1 Municipal councils approve respective comprehensive financial management improvement plan (Q1 2024) and monitor on a yearly basis.																													
3.2 Develop an electronic tax billing and colleciton system																													
3.3 Launch awareness raising campaigns to improve property tax payments.																													
3.4 Procure computers and software for the digitization of municipal services.																													
3.5 Computerize municipal revenue administration systems for billing and collection.																													
B. Decarbonization promoted and climate and disaster risks addressed																													
3.6 Prepare decarbonization and risk-sensitive urban development plans, and enforce development control																													
3.7 Provide training on urban resilience, natural ecosystems and biodiversity, climate change and disaster risk assessment, and decarbonization.																													
3.8 Prepare drainage master plan for four municipalities of Western Urbanizing Corridor																													
3.9 Prepare, approve and implement heat action plans.																													



DMF = design and monitoring framework, GESI = gender equality and social inclusion, PCO = project coordination office, PIU = project implementation unit, WUC = western urbanizing corridor, Q = quarter.

Source: Asian Development Bank.

### III. PROJECT MANAGEMENT ARRANGEMENTS

#### A. Project Implementation Organizations: Roles and Responsibilities

8. The primary responsibilities of each project implementation organization are identified in Table 4.

**Table 4: Project Management Roles and Responsibilities**

<b>Project Implementation Organization</b>	<b>Management Roles and Responsibilities</b>
<b>Executing agency</b> MOUD, DUDBC	<p>Strengthen and upgrade existing project coordination office of Regional Urban Development Project as Project Directorate (as per Figure 2).</p> <p>Establish a direct reporting line to Director General of Department. Ensure PCO's staff Conduct overall coordination of project implementation, including timely submission of reports to ADB.</p>
<b>Project Steering Committee (PSC)</b>	<p>Oversee and monitor project implementation as well as the adequacy of overall project funding.</p> <p>The committee comprised of Secretary of MOUD as Chair; the Mayor of the Project Municipalities, Joint Secretaries of the MOUD, Ministry of Federal Affairs and General Administration, the Ministry of Forests and Environment, the Ministry of Culture, Tourism and Civil Aviation, the Ministry of Water Supply, and the National Planning Commission; the Director Generals of the DUDBC, Department of Water Supply and Sewerage Management, Department of Roads, and Department of Mines and Geology; a representative from the Ministry of Finance, Executive Director of Town Development Fund, representative of Nepal Electricity Authority, as members, and the project director as member secretary and the convener of the PSC.</p> <p>Hold meetings as necessary but at least semiannual to discuss the overall status and project issues.</p>
<b>Project Coordination Office</b> (to be strengthened as Project Directorate) <b>(supported by PMCDC, ISPC, RSUDPC,</b>	<p><b>Overall project coordination and management</b></p> <ul style="list-style-type: none"> <li>• Coordinates with ADB, other government's line agencies, project municipalities and relevant provinces for smooth project implementation.</li> <li>• Sign the Subproject Agreement with project municipalities.</li> <li>• Monitors performance of municipalities in delivering project output.</li> <li>• Ensures the compliance of covenants including submission of audited project accounts.</li> </ul> <p><b>Procurement of works, goods and consulting service contract and performance monitoring</b></p> <ul style="list-style-type: none"> <li>• Conduct yearly update of procurement plan and monitor procurement process.</li> <li>• Recruits PMCDC, ISPC, RSUDPC, electronic building permit service consultant, WUC SDC, and individual experts.</li> <li>• Procure goods and equipment.</li> <li>• Guide and support PIUs in preparing bidding documents, request for proposal, and bid evaluation process.</li> <li>• Monitor performance of PIUs including services of SDC Janakpur and DSC Pokhara</li> </ul> <p><b>Reporting and documentation</b></p> <ul style="list-style-type: none"> <li>• Serves as point of contact with ADB, maintains project documents, and submits timely reports (quarter progress reports and project</li> </ul>

Project Implementation Organization	Management Roles and Responsibilities
	<p>completion report) to ADB by consolidating relevant inputs from PIUs and TDF.</p> <ul style="list-style-type: none"> <li>Submits audited project accounts and financial statements pertaining to the project to ADB within 9 months from the end of the fiscal year for the first 2 years, and 6 months after the end of the fiscal year thereafter.</li> </ul> <p><b>Disbursements</b></p> <ul style="list-style-type: none"> <li>Consolidates accounts and submits withdrawal applications to ADB for reimbursement.</li> <li>Open and manage advance account for ADB loan and grant.</li> <li>Centralize and maintain copies of all supporting documents.</li> </ul>
<p><b>Implementing agencies</b> – Seven municipalities Devdaha Janakpur Lumbini Sanskritik Pokhara Sainamaina Siddharthnagar Tilottama</p>	<p><b>Establishment Project Implementation Units</b></p> <ul style="list-style-type: none"> <li>Appoint project manager or request MOUD/DUDBC to depute a project manager and appoint Deputy project manager.</li> <li>Depute dedicated staff (as per in Figure 3)</li> <li>Liaise with local communities and resolve local grievances for smooth implementation.</li> <li>Approve detailed project reports.</li> </ul>
<p><b>Project Implementation Units (7 units)</b></p>	<p><b>Procurement of works/goods contracts (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>Prepare bidding documents for works and goods and submit them through PCO to ADB for approval.</li> <li>Prepare all safeguard documents following loan documents as per ADB guidelines</li> <li>Check and follow up on all clearances, including administrative, regulatory, and statutory approvals</li> </ul> <p><b>Contract management (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>The signing of contracts with Contractors/suppliers (project manager is a signing authority)</li> <li>Issuing 'notice to proceed'</li> <li>Act as Employer to the contract for design, construction, and O&amp;M phase (if applicable)</li> <li>Contract management, during implementation or works, and for O&amp;M (if applicable) until all works are completed</li> </ul> <p><b>Supervision and monitoring of the construction works (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>Oversee, coordinate, and monitor works (civil, electrical, and mechanical) and supply of equipment and materials ensuring sound works supervision and high-quality control and any other technical matters and issue certificates for acceptance</li> <li>Measure and record acceptable works, check contractors'/suppliers' invoices, and make payments to the contractors</li> <li>Manage works contracts, prepare variation orders; and submit variation requests to approving authority in consultation with PCO to ADB (as required).</li> <li>Coordinate preparation of final measurements and 'as built' drawings</li> </ul>



Project Implementation Organization	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>• Monitor implementation and works of SDC</li> <li>• biweekly/monthly reporting of progress of works to concerned municipality and PCO</li> </ul> <p><b>Safeguards compliance (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>• Ensure compliance with safeguard frameworks, documents, and plans</li> <li>• Ensure compliance with subproject selection criteria, and exclusion of category A subprojects</li> <li>• Facilitate consultations with stakeholders and disclose project information</li> <li>• Responsible for implementation, monitoring, and reporting of GESI action plan activities</li> <li>• Address grievances through Grievance Redressal Mechanism</li> <li>• Coordinate land acquisition actions, if required</li> <li>• Submit semiannual safeguard monitoring reports to Project Directorate</li> </ul> <p><b>GESI Action plan (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>• Ensure targets set at GESI Action Plan met</li> <li>• Community awareness on circular economy and 3Rs strengthened.</li> </ul> <p><b>Accounting and reporting (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>• Open and administer project account</li> <li>• Prepare monthly, quarterly, midterm, and final physical and financial progress reports</li> <li>• Payments, accounting, requisitions to PCO (or Project Directorate to be established) for funds/payments, and reporting to the PCO.</li> </ul> <p><b>Manage expenditures and disbursements. (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>• Submit payment details and documents to PCO (or to be upgraded as a Project Directorate)</li> <li>• Retain supporting documents for audit</li> <li>• Complete all reporting requirements, including the annual audit report and financial statements</li> </ul> <p><b>Monitor and supervise the works of SDC (with the support of consultants)</b></p> <ul style="list-style-type: none"> <li>• Review and approve all site investigation subcontracts (if required)</li> <li>• Monitor, review, evaluate, and approve all outputs of the consultants, including the detailed project reports and the tender documents</li> <li>• Finalize project components and works packages</li> <li>• Review and recommend payment invoices of consultants</li> <li>• Review consultant's personnel requirements on a regular basis and make recommendation to PCO for mobilization/demobilization plans</li> </ul> <p><b>Other works</b></p> <ul style="list-style-type: none"> <li>▪ Support implementation of the urban governance and reforms component.</li> <li>▪ Pursue and support the implementation of women internship program, the establishment of required positions in municipalities (i.e., counterpart arrangements in municipalities) and their recruitment and payments from funding under ADB loan</li> <li>▪ Organize regular meetings (at least quarterly) with DCC and Province to update on progress</li> </ul>

Project Implementation Organization	Management Roles and Responsibilities
	<ul style="list-style-type: none"> <li>▪ Participate in ADB Mission meetings</li> <li>▪ Implement awareness campaigns on project activities, waste management including circular economy, heat stresses</li> </ul>
TDF	<ul style="list-style-type: none"> <li>▪ Signs subsidiary loan agreement with the Ministry of Finance</li> <li>▪ Signs sub loan agreements with project municipalities.</li> <li>▪ Assign dedicated staff for overall portfolio management of the project</li> <li>▪ Ensure timely disbursements of TDF loan proceeds.</li> <li>▪ Review of detailed project reports of each subproject.</li> <li>▪ Review and support municipalities in implementation of comprehensive financial management and revenue enhancement plan</li> <li>▪ Provide input to municipalities in designing public private partnership projects</li> </ul>
ADB	<p>Monitor and review overall project implementation in consultation with the executing and the implementing agencies, including</p> <ul style="list-style-type: none"> <li>(i) the project implementation schedule;</li> <li>(ii) actions required in terms of poverty reduction, environmental impacts, and resettlement plans if applicable;</li> <li>(iii) timeliness of budgetary allocations and counterpart funding;</li> <li>(iv) project expenditures, progress with procurement and disbursement, and statement of expenditure when applicable;</li> <li>(v) compliance with particular loan covenants; and</li> <li>(vi) the likelihood of attaining the project's immediate development objective.</li> </ul>

ADB = Asian Development Bank, DCC = District Coordination Committee, DUDBC = Department of Urban Development and Building Construction, GESI = gender equality and social inclusion, ISPC = institutional strengthening and community participation consultant, O&M = operation and maintenance, MOU = memorandum of understanding, MOUD = Ministry of Urban Development, PCO = project coordination office, PIU = project implementation unit, PMCDC = project management and capacity development consultant, RSUDPC = risk sensitive urban development plans consultant, SDC = supervision and design consultant, TDF = Town Development Fund, WUC = western urbanizing corridor, 3R = reduce, reuse, recycle.

Source: ADB.

9. Capacity development support under the project will help the executing agency and implementing agencies in the short to medium term to implement the project and develop capacity in prioritized areas. The Project Coordination Office (PCO) together with ADB will conduct capacity development programs for project municipalities and its implementation units on ADB procedures, Project Implementation and Thematic Topics will support implementation, monitoring and reporting. Capacity Development Resource Center of Nepal Resident Mission will conduct training programs which are based on a training needs assessment survey with project officers and executing agencies. This is to ensure demand is driven. The PCO will engage project management and capacity building consultant (PMCDC) and an institutional strengthening and community participation consultant (ISPC). These two consultants will organize capacity development training. Prioritized areas for capacity development and key deliveries are listed in Table 5 which will be provided during the project implementation period.

**Table 5: Capacity Development Key Deliveries Training Lead**

	Areas of Trainings	Key Deliveries
Capacity Development Resource Center	Procurement, contract management, safeguards, GESI	Procurement clinic organized, safeguards training,

	Areas of Trainings	Key Deliveries
PMCDC	Procurement	Annual and refresher training on ADB's procurement framework, standard bidding documents and evaluation Organize procurement clinic and training on contract management,
	Disbursements	Annual and refresher training on ADB's <i>Loan Disbursement Handbook</i> (2022, as amended from time to time) and detailed arrangements agreed between the government and ADB.
	Project performance monitoring	Annual training on project performance monitoring information system.
	Safeguards requirements	Annual training on ADB safeguards requirements including reporting during implementation, and type of monitoring equipment necessary in the implementation of the Heritage Improvement Activities.
	Financial management	Annual training on good financial management, financial management system, roles and duties in compliance with ADB's and Governments procedures and requirements on financial management.  Refresher training on financial management including disbursement projections and monitoring.
Institutional Strengthening and Community Participation Consultant	Municipal revenue and expenditure management	Annual training on the implementation Comprehensive Financial Management Improvement Action Plan on annual basis Carry out capacity development annual training for internal audit staff of the project municipalities.
	Internal Audit	
	Public Assets management	Annual training on FCGO's Public Assets Management (participants: three provinces and all municipalities from Lumbini, Gandaki and Madhesh Pradesh province)
	Community Consultation Plan	Training on community consultation plan implementation.
	Gender equality and social inclusion	Training on gender equality and social inclusion, monitoring and reporting
Decarbonisation and Risk sensitive urban plans for 7 municipalities and multi-hazard disaster risk assessment, seismic microzonation mapping of Pokhara, and implementation	Risk-sensitive urban development plans	Training on risk sensitive urban development plans and development control
	Climate and disaster resilience	Training on climate and disaster resilience
	Heat action plan	Training on heat action plan

	<b>Areas of Trainings</b>	<b>Key Deliveries</b>
support consultant		

ADB = Asian Development Bank, FCGO = Financial Comptroller General Office, GESI = gender equality and social inclusion, PMCDC = Project Management and Capacity Development Consultant.

10. Table 6 lists the roles and responsibilities of project implementation consultants, supervision consultants, and other consultants.

**Table 6: Consultant Roles and Responsibilities**

<b>Consultant</b>	<b>Recruitment responsibility</b>	<b>Primary Roles and Responsibilities</b>
Project Management and Capacity Development Consultant	Project Directorate (Former project coordination office)	Support the executing and the implementing agencies in <ul style="list-style-type: none"> <li>(i) planning and coordination of project implementation.</li> <li>(ii) project management and control, including administration, procurement and disbursements</li> <li>(iii) troubleshooting of project implementation problems.</li> <li>(iv) progress reporting.</li> <li>(v) management of project management software, such as Microsoft Project or its equivalent to identify critical path for timely actions.</li> <li>(vi) various capacity development activities for the compliance with the ADB's policy and guidelines</li> </ul>
WUC Supervision and Design Consultant (Devdhaha, Siddharthnagar, Tilottama, Sainamain and Lumbini)	Project Directorate (former project coordination office)	Handhold WUC municipalities in <ul style="list-style-type: none"> <li>(i) supervision of infrastructure and green solutions</li> <li>(ii) preparation and implementing heritage and cultural improvement plans</li> <li>(iii) design of prioritized municipal infrastructure and heritage/ cultural site improvement subprojects</li> <li>(iv) technical capacity development of municipality staff</li> </ul>
Janakpur Supervision and Design Consultant	Project Implementation Unit, Janakpur Municipality	Handhold and support the Janakpur municipality in <ul style="list-style-type: none"> <li>(i) supervision of infrastructure works and green solutions</li> <li>(ii) preparation and implementing heritage and cultural improvement plans</li> <li>(iii) design of prioritized municipal infrastructure and heritage/</li> </ul>

Consultant	Recruitment responsibility	Primary Roles and Responsibilities
		cultural site improvement subprojects (iv) technical capacity development of municipal staff
Pokhara Design and Supervision Consultant	Project Implementation Unit, Pokhara Municipality	Handhold and support the Pokhara in (i) design of prioritized municipal infrastructure works and heritage/ cultural site improvement subprojects (ii) preparation and implementing heritage and cultural improvement plans as a subset of Sustainable Tourism Action Plan (iii) supervision of municipal infrastructure, tourism asset, cultural, heritage and green infrastructure (iv) technical capacity development of municipal staff
Institutional strengthening and community participation consultant (All project municipalities)	Project Directorate (former project coordination office)	Supporting and handholding the project municipalities and PIUs in (i) preparing and implementing of coordination and consultation plan (municipality, provincial, federal) (ii) Support implementation (consultation, identification, planning, and implementation) of the socio-economic development program (iii) GESI Action Plan implementation (iv) Implementation of CFMIP including support to electronic tax collection and billing system (v) Preparation of business plan (vi) Municipality-wide Operation and maintenance plan and support to implementation (vii) Public Asset Management system (FCGO) and training (viii) GIS-based house addressing (ix) community participation and awareness
Decarbonisation and Risk sensitive urban plans for 7 municipalities and multi-hazard disaster risk assessment, seismic microzonation mapping of	Project Directorate (former project coordination office)	Support the implementing agencies in: - Pokhara Multi-hazard disaster risk assessment and seismic microzonation mapping and implementation support - Seven risk sensitive urban plans and support to enforce.

Consultant	Recruitment responsibility	Primary Roles and Responsibilities
Pokhara, and implementation support		<ul style="list-style-type: none"> <li>- preparations of planning and building bylaws with climate change and disaster risk resilience and inclusive accessibility and safety features, and implementation</li> <li>- preparing City heat stress plan for all municipalities</li> <li>- capacity development of DUDBC and municipalities staff on urban resilience and risk sensitive master plan preparation and enforcement</li> </ul>
National EBPS and other municipal digitalization support services	Project coordination office (to be upgraded as Project Directorate)	<ul style="list-style-type: none"> <li>- Electronic Building Permit Systems introduced by seven municipalities</li> <li>- Incorporate planning and building bylaws in Electronic Building Permit Systems</li> <li>- Coordinate with Institutional Strengthening and community participation consultant for the capacity assessment for IT infrastructure enhancement at municipal and ward offices for improved public services.</li> <li>- Capacity development of DUDBC, municipalities' staff and relevant private sector including designers in the municipalities and province</li> <li>- Digitalization of municipal services support.</li> </ul>

ADB = Asian Development Bank, CFMIP = comprehensive financial management improvement plan, DUDBC = Department of Urban Development and Building Construction, EBPS = electronic building permit systems, FCGO = Financial Comptroller General Office, GESI = gender equality and social inclusion, GIS = geographic information system, IT = information technology, PIU = project implementation unit, WUC = western urbanizing corridor.

Source: Asian Development Bank.

## B. Key Persons Involved in Implementation

### Executing Agency

Department of Urban  
Development and  
Building Construction

Surendra Mohan Shrestha  
Director General  
Email: [dudbc2011@gmail.com](mailto:dudbc2011@gmail.com)

Project Coordination  
Office (to be Project  
Directorate)

Roshan Shrestha  
Project Director  
Email: [pddudbc@gmail.com](mailto:pddudbc@gmail.com)

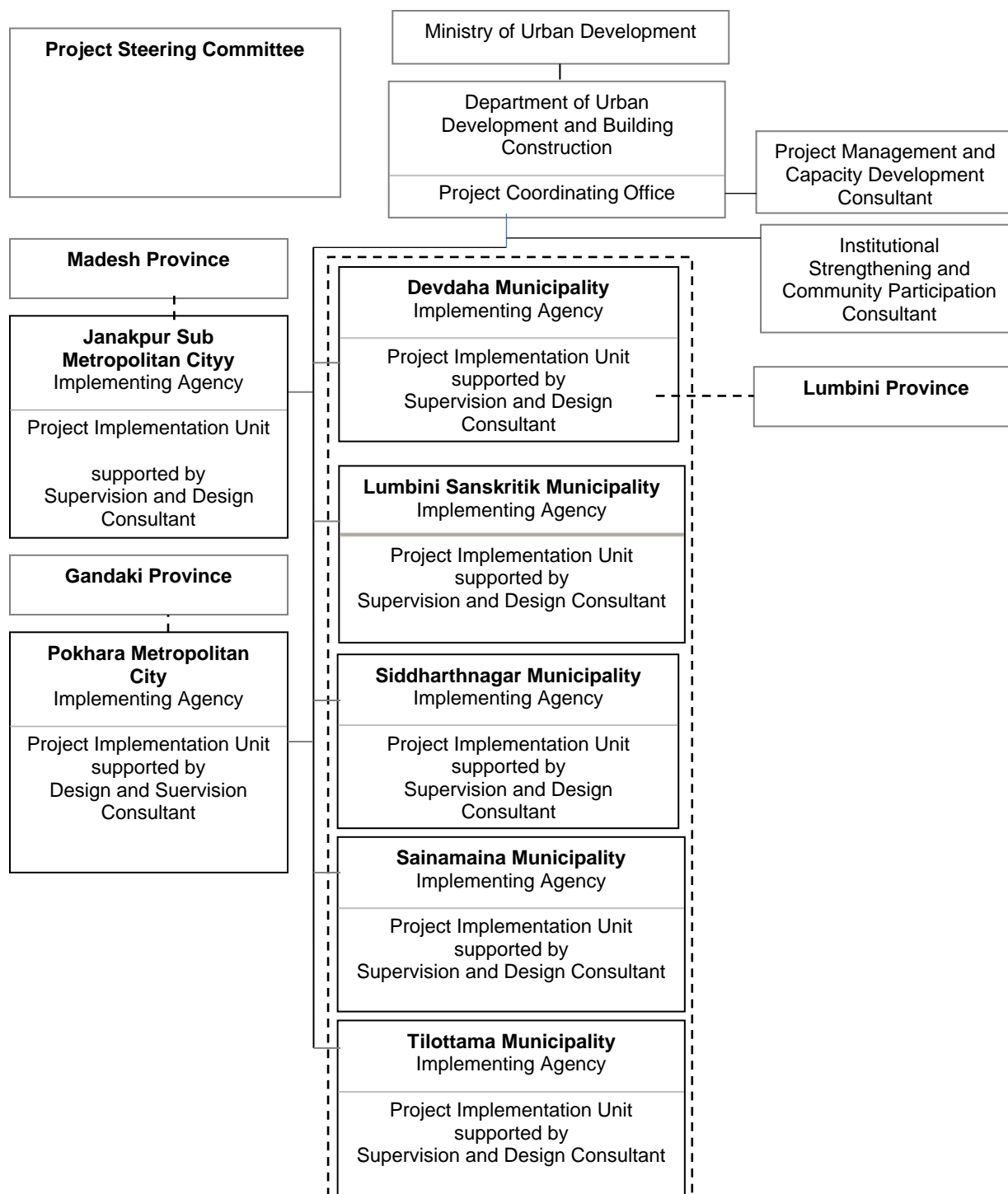
**Asian Development Bank**

Water and Urban Development Sector Office	Manoj Sharma Director +63 2 8632 6505 E-mail: <a href="mailto:msharma@adb.org">msharma@adb.org</a>
Project Team Leader	Laxmi Sharma Senior Urban Development Specialist +632 8632 6519 E-mail: <a href="mailto:lsharma@adb.org">lsharma@adb.org</a>
Project Analyst	Sheryl V. Yanez +63 2 8632 5778 Email: <a href="mailto:syanez@adb.org">syanez@adb.org</a>
Procurement	Dawa Choki Procurement Specialist +639999994884 Email: <a href="mailto:dchoki@adb.org">dchoki@adb.org</a>
Environment	Achyutha Rao Aleti Environment Specialist +639999996319 Email: <a href="mailto:aarao@adb.org">aarao@adb.org</a>
Social	Saswati Belliappa Senior Social Development Specialist +639999992964 Email: <a href="mailto:sbelliappa@adb.org">sbelliappa@adb.org</a>
Finance	Julitta Ponniah Senior Financial Management Specialist +639988821526 Email: <a href="mailto:iponniah@adb.org">iponniah@adb.org</a>
Nepal Resident Mission	Naresh Giri Senior Project Officer (urban development) +977 1 4290101 Email: <a href="mailto:ngiri@adb.org">ngiri@adb.org</a>

**C. Project Organization Structure**

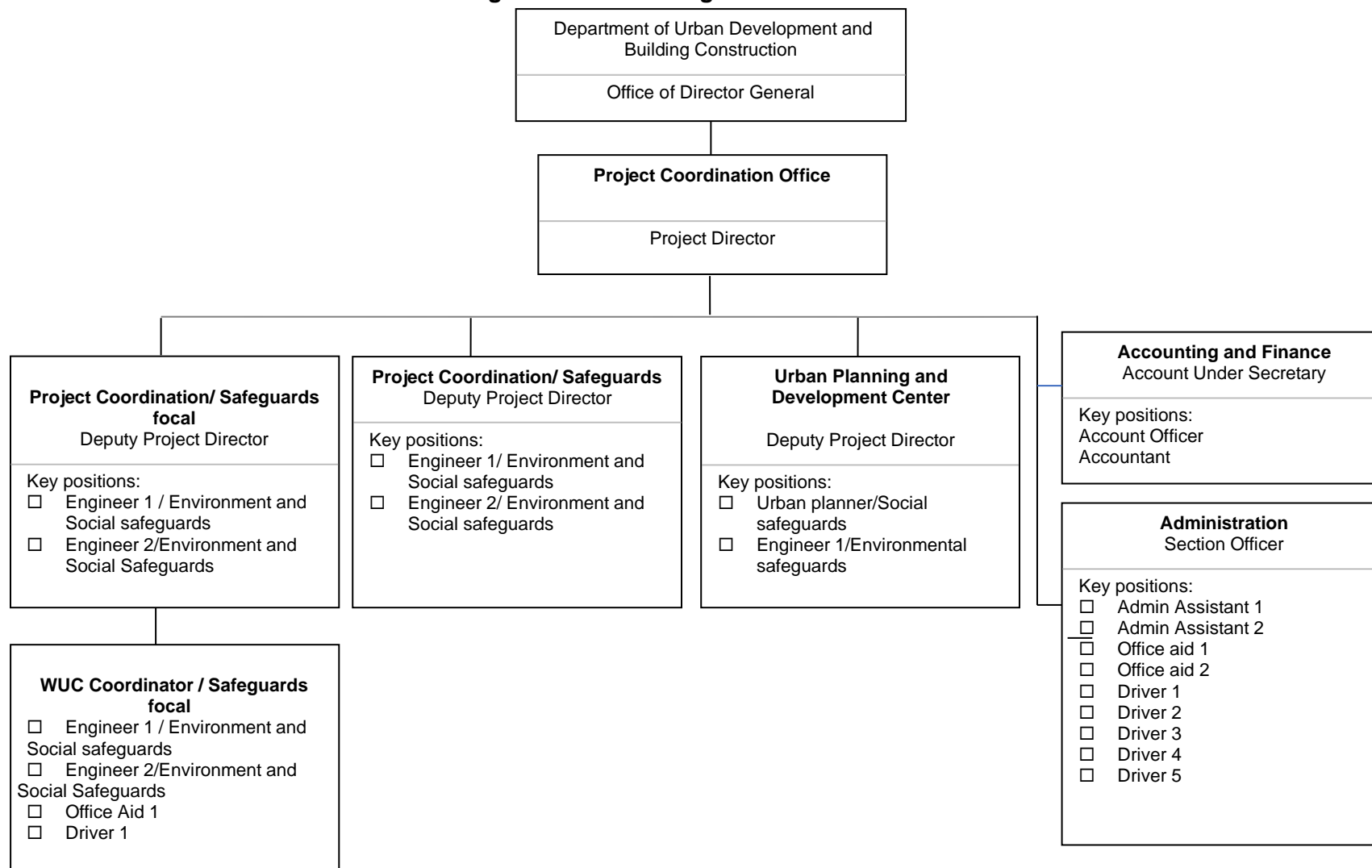
11. Include a flow chart providing an overview of the key agencies involved in project implementation (Figure 1). Figure 2 shows the reporting lines of essential internal structures of the executing agency, including the project implementation and/or management unit(s) (Figure 2). Key persons involved in implementation can be combined with this detailed project organizational structure (Figure 3).

Figure 1: Overall Organizational Structure



Source: Loan Negotiation, Asian Development Bank.



**Figure 2: Detailed Organizational Structure**

ADB = Asian Development Bank, WUC = western urban corridor.

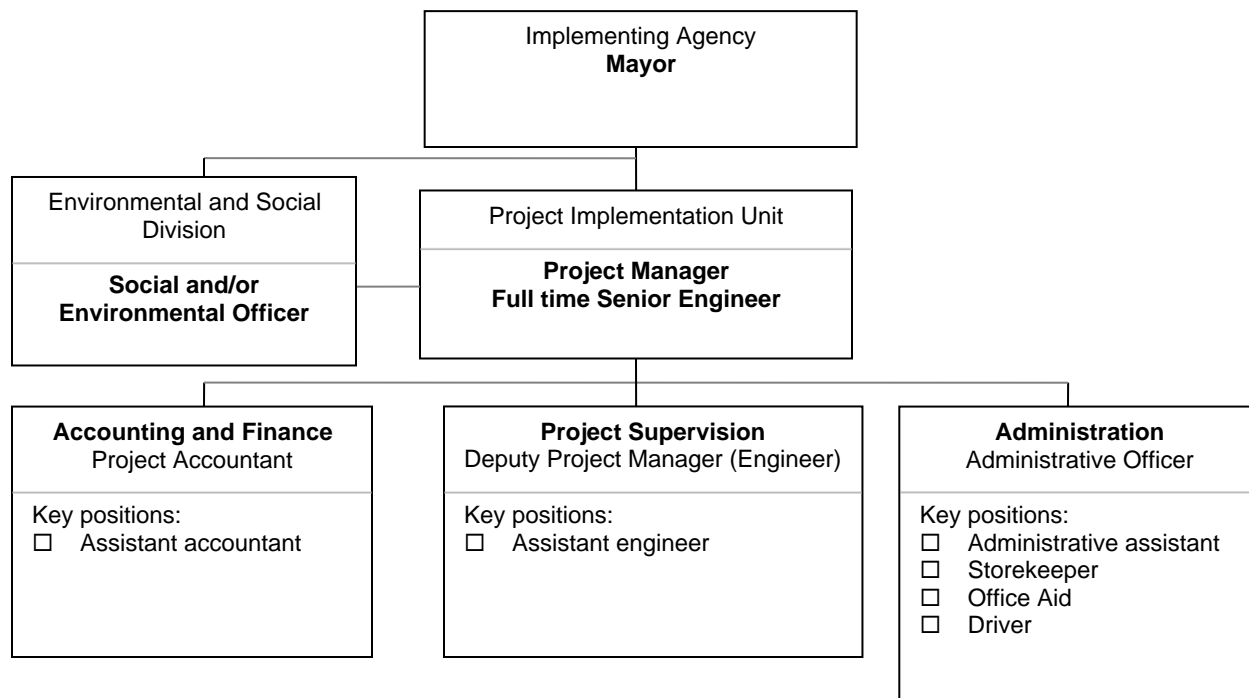
<sup>a</sup> Project Coordination Office will be strengthened as Project Directorate.

Source: Ministry of Urban Development and ADB.

**Table 7: Staffing of Executing Agency**

No.	Position	Name	Status
1	<b>Project director</b>	Shall be appointed soon	<input checked="" type="checkbox"/>
2	<b>Deputy project director (Safeguard focal)</b>	Suman Salike	<input checked="" type="checkbox"/> appointed
3	Engineer 1 / Environmental and Social safeguards	Kalpana Subedi	<input checked="" type="checkbox"/> appointed
4	Engineer 2/Environmental and Social Safeguards	Vacant	<input checked="" type="checkbox"/> by
5	<b>Deputy project director (Safeguard focal)</b>	Prabin Shah	<input checked="" type="checkbox"/> appointed
6	Engineer 1 / Environmental and Social safeguards	Sajan Shrestha	<input checked="" type="checkbox"/> appointed
7	Engineer 2/ Environmental and Social safeguards	Anisha Shrestha	<input checked="" type="checkbox"/> appointed
8	<b>Deputy project director</b>	Shall be appointed soon	<input checked="" type="checkbox"/> by
9	Urban planner/social safeguards	Shall be appointed soon	<input checked="" type="checkbox"/> by
10	Engineer 1 /environmental safeguards	Ronika Joshi	<input checked="" type="checkbox"/> appointed
11	<b>Account Under Secretary</b>	Vacant	<input checked="" type="checkbox"/> by
12	<b>Account Officer</b>	Rishikesh Rijal	<input checked="" type="checkbox"/> appointed
13	Accounts	Dinesh Ghimire	<input checked="" type="checkbox"/> appointed
14	<b>Administration – Section Officer</b>	Vacant	<input checked="" type="checkbox"/> by
15	Admin assistant 1	Hem Kumar Timsina	<input checked="" type="checkbox"/> appointed
16	Admin assistant 2	Shankar Mahaseth	<input checked="" type="checkbox"/> appointed
17	Office aid 1	Chiranjibi Ghimire	<input checked="" type="checkbox"/> appointed
18	Office aid 2	Radha Bista	<input checked="" type="checkbox"/> appointed
19	Driver 1	Shailendra Maharjan	<input checked="" type="checkbox"/> appointed
20	Driver 2	Indraman Maharjan	<input checked="" type="checkbox"/> appointed
21	Driver 3	Rajesh Kumar Mahat	<input checked="" type="checkbox"/> appointed
22	Driver 4	Krishna Bahadur Shrestha	<input checked="" type="checkbox"/> appointed
23	Driver 5	Vacant	<input checked="" type="checkbox"/> by
1	<b>WUC Coordinator (Safeguard manager)</b>	Vacant	<input checked="" type="checkbox"/> by
2	Engineer 1 Environmental and Social safeguards	Vacant	<input checked="" type="checkbox"/> by
3	Engineer 2 Environmental and Social safeguards	Vacant	<input checked="" type="checkbox"/> by
4	Office aid 1	Vacant	<input checked="" type="checkbox"/> by
5	Driver 1	Vacant	<input checked="" type="checkbox"/> by

Source: Department of Urban Development and Building Construction.

**Figure 3: Detailed Organizational Structure**

Source: Ministry of Urban Development and ADB.

**Table 8: Staffing of Implementing Agency**

No.	Position	Name	Status
<b>Devdaha Municipality</b>			
1	<b>Project manager</b> (Engineer/ Safeguard focal)	Raj Kumar Yadhav	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Engineer/ Environment officer)	Sheshnaryan Bhandari	<input checked="" type="checkbox"/> Appointed
3	Assistant (Sub) engineer 1	Sudhip Kharal	<input checked="" type="checkbox"/> Appointed
4	<b>Social Development Officer</b> (Social safeguard officer)	Ganga Prasad Panthi	<input checked="" type="checkbox"/> Appointed
5	<b>Project account officer</b>	Niraj Poudyal	<input checked="" type="checkbox"/> Appointed
6	Assistant accountant	Hari Prasad Rejal	<input checked="" type="checkbox"/> Appointed
7	<b>Administrative manager</b>	Ramesh Giri	<input checked="" type="checkbox"/> Appointed
8	Administrative assistant	Rakesh Gurung	<input checked="" type="checkbox"/> Appointed
9	Storekeeper		
10	Office aid	Devi Thapa	<input checked="" type="checkbox"/> Appointed
11	Driver	Lalit Kumar Thapa Magar	<input checked="" type="checkbox"/> Appointed
<b>Lumbini Municipality</b>			
1	<b>Project manager</b> (Engineer/ Safeguard focal)	Aashis Kumar Yadav	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Engineer/ Environment officer)	Sherajhudin Khan	<input checked="" type="checkbox"/> Appointed
3	Assistant engineer 1	Prabhakar Mishra	<input checked="" type="checkbox"/> Appointed

No.	Position	Name	Status
4	<b>Social Development Officer</b> (Social safeguard officer)	Seshram Yadav	<input checked="" type="checkbox"/> Appointed
5	<b>Project account officer</b>	Ramchandra Aryal	<input checked="" type="checkbox"/> Appointed
6	Assistant accountant	Kabita Pandey	<input checked="" type="checkbox"/> Appointed
7	<b>Administrative officer</b>	Sobhakar Poudel	<input checked="" type="checkbox"/> Appointed
8	Admin assistant	Karishma Chettri	<input checked="" type="checkbox"/> Appointed
9	Storekeeper	Narayan Acharya	<input checked="" type="checkbox"/> Appointed
10	Office aid	Ajay Kumar Yadav	<input checked="" type="checkbox"/> Appointed
11	Driver	Ram Prakash Yadav	<input checked="" type="checkbox"/> Appointed
	<b>Sainamaina Municipalities</b>		
1	<b>Project manager</b> (Senior Engineer and Safeguard focal)	Er. Suraj Neupane	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Engineer/ Environment officer)	Er. Arun Khanal	<input checked="" type="checkbox"/> Appointed
3	Assistant engineer	Chiranjibi Pandey	<input checked="" type="checkbox"/> Appointed
4	<b>Social Development Officer</b> (Social safeguard officer)	Ram Kumar Bhattarai	<input checked="" type="checkbox"/> Appointed
5	<b>Project account officer</b>	Shiba Lal Aryal	<input checked="" type="checkbox"/> Appointed
6	Assistant accountant	Krishna KC	<input checked="" type="checkbox"/> Appointed
7	<b>Administrative officer</b>	Jokhraj Ghimire	<input checked="" type="checkbox"/> Appointed
8	Admin assistant	Keshab Raj Aryal	<input checked="" type="checkbox"/> Appointed
9	Storekeeper	Kali Das Basyal	<input checked="" type="checkbox"/> Appointed
10	Office aid	Anju Poudel	<input checked="" type="checkbox"/> Appointed
11	Driver	Khim Shrestha	<input checked="" type="checkbox"/> Appointed
	<b>Siddharthnagar Municipality</b>		
1	<b>Project manager</b> (Senior Engineer /Safeguard focal)	Er. Sakar Shrestha	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Engineer/ Environment officer)	Er. Bishnu Prasad Panthi	<input checked="" type="checkbox"/> Appointed
3	Assistant engineer 1	Chet Narayan Gnawali	<input checked="" type="checkbox"/> Appointed
4	<b>Social Development Officer</b> (Social safeguard officer)	Dev Prasad Gnawali	<input checked="" type="checkbox"/> Appointed
5	<b>Project account officer</b>	Omesh Kumar Gaire	<input checked="" type="checkbox"/> Appointed
6	Assistant accountant	Bishnu Bhusal	<input checked="" type="checkbox"/> Appointed
7	<b>Administrative officer</b>	Vivek Kumar Khanal	<input checked="" type="checkbox"/> Appointed
8	Administrative assistant	Rajesh Kumar Amatya	<input checked="" type="checkbox"/> Appointed
9	Storekeeper	Kamal Kanta Khanal	<input checked="" type="checkbox"/> Appointed
10	Office aid	Sita Devi Neupane	<input checked="" type="checkbox"/> Appointed
11	Driver	Bal Govind Teli	<input checked="" type="checkbox"/> Appointed
	<b>Tilottama Municipality</b>		
1	<b>Project manager</b> (Senior Engineer/ Safeguard focal)	Er. Pradeep Ban	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Engineer/ Environment officer)	Er. Yurbraj Panthi	<input checked="" type="checkbox"/> Appointed
3	Assistant engineer 1	Er. Hari Acharva	<input checked="" type="checkbox"/> Appointed
4	<b>Social Development Officer</b> (Social safeguard officer)	Ganesh Poudel	<input checked="" type="checkbox"/> Appointed
5	<b>Project account officer</b>	Ramesh Bashyal	<input checked="" type="checkbox"/> Appointed

No.	Position	Name	Status
6	Assistant accountant	Padam Prasad Pathak	<input checked="" type="checkbox"/> Appointed
7	<b>Administrative officer</b>	Madhab Prasad Pokhrel	<input checked="" type="checkbox"/> Appointed
8	Admin assistant	Nayan Ghimire	<input checked="" type="checkbox"/> Appointed
9	Storekeeper		
10	Office aid	Harirarn Kunwar	<input checked="" type="checkbox"/> Appointed
11	Driver	Pharshuram Aryal	<input checked="" type="checkbox"/> Appointed
	<b>Janakpur Municipality</b>		
1	<b>Project manager</b> (Senior Engineer/ Safeguard focal)	Pradeep Khanal	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Senior Engineer/ Environment officer)	Birendra K. Yadav	<input checked="" type="checkbox"/> Appointed
3	Assistant engineer 1		<input checked="" type="checkbox"/> to be appointed
4	<b>Social Development Officer</b> (Social safeguard officer)		<input checked="" type="checkbox"/> to be appointed
5	<b>Project account officer</b>		<input checked="" type="checkbox"/> to be appointed
6	Assistant accountant		<input checked="" type="checkbox"/> to be appointed
7	<b>Administrative officer</b>		<input checked="" type="checkbox"/> to be appointed
8	Admin assistant		<input checked="" type="checkbox"/> to be appointed
9	Storekeeper		<input checked="" type="checkbox"/> to be appointed
10	Office aid		<input checked="" type="checkbox"/> to be appointed
11	Driver		<input checked="" type="checkbox"/> to be appointed
	<b>Pokhara Municipality</b>		
1	<b>Project manager</b> (Senior Engineer Safeguard focal)	Alka Prajapati	<input checked="" type="checkbox"/> Appointed
2	<b>Deputy project manager</b> (Engineer/ Environment officer)	Kshitiz Paudel	<input checked="" type="checkbox"/> Appointed
3	Assistant engineer 1	Sanjit Pradhan	<input checked="" type="checkbox"/> Appointed
4	<b>Social Development Officer</b> (Social safeguard officer)		<input checked="" type="checkbox"/> by
5	<b>Project account officer</b>	Prabesh Poudel	<input checked="" type="checkbox"/> Appointed
6	Assistant accountant		<input checked="" type="checkbox"/> by
7	<b>Admin manager</b>		<input checked="" type="checkbox"/> by
8	Admin assistant		<input checked="" type="checkbox"/> by
9	Storekeeper		<input checked="" type="checkbox"/> by
10	Office aid		<input checked="" type="checkbox"/> by
11	Driver		<input checked="" type="checkbox"/> by

Source: Project Municipalities.

#### IV. COSTS AND FINANCING

12. The project is estimated to cost \$207.5 million, and the investment plan is shown in Table 9. The government has requested (i) a concessional loan of \$160.0 million from ADB's concessional ordinary capital resource (OCR) and (ii) a grant not exceeding \$6.0 million from ADB's Special Funds (Asian Development Fund [ADF]) to help finance the project. The concessional loan will have a 32-year term, which includes a grace period of 8 years; an annual interest rate of 1.0% per annum during the grace period and thereafter 1.5% per annum during

the amortization period, and such other terms and conditions set forth in the draft loan and project agreements. There is no commitment charge for the concessional loan.

**Table 9: Summary Cost Estimates (\$ million)**

Item	Amount <sup>a</sup>
<b>A. Base Cost<sup>b</sup></b>	
1. Municipal infrastructure for resilience improved	82.7
2. Tourism assets revitalized, and management improved	58.4
3. Capacity of communities, municipalities, provincial governments, and Department of urban development and building construction strengthened	25.9
<b>Subtotal (A)</b>	<b>167.1</b>
<b>B. Contingencies<sup>c</sup></b>	<b>35.2</b>
<b>C. Financing Charges<sup>d</sup></b>	<b>5.2</b>
<b>Total (A+B+C)</b>	<b>207.5</b>

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Exchange rate of US\$ 1 = NRs131.11 is used.

<sup>b</sup> Includes taxes and duties of \$19.2 million to be financed from government cash contribution. Such an amount does not represent an excessive share of the project cost.

<sup>c</sup> Physical contingencies are computed at 13% for civil works and equipment. Price contingencies are computed at 1.7% - 1.8% on foreign exchange costs and 6.0%-7.4% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

<sup>d</sup> Includes interest for concessional loan. For a Concessional loan, IDC is calculated with 1% p.a. as the interest rate, and no commitment charges for concessional loan.

Source: Asian Development Bank estimates.

13. The summary of financing plan is in Table 10. The ADF grant will finance the expenditures towards consultancy, capacity development and contingencies in relation to disaster risk and seismic micro zonation mapping. ADB concessional loan will finance the expenditures in relation to (i) civil works and equipment, (ii) consulting services, (iii) incremental administration cost, and (iv) part of contingencies. The government and municipalities will provide \$41.5 million towards: (i) civil works, (ii) consulting services, (iii) taxes and duties, (iv) land acquisition and resettlement, and (iii) part incremental administration cost. The government has provided assurances that it will meet any financing shortfall to ensure that project outputs are fully achieved.

**Table 10: Summary of Financing Plan**

Source	Amount (\$ mil.)	Share of Total (%)
Asian Development Bank		
- Concessional Loan	160.0	77.1
- Asian Development Fund grant	6.0	2.9
Counterpart		
- The Government	30.4	14.6
- Municipalities	11.1	5.4
<b>Total</b>	<b>207.5</b>	<b>100.0</b>

Source: Asian Development Bank

14. Municipal works under output 1 and output 2 will be financed through Government of Nepal grant financing to municipalities (75%), Town Development Fund (TDF) subloans to the municipalities (18%), and other municipal sources (7%).<sup>1</sup> The government will relend \$23.15 million of the ADB loan proceeds to TDF at an interest rate of 2% per annum for a term of 23 years, including a grace period of 8 years, through a subsidiary loan agreement on terms and conditions satisfactory to ADB. The government will assume the foreign exchange risk. TDF will, in turn, provide subloans to the municipalities through onlending agreements in accordance with

<sup>1</sup> TDF is an autonomous body established under the TDF Act (1997) that provides loans (and grants) and technical assistance to local governments for infrastructure development.

its loan policy and on terms and conditions satisfactory to ADB at an interest rate of 5% per annum with a repayment period of 20 years, inclusive of a grace period of 5 years.

## A. Cost Estimates Preparation and Revisions

15. The cost estimates were prepared based on detailed project report, where available, and other relevant details of schemes (subprojects). The cost estimate model was prepared using Microsoft Excel and is available from the project preparation team and project management unit.

## B. Key Assumptions

16. The following key assumptions underpin the cost estimates and financing plan:
- (i) Exchange rate: NRs 131.108 = \$1.0 (as of June 2023).
  - (ii) Price contingencies based on expected cumulative inflation during implementation are in Table 11.

**Table 11: Escalation Rates for Price Contingency Calculation**

Item	2023	2024	2025	2026	2027	2028	2029	Average
Foreign rate of price inflation	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Domestic rate of price inflation	7.4%	6.2%	6.0%	6.0%	6.0%	6.0%	6.0%	6.2%

Source: Asian Development Bank estimates.

- (iii) In-kind contributions cannot be easily measured and have not been quantified.
- (iv) Physical contingencies were calculated at 10% of the civil and equipment cost.

## C. Allocation and Withdrawal of Loan and Grant Proceeds

**Table 12: Allocation and Withdrawal of Loan Proceeds**

No.	Item	Amount Allocated for ADB Financing (\$) Category	Basis for Withdrawal from the Loan Account
1.	Works**	99,920,000	88.0% of total expenditure claimed*
2.	Goods	3,210,000	100.0% of total expenditure claimed*
3.	Socio economic development program	5,660,000	90.2% of total expenditure claimed*
4.	Project implementation and capacity development consulting support	8,000,000	100.0% of total expenditure claimed*
5.	Incremental administrative costs	3,530,000	98.7% of total expenditure claimed*
6.	Financing charges	5,200,000	100.0% of the total due
7.	Unallocated	34,480,000	
<b>Total</b>		<b>160,000,000</b>	

ADB = Asian Development Bank.

Notes:

\* The expenditure claimed are excluding taxes and duties within the borrower's territory.

\*\* Subject to the condition for withdrawal described in paragraph 7 of Schedule 3 of the Loan Agreement.

Source: Asian Development Bank estimates.

**Table 13: Allocation and Withdrawal of Grant Proceeds**

No.	Item	Amount Allocated for ADB Financing (\$ Category)	Basis for Withdrawal from the Grant Account
1.	Consulting services	4,300,000	100.0% of total expenditure claimed*
2.	Capacity development	1,000,000	100.0% of total expenditure claimed*
3.	Unallocated	700,000	
<b>Total</b>		<b>6,000,000</b>	

ADB = Asian Development Bank.

Notes:

\* The expenditure claimed are excluding taxes and duties within the borrower's territory

Source: Asian Development Bank estimates.

\*\* Consulting Services finance core Project component under subparagraph (a) of Part 3 of Schedule 1 to the Loan Agreement.

#### D. Contract and Disbursement S-Curve

17. Projected contract awards and disbursements of the ADB con loan are given in Table 14 and Figure 4.

**Table 14: Contract Awards and Disbursements projection**  
(\$ million)

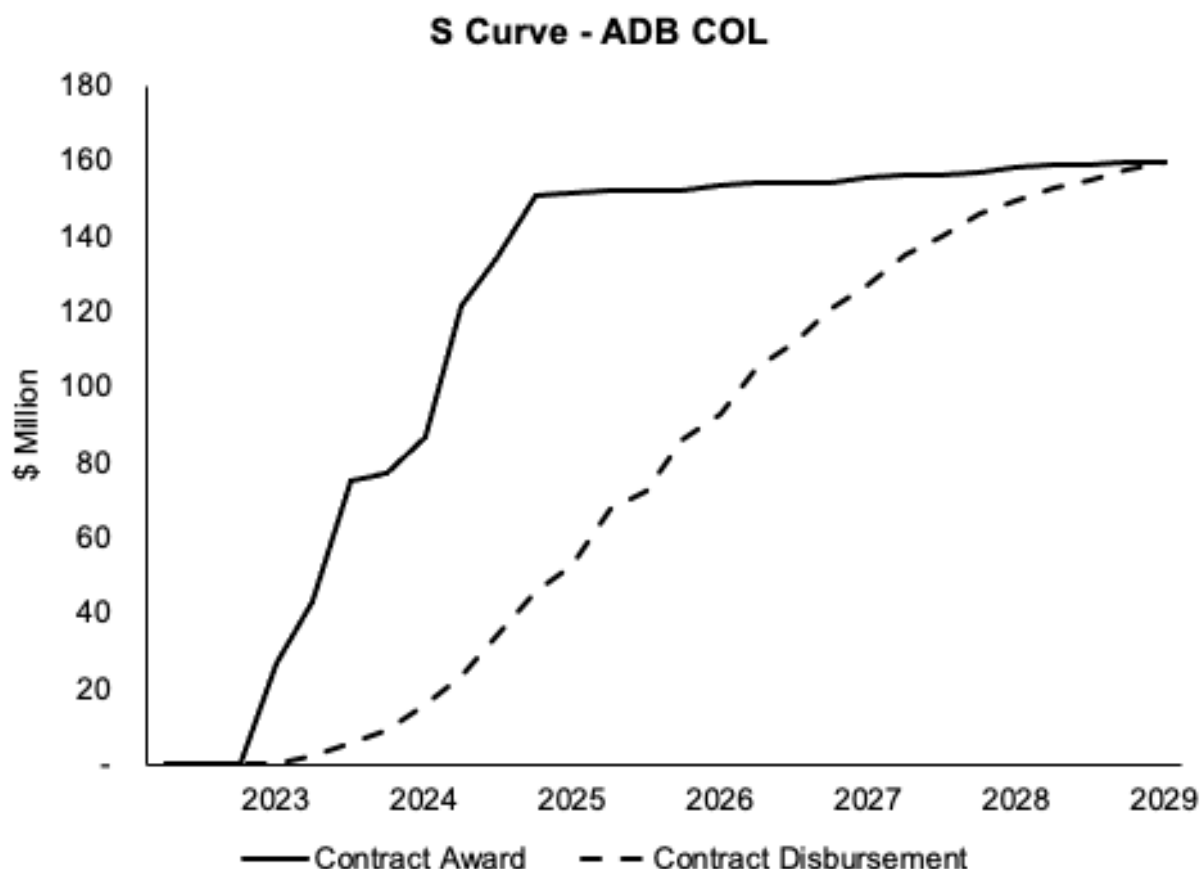
Year	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2023	-	-	-	26.5	<b>26.5</b>	-	-	-	-	-
2024	16.7	32.2	1.7	9.8	<b>60.4</b>	2.4	3.1	3.7	6.3	<b>15.6</b>
2025	34.6	13.3	15.9	1.2	<b>64.9</b>	7.7	10.7	12.1	6.8	<b>37.3</b>
2026	0.2	0.2	0.2	1.3	<b>1.9</b>	14.5	4.8	13.6	7.0	<b>39.9</b>
2027	0.3	0.3	0.3	1.4	<b>2.2</b>	12.3	6.8	8.8	6.4	<b>34.4</b>
2028	0.3	0.3	0.3	1.5	<b>2.5</b>	8.1	4.5	6.3	3.6	<b>22.6</b>
2029	0.4	0.4	0.4	0.4	<b>1.5</b>	3.0	2.2	3.0	2.1	<b>10.3</b>
Total	52.5	46.6	18.7	42.2	<b>160.0</b>	48.2	32.2	47.5	32.1	<b>160.0</b>

Q = quarter, USD = United States dollar.

Source: Asian Development Bank estimates.



Figure 4: S-Curve – ADB Concessional Ordinary Capital Resources Loan



ADB = Asian Development Bank, COL= concessional loan.  
Source: Asian Development Bank.

18. Projected contract awards and disbursements of the ADF grant are given in Table 15 and Figure 5.

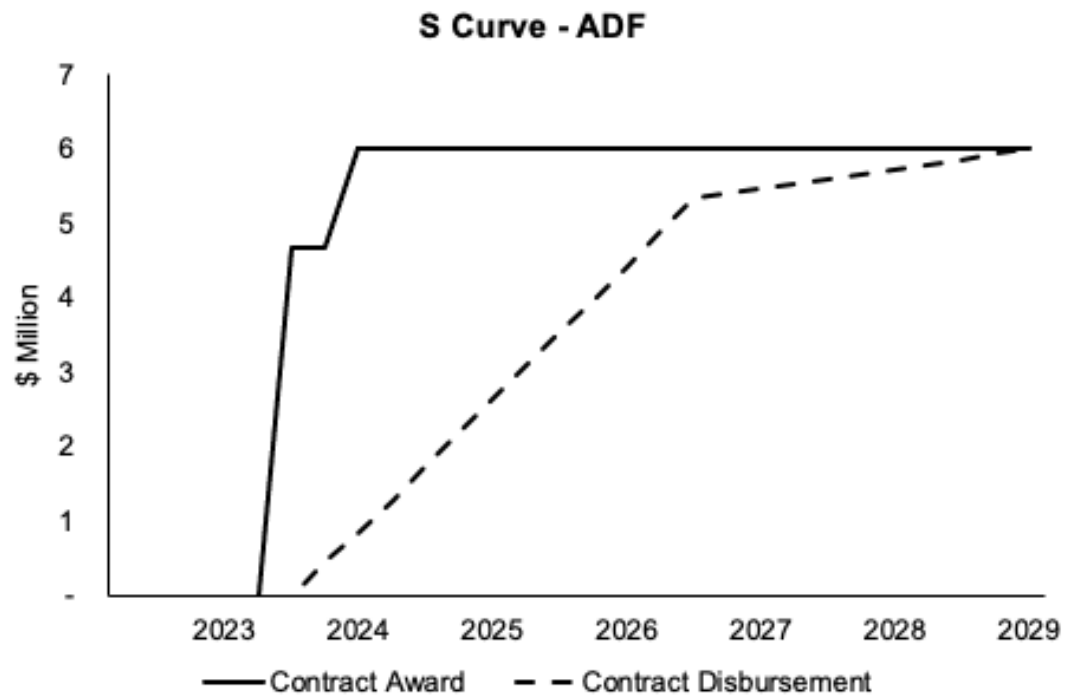
**Table 15: Asian Development Fund Grant Contract Awards and Disbursements**  
(\$ million)

Year	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2023	-	-	-	-	-	-	-	-	-	-
2024	-	4.9	-	1.1	6.0	-	-	0.5	0.4	0.9
2025	-	-	-	-	-	0.5	0.5	0.5	0.5	1.8
2026	-	-	-	-	-	0.5	0.5	0.5	0.5	1.8
2027	-	-	-	-	-	0.5	0.5	0.1	0.1	1.0
2028	-	-	-	-	-	0.1	0.1	0.1	0.1	0.2
2029	-	-	-	-	-	0.1	0.1	0.1	0.1	0.2
Total	-	4.9	-	1.1	6.0	1.5	1.5	1.6	1.5	6.0

Q = quarter, USD = United States dollar.

Source: Asian Development Bank estimates.

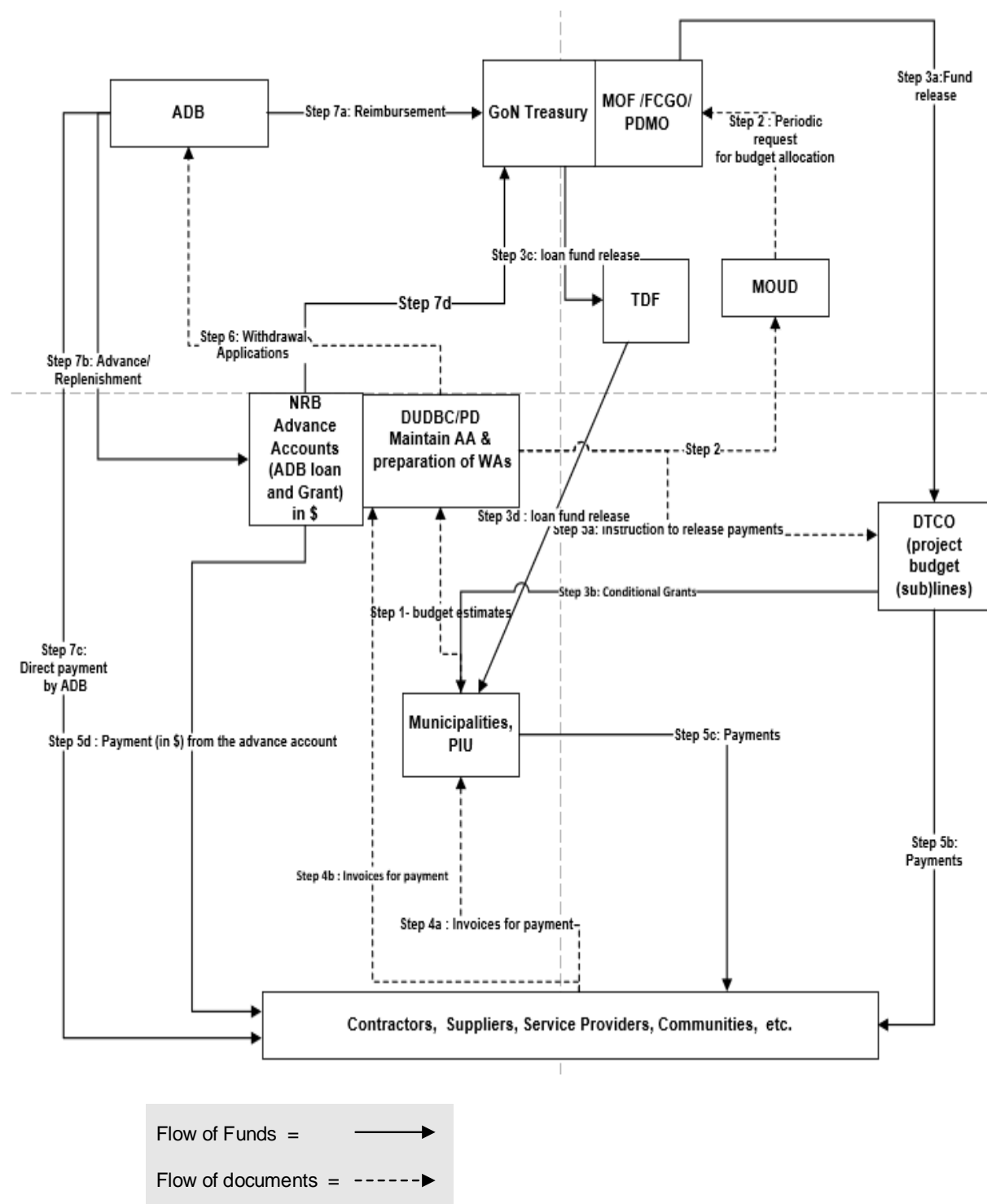
Figure 5: S-Curve – ADF Grant



ADF = Asian Development Fund.  
Source: Asian Development Bank.

## E. Fund Flow Diagram

Figure 6: Fund Flow Diagram



Step 1 & 2: Consolidation of Budget and MOF approval / budgetary allocation

**Sept 1:** Each PIU municipalities submit their respective project budget estimates annually to DUDBC/ PCO at DUDBC for consolidation.

**Step 2:** DUDBC/PCO at DUDBC submits the consolidated project budget to MOUD for review in accordance with Government of Nepal procedures. Subsequently the consolidated project budget is submitted to MOF for approval.

**Step 3: Release of the funds as per budgetary allocation**

- a) FCGO releases funds to DTCO against the project budget line in accordance with government procedures.
- b) Funds are made available to the Municipality in the form of conditional grants through DTCO. The Municipalities top up the grants with their counterpart funding.
- c) PDMO, a unit within MOF loans a portion of the project fund to TDF
- d) TDF sub lends the loan to PIU municipalities

**Step 4: Submission of invoice for payment:**

Contractors, suppliers, service providers, etc. submit invoices/requests for payments to DUDBC/ PCO at DUDBC, and each PIU municipality.

**Step 5: Payments made for the Suppliers, Contractors, Service providers etc. by Implementing agencies.**

- 5a) DUDBC / PCO at DUDBC instructs DTCO to make payments for its budgeted expenditures.
- 5b) DTCO makes payments on behalf of DUDBC/ PCO at DUDBC as per the approved budget lines using Treasury Single Account
- 5c) PIU municipalities make payments through their own bank accounts, which are opened for the project.
- 5d) Payments are made by DUDBC/ PCO at DUDBC from the advance accounts opened in the central bank.

**Step 6: Submission of Withdrawal Application:** Each Municipality submit supporting documents to the DUDBC/ PCO at DUDBC to enable the DUDBC/ PCO at DUDBC to prepare Withdrawal applications, which are submitted to ADB through CPD in accordance with the ADB disbursement Handbook.

**Step 7: Disbursements by ADB based on the Withdrawal Applications**

- a) ADB reimburses MOF based on the Withdrawal Applications for the fund pre-financed by Government
- b) ADB makes advances or replenishment to the advance accounts
- c) ADB makes a direct payment to Contractors, Suppliers, Providers etc
- d) DUDBC/ PCO at DUDBC (on behalf of ADB) makes direct reimbursement to MOF from the advance accounts for the money pre-financed by the government.

AA = advance account, ADB = Asian Development Bank, DTCO=District Treasury Controller's Office, DUDBC = Department of Urban Development and Building Construction, FCGO = Financial Comptroller General Office, MOF = Ministry of Finance, MOUD = Ministry of Urban Development, NRB = Nepal Rastra Bank (Central Bank), PDMO= Public Debt Management Office, PIU= project implementation unit, TDF = Town Development Fund, WA= withdrawal application.

Source: Asian Development Bank.

## V. FINANCIAL MANAGEMENT

### A. Financial Management Assessment

19. The financial management assessment (FMA) was conducted for DUDBC (executing agency on behalf of Ministry of Urban Development), each of the project municipalities (implementation agencies), and the TDF in May 2023 following ADB's Guidelines.<sup>1</sup> The FMA focused on fund flow, the Statement of Expenditure (SOE) and advance fund procedures, staffing, accounting policies and procedures, financial reporting and monitoring, internal and external auditing arrangements and financial information systems, and the sufficiency of the financial management arrangements for implementing the project. The purpose of the FMA is to ensure that adequate financial management arrangements are in place for the proposed project.

20. The FMA found that DUDBC (executive agency) and TDF have a track record of successfully administering ADB projects with a decentralized set up, managing budgets, managing advance account, managing SOE procedures, consolidating reports and adhering with ADB financial management requirements. Likewise, the project municipalities have adequate financial management capacity to: (i) record the required financial transactions, (ii) provide reliable annual financial statements and audit reports, and (iii) safeguard the financial assets. As the project financial transactions are to be consolidated by DUDBC, a project financial management manual including SOE and advance fund procedures will be prepared to detail the common financial management arrangement for the project, and to clarify the accountability for project funds in each of the project implementation units (PIUs). This manual will be reviewed and approved by ADB by the loan effective date.

21. The pre-mitigation financial management risk is assessed as *Substantial* because of the following: (i) decentralized fund flow involving several implementing agencies, (ii) some of the implementing agencies are relatively new to ADB projects and lack experience in ADB disbursement procedures including SOE procedures and financial management requirements, (iii) lack of or frequent transfer of accounts staff, and (iv) inadequate internal controls in the implementing agencies. These risks will be mitigated by: (i) deputing qualified accounts staff to each PIU, (ii) engaging financial management expert to support the project, (iii) providing continuous training in ADB's disbursement and FM requirements, (iv) comprehensive reporting on project financial performance through quarterly progress reports (QPRs), (v) strengthening the internal controls at the municipal level, and (vi) providing financial management capacity building trainings for the project municipalities in accordance with a training plan through the ISPCP. The detailed financial management risks and mitigations measures are provided in Table 16.

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<sup>1</sup> ADB. 2015. [Technical Guidance Note on Financial Management Assessment](#). Manila.

**Table 16: Financial Management Action Plan**

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
<b>Implementing Agency,</b>	DUDBC				
Fund flow					
	Complex decentralized flow of funds with several implementing agencies, which may cause reconciliation issues and delays in disbursement of ADB funds.	Substantial	<p>A separate advance account will be maintained by the DUDBC/PCO, but no funds will be advanced from the Advance account to the municipalities.</p> <p>A separate Budget Code will be provided for the project in federal LMBIS.</p>	<p>PCO at DUDBC</p> <p>PCO at DUDBC</p>	<p>Within 3 months of loan effectiveness</p> <p>By loan effectiveness</p>
Staffing	Adequate, experienced, and well-trained staff may not be in place for financial management of the project.	Substantial	<p>DUDBC will assign two dedicated project accountants for the project (1 Undersecretary Accounts and 1 account officer)</p> <p>PMCDC shall (i) support the DUDBC in project financial management, accounting, auditing, and reporting and (ii) implementation of Financial Management manual for the project.</p>	<p>PCO at DUDBC</p> <p>PMCDC</p>	<p>By loan effectiveness</p> <p>Throughout the project implementation</p>
Accounting policies and procedures	Existing government policies, procedures and systems will be followed, which may not fully meet ADB's reporting requirements.	Substantial	A Project Financial Management Manual will be prepared which shall establish the overall FM arrangement for the project, including accountability mechanisms, reporting arrangements, mapping of the government chart of accounts against the ADB cost categories, internal controls required for the project and audit requirements.	PCO at DUDBC	By loan effectiveness

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
			The FM manual thus prepared shall be reviewed and approved by ADB within the loan effectiveness date.	ADB	By loan effectiveness.
Reporting and monitoring	The decentralized financial reporting arrangements may lead to incomplete, fragmented, and inconsistent financial reporting	Moderate	<p>The DUDBC shall prepare comprehensive financial information in an agreed format to be included in the quarterly progress reports and submit to ADB within 45 days after the end of the reporting period. Municipalities will send the details to DUDBC for compilation.</p> <p>The report will also include the (i) status of implementation of internal and external audit observations, (ii) ADB disbursement reconciliation, (iii) Status on the financial management action plans, (iv) comparison of budget vs actual, and (v) physical vs financial progress, (vi) status of audit observations, (both external and internal). (vii) loan balances by municipality for the project.</p>	PCO at DUDBC	Within 45 days after the end of the quarter
Internal audit	Internal audit may not be carried out for the project leading to weak internal controls due to weak staff technical capacity and inadequate resources for the internal audit function.	Substantial	The internal audit for the DUDBC will be conducted quarterly in accordance with the Financial Procedure and Fiscal Accountability Act.	DTCO	Quarterly
	Internal audit recommendation may not be implemented.		DUDBC will create a project audit committee to monitor the status of internal and external audit observations. The committee will meet at least bi - annually to ensure that audit observations are timely addressed. The	PCO at DUDBC	By June 2024

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
			members will be representatives from DUDBC and the municipalities.		
External audit	<p>Lack of capacity of the municipality to prepare the project statements in time for the audit,</p> <p>External audit for the project may not be submitted within time due to the delayed start of the audit.</p>	Substantial	<p>Consolidated project financial statements will be prepared by DUDBC, based on project financial information submitted by municipalities (FM manual for the project shall facilitate consolidation of the audit).</p> <p>DUDBC will coordinate with the OAG to incorporate the project in the OAG's yearly calendar and allow for an early start to the audit, ensuring submission within 9 months until FY2026 and thereafter within six months.</p> <p>Review progress in FM capacity development of municipalities for ensuring timely preparation of PFS and capacity of OAG to conduct timely audit that can be reduced to six months from 2027 onwards.</p>	<p>PCO at DUDBC</p> <p>DUDBC and ADB</p>	<p>16 January each year, until FY 2026, thereafter, by 16 October.</p> <p>15 April each year, until FY 2026 and thereafter, by 15 January each year</p> <p>August 2025</p>
Information systems	Manual preparation of financial reports for ADB reporting may lead to inaccurate reports.	Moderate	DUDBC will use the ADB systems LFIS and CPD to conduct quarterly reconciliations of compiled project accounts and ADB disbursement records and keep track of direct payments as well as advances, replenishments to the advance account and liquidations.	PCO at DUDBC /Municipalities	Throughout the implementation period

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
Implementing Agency,	Municipalities- (Devdaha Janakpur Lumbini Sanskritik, Pokhara, Sainamaina, Siddharthnagar, Tilottama)				



Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
Fund flow	Complex decentralized flow of funds with several implementing agencies, which may cause reconciliation issues, delays in disbursement of ADB funds and	Substantial	Separate bank account to be opened for the project by each municipality.  Municipalities will open their corresponding separate budget code for the project in SUTRA in line with the budget code provided for in LMBIS.	Municipalities  Municipalities	By loan effectiveness  One month before the loan effectiveness
Staffing	Adequate, experienced, and well-trained staff may not be in place for financial management of the project.	Substantial	Each of the PIU municipalities will assign a dedicated accountant for the project.  ISCPC shall support the PIUs in project financial management, accounting, auditing, and reporting and (ii) prepare FM manual for the project.	Municipalities  ISCPC	By loan effectiveness  Throughout the project
Accounting policies and procedures	Existing government policies, procedures and systems will be followed, which may not fully meet ADB's reporting requirements.  Project Assets may not be recorded which might lead to loss or theft of project assets.	Substantial	A Project Financial management Manual from DUDBC shall be endorsed by the municipalities. This Manual will establish the overall Financial Management arrangement for the project including accountability mechanisms, reporting arrangements, mapping of the government chart of accounts against the ADB cost categories, internal controls required for the project and audit requirements.  The FM manual thus prepared shall be reviewed and approved by ADB within the loan effectiveness Municipalities will record the assets in PAMS software, as purchased, and to be confirmed by internal audit and external audit.	Municipalities  Municipalities	By loan effectiveness  Annually
Reporting and monitoring	The decentralized financial reporting arrangements may lead to incomplete,	Moderate	Municipalities shall provide necessary information and data inputs to DUDBC for preparation comprehensive financial	Municipalities	30 days after the end of the quarter by municipalities

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
	fragmented, and inconsistent financial reporting		information in an agreed format to be included in the quarterly progress reports.		
Internal audit	<p>Internal audit may not be carried out for the project leading to weak internal controls due to (i) weak staff technical capacity and (ii) inadequate resources for the internal audit function.</p> <p>Internal audit recommendation may not be implemented.</p> <p>There may be lack of clarity in reporting line the municipality internal auditor which might lead to lack of independence of the function.</p>	Substantial	<p>ISCPC firm will carry out capacity development annual training for internal audit staff of the project municipalities.</p> <p>The vacant internal auditor shall be fulfilled by the two municipalities – Siddhartha Nagar and Lumbini Sanskrit</p> <p>The PCO will follow up and monitor the implementation of internal audit recommendations. ISCPC will support PCO on this.</p> <p>Each project municipality shall form an account committee. The internal audit at the municipalities shall report to the accounts committee, thus formed.</p>	<p>ISCPC</p> <p>Municipalities</p> <p>PCO</p> <p>Municipalities</p>	<p>Annual</p> <p>Within 6 months of loan effectiveness</p> <p>Quarterly</p> <p>Within 6 months of loan effectiveness</p>
External audit	Lack of capacity of the municipalities to (i) complete audits on time; and (ii) monitor status of audit observations leading to delayed submission of audits and long outstanding audit arrears	Substantial	<p>Municipalities to provide project financial information to DUDBC to prepare the consolidated project financial statements.</p> <p>The audit observations shall be included as part of the quarterly progress reports. ISCPC consultant shall support the municipalities in settling the audit observations.</p>	<p>Municipalities</p> <p>Municipalities</p>	<p>16 October each year.</p> <p>Quarterly</p>
Information systems	Manual preparation of financial reports for ADB	Moderate	Municipalities will sure SUTRA for recording the project expenditures	Municipalities	Throughout the implementation

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
	reporting may lead to inaccurate reports.				period

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
<b>Implementing Agency,</b>	TDF				
Fund flow	Complex decentralized flow of funds with several implementing agencies, which may cause reconciliation issues, delays in disbursement of ADB funds.	Moderate	TDF will open a separate bank account for the project.	TDF	Within loan effectiveness
Staffing	Adequate, experienced, and well-trained staff may not be in place for financial management of the project.	Moderate	No specific mitigation measures proposed, but ADB will monitor through annual review missions.	ADB	Annually through review missions
Accounting policies and procedures	TDF policies, procedures and systems may not fully meet ADB's reporting requirements.	Moderate	No specific mitigation measures proposed, but ADB will monitor through annual review missions.	ADB	Annually through review missions
Reporting and monitoring	TDF disbursement with municipalities and DUDBC may not be reconciled leading to inaccurate reporting.	Substantial	TDF shall reconcile the disbursement records with DUDBC and municipalities on a quarterly basis and send to DUDBC to be included as a part of the quarterly progress reports.	TDF	30 days after the end of the quarter
Internal audit	Internal audit may not be carried out for the project leading to weak internal controls.	Moderate	TDF internal auditors will include project expenditure in their internal audit calendar and ensure at least semiannual audits. The findings shall be shared to DUDBC on a semiannual basis to be included in the project's quarterly progress reports	TDF	Every 6 months
External	The funds from the sub	Moderate	TDF will prepare a separate SOUF for the	TDF	6 months after the

Area	Risk Description	Risk Rating	Mitigating Action	Responsibility	Time Frame
audit	lending agreements may not be audited on time.		project, get it audited, and submit it to ADB.		end of every fiscal year
Information systems	Manual preparation of financial reports for ADB reporting may lead to inaccurate reports.	Moderate	TDF will use their existing accounting software MBS to record the project expenditures	TDF	Throughout the implementation period

ADB = Asian Development Bank, CPD = Client Portal Disbursements, DUDBC = Department of Urban Development and Building Construction, DTCO = District Treasury Comptroller Office, FM = financial management, FY = fiscal year, ISPCP= Institutional Strengthening and Community Participation Consultant, LFIS = loan financial information system, LMBIS = Line Ministry Budget Information System, MBS = mortgage-backed securities, OAG=Office of the Auditor General, PCO = Project Coordination Office, PFS = project financial statement, PIU = project implementation unit; PMCDC = project management and capacity development consultant; SOUF = SUTRA = Sub- National Treasury Regulatory Application, TDF = Town Development Fund.

## B. Disbursement

### 1. Disbursement Arrangements for ADB Funds

22. Disbursement of the ADB loan (concessional OCR) and ADF grant proceeds will follow ADB's *Loan Disbursement Handbook* (2022, as amended from time to time) and detailed arrangements agreed between the government and ADB.<sup>16</sup> The project will make use of the advance fund, direct payment, and the reimbursement procedure.

23. The DUDBC, through its PCO will be responsible for: (i) preparing annual contract awards and disbursements projections; (ii) requesting budgetary allocations for counterpart funds; (iii) collecting supporting documents from implementing agencies (project municipalities); and (iv) preparing and sending withdrawal applications to the ADB. Project staff are encouraged to avail of disbursement related training to help ensure efficient disbursement and fiduciary control.

24. **Advance fund procedure.** The DUDBC will, immediately after loan effectiveness, establish and maintain two separate advance accounts, one for the ADB loan and one for the ADF grant, at the Nepal Rastra Bank for financing eligible expenditures. The currency of the advance accounts will be US dollars. The advance accounts are to be used exclusively for the ADB's share of eligible expenditures. The PCO at the DUDBC, who will establish the advance accounts in its name, is accountable and responsible for proper use of advances to the advance account.

25. The total outstanding advance to the advance accounts should not exceed the estimate of ADB's share of expenditures to be paid through the advance accounts for the forthcoming 6 months. The Project Directorate at the DUDBC may request initial and additional advances to the advance account(s) based on an estimate of expenditure sheet setting out the estimated expenditures to be financed through the account(s) for the forthcoming 6 months.<sup>17</sup> Supporting documents should be submitted to ADB or retained by the executing agency and implementing agency following ADB's *Loan Disbursement Handbook* when liquidating or replenishing the advance accounts.

26. **Statement of expenditure procedure.**<sup>18</sup> The SOE procedure may be used for reimbursement of eligible expenditures and liquidation of advances to the advance accounts. The ceiling of the SOE procedure is the equivalent of \$100,000 per individual payment. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB's disbursement and review missions, upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit. Reimbursement and liquidation of individual payments in excess of the SOE ceiling should be supported by required documentation when submitting the withdrawal application to ADB.

27. Before submitting the first withdrawal application, the borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized

<sup>16</sup> The handbook is available at ADB. *Loan Disbursement Handbook 2022*.

<sup>17</sup> The estimate of expenditure sheet is in Appendix 8A of ADB's *Loan Disbursement Handbook* and is available for download from ADB. [Loan and Grant Financial Information Services](#).

<sup>18</sup> SOE forms are available in Appendixes 6A and 6B of ADB's *Loan Disbursement Handbook* and are available for download from ADB. [Loan and Grant Financial Information Services](#).

person.<sup>19</sup> The minimum value per withdrawal application is stipulated in the *Loan Disbursement Handbook*. Individual payments below such amount should be paid (i) by the Project Directorate DUDBC and project implementing agencies and subsequently claimed from ADB through reimbursement, or (ii) through the advance fund procedure, unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements. Using ADB's Client Portal for Disbursements system is mandatory for submitting withdrawal applications to ADB.<sup>20</sup>

## **2. Disbursement Arrangements for Counterpart Fund**

28. All disbursements under government financing will be carried out in accordance with the regulations of the Government of Nepal and accounting principles acceptable to ADB. The DUDBC and MOUD shall arrange a separate budget code for the project in the 28.Line Ministry Budget Information System (LMBIS), each PIU shall open a separate budget code for the project in Sub National Treasury Regulatory Application (SUTRA) in line with the budget code provided for in the LMBIS. The DUDBC, and each PIU municipality, will be responsible for preparing annual budget estimates for their respective outputs/activities. The DUDBC, through its PCO, will consolidate the project budget on an annual basis and enter the consolidated budget for the project in the LMBIS, with the necessary breakdown. Moreover, each PIU municipalities will ensure that the necessary municipal counterpart funding is identified and provisioned separately in the Municipality budget in accordance with the applicable government procedures. The DUDBC and each PIU municipality will record all payments in the Computerized Government Account System and SUTRA respectively.

29. Except for limited transactions in foreign currency which will be done by the PCO at the DUDBC through the advance accounts or through direct ADB payments, it is expected that all project expenditures incurred by the DUDBC, and each PIU will be prefinanced by the Government of Nepal. The DUDBC and each PIU will execute their transactions through the District Treasury Controllers Office and the respective Municipality bank account for the project against the appropriate budget line and/or subline. Subsequently, each PIU will submit full financial documentation or authorized copies of such documentation to the DUDBC to allow the DUDBC, through its PCO, to prepare and submit withdrawal applications to ADB.

## **C. Accounting and Financial Reporting**

30. The DUDBC and each PIU will maintain, or cause to be maintained, separate books and records covering all cash receipts from all funding sources and payments by expenditure category incurred under the project in accordance with Nepal Public Sector Accounting Standards cash basis of accounting and Government of Nepal's accounting policies, which are consistent with international accounting principles. The government chart of accounts will be used by the implementing agencies but for financial reporting purposes to ADB, the expenditure categories will be aligned with the expenditure categories outlined in Table 8.

31. The DUDBC and each PIU will maintain the following controls registers for the project: (i) register of signed contracts and disbursements made against each contract and (ii) register of

<sup>19</sup> The evidence of authorized persons to sign withdrawal applications is in Appendix 4A of ADB's *Loan Disbursement Handbook* and is available for download from ADB. [Loan and Grant Financial Information Services](#).

<sup>20</sup> The Client Portal for Disbursements facilitates online submission of withdrawal applications to ADB, resulting in faster disbursement. The borrower needs to complete the registration form, which is available at ADB. [Guide to the Client Portal for Disbursements](#).

claims under the ADB loan submitted to the PCO at the DUDBC (applicable to each PIU) and a register of withdrawal applications submitted to ADB (applicable to DUDBC). The DUDBC, through its PCO, will consolidate these registers on a quarterly basis. Moreover, the DUDBC, through its PCO, will conduct at least quarterly reconciliation of the consolidated project books of accounts and ADB disbursement records available in the Loan/grant financial Information Services system.

32. Each PIU will prepare quarterly financial reports and annual project financial statements in the format indicated below (as applicable) and submit these to the PCO at the DUDBC for consolidation within 30 days after the end of each quarter and 60 days after the end of the fiscal year:

- (i) Statement of cash receipts (by financing source: ADB loan, and government) and payments (by expenditure category) for the current reporting period, past reporting period, and cumulative to date.
- (ii) Statement of claims submitted to the DUDBC and/or PCO, for the current reporting period, past reporting period, and cumulative to date.
- (iii) Statement of Budgeted vs. actual expenditures. Any significant variances must be duly explained; and,
- (iv) Notes disclosing the used accounting standards and policies as well as the following breakdown: (a) list of signed contracts; and (b) list of claims submitted to the DUDBC and/or PCO.

33. Based on the detailed information extracted from the country public financial management systems,<sup>21</sup> the annual project financial statements prepared by each PIU and the supporting documents and disbursement claims, the DUDBC, through its PCO, will prepare project consolidated financial statements for the project. A customized project specific financial manual will be prepared to facilitate the consolidation of the financial statements, which will be formalized through endorsement by the PCO at the DUDBC and the PIU of Project Municipalities. This manual will be reviewed and approved by ADB within loan effective date. The project financial statement will follow the guidance included in the statement of audit needs agreed between ADB and the Office of the Auditor General (OAG) and the established reporting templates. Accordingly, the expected disclosures in the consolidated project financial statements shall include at least the following:

- (i) Statement of receipts (by financing source) and payments (by expenditure category) and cash balances thereof, which include the sources and uses of funds showing the funds received from ADB, Government of Nepal and Municipality for the project, for the current reporting period, past reporting period, and cumulative to date.
- (ii) Statement of Advance account including details of advance account movements during the year and the balance as at the end of the current year and prior year.
- (iii) Statement of budget vs. actual showing expenditure for the current year, prior year and cumulative inception to date (where applicable), Any significant variances must be duly explained, in the notes.
- (iv) Detailed notes to the financial statements including accounting policies and explanatory notes. The notes of the financial statements should include the following additional disclosures: (a) breakdown of expenditures incurred by expenditure category and by each implementing entity DUDBC, and each of the

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<sup>21</sup> Expenditures by budget head, sub head and financier, etc. extracted from CGAS and LMBIS and SUTRA.

PIU; (b) Statement of disbursement, disclosing all funds claimed and disbursed under the ADB loan, by disbursement method, total expenditure claimed for the current reporting period, past reporting period, and cumulative to date; (c) Statement of Disbursements claimed under Statement of expenditure procedure for the reporting period; and (d) Statement of Reconciliation between ADB Loan and Grant Financial Information Services and Financial Comptroller General Office and Public Debt Management Office.

34. Moreover, to provide timely information to ADB on the project's financial progress and the status of financial management, the DUDBC project coordination office, based on inputs from each PIU, will include consolidated financial information, in a format agreed with ADB, in the QPRs to be submitted to ADB within 60 days after the end of the quarter. The information provided shall include, inter alia, detailed information on the following: (i) status of each of the actions agreed as part of the financial management action plan, (ii) status of past audit observations, (iii) reconciliation with project books of accounts and ADB disbursement records as well as, and (iv) agreed financial management related actions from ADB review missions. A comprehensive template for the consolidated financial information to be included in the QPRs is included in Appendix 6.

35. Furthermore, the DUDBC and PIU municipalities will ensure the project expenditures are included in their respective entity accounts, prepared as per the statutory requirements, as a separate line item with necessary breakdown.

36. **Follow-up and implementation of audit observations and recommendations.** In order to strengthen the internal control framework of the project and ensure audit observations and recommendations are implemented in a timely fashion, the PCO at the DUDBC and each PIU will: (i) maintain an Audit Issues Resolving Action Plan as per OAG prescribed format, and (ii) conduct joint review meetings on a semiannual basis to monitor the status of past external audit observations and internal audit recommendations to ensure corrective measures are undertaken in a timely manner. The status of audit observations and recommendations will be included in the quarterly progress reports submitted to ADB.

#### **D. Auditing and Public Disclosure**

37. DUDBC will cause their project financial statements of the project to be audited separately on an annual basis and in accordance with the International Organization of Supreme Audit Institutions Fundamental Auditing Principles by the OAG. The Statement of Audit Needs agreed between ADB and the OAG will be used as a guide. The scope of audit will cover the entire project, covering all sources and application of funds (including the ADB loan, and the Government of Nepal and municipality contribution), as well as books and records and the applicable internal controls maintained by each agency and as well as other areas that the auditor deems necessary. In this regard, the audit of project financial statement may make use of the annual audits of each municipality conducted by the OAG, to identify all material internal control issues related to the project.

38. The audit report of the project financial statement will include a separate audit opinion, which will cover: (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework; and (ii) whether the loan proceeds were used only for the purposes of the project. As part of the audit report a management letter shall also be provided with a breakdown of the audit observations for each agency (DUDBC and each PIU). From the second audit onwards, the



management letters will include a follow-up on the implementation status of previous audit recommendations (where applicable). The audited project financial statement (APFS), together with the auditor's opinion, and the management letter will be presented in the English language and submitted to ADB within 9 months from the end of the fiscal year for the first 2 years, and 6 months after the end of the fiscal year thereafter.

39. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed-up regularly with all concerned, including the external auditor.

40. The government, the DUDBC, and each PIU have been made aware of ADB's approach to delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.<sup>22</sup> ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed.

41. ADB reserves the right to verify the project's financial accounts to confirm that the share of ADB's financing is used in accordance with ADB's policies and procedures. Public disclosure of the APFS, including the auditor's opinion on the project financial statements, will be guided by ADB's Access to information Policy 2018.<sup>23</sup> After the review, ADB will disclose the APFS and the opinion of the auditors on the project financial statements no later than 14 days of ADB's confirmation of their acceptability by posting them on ADB's website. The management letter, additional auditor's opinions, and audited entity financial statements will not be disclosed.

## E. Winding Up and Closure of the ADB Loan Account

42. To close the ADB Loan account in a timely manner and to comply with ADB's requirements, DUDBC, and each PIU, will ensure that the following measures are undertaken (as applicable):

- (i) All ADB-financed expenditures are incurred before or by the loan closing date.
- (ii) All withdrawal applications including liquidations of the advance account are submitted to ADB preferably by the loan closing date but in no case later than the end of the winding-up period; that is, within 4 months after the end of the loan closing date.
- (iii) Any unutilized advances are refunded to ADB within 2 months after the end of the winding-up period.

<sup>22</sup> ADB's approach and procedures regarding delayed submission of audited project financial statements:

- (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB's actions; (b) **withhold the extension of the loan closing date**; and (c) defer negotiation or Board presentation of new loan proposals. ADB will inform the executing agency of ADB's actions and advise that the loan may be suspended if the audited project financial statements are not received within the next 6 months.
- (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend or cancel the loan.

<sup>23</sup> Available at <https://www.adb.org/documents/access-information-policy>.

- (iv) The final consolidated project financial statements are audited by independent auditors (OAG) as agreed with ADB and the Audited Project Financial Statement (APFS) and the management letter is submitted to ADB as soon as possible after the loan closing date.
- (v) The final consolidated APFS must include all eligible expenditures incurred up to the loan closing date as well as up to the final withdrawal application submitted to ADB.
- (vi) All past audit observations are resolved in a timely manner; and
- (vii) All project financial records are filed in an orderly manner and stored in a secure location for at least 1 year following receipt by ADB of the final audited project financial statements or 2 years after the loan closing date, whichever is later.

## **VI. PROCUREMENT**

### **A. Applicable Procurement Policy**

43. Procurement of goods, works, consulting services, and nonconsulting services will follow the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time).

### **B. Procurement Strategy Summary**

44. The executing agency has prepared a strategic procurement planning report for the project, which defines a procurement strategy that will support the delivery of the project outputs and the achievement of the planned project outcomes. Procurement activities spread across seven municipalities include following major goods, works, consulting and nonconsulting packages.

45. The project will achieve value for money in procurement through the following.
- (i) The wide spread of package sizes (ranging from USD 1 million to USD 15 million) shall optimize the market potential and cater to a broad range of National and International bidders opening up the opportunity to the right players at right cost. Also this will enable the national bidders/ contractors to upgrade their capacity for the future by joining with international players.
  - (ii) Use of Sustainability requirements (Environmental, Health and Safety) as a mandatory Evaluation and Qualification Criteria for the open competitive bidding (OCB) (International Advertised) packages will inculcate a culture among the national bidders and motivate them to be compliant in the future, as the OCB (National Advertisement) are currently excluded (at executing agency's option) from meeting such mandatory criteria. The strategy will balance the sustainability of the works/contracts and the price paid for it.
  - (iii) Use of e-procurement shall ensure more transparency, increased efficiency and reduced administrative cost of the procurement process.

### **C. Project Procurement Risk Classification**

46. The procurement risk level for the project is *high* (pre mitigation) at the concept paper stage and the risk level is identified as *substantial* based on due diligence undertaken during project processing.

47. The main procurement risks observed and the main mitigation measure to be implemented to address those risks are listed below.

**Table 17: Procurement Risk and Mitigation Measures**

<b>Risk Description</b>	<b>Mitigation Measures or Risk Management Plan</b>	<b>Risk Owner</b>
The existing PCO (anticipated to take over the proposed Project) needs to be strengthened with adequate staff. The PIUs are to be staffed/ strengthened adequately	Adequate staffing should be ensured at earliest.	executing agency
Municipalities' experience with ADB or other International Foreign Institutions (IFIs) is limited. The municipalities' staffs are unaware of ADB's current procurement policy and regulations effective 2017.	Training of PIU's staff on ADB procedures and policies must be imparted. Procurement is recommended to be subject to ADB's prior review.	executing agency, implementing agency, ADB
Staffs' limited knowledge of FIDIC (Red book 2017) and the FIDIC Gold Book (DBO) which are contemplated to be used under the project are a new for the staff.	Staff needs to be provided training on the FIDIC Red Book (2017) and FIDIC Gold Book (DBO) both. Consultant's TOR should include that proposed concerned key staff should possess the knowledge of FIDIC Red Book (2017) and FIDIC Gold Book (DBO) both to fill the capacity gap.	executing agency, ADB
Potential delays in obtaining land, clearance, permission, and legislative requirements related to disposal and management of solid-waste, sludge, debris and other waste might impact the implementation activities adversely.	The executing agency shall consider this during updating the procurement and to ensure the availability of land and obtaining permission to this effect in a timely manner.	executing agency
Municipalities responsible for O&M of assets under the project have limited capacity and required technical know-how on O&M of the complex assets.	It is recommended to support each municipality to prepare an asset management plan, including O&M plan. The complex procurements are recommended to be based on DBO to include post-construction, an O&M for a period of several years as deem fit to executing agency/implementing agency.	executing agency, implementing agency, ADB
Allocation/ funding Arrangement for the pre-defined period of O&M of DBO contracts needs to be ensured for obtaining effective and efficient result of such procurements.	ADB and executing agency to reach agreement on the financing arrangement (Opex), or executing agency to ensure alternate arrangement for the same.	executing agency, implementing agency, ADB
Potential conflict between the PPA (read with PPR) and ADB's Procurement procedures.	ADB and the executing agency should agree that in the event of such potential conflict the ADB's Procurement procedures shall prevail.	executing agency, ADB
Disappearance of Foreign JV partners after award of contract.	The bidding document should cover the obligation of the presence of representative of Foreign JV	executing agency, ADB

Risk Description	Mitigation Measures or Risk Management Plan	Risk Owner
	partners whose credentials have been used for bid evaluation purpose.  It may be proposed to appoint the JV representative from the partner with maximum share.	
Risk of performance failure of the contractor if awarded at an abnormally low bid price.	The bid provisions should strictly be followed and due proper diligence should be conducted in case of abnormally low bid price.	executing agency
Under the ongoing project (Loan ADB Loan 3566-NEP) Client faces challenge during price negotiations for new items.	Bidding document should include provision mandating that in such circumstances (new items) the basis of rete negotiation shall be the rates specified in the "Schedule of Rates" of respective line agency and for new/extra items not available in the "Standard of Rates", the basis could be the prevailing market rates.	executing agency, ADB

ADB = Asian Development Bank, DBO = design, build and operate, FIDIC = International Federation of Consulting Engineers, IFI = international foreign institutions, JV = joint venture, O&M = operation and maintenance, PCO = project coordination office, PIU = project implementation unit, PPA = Public Procurement Act, 2007, PPR = Public Procurement Regulation (2007), TOR = terms of reference.

## D. Project Implementation Arrangements

### 48. Procurement methods.

- (i) **Open competitive bidding with national advertisement.** All works and goods packages shall be procured through Open Competitive Bidding. Works estimated below \$10 million shall be national advertisement, whereas works estimated \$10 million or above shall be internationally advertised. Small procurement activities (works and goods estimated below \$100,000) with ADB's prior approval can be conducted through Request for Quotation (RfQ) method. ADB and the government will review the public procurement laws of the government to ensure consistency with the ADB Procurement Policy (2017, as amended from time to time) and record if any procurement arrangements mandated by those public procurement laws will not be applicable to procurement undertaken on the project.
- (ii) **Consulting packages through national shortlisting.** Consulting packages (firms) shall be widely advertised (including publication on ADB Business Opportunity). The shortlisting of all the Consulting packages shall follow, national shortlisting. Firms' selection shall be based on quality and cost based selection (QCBS) (90:10) procedure. Individual consultants will be hired using the Individual Consultant Selection method and advertised through ADB's consultant management system(CMS) to request Expressions of Interest only. There will be no direct contracting or limited bidding.

49. **Advance contracting.** Advance contracting for the project will include the procurement of goods, works, and consulting services. The issuance of invitations to bid (for goods, works, and non-consulting services) or requests for proposals (for consulting and non-consulting services) under advance contracting will be subject to ADB approval. The borrower, executing agency, and

implementing agencies have been advised that approval of advance contracting does not commit ADB to finance the project. The retroactive financing expenditures incurred for civil works; consulting contracts; and establishment and operation of the Project Directorate, Western Urbanizing Corridor Coordination Office, and project implementation units before the loan and grant effectiveness, but not earlier than 12 months before the signing of the loan and grant agreements will be eligible for retractive financing.

50. **Retroactive financing.** Retroactive financing will be for eligible expenditures up to the equivalent of 20% of the total ADB loan and grant, incurred before loan and grant effectiveness, but not more than 12 months before the signing of the loan or grant agreement. The borrower and executing agency have been advised that approval of retroactive financing does not commit ADB to finance the project.

51. All advance contracting and retroactive financing will be undertaken in conformity with ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower and DUDBC have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

52. **Contract management.** Each implementing agency shall develop a Contract Management Plan (CMP) prior to the first contract comprising all bid packages. The plan with a clear focus on ensuring compliance with performance targets and adherence to contract implementation plans. Variations requests shall be processed expeditiously. The implementing agency shall support contractors upfront through proactive coordination with stakeholders for obtaining necessary and as required clearances.

53. **Community participation in procurement.** Part of the socioeconomic development program component will involve community participation.

54. **Domestic preference.** Domestic preference provisions will not apply to procuring goods, works, and consulting services.

2. 55. **eProcurement system.** The project will use the government-controlled e-GP platform <https://www.bolpatra.gov.np/egp/> which is managed by the Government of Nepal through the Public Procurement Management Office under the Prime Minister Office for carrying out the purposes of the public procurement. DUDBC and all project municipalities are familiar with public procurement through e-GP system. The e-procurement system of Public Procurement Management Office is well established and operational and the project foresees the confidence of the potential bidders to participate.

## **E. Procurement Plan**

56. An 18-month procurement plan indicating procurement packages and review procedures for goods, works, consulting services, and nonconsulting services is included in Appendix 7.

## VII. SAFEGUARDS

57. **Prohibited investment activities.** Following ADB's Safeguards Policy Statement (SPS) (2009), ADB funds may not be applied to the activities on the ADB Prohibited Investment Activities List in Appendix 5 of the SPS 2009.<sup>24</sup>

### A. Environmental Safeguards

58. ADB SPS, 2009 requires that adverse impacts of projects on the environment and people are avoided, and where not possible, should be minimized, mitigated, and/or compensated. ADB-financed projects must comply with its SPS, 2009, and with the borrower country's environmental laws, including the international laws/conventions to which the country is a signatory. The environment safeguard requirements are to ensure the environmental soundness and sustainability of projects and support the integration of environmental considerations into the project decision-making process.

3. 59. **Environmental categorization.** URLIP is classified as category *B* for environment per ADB SPS)2009. Project's potential environmental impacts are mostly short-term, localized, and site-specific and experienced mainly during the construction and can be mitigated or minimized to acceptable levels through implementation of simple mitigation measures. Initial environmental examinations (IEE) carried out for the seven subprojects under output 1 during the project preparation confirm this. No Category A subprojects, which may result in significant adverse impacts that are irreversible or unprecedented or diverse will be funded under the project. Environmental assessment and review framework (EARF) developed for Output 2 will ensure that follow-on subprojects prepared after Board's approval do not fall under category A. Selection criteria for subproject under Output 2 is in Appendix 8.

60. **Environmental Assessment, Management Plans and Monitoring Reports.** Executing Agency/PCO has prepared three draft IEE reports, and corresponding environmental management plans (EMPs), for the seven subprojects proposed under project output 1, based on feasibility / preliminary designs, in accordance with ADB SPS. Draft IEEs have been disclosed on ADB and executing agency websites. The IEEs including EMPs will form part of the bid and contract documents. Per government regulations, all components require environmental clearance via conduct of either IEE or a brief environmental study BES. DUDBC/ PCO will ensure that environmental clearance is obtained prior to invitation of bids. Executing agency will ensure that all statutory requirements are met timely, including those related to construction and to be obtained by the contractor. DUDBC / PCO will update all draft IEEs during detailed engineering design and submit to ADB for review, clearance and disclosure. Draft IEEs shall be updated prior to invitation of bids, except for those components/packages designed by contractor after contract award in design-build modality.

61. At the stage of draft IEEs, assessments are based on feasibility or preliminary designs, and various environmental considerations are proposed for integration into planning and design principles to ensure that impacts due to project design or location are not significant. Owing to site conditions, design of drainage system is identified as critical at proposed Bus Terminal site in Lumbini Sanskritik municipality, and various measures are suggested. DUDBC shall ensure that

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<sup>24</sup> ADB. 2009. ADB Prohibited Investment Activities List. ADB Safeguard Policy Statement. Appendix 5. Manila.

all design and location related recommendations and measures provided in the draft IEEs and EMPs are fully taken into consideration and complied with during the detailed design.

62. Summary of the IEE will be translated into local language and disclosed. Meaningful consultations with stakeholders will be carried out on an ongoing basis throughout the project implementation. A grievance redress mechanism (GRM) will be established and notified prior to start of construction. Contractors will be required to submit to PCO/PIU the site specific EMPs (SEMPs). No works can commence until updated IEE is cleared and disclosed by ADB, and until project-specific grievance redress mechanism is established, SEMP is approved and all preconstruction requirements, as specified in respective IEE and EMP, are implemented by PCO/PIU. DUDBC/PCO will monitor implementation and will submit environmental monitoring reports to ADB, semiannually during construction and annually during operation until project completion. Environmental monitoring reports will be disclosed on project/executing agency and ADB websites in compliance with SPS 2009 and Access to Information Policy 2018.

63. **Environmental assessment and review framework.** For Output 2 subprojects of which will be prepared after Board's approval, an EARF has been prepared in accordance with ADB SPS and applicable laws and regulations of the government. The EARF will guide Output 2 components selection, screening and categorization, environmental assessment, consultation and information disclosure, grievance redress mechanism, and preparation and implementation of safeguard environmental management plans, monitoring and reporting. EARF will ensure exclusion of activities with significant adverse impacts and classified as category A per ADB SPS. The EARF is agreed between ADB and the government and is disclosed on ADB and the project websites and will be complied with during implementation.

64. **Environmental audit.** For subprojects involving facilities and/or business activities that already exist or are under construction, environmental audit including an on-site assessment to identify past or present concerns related to impacts on the environment will be undertaken. The objective of this environmental audit is to determine whether actions were in accordance with ADB's safeguard principles and requirements for borrowers/clients, and to identify and plan appropriate measures to address outstanding compliance issues. Where non-compliance is identified, a corrective action plan agreed by ADB, executing agency and implementing agencies will be prepared. The plan will define the necessary remedial actions, the budget for such actions, and the timeframe for resolution of non-compliance. The environmental audit report (including the corrective action plan, if any) will be made available to the public in accordance with the information disclosure requirements of ADB SPS and Access to Information Policy 2018.

65. **Occupational health and safety.** Executing agency/PCO shall ensure that workers are provided with a safe and healthy working environment, considering risks inherent to the sector and specific classes of hazards in the project work areas, including physical, chemical, biological, and radiological hazards. Executing agency/PCO shall ensure to take steps to prevent accidents, injury, and disease arising from, associated with, or occurring during the course of work by (i) identifying and minimizing, so far as reasonably practicable, the causes of potential hazards to workers; (ii) providing preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; (iii) providing appropriate equipment to minimize risks and requiring and enforcing its use; (iv) training workers and providing them with appropriate incentives to use and comply with health and safety procedures and protective equipment; (v) documenting and reporting occupational accidents, diseases, and incidents; and (vi) having emergency prevention, preparedness, and response arrangements in place. Executing agency/PCO shall also adhere to necessary protocols in response to emerging infectious

diseases such as the corona virus disease (COVID-19) consistent with the guidelines of relevant government healthcare agencies and the World Health Organization.

66. **Community Health and Safety.** Executing and implementing agencies shall ensure to identify and assess the risks to, and potential impacts on, the safety of affected communities during the design, construction, operation, and decommissioning of the project, and will establish preventive measures and plans to address them in a manner commensurate with the identified risks and impacts.

67. **Physical Cultural Resources.** Executing agency/PCO is responsible for siting and designing the subproject to avoid significant damage to physical cultural resources. ADB SPS, 2009 requires that such resources likely to be affected by the subproject are identified, and qualified and experienced experts assess the subproject's potential impacts on these resources using field-based surveys as an integral part of the environmental assessment process. When the proposed location of a subproject component is in areas where physical cultural resources are expected to be found as determined during the environmental assessment process, chance finds procedures shall be included in the EMP.

68. **Biodiversity conservation and natural resource management.** The Executing agency/PCO will assess the significance of project impacts and risks on biodiversity and natural resources as an integral part of the environmental assessment process as per SPS 2009. The assessment shall focus on the major threats to biodiversity, which include destruction of habitat and introduction of invasive alien species, and on the use of natural resources in an unsustainable manner. The Executing agency/PCO will need to identify measures to avoid, minimize, or mitigate potentially adverse impacts and risks and, as a last resort, propose compensatory measures, such as biodiversity offsets, to achieve no net loss or a net gain of the affected biodiversity.

69. Table 18 provides a summary of environmental safeguards compliance requirements that will be followed during project implementation.

**Table 18: Summary Environmental Safeguard Compliance Requirements**

<b>Project Stage</b>	<b>Compliance Requirements</b>
Project loan effectiveness	- Environmental safeguards officers appointed in PCO and seven PIUs prior to loan effectiveness or award of contract, whichever is earlier
Project identification (Output 2)	- Complied with EARF requirements including exclusion and avoidance criteria, and environmental assessment of subprojects - Ensure no Category A type projects that can potentially have significant adverse impacts are included in project
Project preparation	- Regulatory clearances / approvals required for subprojects identified - IEE Reports including EMPs prepared for Category B subprojects (output-2 subprojects should follow EARF provisions) - Meaningful consultations with stakeholders and affected people conducted. - IEE reports and other relevant information disclosed
Bidding process	- Draft IEEs approved by ADB prior to bid invitation - Draft IEE and EMP included in the bid - EMP provisions and compliance requirements explained to bidders in pre-bid meeting - All necessary regulatory clearances / approvals are in place prior to award of contract (except those that require detailed design and are under design-build contracts) - Draft IEE and EMP included in construction contract
Detailed design (DBO contract) /	- Contractor incorporated the design stage EMP measures in project designs, and PIU and PCO reviewed and confirmed compliance - Draft IEEs are updated based on detailed engineering design (for design-build contracts) and submitted to ADB for review and approval and clearance



Project Stage	Compliance Requirements
Design verification (works contract)	<ul style="list-style-type: none"> <li>- Draft IEEs of works contracts updated to reflect any changes in project during design verification at site and submitted to ADB or confirmed to ADB that there are no changes</li> <li>- Updated IEEs are reviewed, cleared, and disclosed by ADB prior to commencement of works</li> <li>- Regulatory clearances/approvals that require detailed engineering designs for applications are obtained</li> </ul>
Construction	<ul style="list-style-type: none"> <li>- GRM established prior to start of construction</li> <li>- Contractor complied with all pre-construction procedures including preparation of construction health &amp; safety plan, traffic management plan, establishment of labor camps per the EMP provisions etc.,</li> <li>- Site-specific EMP prepared by Contractor and approved by PCO/PIU prior to start of construction</li> <li>- Contractor complies with labor legislations, and also to ensure that if any subcontractors engaged also implement labor legislations requirements. PMCDC and SDCs to guide and ensure compliance</li> <li>- PCO, PIU and environment managers monitor and ensure labor requirements and core labour standards are complied with.</li> <li>- SEMP implemented by contractor during construction</li> <li>- Monitoring conducted by PIU and PCO</li> <li>- Identified, assessed and reported any new/unanticipated impacts and/or non-compliances, and necessary corrective actions implemented</li> <li>- SEMR prepared and submitted to ADB within 30 days of end of corresponding monitoring period</li> <li>- SEMR cleared and disclosed by ADB; SEMR disclosed on PCO/project website</li> <li>- Corrective actions, if any, identified in SEMR implemented</li> <li>- All the sites are cleaned up and restored as required, prior to issuance of work completion certification to the contractor</li> </ul>
Operation	<ul style="list-style-type: none"> <li>- All the operational stage regulatory clearances/ approvals are in place prior to start of operation</li> <li>- Operation stage EMP implemented</li> <li>- Environmental monitoring report submitted to ADB annually and disclosed on ADB website until project completion.</li> </ul>

ADB = Asian Development Bank, DBO = design, build and operate, EARF = environmental assessment and review framework, EMP = environmental management plan, IEE = initial environmental examination, GRM = grievance redress mechanism, PCO = project coordination office, PIU = project implementation unit, PMCDC = project management and capacity building consultant; SDC = supervision and design consultant; SEMR = semi environmental monitoring report.

**70. Environmental Safeguards Implementation Arrangements and Responsibilities.** The DUDBC will be the executing agency of the project, supported by the PMCDC, and ISPCPC. The municipalities will be the PIUs of the project. The PIUs with the support of the Supervision and Design Consultant (SDC) will be responsible for environmental safeguards compliance, monitoring, and reporting to ADB.

**71.** A PCO headed by a Project Director and supported by three Deputy Project Directors (DPDs) – DPD at DUDBC-1 (WUC cluster), DPD at (Pokhara and Janakpur cluster), and DPD at DUDBC-3 (Urban Planning and Development), will be responsible for the overall project management. PCO will have environmental and social safeguards officers (2 each under DPD at DUDBC 1 and 2), and one environmental officer under DPD at DUDBC-3 and will be responsible compliance with ADB's Safeguards Policy Statement (SPS), 2009 and Government of Nepal's rules and regulations. Each PIU will have an Environmental Officer. The PMCDC team will include an Environmental Safeguards Specialist (ESS) at PCO level. SDCs will have one ESS and supported by 2 staff at each town level. PMCDC and SDCs will provide all necessary support and expert guidance to PCO and PIUs. Contractor will appoint an Environment, Health and Safety (EHS) Officer.

72. The PCO will be responsible for planning, management, coordination, supervision and progress monitoring. The PCO has the responsibility of fulfilling environmental requirements of the government and ensuring effective implementation EARF (for output 2), environmental management provisions in the IEEs, EMPs, and civil works contracts. The following are the key environmental safeguard tasks and responsibilities at PCO with the support of PMCDC and SDCs:

- (i) ensure project compliance with the statutory environmental requirements, ADB SPS 2009, EARF (for Output 2) and loan covenants
- (ii) ensure all subprojects / components included under Output 2 confirm with EARF exclusion criteria and subproject selection guidelines, and ensure that no category A type subprojects / components are included in project
- (iii) ensure that draft IEEs prepared based on preliminary designs are updated to reflect the final subproject detailed designs, and are approved by ADB and disclosed prior to bid invitation (for works contracts) and commencement of works (for design-build contract)
- (iv) ensure that IEEs including EMPs are included in bidding documents and contracts
- (v) Ensure that baseline monitoring as suggested in the EMPs are conducted and base values established prior to commencement of works
- (vi) Ensure that detailed environmental audit conducted for existing facilities and corrective actions are included in project for implementation
- (vii) coordinate with design engineers to avoid potential environmental impacts
- (viii) ensure that SEMP are submitted by contractor and cleared by PIU prior to commencement of works
- (ix) ensure that construction works are not commenced until all applicable government clearances, permits (including those required by construction contractor) are obtained;
- (x) Oversee and ensure that contractors and their subcontractors comply with labor laws and rules
- (xi) ensure that the IEEs including EMPs are updated in case of any change project scope, design or location during implementation
- (xii) confirm compliance with all measures and requirements set forth in the IEEs, the EMPs and any corrective or preventive actions set forth in safeguard monitoring reports;
- (xiii) finalize environmental sections quarterly progress reports, and environmental monitoring reports for submission to ADB
- (xiv) ensure availability of budget for safeguards activities
- (xv) ensure adequate awareness campaigns, information disclosure among affected communities and timely disclosure of final IEEs/EMPs and SEMRs, including corrective action plans, if any, in project website and in a form accessible to the public;
- (xvi) assist in setting up of GRM, identifying grievance redressal committee (GRC) members and developing capacity of GRC members, PIUs, consultants, and contractors in addressing environmental safeguards-related issues/concerns/complaints;
- (xvii) ensure any grievances brought about through the GRM are redressed in a timely manner;
- (xviii) organize periodic capacity building and training programs on safeguards for PCO, PIUs and contractors.

73. **Project Implementation Units.** The PIUs will be responsible for the day-to-day activities of project implementation in the field and will have direct supervision of all contractors. PIUs will

oversee and monitor the day-to-day progress and implementation including environmental safeguards. The following are the key environmental safeguard tasks and responsibilities of the PIUs with the support of SDCs:

- (i) Ensure compliance with government regulations and ADB requirements set forth in EARF (for output 2), IEEs, including corresponding EMPs, and ADB SPS;
- (ii) Promptly report to PCO on any changes in project design / location / scope during the design verification and implementation phase and coordinate with PMCDC to update IEEs and EMPs;
- (iii) Liaise with local offices of regulatory agencies and ensure that clearances /approvals are obtained timely;
- (iv) Take necessary action for obtaining right-of-way prior to start of works;
- (v) Review and approve contractor SEMP;
- (vi) Oversee implementation of SEMP by contractors;
- (vii) Ensure that contractors and their subcontractors comply with labor legislations and standards; ensure that workers are accommodated, paid and treated according to the requirements;
- (viii) ensure strict implementation of occupational health and safety requirements;
- (ix) Review monthly reports from contractors on EMP implementation, and support PCO in preparing quarterly reports and SEMRs;
- (x) Ensure continuous public consultation and awareness;
- (xi) Coordinate grievance redress process and ensure timely actions by all parties;
- (xii) Support all other environmental safeguards-related activities and tasks of the PCO as may be needed; and
- (xiii) recommend issuance of construction work completion certification to the contractor upon verification of satisfactory post-construction clean-up.

**74. Project Management and Capacity Development Consultant.** The PCO will be supported by the PMCDC's Environmental safeguards specialist in managing and implementing the project in compliance with environmental safeguards requirements. PMCDC will monitor and oversee the SDCs, and guide PIUs as needed. Key tasks of will include, but not limited to, the following:

- (i) Assist PCO in overall management, implementation, monitoring and reporting on all environmental safeguard tasks in compliance with project requirements, including ADB SPS and EARF (for output 2);
- (ii) Work closely with planning and design teams to ensure output 2 subprojects/components are identified and prepared in compliance with EARF requirements; classify the project and ensure that no Category A project is included;
- (iii) Review reports and coordinate with technical experts to ensure that considerations in subproject location, design and technical specifications are considered in project design;
- (iv) Ensure that IEEs are updated as needed to reflect detailed designs, changes in design verification and/or implementation phase of subprojects;
- (v) Oversee public consultations, feedback and reporting;
- (vi) Ensure that EMPs include adequate budget to implement environmental safeguards;
- (vii) Guide PCO, PIUs and SDCs in timely regulatory compliance;
- (viii) Conduct training, capacity building activities for PCU, PIU and contractors;
- (ix) Ensure compliance with ADB's disclosure requirements as per the SPS;

- (x) Oversee and ensure quality of SEMP's prepared by contractors and approved by SDCs/PIUs;
- (xi) Oversee EMP implementation, conduct periodic site visits, review monitoring and EMP implementation reports and ensure compliance;
- (xii) Oversee contractors and their subcontractors compliance with labor legislations;
- (xiii) Ensure that any non-compliances or unanticipated impacts are identified by contractors and SDCs and necessary corrective actions are implemented;
- (xiv) Review monthly/quarterly EMP implementation and environmental monitoring reports submitted by SDCs;
- (xv) prepare semiannual environmental monitoring reports for submission to ADB;
- (xvi) Monitor GRM at project level, and assess its effectiveness periodically;
- (xvii) Assist PCO and PIUs in grievance redress as needed; and
- (xviii) Support all other environmental safeguards-related activities and tasks of the PCO

**75. Supervision and Design Consultants and Design and Supervision Consultant.** Two SDCs will be established – (i) the WUC cluster, covering Devdaha, Siddharthnagar, Tilottama, Sainamaina and Lumbini; and (ii) Janakpur. Design and Supervision Consultant (DSC) will support Pokhara municipality in the design and supervision of infrastructure and greens solutions, implementing heritage and cultural improvement plans, and design of tourism infrastructure components. The DSC's environmental safeguards specialist will be involved in detailed design and safeguards documents preparation and updating. SDCs and DSC will be responsible to support the PIU in the implementation and monitoring of safeguards compliance. SDCs and DSC will supervise the work of contractors, carryout day-to-day activities of project implementation and will supervise and ensure EMP implementation. SDCs and DSC will coordinate with PMCDC and will ensure compliance with environmental safeguards. They will also be responsible to prepare Output 2 designs, prepare and/or update the municipality-level safeguards documents in line with the EARF (for Output 2 components). Tasks of SDCs and DSC in environmental safeguards include, but not limited, to the following:

- (i) Assist in preparing, updating, reviewing, implementing, monitoring, and reporting of all tasks related to environmental safeguards as required at PIU level; coordinate and report to PMCDC as needed;
- (ii) Supervise EMP implementation and ensure regulatory compliance, grievance redress, reporting etc.;
- (iii) Provide all necessary support and expert guidance to PIU in managing environmental safeguards tasks;
- (iv) Work closely with planning and design teams to include environmental considerations in subproject location, design and technical specifications;
- (v) Work closely with planning and design teams to ensure output 2 subprojects/components are identified and prepared in compliance with EARF requirements;
- (vi) Update IEEs and EMPs as needed to reflect detailed designs, changes in design verification and/or implementation phase of subprojects;
- (vii) Assist in public consultations, feedback and reporting;
- (viii) Ensure that the relevant provisions of EMPs, including costs of implementing the EMPs, are fully included in bid and contract documents, particularly in the bill of quantities and cost line items;
- (ix) Identify statutory clearances / permissions / approvals required and assist in obtaining them;
- (x) Assist in including standards/conditions of regulatory clearances and consents, if any, in the project design;

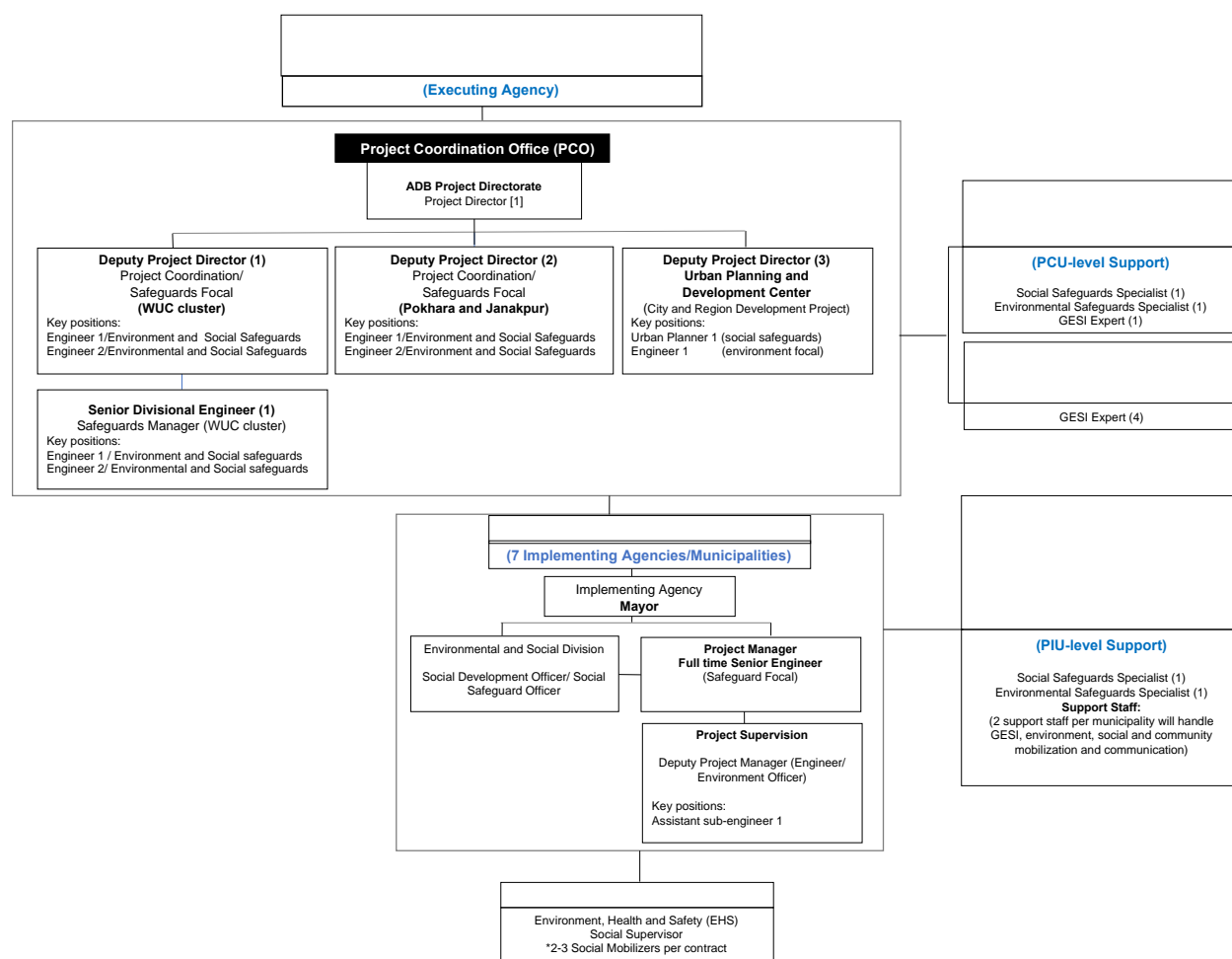
- (xi) Conduct training, capacity building activities at PIU/site level;
- (xii) Assist PIUs in reviewing and approving contractor SEMP, and other associated plans;
- (xiii) Carry out site verification, and monitor the EMP implementation and ensure compliance by the contractors and subcontractors;
- (xiv) Ensure that contractors and their subcontractors comply with labor legislations; ensure that workers are paid and treated according to the labor legislations
- (xv) Identify any non-compliances or unanticipated impacts and recommend corrective actions;
- (xvi) Prepare monthly / quarterly EMP implementation and environmental monitoring reports and submit to PCO (PMCDC) through PIU; and
- (xvii) Assist in operating GRM effectively, monitor contractors response in grievance redress, and ensure that appropriate actions are taken.

76. **Contractor.** The approved draft IEEs and EMPs are to be included in bidding and contract documents. The PCO and PIUs will ensure that bidding and contract documents include specific provisions requiring contractors to comply with: (i) all applicable laws and regulations relating to environment, health and safety; (ii) reinstate pathways, other local infrastructure, and agricultural land to at least to their pre-project condition upon the completion of construction; (iii) all applicable labor laws and core labor standards on (a) prohibition of child labor as defined in national legislation, international treaties for construction and maintenance activities; (b) equal pay for equal work of equal value regardless of gender, ethnicity, or caste; (c) no discrimination in respect of employment and occupation; (d) allow freedom of association and effectively recognize the right to collective bargaining, and (e) elimination of forced labor; and (iv) the requirement to disseminate information on sexually transmitted diseases, including HIV/AIDS, to employees and local communities surrounding the project sites. The contractor will be required to appoint a full time EHS supervisor on-site to implement the EMP. EHS supervisor will assist contractor in the following:

- (i) Prepare SEMP and submit to PCO/PIU for approval prior to start of construction
- (ii) Comply with the measures forth in the IEEs, the EMPs, and SEMRs
- (iii) Ensure implementation of SEMP and report to PIU/SDC on any new or unanticipated impacts
- (iv) Ensure that necessary pre-construction and construction permits are obtained
- (v) Ensure to adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction; and
- (vi) Conduct orientation, daily briefing sessions, toolbox talks, to workers on environment, health and safety;
- (vii) provide appropriate worker facilities at the workplace and labor camps as per the requirements and contractual provisions;
- (viii) Carry out site inspections on a regular basis and prepare site-inspection checklists/reports;
- (ix) Record EHS incidents and undertake remedial actions;
- (x) Conduct environmental monitoring (air, noise, etc.,) as per the monitoring plan
- (xi) Prepare monthly EMP monitoring reports and submit to PIU
- (xii) Comply with labor legislations, and ensure that subcontractors also implement labor legislations requirements, through cascading of requirements to subcontractors—HR policy, labor management requirements, any worksite specific grievance redress mechanism.

- (xiii) Work closely with PIU and PMCDC to ensure communities are aware of project related impacts, mitigation measures, and GRM; and
- (xiv) Receive, record, and redress grievances in an effective and timely manner.
- (xv) Provide the PIU/ PCO with a written notice of any unanticipated environmental, impacts that arise during construction, implementation or operation of the Project that were not considered in the IEE, the EMP;
- (xvi) Reinstate pathways, other local infrastructure, and agricultural land to at least their pre-project condition upon the completion of construction;
- (xvii) Site clearance and restoration after the completion of works

**Figure 7: Safeguards Implementation Arrangements**



Source: Asian Development Bank.

## B. Social Safeguards

**77. Involuntary Resettlement.** The project is classified as category *B* for involuntary resettlement as per ADB's SPS (2009). The project will fulfill land requirements through a combination of existing encumbrance free right-of-way within the government land, negotiated settlement and/or voluntary land donation from direct project beneficiaries. Seven municipalities

are covered under the project. Under Output 1, two resettlement plans and five combined resettlement and indigenous peoples plans were prepared for the project in line with the ADB SPS. The project's involuntary resettlement impact include: (i) partial and/or minor impact to residential structures, (ii) temporary income loss, (iii) impacts to secondary structures, and (iv) impacts to community property structures.

78. Social safeguards due diligence has been conducted based on preliminary designs and surveys. During final detailed engineering design and detailed measurement stage, all projects alignment will be assessed reconfirming the updated and/or final involuntary resettlement impacts of the project, and updated resettlement and/ or combined resettlement and indigenous peoples plan (RIPP) will be prepared accordingly. The draft resettlement plans and/or combined RIPP will be updated/revised based on detailed design and will be submitted to ADB for review and disclosure. PCO will ensure the social safeguards documents are included in the bid and contract documents. Any provisions such as impact avoidance and mitigation measures to be included in the EMP will be conveyed to the environmental safeguards team. In the event of unanticipated impact due to site/design change during project implementation or in the event of any noncompliance, the resettlement plans/RIPP will be updated to include corrective actions, associated costs, and schedule. All resettlement plans/RIPP will be disclosed on ADB and executing and implementing agencies websites. A copy of the summary resettlement plan and/or RIPP will be disclosed to affected persons. The summary resettlement plans/RIPP will be translated into the local language and will be disclosed and discussed with affected persons and beneficiaries, including those who are unable to read, in their local dialect.

79. **Resettlement Framework.** For Output 2, a resettlement framework has been prepared in accordance with ADB's SPS (2009) and applicable laws and regulations of the government that will guide project selection, screening, and categorization; resettlement planning; and the implementation of project components prepared after Board approval. Project components with significant involuntary resettlement impacts and/or adverse involuntary resettlement impacts are not anticipated and will not be allowed.

80. **Indigenous Peoples.** The project is classified as category *B* for indigenous peoples as per ADB's SPS (2009). Indigenous Peoples consist of 28.78% of the total population in the project municipalities wherein none of them belongs to the endangered category.<sup>25</sup> The project is expected to bring beneficial impacts to the general population including indigenous people's communities through improved municipal infrastructures. The project will not directly or indirectly affect the indigenous peoples' dignity, human rights, livelihood systems, or culture and nor the project will affect the customary lands they use, occupy, or claim as their traditional lands and/or resources. Combined resettlement and indigenous peoples plans have been prepared in five municipalities which include a specific action plan for benefit enhancement of indigenous peoples. The project will ensure that benefits are culturally appropriate. Meaningful consultations will continue and will be undertaken in all project municipalities.

81. The succeeding paragraphs outline the project's procedures for negotiated land settlements and/or voluntary land donations in a transparent, consistent, and equitable manner so that people entering into agreements maintain the same or better income and livelihood status.

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<sup>25</sup> The National Federation of Indigenous Nationalities (NFIN) has classified indigenous peoples into five different categories based on socioeconomic variables that include literacy, housing, occupation, language, area of residence and population size.

The institutional roles, tasks and responsibilities, and implementation arrangements for social safeguards is also presented.

82. **Negotiated Settlement.** ADB SPS, 2009 in principle recommends the use of negotiated settlement to obtain land for project requirements. SPS requires projects to develop procedures in a transparent, consistent, and equitable manner if land acquisition is through negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status. This helps avoid expropriation and eliminates the need to use force by governmental authorities. This approach to obtain land through negotiated settlement is supported by the ADB SPS, 2009 provided there is no coercion or perception (held by the affected person/ land seller) of eminent domain being applied, should the negotiated settlement fail and where direct negotiations with landowners are conducted in a fair and transparent manner and land is purchased upon agreement of a negotiated price. The project encourages the acquisition of land and other assets through a negotiated settlement wherever possible, based on meaningful consultations with the affected people including non-titleholders. In a negotiated settlement, both the parties affected person/family and the project proponent agree on a fair price for all losses incurred. In such settlement, in line with ADB policy, the government will however ensure that any negotiation with affected persons openly addresses the risks of asymmetry of information and bargaining power of the parties involved in such transactions. If an expropriation results upon the failure of negotiation, all safeguard requirements as per the ADB SPS, 2009 will be applied and resettlement plan will have to be prepared.

83. **Voluntary Land Donation.** The project will accept voluntary donation of land. Voluntary land donation will be considered only if land donation does not (i) bring any significant impact/impoverishment to the donor(s) and/or displace tenants/laborers/informal users; (ii) the land donor does not come from the land owner categorized as poor or vulnerable; (iii) the donation will not cause any economic or physical displacement (to legal titleholders and/or formal or informal land users); (iv) the land donor(s) will get direct benefits from the proposed project activities; (v) meaningful consultations are conducted with the land owner(s); and (vi) verify that the voluntary contribution is in fact voluntary and did not result from coercion or asymmetrical power relation between the land owner(s) and the government as confirmed through an independent third party.

84. **Institutional Arrangement.** The Department of Urban Development and Building Construction will be the executing agency of the project, supported by the PMCDC, and ISPCP. The municipalities will be the key implementing units of the project. The PIU with the support of the SDC will be responsible for social safeguards compliance, monitoring, and reporting to ADB.

85. **Project Coordination Office.** The PCO (to be established) will be headed by a Project Director, who will be responsible for the overall project management. The Project Director shall be supported by three Deputy Project Directors (DPD) – DPD at WUC cluster, DPD at DUDBC Pokhara and Janakpur cluster, and DPD at DUDBC for Urban Planning and Development. The PCO will have an environment and social safeguards officers of engineer rank, who will be responsible for social safeguards compliance, planning, and implementation as per the agreed resettlement framework, resettlement plans/RIPP prepared consistent with the ADB's SPS and Government of Nepal rules and regulations.

86. **Roles and Responsibilities of the PCO (Social Safeguards) are as follows:**

- (i) guide PMCDC and PIU social safeguards staff on all matters related to preparation, implementation and monitoring of social safeguards documents;
- (ii) review and finalize project involuntary resettlement and indigenous peoples



- category;
- (iii) oversee preparation of resettlement plans/indigenous people plans (IPPs)/RIPP; confirm existing resettlement plans/DDR/IPP/RIPPs are updated based on detailed designs, and that new project resettlement plans/DDRs (output 2) are prepared in accordance with the resettlement framework prepared for the project;
  - (iv) responsible for issuing the public notice to acquire a particular land/ property for the project along with project information/details as well as the project cut-off date;
  - (v) ensure that resettlement plans/DDRs/IPP/RIPPs are included in bidding documents and civil works contracts;
  - (vi) provide oversight on social safeguard management aspects of projects and ensure resettlement plans/IPP/RIPPs and impact avoidance measures outlined in the resettlement framework/environmental management plan/resettlement plans/IPP/RIPP are implemented by PIU and contractors;
  - (vii) ensure and monitor the provision in the contract to include the indigenous people households/poor communities to be the beneficiaries of the facilities constructed;
  - (viii) monitor and ensure effective implementation the specific action plan as indicated in each RIPP/DDRs;
  - (ix) facilitate and ensure compliance with all government rules and regulations regarding no objection certificates, third party certificates for negotiated settlement or voluntary land donation, land ownership and transfer details etc. for each site, as relevant;
  - (x) supervise and guide the PIUs to properly carry out the social safeguard monitoring (involuntary resettlement/indigenous people) as per the resettlement plans/RIPP;
  - (xi) review, monitor, and evaluate the effectiveness with which the resettlement plans/ IPPs/RIPPs provisions are implemented, and recommend corrective actions to be taken as necessary;
  - (xii) consolidate monthly social safeguard monitoring reports from PIUs and submit quarterly and semi-annual social safeguard monitoring reports (SSMR) to ADB;
  - (xiii) ensure timely disclosure of final resettlement plans/DDRs/IPP/RIPPs in locations and form accessible to the public and affected persons;
  - (xiv) address any grievances brought about through the grievance redress mechanism in a timely manner;
  - (xv) oversee training needs assessment of affected persons and vulnerable persons by PIUs/SDCs, coordinate training activities and convergence with livelihood programs of the government;
  - (xvi) facilitate as resource person social safeguards training activities conducted by PMCDC/ISCPC for the PIUs/ contractors/ community-based organizations for capacity building to implement the resettlement plans/IPP/RIPP, project GRM; and
  - (xvii) coordinate database management for social safeguards implementation and monitoring.

87. **Project Implementation Units.** The municipalities will act as the implementing agencies of the project, under the guidance and overall management of the PCO (to be established). The roles and responsibilities of the PIU (Social Safeguards) are as follows:

- (i) fill up involuntary resettlement and indigenous people impact checklist and classify safeguards categorization of the project;
- (ii) oversee and conduct census and socioeconomic surveys, detailed measurement surveys, and verification surveys of affected persons together with the SDC during detailed design;

- (iii) prepare list of affected persons and inventory of losses, and ensure that all data required to prepare and/or update the resettlement plan/RIPPs, including specific plan for benefit enhancement for indigenous people, if/as required, with the assistance of the social safeguards specialist;
- (iv) Ensure updated information is submitted to PCO for preparation and/or updating of documents with PMCDC and contractor's support;
- (v) hold consultations with affected persons, finalize list of affected persons prepare/update resettlement plan/RIPP with the assistance of SDC, and submit to PCO for review and approval and further submission to ADB;
- (vi) inform and/or disseminate information to the affected persons on (a) the project cut-off date; (b) public notice for schedule of land acquisition, if any (c) public notice on the start of construction works; (d) entitlement matrix; and (e) compensation packages against different categories of loss, and tentative schedule of land clearing/ acquisition for starts of civil works activities; issue identity cards;
- (vii) facilitate and oversee updating of resettlement plans/RIPP, with the support of SDC; coordinate valuation of assets, trees of various species, etc. Based on proper due diligence and assessment, finalize compensation packages;
- (viii) liaise/facilitate compensation processes in consultation with the chief district officer; coordinate, supervise and monitor disbursement of compensation;
- (ix) obtain no objection certificates (NOCs), land documents, third party certifications for negotiated settlement and voluntary land donation as required for the project and ensure compliance with all government rules and regulations and ADB SPS safeguards requirements;
- (x) include resettlement plans/IPPs/RIPP in bidding documents and civil works contracts;
- (xi) responsible for the day-to-day implementation and monitoring of resettlement plans/RIPP; and ensure timely payment of compensation and other assistance are provided prior occurrence of impacts;
- (xii) oversee resettlement plan/IPPs/RIPP and maintenance of data for monitoring;
- (xiii) take corrective actions when necessary to ensure no adverse social impacts;
- (xiv) Conduct continuous public consultation and information-disclosure with the support of the SDC social safeguards specialist and support staff;
- (xv) ensure timely report submission of monthly, quarterly progress reports and semi-annual social monitoring reports to PCO, with the support of SDC;
- (xvi) facilitate establishment of project-GRM at the ward-level and PIU level and ensure it is fully functional prior or during the award of the first contract or within one month of loan effectiveness, whichever is earlier; address any grievances brought about through the grievance redress mechanism in a timely manner as per the resettlement plans/ IPPs/RIPPs;
- (xvii) organize course for the training of contractors, preparing them on resettlement plan/IPP/RIPP implementation, social safeguard monitoring requirements related to mitigation measures, and on taking immediate action to remedy unexpected adverse impacts found during implementation.
- (xviii) Extend support in carrying out awareness campaigns, as needed.

88. The PCO and PIUs will be supported by PMCDC, ISCPC, and SDC. The PMCDC will support the PCO on its day-to-day operation. The PIUs will be supported by the SDCs. The ISCPC will support the PCO and PIUs.

89. **Project Management and Capability Development Consultants.** PMCDC will provide capacity building support on safeguards, and safeguards compliance in line with ADB procedures.

PMCDC will appoint a social safeguards specialist to carry out all social safeguards related tasks and provide support to PCO safeguards team to oversee the implementation of the safeguards framework/safeguards planning documents. The social safeguards specialist will guide the safeguards officers at the PCO and shall coordinate with the SDC's Social Safeguards Specialist (PIU-support) for carrying out all social safeguards related tasks.

90. The Social Safeguards Specialist (PMCDC) will be responsible for carrying out following tasks:

- (i) assist PCO in the overall management, implementation, monitoring and reporting of social safeguards compliance;
- (ii) screen/classify involuntary resettlement and indigenous peoples safeguards classification of the projects; finalize social safeguards documents, periodic social monitoring reports etc. prepared at PIU level and get ADB's timely approvals/clearances;
- (iii) resolve any issues, if involved; and, assist in obtaining all NOCs/permissions for project sites prior to civil works;
- (iv) guide PCO's safeguards officers in implementation of all social safeguards related tasks including grievances redressal;
- (v) develop periodic data collection/monitoring formats/indicators and guide safeguards officers and SDC in obtaining the information required for the same;
- (vi) Support PCO to prepare monitoring reports received from PIUs and submit to PCO for approval and submission to ADB;
- (vii) identify any non-compliances and help prepare time-bound corrective action plans, if and as required;
- (viii) maintain and update municipality-wise database of resettlement/grievance related issues and inform safeguards officers PCO for timely actions; and
- (ix) support ISCPC in all awareness, training and capacity building activities related to social safeguards.

4. 91. **Supervision and Design Consultant.** Two SDCs will be recruited: (i) the GLBC (WUC) cluster, covering Devdaha, Siddharthnagar, Tilottama, Sainamaina and Lumbini; and (ii) Janakpur. SDCs will be responsible to support the PIU in the implementation and monitoring of safeguards compliance. They will also be responsible to prepare Output 2 designs, prepare and/or update the municipality-level safeguards documents in line with the resettlement framework and shall include Output 2 components. The SDCs will be supported by two support staff per municipality who will handle gender equality, environment and social safeguards, community mobilization, and communication.

92. **Design and Supervision Consultant.** The DSC will support Pokhara municipality in the design and supervision of infrastructure and greens solutions, implementing heritage and cultural improvement plans, and design of tourism infrastructure components. The DSC social safeguards specialist will be involved in detailed design and safeguards documents preparation and updating.

93. The key social safeguards tasks of the social safeguards (SDC and DSC) include:

- (i) based on final designs, conduct census and socioeconomic surveys/verification surveys/finalization of sites etc. and update resettlement plans/RIPP/due diligence reports;
- (ii) finalize the requirement for land certificates, NOCs for project sites in each municipality and assist PIUs in obtaining the same prior to start of civil works;

- (iii) assist PIUs in day-to-day implementation of DDRs/resettlement plans/RIPP activities, including specific plan for benefit enhancement of indigenous peoples and ensure contractors comply with conditions of resettlement framework/DDR/resettlement plan/RIPP;
- (iv) assist municipalities/PIUs (through the support staff) to ensure resettlement plans are implemented and all compensation paid prior to start of civil works and prior to occurrence of impact;
- (v) take proactive action to anticipate and avoid delays in implementation;
- (vi) under the guidance of SSS, develop system of indicators to monitor implementation of resettlement activities and ensure corrective actions are undertaken, if and as required;
- (vii) obtain resettlement related municipality level information with the help of field support staff and consolidate them; prepare periodic social safeguard monitoring reports;
- (viii) compile all monitoring inputs at PIU level for quarterly progress reports, for onward transmission to PCO and;
- (ix) assist PIUs in conducting public consultation and disclosure activities related to social safeguards and that suggestions made by the affected persons will be documented and summarized in the monitoring reports;
- (x) actively participate as member of ward-level and PIU-level GRCs, assist in grievance resolution and reporting;
- (xi) assist PIUs in monitoring the socioeconomic status of affected persons, post - resettlement plan/RIPP implementation;
- (xii) support ISCBC in all training and capacity building activities.

94. **Contractor/s.** The Contractor will have a dedicated Social Supervisor, who will engage with the PIU, and SDC on social safeguard, health and safety and core labor standards. Contractors are to carry out all the requirements and compliances as mentioned in their contract.

- (i) In close coordination with the PIU, SDC, and safeguards personnel, finalize detailed design keeping the safeguard principles adopted for the project.
- (ii) With the assistance of engineers and social safeguard personnel of SDC, ensure that all design-related measures (e.g., special considerations for the vulnerable related to project locations or design, mitigation measures for affected persons, etc.) are integrated into project designs;
- (iii) Conduct joint walk-throughs with PIU, design engineers, and social safeguards personnel of SDC in sites/sections ready for implementation; assist to identify the need for detailed measurement surveys, and support SDC to jointly conduct detailed measurement surveys and census surveys to arrive at the final inventory of loss;
- (iv) Support project consultants in updating the draft resettlement plan/DDR/RIPP for submission to PIU/PCO and ADB for review and approval;
- (v) Ensure strict adherence to agreed impact avoidance and mitigation measures in the resettlement plan/DDR/RIPP during implementation;
- (vi) Assist with grievance redressal and ensure recording, reporting, and follow up for resolution of all grievances received; and
- (vii) Submit monthly progress reports including safeguards, health and safety, and sex-disaggregated data as required for monitoring.

95. **Civil works contracts.** The resettlement plans/IPPs/RIPPs are to be included in bidding and contract documents and verified by the PIUs and PCO. All contractors will be required to

designate a social supervisor to ensure implementation of resettlement plan/RIPP/DDR social safeguard provisions during civil works and O&M, who will also have the responsibility for communication with the public under the guidance of PCO/PIUs and grievance registration. Contractors are to carry out all mitigation and monitoring measures outlined in their contract.

96. The PCO and PIUs will ensure that bidding and contract documents include specific provisions requiring contractors to comply with: (i) all applicable labor laws and core labor standards on (a) prohibition of child labor as defined in national legislation for construction and maintenance activities; (b) equal pay for equal work of equal value regardless of gender, ethnicity, or caste; and (c) elimination of forced labor; and (ii) the requirement to disseminate information on sexually transmitted diseases, including HIV/AIDS, to employees and local communities surrounding the project sites.

### **C. Common Grievance Redress Mechanism**

97. A project-specific GRM will be established to receive, evaluate, and facilitate resolution of affected persons' concerns, complaints, and grievances related to social, environmental, and other concerns on the project. The project adopts a three-tier GRC and will ensure greater accountability of the project authorities towards affected persons. Grievances may be routed through letters, emails, text messages (SMS), verbal narration, grievance box and registers. The GRM is not intended to bypass the government's own legal process, but to provide a time-bound and transparent mechanism to resolve such concerns that is readily accessible to all segments of the affected persons and community. The aggrieved party shall be free to approach the national legal system at any given time. All costs involved in resolving the complaints (meetings, consultations, communications, and reporting/information dissemination) will be borne by the project.

98. The PIU will ensure local community meetings are held to notify users and affected persons about grievance redress mechanism of the project. Awareness of grievance redress procedures will be created through the public awareness campaign, with the help of print and electronic media and radio. The key functions of the GRC are to (i) provide support for affected persons or any aggrieved party to lodge their complaints; (ii) record the complaints; (iii) facilitate grievance resolution in consultation with affected persons and concerned authorities; (iv) report to the aggrieved parties about the decision/solution; and (v) forward the unresolved cases to higher levels.

99. GRCs will be formed at three levels viz. ward/field level, PIU level and PCO level as under:

100. **First Level Grievance Redress Committee (Field/Ward-Level):** The contractors, PIU safeguards personnel can immediately resolve issues on-site in consultation with each other with the support the designated municipal ward chairperson and will be required to do so within seven days of receipt of a complaint/grievance. In addition, contractors will place complaint boxes at prominent places viz. public places, contractor camp site etc. where local community members can put their complaints/grievances and contractor's personnel should be in charge to collect and process the complaints/grievances as necessary. The PIU safeguards personnel, SDC safeguards consultants and contractor can immediately resolve the complaint on site. If the grievance remains unresolved within the stipulated time, the matter will be referred to the next GRC level.

101. The field/ward-level GRC will comprise of the following:

- (i) Ward Chairperson (Committee Chairperson)
- (ii) PIU Engineer
- (iii) Ward Member representing vulnerable community (one women and one *janajati* representative, if required)
- (iv) Contractor's Representative
- (v) SDC Safeguards Specialist
- (vi) Ward Chairperson's secretary will act as complaint receiving office and provide secretarial services to GRC

102. The ward-level GRC shall have at least one women member. For project-related grievances, representatives of affected persons, and community-based organizations will be invited as observers during GRC meetings. In case of impact on indigenous peoples, the grievance team must have representation of the affected indigenous peoples, and or Civil Society Organizations (CSOs)/non-government organizations (NGOs) working with the indigenous peoples groups.

**103. Second Level Grievance Redress Mechanism (Municipality/PIU-Level):** Any unresolved issues at ward level will be referred to the second level GRC chaired by Mayor/Deputy Mayor. The complainant will be notified by the ward-level GRC that the grievance is forwarded to the municipality (PIU) level. All evidence submitted while lodging the complaint by the affected will also be forwarded. After proper examination and verification of the grievances, the committee will facilitate affected persons, and concerned parties to agree on a time-bound action plan to resolve the grievance if found to be valid. The GRC at this level will have to respond to its decision within 14 days of receipt of complaint from first level. The second level GRC will comprise the following:

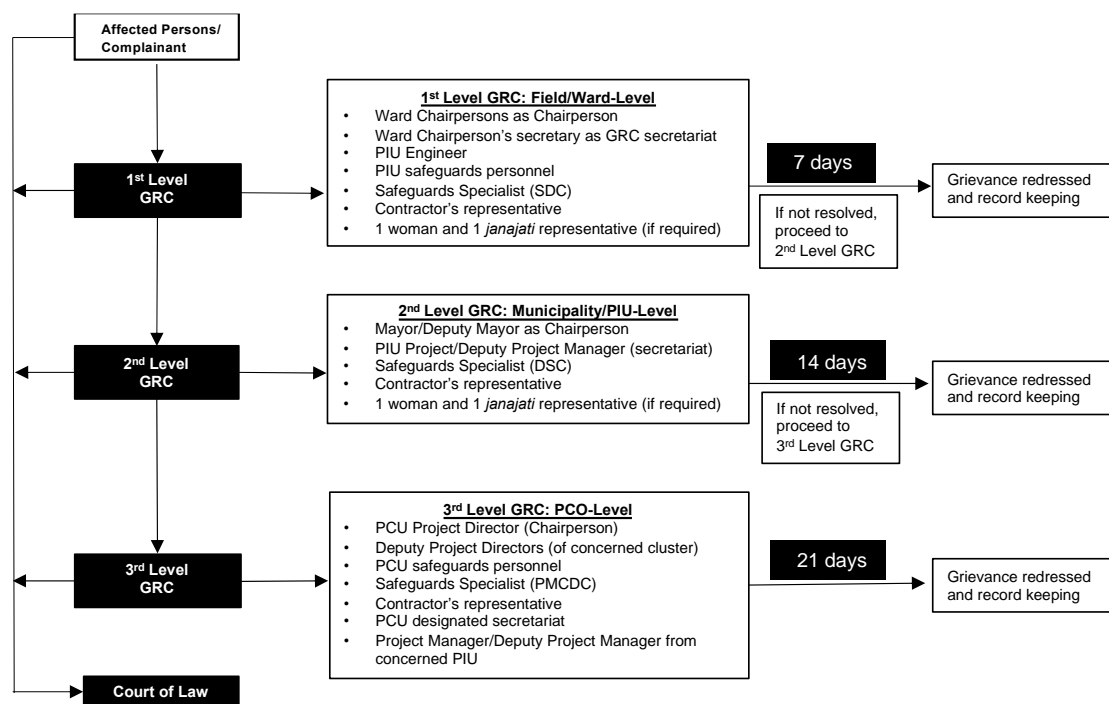
- (i) Mayor/Deputy Mayor (Committee Chairperson)
- (ii) PIU safeguard personnel
- (iii) SDC social/environment specialist
- (iv) Contractor's representative
- (v) Ward member representing vulnerable community (one women and one *janajati* representative, if required)
- (vi) Project manager of the PIU will act as a secretariat

**104. Third Level Grievance Redress Mechanism (Project Coordination Office-Level):** If the grievance remains unresolved within the stipulated time, the matter will be referred to the PCO level. The PIU safeguards team will refer any unresolved or major issues to the PCO-level GRC. The PCO-level will comprise the following:

- (i) Project Director (Committee Chairperson)
- (ii) Deputy Project Directors
- (iii) PCO Safeguards Personnel
- (iv) Safeguards Specialist
- (v) Contractor's Representative
- (vi) Project Manager/Deputy Project Manager from concerned PIU/municipality
- (vii) PCO-designated personnel who will act as secretariat

105. The grievance redress process is represented in Figure 8.

Figure 8: Grievance Redress Procedures –



106. **Record-keeping.** The PIU/PCO/PMCDC will keep records of grievances received, including contact details of complainant, date the complaint was received, nature of grievance, agreed corrective actions and the date these were affected and final outcome. All complaints should be signed with complete information on name, contact address, phone number if any so that the person can be contacted when required. A sample template is provided in Appendix 9. An acknowledgement to the effect that the complaint has been received by the coordinator's office should be promptly sent to the complaints. All complaints received should be first registered, categorized and prioritized. They should be analyzed and assessed the concerns raised by the affected parties and have discussion and consultation with them. Records of all such proceedings should be maintained, for future reference, and the attendance of all participants with their signature, in particular the complaints and affected groups should be recorded. The number of grievances recorded and resolved, and the outcomes will be displayed/disclosed in the PCO, PIU offices, and on the web, as well as reported in monitoring reports submitted to ADB on a semi-annual basis.

107. **Periodic review and documentation of lessons learned.** The PCO project officers (Social and Environment) will periodically review the functioning of the GRM in each municipality and record information on the effectiveness of the mechanism, especially on the project's ability to prevent and address grievances.

108. **Costs.** All costs involved in resolving the complaints (meetings, consultations, communication and reporting/information dissemination) will be borne by the PCO and concerned PIU.

109. **Country Legal System and ADB's Accountability Mechanism.** Despite the project GRM, an aggrieved person shall have access to the country's legal system at any stage and accessing the country's legal system can run parallel to accessing the GRM and is not dependent on the negative outcome of the GRM. In the event that the established GRM is not in a position to resolve the issue, the affected person also can use the ADB Accountability Mechanism (AM) through directly contacting (in writing) the Complaint Receiving Officer (CRO) at ADB headquarters or the ADB Nepal Resident Mission (NRM).<sup>26</sup> Before submitting a complaint to the Accountability Mechanism, it is necessary that an affected person makes a good faith effort to solve the problem by working with the concerned ADB operations department and/or NRM. The ADB Accountability Mechanism information will be included in the project-relevant information to be distributed to the affected communities, as part of the project GRM.

## **D. Safeguards Capacity Development**

110. The safeguards experts (environmental and social) will be responsible for capacitating the PCO's safeguards officers, and PIU's engineers and safeguards officers. The IEEs and resettlement plans/RIPP include indicative training modules on safeguards. The PMCDC will coordinate with PCO and PIUs on specific capacity development program, which include but not limited to:

### **1. Social Safeguards**

- (i) Sensitization on ADB's policies and guidelines on social and indigenous peoples safeguards (ADB's Safeguard Requirement 2 and 3: Involuntary Resettlement and Indigenous Peoples) including meaningful consultation, information disclosure, GRM and accountability mechanism;
- (ii) Introduction to the assessment of involuntary resettlement and indigenous peoples impacts and mitigation measures, including best practices, in the design, construction, operation and maintenance roads, and drainage subprojects;
- (iii) Functioning of the GRM and how to make the process effective;
- (iv) Preparation and review of resettlement plans/RIPPs/IPPs/DDRs based on preliminary design, and updating of the documents based on the final design;
- (v) Disbursement of compensation, consultation; and
- (vi) Monitoring and reporting requirements.

### **2. Environmental Safeguards**

111. Executing and implementing agencies need to have a sustained capacity to manage and monitor environmental safeguards. Although specialist consultants support will be available to PCO and PIUs, it is necessary to mainstream safeguards in day-to-day working. Therefore, PCO and PIUs require capacity building measures for (i) a better understanding of the project-related environmental issues; and (ii) to strengthen their role in preparation of IEE, implementation of mitigation measures, and subsequent monitoring. Trainings and awareness workshops will be conducted. The PMCDC and SDC/DSC environmental safeguards specialists shall assess the capabilities of the target participants, formulate the training modules, and facilitate / conduct the programs. The capacity building program will be participatory to the extent possible and will employ a variety of approaches to be more effective (such as learning by doing, role playing, group exercises, on-the-job training, etc.). A pre- and post-training assessment will be undertaken

<sup>26</sup> ADB. Accountability Mechanism. <https://www.adb.org/who-we-are/accountability-mechanism/main>



to measure the effectiveness of the program. The contractors will be responsible for conducting site-specific/work-specific orientation on environment, health and safety to the site workers. Periodic trainings and awareness programs will also be conducted by PMCDC.

**Table 19: Capacity Building Program on EMP Implementation**

<b>Sl. No.</b>	<b>Description</b>	<b>Suggested training Method</b>	<b>Target Participants</b>	<b>Cost and Source of Funds</b>
1	Introduction and Sensitization to Environmental Issues (1 day) - ADB Safeguards Policy Statement -Government applicable safeguard laws, regulations and policies including but not limited to core labor standards, OHS, etc. -Incorporation of EMP into the project design and contracts -Environmentally sensitive areas and biodiversity in project Towns -Monitoring, reporting and corrective action planning	Lecture and group activities	All staff, PCO, PIUs and consultants involved in the project	PCO cost
4	EMP implementation (2 days) -Roles and responsibilities -OH&S planning and implementation -Wastes management (water, hazardous, solid, excess construction materials, spoils, etc.) -tree cutting and bird surveys -Working in congested areas, - Public relations - Consultations - Grievance redress -Monitoring and corrective action planning -Reporting and disclosure -Post-construction planning	Lecture, group activities/role play and case studies	All staff and consultants involved in the subproject  All contractors before start of construction works	PCO cost
5	Plans and Protocols (1 day) - Site-specific EMP -Traffic management plan -Spoils management plan - Chance find protocol - O&M plans - Post-construction plan	Lecture and group activities	All staff and consultants involved in the project  All contractors before start of construction works or during mobilization stage.  At PIUs	PIU cost  Contractors cost as compliance to contract provisions on EMP implementation
6	Contractors Orientation to Workers on EMP implementation (OHS), core labor laws, spoils management, etc.),	Orientation via audio visual presentations , and on-job training	All workers (including manual laborers) of the contractor prior to	Contractors cost as compliance to contract provisions on EMP

Sl. No.	Description	Suggested training Method	Target Participants	Cost and Source of Funds
			dispatch to worksite	implementation

ADB = Asian Development Bank, EMP = environmental management plan, OHS = occupational health and safety, PCO = project coordination office, PIU = project implementation unit.

## VIII. GENDER EQUALITY AND SOCIAL DIMENSIONS

112. The project is categorized effective gender mainstreaming (EGM). Through the project gender equality and social inclusion action plan (GESI AP), the project will ensure inclusion of women, and disadvantaged groups in project related consultations including their participation in preparation of cultural and national heritage management plan and infrastructure development. The project will develop participatory consultation approaches to understand the needs of women and disadvantaged groups in preparation of municipality-level plans (such as the Cultural and Natural Heritage Management Plan). In all civil works packages (procured through international and national open competitive bidding) the project will encourage women and disadvantaged groups to engage in project generated employment; ensuring orientations to contractors and labors on national core labor standards, gender equality in wages, SEAH and human trafficking, occupational health and safety, and other requirements of women laborers including water supply, segregated shelter with recreation and sanitation facilities. These will be implemented through contractual clauses and budgeted under the works contracts. The project will promote GESI responsive municipal infrastructure including tourism sites and GESI friendly public toilets. Adequate resource allocation and arrangement for GESI action plan implementation and reporting is ensured by the project. A GESI expert will be supporting at PCU level for implementation supervision, monitoring, and reporting under the oversight of a designated GESI focal person at the PCU. Four GESI experts will be supporting implementation at municipality level<sup>27</sup> who will be assisted by three GESI support staff (social mobilizers). GESI AP ensures (i) municipal infrastructure design is GESI responsive including gender friendly public toilets, (ii) participatory consultation approach is undertaken for design and plan preparation, and (iii) capacity development and economic empowerment opportunities for women and disadvantaged groups. GESI AP includes activities to build capacities of municipalities and project offices staff on GESI.

113. The project will closely coordinate and consult with like-minded organizations that are working at the local level on issues of women and disadvantaged groups in project planning, designing and implementation. GESI AP requires developing participatory consultation approach which will ensure meaningful participation of women and disadvantaged groups in all project related activities. The community participation strategy and communication strategy will be developed in coordination with the target municipalities.

114. Community participation has a role in identification and implementation of socio-economic development programs and heritage conservation and management. ISPCP will support each municipality to prepare community participation plan has been prepared to formalize CSO participation, describe its key features. If a CSO participation plan for their effective inputs in identifying, planning, designing and implementation socioeconomic development program and heritage improvement plan.

<sup>27</sup> One GESI expert will be responsible for Janakpur, one for Pokhara and two GESI experts will be responsible for five municipalities of Rupandehi District. Three support staff will be supporting GESI action plan implementation in seven municipalities.

## GENDER EQUALITY AND SOCIAL INCLUSION ACTION PLAN

Activities	Targets and Indicators	Responsibility	Time
<b>Output 1: Municipal infrastructure for resilience improved</b>			
1. Conduct orientations and consultations on project interventions	1. At least 40% of women and 25% people from disadvantaged groups <sup>a</sup> participate in orientations and consultations <sup>b</sup> [Target – 1 activity per project municipality each year for 3 years, total of 24 sessions]	PCO, municipalities, consultants	Year 1–4
2. Ensure municipal infrastructure design is GESI responsive for users' accessibility and safety	2. 100 km of roads improved and at least 45 km of footpaths with EWCD features constructed or rehabilitated include at least 3 types of GESI responsive features <sup>c</sup> (DMF 1b)	PCO, PIUs(municipalities), consultants	Year 1–4
3. Enjoin contractors to ensure women's and disadvantaged groups' employment in the project-created job opportunities	3. Orient contractors' representatives on national core labor standards, equal pay for women, SEAH and human trafficking, occupational health and safety standards and meeting requirements for women laborers, including water supply, segregated shelter and sanitation facilities (Target: 1 orientation each year in each municipality, in total: 24 sessions) 4. Laborers oriented by contractors 2 times every year (on CLS and other measures as above), to be monitored by supervision consultants 5. Sex disaggregated record of labor and wages maintained by contractors and verified by supervision consultants to ensure equal pay for work of equal value.	PIUs (municipalities), contractors, supervision consultants  Contractors, supervision consultants	Year 1–4
<b>Output 2: Tourism assets revitalized, and management improved.</b>			
4. Prepare Cultural and Natural Heritage Management Plan	6. At least 40% women and 25% representatives from disadvantaged groups participate in consultations to develop 7 Cultural and Natural Heritage Management Plans. 7. (DMF2b) 8. 7 Approved Cultural and Natural Heritage Management Plans incorporate actions to respond to the different needs of women, men, children, older persons, and persons with disabilities (DMF 2a)At least 30% of the SEDP spent on socioeconomic infrastructure and activities related to tourism and GESI. (DMF2d) 9. 150,000 m <sup>2</sup> green spaces with climate resilient and inclusive design features improved or developed <sup>d</sup> (DMF 2c)	PIUs, consultants GESI  PIUs, consultants DSC  Municipalities, PIUs	Year 1  Year 1–2  Year 3
5. Improve tourism infrastructure at cultural and natural heritage sites	10. At least 7 Cultural and natural heritage sites improved with GESI-responsive tourism infrastructure, including recreation amenities aligning with the approved management plan <sup>e</sup> 11. At least 7 public toilets that are gender friendly constructed in cultural and natural heritage sites <sup>f</sup>	PIUs, municipalities, contractors	Year 2–4
<b>Output 3: Capacity of communities, municipalities, province, and DUDBC strengthened.</b>			
6. Adopt urban development plans and planning and building bylaws in all municipalities	12. Urban development plans and planning and building bylaws with climate change and disaster risk resilience and inclusive accessibility and safety features, adopted through municipal council decisions in all municipalities 13. By 2026, GESI responsive heat action plan prepared and endorsed by municipal council in all municipalities. (DMF 3F)	PIUs, municipalities	Year 3
7. Enhance skills of women and disadvantaged groups	14. At least 150 women and representative from disadvantaged groups reported enhanced skills on traditional and local art (DMF 3k)	PIUs, municipalities, consultants	Year 2–4

Activities	Targets and Indicators	Responsibility	Time
through capacity-building program to benefit from economic opportunities	15. 120 women and representatives from disadvantaged groups received training and certified as tourist guides for the promotion of natural and cultural heritage site. (DMF 3L)		
8. Implement an internship program aimed at providing women with professional work experience	16. At least 50 women students received opportunities for professional experience through an internship program in project municipalities and DUDBC. (DMF 3m)	PIUs, municipalities	Year 2–4
9. Build capacities of municipalities and project offices staff on project GESI action plan implementation	17. At least 100 staff, including 40% eligible women staff and female elected representatives of municipalities, oriented on implementing GESI concepts in the urban sector and project GESI action plan. <sup>f</sup> 18. GESI audit for overall municipalities activities conducted for each project municipalities (each for 3 years) 19. At least 250 staff (including eligible women staff and female elected representatives of municipalities, provinces, and DUDBC) reported increased knowledge on natural ecosystems, and urban governance, including digitization of municipal services, tax management, citizen participation, risk-informed urban planning and enforcement, asset management, and operations and maintenance	Consultants, PIUs, municipalities	Year 2–4
10. Implement GESI action plan	20. Gender specialists are recruited in PIUs within the first year of the project. 21. Gender focal points designated in Project Coordination Office. 22. Sex-disaggregated data on project staff, consultants, workforce, laborers, and project-related orientation and training programs is maintained and reported in quarterly progress reports. 23. GESI action plan progress is monitored regularly and reported every quarter with the project QPRs with disaggregated data	Project Directorate, consultants, PIUs	Year 1–5

CLS = core labor standards, DSC = design and supervision consultant, DUDBC = Department of Urban Development and Building Construction, GESI = gender equality and social inclusion, km = kilometer, m<sup>2</sup> = square meter, PCO = project coordination office, PIU = project implementation unit, QPR = quarterly progress report, SEAH = sexual exploitation and abuse and sexual harassment, SEDP = Socioeconomic Development Program.

<sup>a</sup> SARD GESI framework (2023) defines disadvantaged groups as “those groups who historically have been unable to fully access and/or benefit from social, economic, and political rights, opportunities and resources, including investments due to their identities i.e., disability, social identity, sexual orientation/gender identity, geographic location or income poor (systematic disadvantage); and/or because of their vulnerability such as age or migrant status (situational disadvantaged)”. The project specifically includes women, Dalit, ethnic or indigenous population groups, income poor communities, elderly, LGBTQI+ community and persons with disability (PWD).

<sup>b</sup> Project-related consultations may include information dissemination on project design, project-related social and economic opportunities, activities targeted to women and disadvantaged groups, and any other project-related information.

<sup>c</sup> GESI responsive features in the footpath may include tactile pavements, adequate lighting, wheelchair access, rest stops, crossing, and safety signages (but not limited to these).

<sup>d</sup> GESI-responsive tourism infrastructures will include resting areas, adequate lighting, and information desks.

<sup>e</sup> Public toilets will have male and female toilets at a ratio 1:2 (M/F) and all-gender toilets with adequate wash facilities and include accessible toilet designs for the elderly and people with reduced mobility.

<sup>f</sup> Eligible women staff are women staff of municipalities, provinces, and DUDBC who are responsible for performing administrative, technical, social development, financial management, auditing, and communications roles.

## IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

### A. Monitoring

115. **Project performance.** The current PCO has established PPMS for the Regional Urban Development Project. The Project Directorate (formed through the strengthening of the formation of PCO) will update and strengthen to use the existing PPMS to monitor targets, indicators, assumptions, and risks in the project DMF. The DMF indicators will be unbundled as municipality-wise and expanded to be developed to serve as a monitoring and evaluation framework. The baseline data corresponding to indicators and targets set out in the DMF and the monitoring and evaluation framework can be generated through primary data based on the detailed design. The Project Directorate will prepare annual, midterm, and end-of-investment project monitoring reports using the same indicators as DMF and submit the reports to ADB. Adequate project-related data that would be useful for preparing quality project completion reports, including necessary information and benefit assessment, to be included in project monitoring reports.

116. **Compliance.** The PMCDC, Janakpur SDC, Pokhara DSC, WUC SDC, and ISPCP will continue supporting the Project Directorate and PIUs in monitoring performance based on the DMF, monitoring, and evaluation framework, and the PPMS for the project. The project coordination office and PIUs, with support from PMCDC, Janakpur SDC, GLBC SDC, Pokhara SDC and ISPCP, will prepare a QPR, which among project status and other items will include compliance of the implementation with (i) assurances, covenants, conditions; (ii) safeguards; (iii) GESI AP; (iv) CAPP; (v) institutional strengthening; (vi) revenue enhancement (including non-tax); and (vii) progress in meeting the targets in the DMF.

117. **Safeguards.** The status of implementation of environmental safeguards documents (IEE, EMPs, and EARF), and social safeguards documents (Resettlement Plan/RIPP, Resettlement Framework, and IPPF) will be discussed at ADB review missions apart from being integrated into QPRs. The Project Directorate/PIU will also submit to ADB separate environmental safeguard semiannual monitoring reports (ESMR) and social safeguards semiannual monitoring reports (SSMR) in the standard templates (Appendix 10) advised by the ADB. ADB's monitoring and supervision activities are carried out on an ongoing basis until a project completion report (PCR) is issued.

118. **Gender equality and social dimensions.** The PCO and GESI Unit in DUDBC will ensure GESI issues are reflected in monitoring and evaluation formats and reports. The PMCDC will provide orientation on the project requirements and frequency of each municipalities each provide updates. Institutional Strengthening and Community Participation Consultant will be responsible to support each PIU in implementation of GESI action plan and monitoring. PIUs will prepare an implementation plan for GESI Action Plan and collect data disaggregated by at least gender, caste, ethnicity and economic status. The PCO will ensure PIUs are oriented and trained adequately on GESI to produce accountability.

119. **Financial management.** The status of the financial management action plan, financial covenants, financial sustainability risks, and financial reporting and auditing will be reported and reviewed throughout project implementation. The financial management and sustainability risks and mitigating actions will be reassessed regularly during implementation. The financial management action plan should be updated at least annually.

## B. Evaluation

120. **Project Review Mission.** At least once a year, ADB will conduct the project review mission for the detailed review of the overall project. The purpose of the mission mainly include the following:

- (i) review overall implementation of the project and update, in consultation with the executing agency, the project implementation schedule;
- (ii) examine implementation problems that the project is encountering or is likely to encounter, and work out measures with the executing agency to resolve them, including financial management matters;
- (iii) review actions required in terms of poverty reduction, environmental impact assessments and/or initial environmental examinations, environmental management plan, resettlement plans, indigenous peoples plans, and where required;
- (iv) availability and timeliness of budgetary allocations and counterpart funding;
- (v) review project expenditures, and estimate whether the project can be completed within the original cost estimates (foreign and local currency);
- (vi) identify cost overruns or savings that may materialize under the project and ascertain the need to reallocate loan proceeds between categories or cancel surplus loan proceeds. Where a cost overrun is anticipated, examine the arrangements made by the borrower to finance it;
- (vii) review progress with procurement and disbursement; and verify, based on a comparison of ADB's and the executing agency's records, the contracts awarded, and commitments and disbursements made;
- (viii) verify the statement of expenditure when applicable;
- (ix) review the borrower's compliance with loan covenants and, where there is any noncompliance or delay, discuss proposed remedial measures with the borrower (including discussions with the external auditor of the borrower or executing agency where relevant);
- (x) assess the likelihood of achieving the project's outcome and outputs as indicated in the risks section of the DMF;
- (xi) examine the need to extend the loan closing date, and where required, work out with the executing agency the most suitable loan closing date based on a revised implementation schedule, and advise the executing agency and borrower to submit a formal request for extension to ADB; and
- (xii) examine any other matter related to the project that requires ADB's attention including discussions with consultants and contractors, as necessary.

121. **Midterm Review Mission.** ADB will undertake midterm review (MTR) mission to review whether a project is likely to achieve its outcome and outputs on time and within budget. The MTR mission will review all aspects of project administration and identify appropriate mitigation measures to address implementation problems. The results of an MTR will be used when comparisons between implementation progress and results at project completion are required. The MTR review includes:

- (i) review of institutional, administrative, technical, safeguards, economic, and financial aspects of the project based on risks included in the DMF and updated project performance report;
- (ii) review of covenants to assess whether they are still relevant or need to be changed, or waived due to changing circumstances;
- (iii) assessment of need to change the project and the effects of this on the outcome and output of the project; and

- (iv) update on the project's DMF where change is necessary.

122. **Project Completion Review.** Within 6 months of the physical completion of the project, on behalf of MOUD the Project Directorate will submit a project completion report to ADB.<sup>28</sup>

### C. Reporting

123. The executing agency will provide ADB with (i) quarterly progress reports in a format consistent with ADB's project performance reporting system and should include the project's financial progress, showing periodic and cumulative amounts of budgeted and actual sources and uses of funds (covering the total project cost) following the cost categories in the project administration manual and reconciled with ADB's records; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator's performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be viable and sustainable, project financial statement, together with the auditor's report, should be adequately reviewed. Key reporting requirements listed in Table 20.

**Table 20: ADB's Key Reporting Requirements**

Report	Timing
Audited project financial statements	Not later than 9 months after the closure of the fiscal year for the first two years, and 6 months after the end of the fiscal year thereafter
Quarterly project progress reports	Quarterly, within 30 days after the end of each reporting period
Social	Semi-annually within 30 days after the end of each reporting period
Environmental safeguard	Semi-annually within 30 days after the end of each reporting period
Project completion report	Not later than 6 months after physical completion of the project

ADB = Asian Development Bank.

Source: ADB.

### D. Stakeholder Communication Strategy

124. The primary stakeholders of the project include:
- (i) Government agencies and their employees;
  - (ii) Beneficiaries: residents in the project area, including the poor and vulnerable;
  - (iii) Elected public representatives including Mayor, Deputy Mayor and Ward Chair Community leaders, and public representatives;
  - (iv) Community-based organizations (CBOs), NGOs, social and cultural groups, ward-level citizen forums;
  - (v) Committees and sub-committees of the wards;
  - (vi) Schools/student groups;
  - (vii) Women's groups;
  - (viii) Contractors and their workers;
  - (ix) Vendor associations and labor union federations;
  - (x) Self-help groups; and

<sup>28</sup> Use the project completion report template for standard projects. Refer to the relevant project administration instructions in ADB. Project Administration Instructions.

- (xi) Special groups are formed for socially excluded segments of the population.

## **X. ANTICORRUPTION POLICY**

125. Implementation of the project shall adhere to ADB's Anticorruption Policy (1998, as amended to date) and Integrity Principles and Guidelines (2015, as amended from time to time). ADB has the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project. All contracts financed by ADB shall include provisions specifying that (i) the contracts are ADB financed; (ii) ADB's Anticorruption Policy and Integrity Principles and Guidelines apply; (iii) the executing and implementing agencies and all project contractors, suppliers, consultants (including lead firms and sub-consultants), and other service providers shall permit ADB to review and inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by ADB; and (iv) the project contractors, suppliers, consultants (including lead firms and sub-consultants), and other service providers undertake that no fees, gratuities, rebates, gifts, commissions, or other payments other than those shown in the bid have been offered, given, or received in connection with the procurement process or in the contract execution. Individuals and entities on ADB's Sanctions List<sup>29</sup> are ineligible to participate in ADB-financed, -administered, and -supported activity and cannot be awarded any contracts under the project.<sup>30</sup>

126. Underpinned by ADB's zero tolerance for corruption, the Office of Anticorruption and Integrity aligns with ADB's commitment to strengthen governance across Asia and the Pacific. To report a complaint of integrity violations to ADB's Office of Anticorruption and Integrity, please visit <https://www.adb.org/integrity/report-violations#accordion-0-2>.

127. To support these efforts, relevant provisions are included in the loan agreement, grant agreement, project agreement, and the bidding documents for the project.

## **XI. ACCOUNTABILITY MECHANISM**

128. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB's Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice and seek a resolution of their problems, as well as report alleged violations of ADB's operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.<sup>31</sup>

## **XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL**

129. All revisions and/or updates during implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revisions to contract awards and disbursement S-curves. Any changes, revisions, and updates in the gender action plan should also be recorded in this section.

<sup>29</sup> ADB. [Sanctions List](#); and ADB. [Frequently Asked Questions on ADB Sanctions](#).

<sup>30</sup> ADB. [Procurement Regulations for ADB Borrowers](#); and ADB. [Office of Anticorruption and Integrity](#).

<sup>31</sup> ADB. [Accountability Mechanism](#).



130. If changes in the PAM require ADB's approval, the proposed changes by the government need to be recorded in the memorandum of understanding or aide-mémoire. Upon such approval, changes will be incorporated in the PAM.

**Table 21: Changes to the Project Administration Manual**

<b>PAM Version</b>	<b>Date</b>	<b>Reasons for Change</b>	<b>Main Contents of Change</b>

ADB = Asian Development Bank, PAM = project administration manual.

Source: ADB.

### DESIGN AND MONITORING FRAMEWORK

Impacts the Project is Aligned with			
(i) Improved living standards achieved (The Fifteenth Plan, FY2020–2024) <sup>a</sup>			
(ii) Sustainable climate-resilient tourism development achieved (National Adaptation Plan, 2021–2050) <sup>b</sup>			
Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
<b>Outcome</b> Improved resilience, livability, and sustainability of urban service delivery and tourism by project municipalities	By 2029: a. At least 656,000 people in project municipalities (about 50% women) benefited from improved municipal infrastructure and services (2023 baseline: 0) (OP 2.1.4; OP 4.1) b. Flood inundation period in project areas (3,100 hectares) reduced to less than 1 hour on average during monsoon months (2023 baseline: Average of 5 hours) (OP 3.2.1) c. At least 70% of survey respondents (disaggregated by sex and other social dimensions) <sup>j</sup> reported citizen satisfaction on green space and walkability (2023 baseline: NA) (OP 4.1) d. Own-source revenue increased by at least 125% in seven project municipalities (2022 baseline: \$14.2 million) (OP 6.1)	a. Baseline and end-line surveys by the project coordination office  a.–d. Project coordination office's annual progress reports  c. Baseline and citizen satisfaction survey upon project completion  d. Municipal annual financial report	A: Precipitation does not exceed 126.67 millimeters per hour with rainfall intensity for 2 2-year return period with 15 minutes time of concentration.  A: Municipalities (local government) intensify campaigns to increase own-source revenue and property tax collection.
<b>Outputs</b> 1. Municipal infrastructure for resilience improved	By 2028: 1a. 150 km of stormwater drains constructed or rehabilitated (2023 baseline: 0) (OP 4.1.2; OP 3.2.5) 1b. 100 km of roads and at least 45 km of footpaths with inclusive features for the elderly, women, children, and people with disabilities reconstructed <sup>c</sup> (2023 baseline: 0) (OP 1.3.1; OP 2.4.1; OP 4.1.2)	1a.–1b. Quarterly project progress report	A: Municipalities (local governments) continue to prioritize climate-resilient municipal infrastructure. R: Unanticipated construction material price increases lead to cost overruns and delays in project completion.
2. Tourism assets revitalized and management improved	2a. By 2025, seven GESI-responsive historical, natural, and cultural heritage management plans approved by each project municipality. (2023 baseline: 0) <sup>d</sup> (OP 4.2; OP 6.1) 2b. By 2028, at least one historical, natural, or cultural heritage site per project municipality improved with tourism infrastructure with GESI-responsive features, <sup>e</sup> aligned with the approved management plan (2023 baseline: 0) (OP 1.3.1; OP 2.4.1; OP 4.1.2) 2c. By 2028, 150,000 square meters of green public spaces with climate-resilient and inclusive design features improved or developed (2023 baseline: 0) (OP 1.3.1; OP 4.3.1) 2d. By 2028, at least 30% of the socioeconomic development program of each project municipality spent on socioeconomic infrastructure and activities related to tourism and GESI. (2023 baseline: 0) (OP 2.3.2)	2a.–2d. Quarterly project progress reports  2a. Copy of the plan	A: Municipalities (local governments) continue prioritizing tourism assets revitalization through the conservation and improvement of historical, natural, and cultural heritage  R: Unanticipated construction material price increases lead to cost overruns and delays in project completion.

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
3. Capacity of communities, municipalities, province, and DUDBC strengthened	<p><b>A. Own-source revenue improved</b></p> <p>3a. By 2029, CFMIP implemented, updated, and endorsed on yearly basis by the municipal executive board<sup>f</sup> (2023 baseline: Draft CFMIP) (OP 4.2; OP 6.1; OP 6.2.2)</p> <p>3b. By 2029, electronic tax billing and collection system in seven project municipalities established and operational (2023 baseline: NA) (OP 6.2.2)</p> <p>3c. By 2027, electronic building permit systems established by seven project municipalities<sup>g</sup> (2023 baseline: NA)</p> <p>3d. By 2027, digitized public assets database (infrastructure, utilities, cultural and natural heritage sites, and public land) established and updated annually<sup>h</sup> (2023 baseline: NA)</p> <p><b>B. Decarbonization promoted, and climate and disaster risks addressed</b></p> <p>3e. [ADF grant] By 2026, seven decarbonization and risk-sensitive urban development plans prepared, and plan enforcement commenced.<sup>i</sup> (2023 baseline: NA) (OP 6.1; OP 3.1.5; OP 4.2)</p> <p>3f. [ADF grant] By 2026, GESI-responsive heat action plan prepared and endorsed by municipal councils in all project municipalities (2023 baseline: 0) (OP 6.1; OP 3.2.4)</p> <p>3g. By 2027, Pokhara municipal emergency operation center established (2023 baseline: 0) (OP 1.3.1; OP 4.1.2)</p> <p><b>C. Institutional strengthening and community capacity building</b></p> <p>3h. By 2025, each project municipality established an O&amp;M unit with an O&amp;M plan approved by the municipal council, updated yearly, and 80% of actions implemented (2023 baseline: NA) (OP 6.1)</p> <p>By 2028</p> <p>3i. A municipal office building in Lumbini Sanskritik with an access road to municipal building constructed following energy-efficient and disaster-resilient standards (2023 baseline: 0) (OP 1.3.1; OP 3.2.5)</p> <p>3j. At least 250 staff (including at least 100% of eligible women staff and female elected representatives of municipalities, provinces, and DUDBC) reported increased knowledge of natural ecosystems; urban governance, including digitization of municipal services; tax management; citizen participation; risk-informed urban planning and enforcement; asset management; and O&amp;M (2023 baseline: 0) (OP 2.3.1; OP 6.1.1)</p> <p>3k. At least 150 women and/or representatives from disadvantaged groups trained and reported enhanced skills in traditional and local art<sup>j</sup> (2023 baseline: 0) (OP 2.1.1)</p> <p>3l. 120 women and/or persons from disadvantaged groups received training and</p>	<p>3a.–3m. Project quarterly progress reports</p> <p>3e. Approved decarbonization and risk-sensitive urban development plans</p> <p>3f. Approved heat action</p> <p>3j.–3m. Training completion report.</p>	<p>A: Municipalities (local governments) continue to prioritize strengthening municipal governance.</p> <p>R: Incomplete records delay the completion of digitization municipal services.</p>

Results Chain	Performance Indicators	Data Sources and Reporting Mechanisms	Risks and Critical Assumptions
	certified as tourist guides for promoting natural and cultural heritage sites (2023 baseline: 0) (OP 2.1.1) 3m. At least 50 women students gained professional work experience through an internship program in project municipalities (2023 baseline: 0) (OP 2.1.1)		
<b>Key Activities with Milestones</b> <b>1. Municipal infrastructure for resilience improved</b> 1.1 Prepare and finalize a detailed project report, including engineering design of drainage, roads,; and safeguards planning document (Q2 2023–Q2 2025). 1.2 Commence procurement of civil works contracts (Q1 2024). 1.3 Complete procurement of civil works packages under output 1 (Q3 2025) 1.4 Incorporate design features responsive to women and disadvantaged groups (Q2–Q3 2025). 1.5 Package wise subloan agreement with Town Development Fund (Q2 2024–Q3 2025) 1.6 Construction of works packages (Q1 2024–Q4 2028). <b>2. Tourism assets revitalized and management improved</b> 2.1 Identify cultural and natural heritage sites for regeneration (Q2 2024). 2.2 Prepare cultural and natural heritage site improvement and management plan (Q2 2024–Q2 2025). 2.3 Prepare the design of prioritized civil works or components (Q4 2024– Q1 2026) 2.4 Procure works packages. (Q 4 2024– Q1 2026) 2.5 Package-wise sub loan agreement with Town Development Fund signed. (Q 4 2024– Q1 2026) 2.6 Implement the plan including construction or works (Q 1 2025– Q2 2028). 2.7 Prepare socioeconomic development program and implement it annually (Q1 2025–Q4 2028). 2.8 Prepare integrated settlement plans for three settlements of Lumbini and develop the settlements as part of socioeconomic development program (Q2 2024–Q2 2028). <b>3. Capacity of communities, municipalities, province, and DUDBC strengthened</b> <b>A. Own-source revenue improved</b> 3.1 Municipal council approve respective CFMIP (Q1 2024) and monitor on a yearly basis. 3.2 Develop an electronic tax billing and collection system (Q3 2025–Q4 2025). 3.3 Launch awareness raising campaigns to improve property tax payments (Q2 2024–Q4 2028). 3.4 Procure computers and software for the digitization of municipal services (Q1 2025–Q3 2025). 3.5 Computerize municipal revenue administration systems for billing and collection (Q1 2025–Q2 2026). <b>B. Decarbonization promoted and climate and disaster risks addressed</b> 3.6 Prepare decarbonization and risk-sensitive urban development plans and enforce development control (Q3 2024–Q2 2029). 3.7 Provide training in urban resilience, natural ecosystems and biodiversity, climate change and disaster risk assessment, and decarbonization (Q4 2024–Q2 2028). 3.8 Prepare drainage master plan for four municipalities of Western Urbanizing Corridor (Q2 2024–Q1 2025). 3.9 Prepare, approve, and implement heat action plans (Q2 2025–Q2 2028). <b>C. Institutional strengthening and community capacity building</b> 3.10 Establish an O&M unit and prepare O&M plan (Q1 2024–Q3 2028). 3.11 Link municipalities with the Council for Technical Education and Vocational Center and its affiliated institute for skills and tourist guide training (Q1 2025–Q4 2028). 3.12 Identify and implement small-scale community infrastructure (with tourism theme base) in accordance with community priorities (Q3 2024–Q2 2028). 3.13 Select women and individual participants from disadvantaged groups for tourist guide training (Q1 2025–Q2 2028). 3.14 Select and implement internship program for women and vulnerable group fresh graduates (every year starting from Q1 2024–2028).			
<b>Project Management Activities</b> Strengthen and upgrade the Project Coordination Office as the Project Directorate (Q4 2023–Q1 2024) Sign a partnership agreement between potential project municipalities and DUCDBC (Q4 2023). PCO and PIUs fully staffed (Q4 2023) Complete recruitment of consultants (Q4 2023–Q2 2024).			

Implementation of GESI action plan (Q2 2024–Q1 2029)  
 Baseline socioeconomic survey, including data on municipal services (Q2 2024).  
 Conduct inception mission, at least 2 review missions per year: 1 midterm review mission and 1 project completion review mission.

#### Inputs

Asian Development Bank: \$160.0 million (ordinary capital resources concessional loan) and \$6.0 million (Special Funds resources [ADF 13 Thematic Pool] grant)

Government of Nepal: \$41.5 million, including municipalities' contribution.

A = assumption, ADF = Asian Development Fund, CFMIP = comprehensive financial management plan, DUDBC = Department of Urban Development and Building Construction, GESI = gender equality and social inclusion, km = kilometer, NA = not applicable, PCO = project coordination office, PIUs = project implementation units, O&M = operation and maintenance, OP = operational priority, Q = quarter, R = risk.

<sup>a</sup> Government of Nepal, National Planning Commission. 2020. [The Fifteenth Plan \(Fiscal Year 2019/20–2023/24\)](#). Kathmandu.

<sup>b</sup> Government of Nepal. [National Adaptation Plan, 2021–2050](#). Kathmandu.

<sup>c</sup> Four main features include safe sidewalks with streetlights, zebra crossings in the settlement areas, road furniture, and seating areas.

<sup>d</sup> The approved plan will include a GESI section that describes affirmative action proposed to ensure that women and disadvantaged groups participate in the implementation of the plan.

<sup>e</sup> At least seven public toilets with sex-segregated facilities, including 1:2 male-female toilet compartment ratio; provision of private breastfeeding corners or rooms in public areas; safe sidewalks for pedestrians and people with disabilities; and well-lit areas, drinking water points, and covered rest and seating areas.

<sup>f</sup> CFMIP is an institutional reform measure for enhancing revenues (broadening own-source revenue coverage, implementing digital tax billing and collection, and improving tax administration); improving budgeting procedures and expenditure management; and strengthening internal and external audit, procurement and asset management, and financial management systems. CFMIP implementation means 60% of CFMIP actions are under implementation or implemented.

<sup>g</sup> With the introduction of the electronic building permit, each municipality will maintain a registry of new (issuance of completion certificate) and old (registration to get the unique property identification) buildings. The project will support issuing electronic tax bills and alerts to residents. As of 2023, none of the municipalities were issuing property tax bills.

<sup>h</sup> By using the Financial Comptroller General Office's public assets management system.

<sup>i</sup> Decarbonization and risk-informed urban development plans will give municipalities a basis for ensuring that new building construction, reconstruction activities, and land development prevent encroachment on public land (e.g., natural ecosystems, rivers, canals) and reduce emissions. The plans will cover energy transition, transportation, industry, buildings, reforestation and afforestation, and policy and regulation. Planning and building bylaws will be adopted through municipal council decisions in all municipalities. Building construction permits will align with the approved planning and building bylaws.

<sup>j</sup> Disadvantaged groups are those who historically have been unable to fully access and/or benefit from social, economic, and political rights, opportunities, and resources, including investments, because of their identity— i.e., disability, social identity, sexual orientation or gender identity, geographic location, or low income (systematic disadvantage) and/or because of vulnerability related to age or migrant status (situational disadvantage). For the project, this specifically includes women; Dalit; ethnic or indigenous populations; income-poor communities; the elderly; the lesbian, gay, bisexual, transgender, queer, intersex, and others community; and persons with disabilities. Asian Development Bank.2023. [Framework for Integrating Gender Equality and Social Inclusion in the Asian Development Bank's South Asia Operations](#). Manila.

#### Contribution to Strategy 2030 Operational Priorities

Expected values and methodological details for all OP indicators to which this operation will contribute results are detailed in Contribution to Strategy 2030 Operational Priorities (accessible from the list of linked documents in Appendix 2). In addition to the OP indicators tagged in the design and monitoring framework, this operation will contribute results for

OP 7.2.2: Measures to develop existing and/or new cross-border economic corridors supported in implementation (1 economic corridor [tourism theme-based western urbanizing corridor] supported in implementation)

Source: Asian Development Bank.

## DETAILED COST ESTIMATES BY EXPENDITURE CATEGORY

Items	NRs Million			\$ Million			% of total base cost
	Foreign Exchange	Local Currency	Total	Foreign Exchange	Local Currency	Total	
<b>A. Investment Cost</b>							
1 Civil works	6,728.7	10,093.0	16,821.7	51.3	77.0	128.3	76.8%
2 Equipment	190.1	285.1	475.2	1.4	2.2	3.6	2.2%
3 Socio economic development program	372.3	558.5	930.9	2.8	4.3	7.1	4.2%
4 Resettlement (Land)	421.6	632.4	1,054.0	3.2	4.8	8.0	4.8%
5 Project management and capacity development	<b>786.4</b>	<b>1,179.5</b>	<b>1,965.9</b>	<b>6.0</b>	<b>9.0</b>	<b>15.0</b>	9.0%
a. Project implementation consulting support	474.3	711.5	1,185.8	3.6	5.4	9.0	5.4%
b. Urban resilience consulting support – 7 municipalities	252.8	379.2	631.9	1.9	2.9	4.8	2.9%
c. Capacity development	59.3	88.9	148.2	0.5	0.7	1.1	0.7%
<b>Sub Total (A)</b>	<b>8,499.1</b>	<b>12,748.6</b>	<b>21,247.7</b>	<b>64.8</b>	<b>97.2</b>	<b>162.1</b>	97.0%
<b>B. Recurrent Costs</b>							
1 Incremental administration cost	264.8	397.2	662.0	2.0	3.0	5.0	3.0%
<b>Sub Total (B)</b>	<b>264.8</b>	<b>397.2</b>	<b>662.0</b>	<b>2.0</b>	<b>3.0</b>	<b>5.0</b>	3.0%
<b>Total Base Cost</b>	<b>8,763.9</b>	<b>13,145.8</b>	<b>21,909.7</b>	<b>66.8</b>	<b>100.3</b>	<b>167.1</b>	100.0%
<b>C. Contingencies</b>							
1 Physical contingency	899.4	1,349.2	2,248.6	6.9	10.3	17.2	10.3%
2 Price contingency	948.7	1,423.1	2,371.8	7.2	10.9	18.1	10.8%
<b>Sub Total (C)</b>	<b>1,848.1</b>	<b>2,772.2</b>	<b>4,620.4</b>	<b>14.1</b>	<b>21.1</b>	<b>35.2</b>	21.1%
<b>D. Financing Charges</b>							
1 Interest during implementation	271.8	407.6	679.4	2.1	3.1	5.2	3.1%
2 Commitment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Sub Total (D)</b>	<b>271.8</b>	<b>407.6</b>	<b>679.4</b>	<b>2.1</b>	<b>3.1</b>	<b>5.2</b>	3.1%
<b>Total Project Cost (A+B+C+D)</b>	<b>10,883.8</b>	<b>16,325.6</b>	<b>27,209.4</b>	<b>83.0</b>	<b>124.5</b>	<b>207.5</b>	<b>124.2%</b>

\$ = United States dollars

Notes:

<sup>1</sup> Numbers may not sum precisely because of rounding.<sup>2</sup> Environmental monitoring and implementation of resettlement plan, gender equality and social inclusion action plan, public communication, and project management costs are included in the main project. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

## DETAILED COST ESTIMATES BY FINANCIER (\$ million)

Item	Total Cost	ADB COL		ADF		Counterpart (GON/Municipalities)			
		\$	%	\$	%	Tax	Non Tax	Total	%
		\$	%	\$	%	\$	\$	\$	%
<b>A Investment Cost</b>									
1 Civil works	128.3	99.9	77.9%	0.0%		14.8	13.6	28.4	22.1%
2 Equipment	3.6	3.2	88.5%	0.0%		0.4	-	0.4	11.5%
3 Socio economic development program	7.1	5.7	79.8%	0.0%		0.8	0.6	1.4	20.2%
4 Resettlement (Land)	8.0	-	0.0%	0.0%		-	8.0	8.0	100.0%
5 Project management and capacity development	15.0	8.0	53.4%	5.3	35.1%	1.7	-	1.7	11.5%
a. Project implementation support consulting	9.0	8.0	88.5%	0.0%		1.0	-	1.0	11.5%
b. Consulting services - 6 ULBs	4.8	-	0.0%	4.3	88.5%	0.6	-	0.6	11.5%
c. Capacity development	1.1	-	0.0%	1.0	88.5%	0.1	-	0.1	11.5%
<b>Sub Total (A)</b>	162.1	116.8	72.1%	5.3	3.2%	17.7	22.3	40.0	24.7%
<b>B. Recurrent Costs</b>									
1 Incremental administration cost	5.0	3.5	70.0%	0.0%		1.5	0.05	1.5	30.0%
<b>Sub Total (B)</b>	5.0	3.5	70.0%	0.0%		1.5	0.05	1.5	30.0%
<b>Total Base Cost</b>	167.1	120.3	72.0%	5.3	3.2%	19.2	22.3	41.5	24.8%
<b>C. Contingencies</b>									
1 Physical contingency	17.2	17.2	100.0%	0.0%		-	-	-	0.0%
2 Price contingency	18.1	17.3	95.8%	0.8	4.2%	-	-	-	0.0%
<b>Sub Total (C)</b>	35.2	34.5	97.8%	0.8	2.2%	-	-	-	0.0%
<b>D. Financing Charges</b>									
1 Interest during implementation	5.2	5.2	100.0%	-	0.0%	-	-	-	0.0%
2 Commitment charges	-	-	0.0%	-	0.0%	-	-	-	0.0%
<b>Sub Total (D)</b>	5.2	5.2	100.0%	-	0.0%	-	-	-	0.0%
<b>Total Project Cost (A+B+C+D)</b>	207.5	160.0	77.1%	6.0	2.9%	19.2	22.3	41.5	20.0%

\$ = United States dollars

Notes:

<sup>1</sup> Numbers may not sum precisely because of rounding.<sup>2</sup> Environmental monitoring and implementation of resettlement plan, gender equality and social inclusion action plan, public communication, and project management costs are included in the main project. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

**DETAILED COST ESTIMATES BY AGENCY**  
(\$ million)

Item		Total Cost	ADB						Counterpart					
			ADB COL				ADF		GON		Municipality		Total	
			TDF - Loan to Municipalities											
	\$	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%	
A. Investment Cost														
1	Civil works	128.3	76.8	59.9%	23.1	18.0%	-	0.0%	19.4	15.1%	9.0	7.0%	28.4	22.1%
2	Equipment	3.6	3.2	88.5%		0.0%	-	0.0%	0.4	11.5%	-	0.0%	0.4	11.5%
3	Socio economic development program	7.1	5.7	79.8%		0.0%	-	0.0%	0.8	11.5%	0.6	8.7%	1.4	20.2%
4	Resettlement (Land)	8.0	-	0.0%		0.0%	-	0.0%	8.0	100.0%	-	0.0%	8.0	100.0%
5	Project management and capacity development	15.0	8.0	53.4%	-	0.0%	5.3	35.1%	1.7	11.5%	-	0.0%	1.7	11.5%
a.	Project implementation support consulting	9.0	8.0	88.5%		0.0%	-	0.0%	1.0	11.5%	-	0.0%	1.0	11.5%
b.	Consulting services - 6 ULBs	4.8	-	0.0%		0.0%	4.3	88.5%	0.6	11.5%	-	0.0%	0.6	11.5%
c.	Capacity development	1.1	-	0.0%		0.0%	1.0	88.5%	0.1	11.5%	-	0.0%	0.1	11.5%
Sub Total (A)		162.1	93.7	57.8%	23.1	14.2%	5.3	3.2%	30.4	18.8%	9.6	5.9%	40.0	24.7%
B. Recurrent Costs														
1	Incremental administration cost													
a.	Incremental administration cost (PCO)	2.5	1.8	70.0%		0.0%		0.0%		0.0%	0.8	30.0%		0.0%
b.	Incremental administration cost (PIUs)	2.5	1.8	70.0%		0.0%		0.0%		0.0%	0.8	30.0%		0.0%
Sub Total (B)		5.0	3.5	70.0%	-	0.0%	-	0.0%	-	0.0%	1.5	30.0%	-	0.0%
Total Base Cost		167.1	97.2	58.2%	23.1	13.8%	5.3	3.2%	30.4	18.2%	11.1	6.7%	41.5	24.8%
C. Contingencies														
1	Physical contingency	17.2	17.2	100.0%		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
2	Price contingency	18.1	17.3	95.8%		0.0%	0.8	4.2%	-	0.0%	-	0.0%	-	0.0%
Sub Total (C)		35.2	34.5	97.8%	-	0.0%	0.8	2.2%	-	0.0%	-	0.0%	-	0.0%
D. Financing Charges														
1	Interest during implementation	5.2	5.2	100.0%		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
2	Commitment charges	-	-	0.0%			-	0.0%	-	0.0%	-	0.0%	-	0.0%
Sub Total (D)		5.2	5.2	100.0%		0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total Project Cost (A+B+C+D)		207.5	136.9	66.0%	23.1	11.1%	6.0	2.9%	30.4	14.7%	11.1	5.4%	41.5	20.0%

\$ = United States dollars

Notes:

<sup>1</sup> Numbers may not sum precisely because of rounding.

<sup>2</sup> Environmental monitoring and implementation of resettlement plan, gender equality and social inclusion action plan, public communication, and project management costs are included in the main project. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.



## DETAILED COST ESTIMATES BY OUTPUTS

(\$ million)

Item	Total Cost	Output 1		Output 2		Output 3		
	\$	\$	%	\$	%	\$	%	
A. Investment Cost								
1 Civil works	128.3	74.7	58.2%	51.3	40.0%	2.3	1.8%	
2 Equipment	3.6	-	0.0%	-	0.0%	3.6	100.0%	
3 Socio economic development program	7.1		0.0%	7.1	100.0%		0.0%	
4 Resettlement (Land)	8.0	8.0	100.0%	-	0.0%	-	0.0%	
5 Project management and capacity development	15.0	-	0.0%	-	0.0%	15.0	100.0%	
a. Project implementation consulting support	9.0	-	0.0%	-	0.0%	9.0	100.0%	
b. Urban resilience consulting support – 7 municipalities	4.8	-	0.0%	-	0.0%	4.8	100.0%	
c. Capacity development	1.1	-	0.0%		0.0%	1.1	100.0%	
Sub Total (A)	162.1	82.7	51.0%	58.4	36.1%	20.9	12.9%	
B. Recurrent Costs								
1 Incremental administration cost	5.0	-	0.0%	-	0.0%	5.0	100.0%	
Sub Total (B)	5.0	-	0.0%	-	0.0%	5.0	100.0%	
Total Base Cost	167.1	82.7	49.5%	58.4	35.0%	25.9	15.5%	
C. Contingencies								
1 Physical contingency	17.2	9.7	56.6%	6.7	38.9%	0.8	4.5%	
2 Price contingency	18.1	9.1	50.2%	6.4	35.3%	2.6	14.5%	
Sub Total (C)	35.2	18.8	53.3%	13.1	37.1%	3.4	9.6%	
D. Financing Charges								
1 Interest during implementation	5.2	2.6	50.2%	1.8	35.3%	0.8	14.5%	
2 Commitment charges	-	-	0.0%	-	0.0%	-	0.0%	
Sub Total (D)	5.2	2.6	50.2%	1.8	35.3%	0.8	14.5%	
Total Project Cost (A+B+C+D)	207.5	104.1	50.2%	73.3	35.3%	30.1	14.5%	

\$ = United States dollars

Notes:

<sup>1</sup> Numbers may not sum precisely because of rounding.<sup>2</sup> Environmental monitoring and implementation of resettlement plan, gender equality and social inclusion action plan, public communication, and project management costs are included in the main project. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

## DETAILED COST ESTIMATES BY YEAR

(\$ million)

	Item	Total Cost	2024	2025	2026	2027	2028	2029
<b>A.</b>	<b>Investment Cost</b>							
1	Civil works	128.3	11.5	30.5	34.6	29.2	17.4	5.2
2	Equipment	3.6	0.9	1.3	0.4	0.4	0.4	0.4
3	Socio economic development program	7.1	-	1.4	1.4	1.4	1.4	1.4
4	Resettlement (Land)	8.0	4.0	4.0	-	-	-	-
5	Project management and capacity development	15.0	2.6	4.2	3.9	2.3	1.0	1.0
a.	Project implementation consulting support	9.0	1.7	2.4	2.1	1.3	0.8	0.7
b.	Urban resilience consulting support – 7 municipalities	4.8	0.9	1.6	1.6	0.8	-	-
c.	Capacity development	1.1	-	0.2	0.2	0.2	0.2	0.2
	<b>Sub Total (A)</b>	162.1	19.0	41.4	40.2	33.3	20.2	7.9
<b>B.</b>	<b>Recurrent Costs</b>							
1	Incremental administration cost	5.0	0.8	0.8	0.8	0.8	0.8	0.8
	<b>Sub Total (B)</b>	5.0	0.8	0.8	0.8	0.8	0.8	0.8
	<b>Total Base Cost</b>	167.1	19.8	42.3	41.1	34.1	21.0	8.8
<b>C.</b>	<b>Contingencies</b>							
1	Physical contingency	17.2	1.6	4.1	4.5	3.8	2.3	0.7
2	Price contingency	18.1	1.2	3.5	4.3	4.4	3.1	1.5
	<b>Sub Total (C)</b>	35.2	2.8	7.7	8.9	8.2	5.5	2.2
<b>D.</b>	<b>Financing Charges</b>							
1	Interest during implementation	5.2	0.1	0.3	0.7	1.1	1.4	1.5
2	Commitment charges	-	-	-	-	-	-	-
	<b>Sub Total (D)</b>	5.2	0.1	0.3	0.7	1.1	1.4	1.5
	<b>Total Project Cost (A+B+C+D)</b>	207.5	22.8	50.3	50.7	43.5	27.9	12.5

\$ = United States dollars

Notes:

<sup>1</sup> Numbers may not sum precisely because of rounding.<sup>2</sup> Environmental monitoring and implementation of resettlement plan, gender equality and social inclusion action plan, public communication, and project management costs are included in the main project. ADB will not finance land acquisition cost.

Source: Asian Development Bank estimates.

## QUARTERLY PROGRESS REPORT APPENDIXES

## Appendix 1: Statement of Cash Receipts and Payments by Category

	Reportin g Period (Quarterly/Sem i-annually)	Year to date	Cumulative	Hard commitments (contracts signed notpaid)
In the currency of the financial statements				
<b>Cash receipts</b>				
ADB Advance/Replenishments	Q	Q*	Q^	
ADB Direct Payments	P	P*	P^	
ADB Reimbursement/Retroacti ve Financing	U	U*	U^	
Government	S	S*	S^	
<b>Total</b>	<b>T=Q+P+S+U</b>	<b>T*=Q*+P*+S*+ U*</b>	<b>T^=Q^+P^+S^+U^</b>	
<b>Payments</b>				
Civil Works	A	A*	A^	A**
Consultancy services	B	B*	B^	B**
Project administration	C	C*	C^	C**
Other related costs	D	D*	D^	D**
<b>Total expenditures</b>	<b>E=A+B+C+D</b>	<b>E*=A*+B*+C*+ D*</b>	<b>E^=A^+B^+C^+D^</b>	<b>E**=A**+B**+C**+D**</b>
<b>Opening cash balance</b>	H	H*	H^	
<b>Closing cash balance</b>	K=H+T-E	K*=H*+T*-E*	K^=H^+T^-E^	

## Appendix 2: Detailed Reconciliation (by Withdrawal Application) of Project Records and ADB Disbursement Records (LFIS/GFIS) for theFiscal Year to Date and Cumulative

WA Details			Per project records/APFS (Amount recorded in the project financial statements as reimbursement, direct payment, etc..)				Per ABD disburse ment records LFIS/GFI S (actual Paid)		
Withdr awal applic ation	Disburse ment method (reimburse ment, direct	Time perio d cove red in		In local currency (as recorded in project records/ financi al	excha ng e	USD equiv alent (A)	Val ue date	In US D (B)	Differ enc e

No (WA)	payment, e t c : )	the WA		statem ents)	rat e				(A- B)
1									
2									
3									
etc..									
<b>Total</b>									

### Appendix 3: List of Signed Contracts

Contract Information									
Descrip tion	Contr act Descrip tion	Cont rac t Sta rt	Cont ra ct En d	Supplier/Con tracto r Name	Cont ra ct N o.	Tot al Cont ract Valu e	Total Cont ract Amo unt Invoi ced to dat e	Total Disbu rsed on Contr act	Total Undisb ursed Am ou nt
1. Civil Works									
2: Other related expendit ures									
3. xxxx									
<b>Total</b>									

**Appendix 4: Status of External Audit  
Observations – Cumulative from Inception to  
End of Reporting Period**

<b>Recommendation/ Audit Observation</b>	<b>External Audit Recommendation</b>	<b>Date of the Recommendation</b>	<b>Planned Actions to Address the Recommendation</b>	<b>Responsibility</b>	<b>Current Status of the Planned Action (pending /resolved)</b>	<b>Remarks</b>

**Appendix 5: Status of Internal Audit  
Observations – Cumulative from Inception to  
End of Reporting Period**

<b>Recommendation/ Audit Observation</b>	<b>External Audit Recommendation</b>	<b>Date of the Recommendation</b>	<b>Planned Actions to Address the Recommendation</b>	<b>Responsibility</b>	<b>Current Status of the Planned Action (pending /resolved)</b>	<b>Remarks</b>

**Appendix 6: Status of Financial Management  
Action Plan**

<b>Key Risk</b>	<b>Risk Mitigating Activity</b>	<b>Timeline</b>	<b>Responsible Entity</b>	<b>Status (implemented/Pending)</b>	<b>Remarks (including an action plan in case of noncompliance)</b>

## PROCUREMENT PLAN

### Basic Data

<b>Project Name:</b> Urban Resilience and Livability Improvement Project		
<b>Project Number:</b> 55346-001	<b>Approval Number:</b> -----	
<b>Country:</b> Nepal	<b>Executing Agency:</b> Ministry of Urban Development through Department of Urban Development and Building Construction	
<b>Project Procurement Risk:</b> Substantial	<b>Implementing Agency:</b> Seven Municipalities: Devdaha, Janakpur, Lumbini Sanskrit, Pokhara, Siddharthnagar, Sainamaina, Tilottama	
<b>Project Financing Amount:</b> US\$ 207,500,000 <b>ADB Financing:</b> US\$ 166,000,000 <b>Cofinancing (ADB Administered):</b> - <b>Non-ADB Financing:</b> US\$ 41,500,000	<b>Project Closing Date:</b> 15 April 2030	
<b>Date of First Procurement Plan:</b> NA	<b>Date of this Procurement Plan:</b> 6 November 2023	
<b>Procurement Plan Duration (in months):</b> 18	<b>Advance Contracting:</b> Yes	<b>e-GP:</b> Yes <a href="https://www.bolpatra.gov.np/egp/">https://www.bolpatra.gov.np/egp/</a>

### A. Methods, Review and Procurement Plan

1. Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, and consulting services. The post review (sampling) shall be conducted in accordance with Guidance Notes on Procurement Review. Procurement Post Review (sampling) shall be conducted as part of either project review missions or it may be organized as distinct post review missions or on an ad hoc basis, which ADB finds to be most efficient.

Procurement of Goods and Works	
Method	Comments
Open Competitive Bidding (OCB) for Goods	All Packages will be subject to prior review.
Request For Quotation for Goods	The first package will be subject to prior review.
Open Competitive Bidding (OCB) for Works	All Packages will be subject to prior review.
Request For Quotation for Works	The first package will be subject to prior review.

Consulting Services	
Method	Comments
Quality- and Cost-Based Selection for Consulting Firm	Prior review (FTP/STP 90:10)
Individual Consultant Selection	Prior Review

**B. Lists of Active Procurement Packages (Contracts)**

2. The following table lists goods, works, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value including taxes (in US\$)</b>	<b>Procurement Method</b>	<b>Review</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
URLIP/JNK/CW01	Janakpur; Drainage, road, footpath, road furniture improvement	\$12.56 million	OCB	Prior	1S2E	Q4 / 2023	Non-Consulting Services: No  Advertising: International  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: Yes  Bidding Document: Large Works (FIDIC Red Book 2017)  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value including taxes (in US\$)</b>	<b>Procurement Method</b>	<b>Review</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
URLIP/JNK/CW02	Janakpur; Revitalization of heritage and cultural sites	\$ 3.81 million	OCB	Prior	1S2E	Q2/ 2024	Non-Consulting Services: No Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No e-GP: Yes  Covid-19 Response? No
URLIP/SM/CW01	SainaMaina Drainage, road, footpath, road furniture	\$ 9.62 million	OCB	Prior	1S2E	Q4/2023	Non-Consulting Services: No  Advertising: National  No. of Contracts: 1  Prequalification



Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							n of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: Yes  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/SM/CW02	SainaMaina Cultural, natural and green public spaces development	\$3.23 million	OCB	Post	1S2E	Q3/2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No

<b>Goods and Works</b>							
<b>Packag e Numbe r</b>	<b>General Descripti on</b>	<b>Estimate d Value includin g taxes (in US\$)</b>	<b>Procur ement Method</b>	<b>Review</b>	<b>Biddi ng Proce dure</b>	<b>Advertis ement Date (quarter/y ear)</b>	<b>Comments</b>
							Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ DD/CW 01	Devdaha Drainage, road, footpath, and road furniture	\$ 12.09 million	OCB	Prior	1S2E	Q2 / 2024	Non-Consulting Services: No  Advertising: International  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: Yes  Bidding Document: Large Works (FIDIC Red Book 2017)  High Risk Contract: No

<b>Goods and Works</b>							
<b>Packag e Numbe r</b>	<b>General Descripti on</b>	<b>Estimate d Value includin g taxes (in US\$)</b>	<b>Procur ement Method</b>	<b>Review</b>	<b>Biddi ng Proce dure</b>	<b>Advertis ement Date (quarter/y ear)</b>	<b>Comments</b>
							e-GP: Yes  Covid-19 Response? No
URLIP/ DD/CW 02	Devdaha Green Public Space Improvem ent	\$ 1.53 million	OCB	Post	1S2E	Q2/2025	Non- Consulting Services: No Advertising: National No. Of Contracts: 1 Prequalificatio n of Bidders: No Domestic Preference Applicable: No Advance Contracting: No Bidding Document: Small Works High Risk Contract: No e-GP: Yes Covid-19 Response? No
URLIP/ TT/CW 01	Tilottama; Drainage, road, footpath, road furniture	\$ 11.39 million	OCB	Prior	1S2E	Q4 / 2023	Non- Consulting Services: No  Advertising: International  No. Of Contracts: 1  Prequalificatio n of Bidders: No

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Domestic Preference Applicable: No  Advance Contracting: Yes  Bidding Document: Large Works (FIDIC Red Book 2017)  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/TT/CW03	Tilottama Public Space Improvement	\$ 1.53 million	OCB	Post	1S2E	Q2/2025	Non-Consulting Services: No Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: No Bidding Document: Small Works High Risk

<b>Goods and Works</b>							
<b>Packag e Numbe r</b>	<b>General Descripti on</b>	<b>Estimate d Value includin g taxes (in US\$)</b>	<b>Procur ement Method</b>	<b>Review</b>	<b>Biddi ng Proce dure</b>	<b>Advertis ement Date (quarter/y ear)</b>	<b>Comments</b>
							Contract: No e-GP: Yes Covid-19 Response? No
URLIP/ SDN/C W01	Siddhartha nagar Drainage, road, footpath, and street improvem ent	\$ 11.30 million	OCB	Prior	1S2E	Q3 / 2024	Non- Consulting Services: No  Advertising: International  No. Of Contracts: 1  Prequalificatio n of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: Yes  Bidding Document: Large Works (FIDIC Red Book 2017)  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ SDN/C W02	Siddhartha nagar: Danda River	\$ 6.03 million	OCB	Prior	1S2E	Q3/ 2024	Non- Consulting Services: No

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
	Corridor development						Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/LUM/CW01	Lumbini: access road and bus terminal	\$ 3.21 million	OCB	Prior	1S2E	Q2/ 2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders:

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/LUM/CW02	Lumbini Drainage, road, footpath, and street improvement	\$ 6.07 million	OCB	Prior	1S2E	Q3/f 2024	Non-Consulting Services: No Advertising: National No. Of Contracts: 1 Prequalification of Bidders: No Domestic Preference Applicable: No Advance Contracting: No Bidding Document: Small Works High Risk Contract: No

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							e-GP: Yes Covid-19 Response? No
URLIP/LUM/CW03	Lumbini Sanskritik; Global peace Park	\$ 3.79million	OCB	Prior	1S2E	Q3/ 2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/LUM/CW05	Lumbini: Municipal office Building with access road,	\$ 4.0 million	OCB	Post	1S2E	Q2/ 2025	Non-Consulting Services: No  Advertising: National



Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
	footpath and street improvement						No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ PKR/C W01	Pokhara: Drainage, Road, footpath, and street improvement	\$ 5.34 million	OCB	Prior	1S2E	Q4/ 2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ PKR/C W02	Pokhara: Access Road with cycle track to Panchase improvement	\$ 3.05 million	OCB	Prior	1S2E	Q4/ 2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ PKR/C W03	Pokhara: Fewa Lake organic trail and Panchase ecodevelopment	\$ 6.39 million	OCB	Prior	1S2E	Q4/ 2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No

<b>Goods and Works</b>							
<b>Packag e Numbe r</b>	<b>General Descripti on</b>	<b>Estimate d Value includin g taxes (in US\$)</b>	<b>Procur ement Method</b>	<b>Review</b>	<b>Biddi ng Proce dure</b>	<b>Advertis ement Date (quarter/y ear)</b>	<b>Comments</b>
URLIP/ PKR/C W04	Pokhara: Green Pokhara- greening dense urban areas, Botanical garden (Shanti Ban Vatika), KI Singh Park and KI Singh Bridge area improvement	\$ 7.67 million	OCB	Prior	1S2E	Q4/ 2024	Non- Consulting Services: Yes  Advertising: National  No. Of Contracts: 1  Prequalificatio n of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ PKR/C W05	Pokhara: Bindabasin i area street redevelop ment	\$ 2.75 million	OCB	Post	1S2E	Q1/ 2025	Non- Consulting Services: No Advertising: National  No. Of Contracts: 1

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/ PKR/C W06	Pokhara: Inter- Lake cycle route development	\$ 4.58 million	OCB	Prior	1S2E	Q2/ 2024	Non-Consulting Services: No  Advertising: National  No. Of Contracts: 1  Prequalification of Bidders: No  Domestic Preference Applicable: No  Advance

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value including taxes (in US\$)</b>	<b>Procurement Method</b>	<b>Review</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
							Contracting: No  Bidding Document: Small Works  High Risk Contract: No  e-GP: Yes  Covid-19 Response? No
URLIP/EQ/PCO/01	PIUs Equipment for routine operations (Several packages)	\$ 1.750 million	RFQ	Prior	NA	Q1/ 2024	Non-Consulting Services: Yes  No. Of Contracts: Multiple (each less than \$ 100,000)  Advance Contracting: No  Bidding Document: RFQ  e-GP: Yes  Covid-19 Response? No
URLIP/EQ/PCO/02	PCOs Equipment for routine operations (Several packages)	\$ 0.06 million	RFQ	Prior	NA	Q2/ 2024	Non-Consulting Services: No  No. Of Contracts:

Goods and Works							
Package Number	General Description	Estimated Value including taxes (in US\$)	Procurement Method	Review	Bidding Procedure	Advertisement Date (quarter/year)	Comments
							<p>Multiple (each less than \$ 100,000)</p> <p>Advance Contracting: No</p> <p>Bidding Document: RFQ</p> <p>e-GP: Yes</p> <p>Covid-19 Response? No</p>
URLIP/EQ/PC O/03	Municipal service digitalization ICT Equipment (e-BPS, Public Asset Management, Control room)	\$ 1.81 million	OCB	Prior	1S2E	Q2/ 2024	<p>Non-Consulting Services: No</p> <p>Advertising: National</p> <p>No. Of Contracts: Multiple</p> <p>Prequalification of Bidders: No</p> <p>Domestic Preference Applicable: No</p> <p>Advance Contracting: No</p> <p>Bidding Document: SBD Goods</p>

<b>Goods and Works</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value including taxes (in US\$)</b>	<b>Procurement Method</b>	<b>Review</b>	<b>Bidding Procedure</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
							e-GP: Yes  Covid-19 Response? No

<b>Consulting Services</b>							
<b>Package Number</b>	<b>General Description</b>	<b>Estimated Value (in US\$)</b>	<b>Selection Method</b>	<b>Review</b>	<b>Type of Proposal</b>	<b>Advertisement Date (quarter/year)</b>	<b>Comments</b>
URLIP/PCO/CS/01	Project Management and Capacity Development Consultant	\$ 1.70 million	QCBS	Prior	FTP	Q4 / 2023	Non-Consulting Services: No  Type: Firm  Assignment: National  Quality-Cost Ratio: 90:10  Advance Contracting: Yes  e-GP: No  Covid-19 Response? No
URLIP/PKR/CS/02	Pokhara Design and supervision Consultant	\$ 1.50 million	QCBS	Prior	FTP	Q4 / 2023	Non-Consulting Services: No  Type: Firm  Assignment: National  Quality-Cost Ratio: 90:10  Advance Contracting: Yes



Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
							e-GP: No  Covid-19 Response? No
URLIP/JNK/CS/03	Janakpur Supervision and Design Consultant	\$ 1.10 million	QCBS	Prior	FTP	Q4 / 2023	Non-Consulting Services: No  Type: Firm  Assignment: National  Quality-Cost Ratio: 90:10  Advance Contracting: Yes  e-GP: No  Covid-19 Response? No
URLIP/PCO/CS/04	Greater Lumbini (WUC) Supervision and Design Consultant	\$ 1.3 million	QCBS	Prior	FTP	Q4 / 2023	Non-Consulting Services: No  Type: Firm  Assignment: National  Quality-Cost Ratio: 90:10  Advance Contracting: Yes  e-GP: No  Covid-19 Response? No
URLIP/PCO/CS/05	Institutional Strengthening and	\$ 1.50 million	QCBS	Prior	FTP	Q4 / 2023	Non-Consulting Services: No

Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
	Community Participation Consultant						Type: Firm  Assignment: National  Quality-Cost Ratio: 90:10  Advance Contracting: No  e-GP: No  Covid-19 Response? No
URLIP/PCO/CS /06	Decarbonisation and Risk sensitive urban plans for 7 municipalities and multi-hazard disaster risk assessment, seismic microzonation mapping of Pokhara, and implementation support	\$ 4.82 million	QCBS	Prior	FTP	Q2 / 2024	Non-Consulting Services: No  Type: Firm  Assignment: International  Quality-Cost Ratio: 90:10  Advance Contracting: No  e-GP: No  Covid-19 Response? No
URLIP/PCO/CS /07	National eBPS and other digitalization support services	\$ 1.80 million	QCBS	Prior	FTP	Q4 / 2023	Non-Consulting Services: No  Type: Firm  Assignment: National

Consulting Services							
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Advertisement Date (quarter/year)	Comments
							Quality-Cost Ratio: 90:10  Advance Contracting: Yes  e-GP: No  Covid-19 Response? No
URLIP/PCO/CS /08	Individual consultants (Wetland expert, design review expert, and heritage expert)	\$ 0.10 million		Prior		Q3-Q4 / 2024	Non-Consulting Services: No  Type: Individuals (Several)  Assignment: National  Advance Contracting: No  e-GP: No  Covid-19 Response? No

### C. List of Indicative Packages (Contracts) Required Under the Project

3. The following table lists goods, works, and consulting services contracts for which procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan duration).

Goods and Works						
Package Number	General Description	Estimated Value (in US\$)	Procurement Method	Review	Bidding Procedure	Comments

Consulting Services						
Package Number	General Description	Estimated Value (in US\$)	Selection Method	Review	Type of Proposal	Comments

## ENVIRONMENTAL GUIDELINES FOR SUBPROJECT AND COMPONENTS SELECTION

1. **Exclusion Criteria.** No Category A projects per ADB SPS will be considered for implementation under URLIP. Subprojects that would directly affect environmentally protected areas, and highly valued cultural property and fall under Category A shall not be considered for funding under the project. URLIP will not include and/or involve any activities listed in ADB's Prohibited Investment Activities List. The following criteria will be used for excluding sites which might have significant negative environmental impacts:

- (i) Projects located in ecologically sensitive areas such as protected areas (national parks, wildlife reserves, conservation areas)
- (ii) Projects located in world heritage sites
- (iii) Projects involving with repairs, rehabilitation or conservation works of archeological sites, ancient monuments and remains of international or national importance as notified under Ancient Monument Preservation Act, 1956
- (iv) Projects involving construction of barriers, weirs across rivers
- (v) Projects likely to have significant adverse environmental impacts that are irreversible, diverse, or unprecedented, and may affect an area larger than the sites or facilities subject to physical works (i.e., category A projects as per ADB SPS 2009)
- (vi) Projects require Environmental Impact Assessment (EIA) as per Environmental Protection Act, 2019 and Environmental Protection Rules 2020
- (vii) Activities listed in ADB's Prohibited Investment Activities List (see Appendix 3 of ADB SPS).

2. **Subproject Selection Criteria.** Guidelines for project selection in Table 6 provide further guidance to avoid or minimize adverse impacts during the identification and finalization of subprojects.

**Table 1: Environmental Criteria for Selection of Output 2 Components**

Environmental Selection Guidelines	Remarks
<b>1. Overall selection guidelines - applicable to all subprojects</b>	
(i) Comply with all requirements of relevant national and local laws, rules, and guidelines, including obtaining environmental clearance from concerned sector agency or the Ministry of Forests and Environment	See Section III of this EARF
(ii) Comply with all requirements of ADB SPS 2009 and follow procedures set in this environmental assessment and review framework (EARF)	See Section III of this EARF
(iii) Ensure all planning and design interventions and decisions are made in consultation with local communities and include women. Reflect inputs from public consultation and disclosure for site selection.	<ul style="list-style-type: none"> <li>- Ensure wider participation in such consultations, including but not limited to, community-based organizations, non-government organizations, and agencies involved in research, conservation or protection of natural or cultural heritage sites, environment, biodiversity, tourism etc.,</li> <li>- All consultations should be documented, and feedback considered in project design</li> </ul>
(iv) Avoid locations within protected monuments / sites of national / international importance	If unavoidable

Environmental Selection Guidelines	Remarks
protected by Department of Archeology (DOA), Government of Nepal	<ul style="list-style-type: none"> <li>- works should be limited to provision of amenities / facilities to facilitate tourists and visitors</li> <li>- Such facilities shall be planned and designed in conformity with preserved area /monument conservation / management plan (if such plan is available)</li> <li>- such facilities shall be planned and designed in consultation with DOA, and obtained prior permission of DOA</li> <li>- EMP to include measures to avoid destruction / disturbance of such places</li> <li>- Provide "chance find" procedures in the EMP that include a pre-approved management and conservation approach for materials that may be discovered during project implementation.</li> </ul>
(v) Use of resources optimized both for construction and operation phase	<ul style="list-style-type: none"> <li>- Maximize use of locally available material as far as possible</li> <li>- ensure water abstraction in sustainable limits</li> <li>- Utilize only existing government approved borrow areas</li> <li>- Avoid creation of new borrow areas for the project</li> </ul>
(vi) Ensure subproject design includes proper management and safe disposal of runoff, liquid and solid waste	<ul style="list-style-type: none"> <li>- ensure that on-site wastewater treatment facilities such as septic tank and soak pit systems are included</li> <li>- ensure that septic tanks are designed with water sealed bottom and sides, and are designed to prevent flooding / overflowing, and connected to a properly built soak pit to drain off the septic tank effluent</li> <li>- Ensure septic tank and soak pit 30 m away from any well, and that soak pit is constructed in suitable areas(groundwater more than 2 m deep</li> </ul>
(vii) Locate all new facilities/buildings at sites where there is low risk of flooding or other hazards that might impair functioning of or present a risk of damage	In unavoidable circumstances, ensure proper planning and design if sites are low-lying and have flood risk
(viii) Avoid tree-cutting	In unavoidable cases <ul style="list-style-type: none"> <li>- Obtain tree cutting permission</li> <li>- Plant 10 new trees for every one that is lost.</li> <li>- Plant indigenous or local tree species suitable for project location.</li> </ul>
(ix) Ensure adequate provisions for safety of visitors, staff and workers in design of tourism assets and facilities	

Environmental Selection Guidelines	Remarks
(x) If subproject includes existing facilities <sup>1</sup> to be rehabilitated or expanded and/or associated Facilities, <sup>2</sup> conduct environmental audit and/or environmental due diligence per ADB SPS part of IEE.	For non-compliances, provide corrective action for each area of concern including cost and schedule to be included in the subproject EMP.
(xi) Must not include usage of materials that are manufactured from asbestos concrete, and avoid disturbance to existing asbestos containing materials	Refer to ADB's Good Practice Guidance for the Management and Control of Asbestos. <sup>3</sup>
(xii) Project construction planning avoids / minimizes loss of tourism revenues due to construction works and related disturbances and lack of access	Ensure that appropriate measures are included in the EMP, and works are scheduled in consultation with cultural and tourism authorities and traffic police
<b>2. Cultural heritage subprojects</b>	
(i) Subproject / component will not lead to impairment of historical/cultural areas; disfiguration of landscape or potential loss/damage to physical cultural resources	Conduct heritage impact assessment for the works located in heritage areas as required Ensure that appropriate construction methodologies, equipment and craftsmen used for works in heritage areas
(ii) Ensure that subproject is compatible with existing heritage / site development plans, if any	
(iii) Subproject are designed in close consultation agencies owning or regulating such properties	
(iv) Ensure selection of compatible design, material and scale suiting local architectural, physical, cultural and landscaping elements	
(v) Design, construction and operation appropriately prioritized use of local material and craftsmanship	
<b>3. Natural sites, green spaces etc.,</b>	
(i) Subproject will not lead to Introduction of invasive species and or species not suitable for local environment	
(ii) Subproject will not lead to disturbance to precious ecology (e.g. sensitive or protected areas)	
(iii) Temple ponds improvement design integrates cultural elements as required	
(iv) Design is compatible with respective lake/ tourism / area development plans	
(v) Ensure that no civil works or facilities are located in flood plains; works in flood plans shall be limited to green spaces and parks	
(vi) Ensure baseline biodiversity assessment for all components involving ponds / wetlands / lakes	

<sup>1</sup> ADB SPS Appendix 4 para 12 on Existing Facilities

<sup>2</sup> ADB SPS Appendix 1 para 6 defines associated facilities as “not funded as part of the project (funding may be provided separately by the borrower/client or by third parties), and whose viability and existence depend exclusively on the project and whose goods or services are essential for successful operation of the project”

<sup>3</sup> <https://www.adb.org/sites/default/files/publication/783636/good-practice-management-control-asbestos.pdf>

Environmental Selection Guidelines	Remarks
(vii) Subproject designed reviewed the existing resource use and adequately considered in the planning and design	
<b>4. Sanitation Facilities such as Public Toilets</b>	
(i) Ensure public toilets are a provided with water supply and power supply for hygienic, safe, and uninterrupted operations	
(ii) Design toilet as leak proof, and connect outlet to a septic tank (water sealed)	
(iii) Design septic tanks as water sealed compartments to avoided contamination of groundwater/land	
(iv) Locate septic tanks where there is proper access to a mobile suction hose equipment to allow removal of contents periodically for further treatment and disposal	
(v) Locate sanitation facilities (public toilets and septic tanks) preferably (a) 20 m from any source of water supply; (b) 30 m from drainage lines and (c) 100 m to a designated waterway.	Distance restriction may be reviewed depending on the technology adopted for the sanitation facilities and treatment of fecal sludge, site plant availability, and buffer zone planning.
(vi) No manual cleaning or handling of sludge; workers engaged in O&M shall be provided with proper tools and equipment, and personnel protection equipment	
<b>5. Walkways / Footpaths in Poor Neighbourhoods</b>	
(i) Include the provision of new or improved storm water drainage to remove the increased runoff caused by increasing the road surface area	
(ii) Shall not lead to alteration of surface water hydrology of waterways crossed by roads; ensure appropriate cross drainage structures	
(iii) Ensure that drainage system including cross drainage works are designed adequately considering the raised levels of the walkways / footpaths that may create barrier effect	

**SAMPLE GRIEVANCE REGISTRATION FORM**(To be made available both in English and *Nepali*)

The \_\_\_\_\_ Project welcomes complaints, suggestions, queries and comments regarding project implementation. We encourage persons with grievance to provide their name and contact information to enable us to get in touch with you for clarification and feedback. Should you choose to include your personal details but want that information to remain confidential, please inform us by writing/typing *\*(CONFIDENTIAL)\** above your name. Thank you.

<b>Date</b>		<b>Place of registration</b>			
<b>Contact Information/Personal Details</b>					
<b>Name</b>		<b>Gender</b>	Female Male	<b>Age</b>	
<b>Address</b>					
<b>Place</b>					
<b>Contact No.</b>					
<b>E-mail</b>					
<b>Complaint/Suggestion/Comment/Question</b> <i>Please provide the details (who, what, where and how) of your grievance below:</i>					
If included as attachment/note/letter, please tick here:					
<b>How do you want us to reach you for feedback or update on your comment/grievance?</b>					

**FOR OFFICE USE ONLY**

<b>Registered by:</b> (Name of Official registering grievance)				
<b>Mode of communication:</b>	Application/letter	E-mail	Verbal/Telephonic	WhatsApp
<b>Reviewed by:</b> (Names/Positions of Official(s) reviewing grievance)				
<b>Action Taken:</b>				
<b>Whether Action Taken is Disclosed:</b>		Yes	No	
<b>Means of Disclosure:</b>				



## OUTLINE OF SOCIAL SAFEGUARDS MONITORING REPORT

Following requirements of the ADB Safeguard Policy Statement (2009) and the *Operations Manual* section on safeguard policy (OM F1), borrowers/clients are required to establish and maintain procedures to monitor the status of implementation of safeguard plans and ensure progress is made toward the desired outcomes. For projects categorized as A or B in Involuntary Resettlement and/or Indigenous People, the Borrowers/clients are required to submit semiannual monitoring reports for ADB review. The level of detail and comprehensiveness of a monitoring report is commensurate with the complexity and significance of social safeguards impacts (involuntary resettlement and indigenous peoples) and with the current status of project implementation phase.

This outline can be used for periodic monitoring report (semiannual) and Resettlement Plan/RIPP completion report to start the civil works in the impacted areas. A safeguard monitoring report may include the following elements:

### A. Executive Summary

This section provides a concise statement of project scope and impacts, key findings and recommended actions.

### B. Background of the Report and Project Description

This section provides a general description of the project, including:

- Background/context of the monitoring report which includes the information on the project, project components, safeguards categorizations and general scope of the social safeguards impacts.
- Information on the implementation progress of the project activities, scope of monitoring report and requirements, reporting period, including frequency of submission and changes in project scope and adjusted safeguard measures, if applicable
- Summary table of identified impacts and the mitigation actions.

### C. Scope of Impacts

- This section outlines the detail of scale and scopes of the project's safeguards impacts,
- Vulnerability status of the affected people/communities,
- Entitlements matrix and other rehabilitation measures, as applicable, as described in the approved final Resettlement Plan

### D. Compensation and Rehabilitation<sup>1</sup>

This section describes the process and progress of the implementation of the safeguards plan and other required activities as determined in the plan. This includes:

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<sup>1</sup> Depending on the status of the final detail design during the submission of the report this activity might not yet started. Provide the information on the expected date the activity to be conducted instead.

- Payment of the affected assets compensation, allowances, loss of incomes, etc. to the entitled persons;
- Provisions of other types of entitlement as described in the matrix and implementation of livelihood rehabilitation activities as determined in the plan.
- Quantitative as well as qualitative results of the monitoring parameters, as agreed in the plan, should be provided.

## **E. Public Participation and Consultation**

This section describes public participation and consultations activities during the project implementation as agreed in the plan. This includes final consultations with affected persons during Resettlement Plan/RIPP finalization after the completion of detail design; the numbers of activities conducted; issues raised during consultations and responses provided by the project team, NGOs/CBOs, project supervision consultants, contractors, etc.

## **F. Grievance Redress Mechanism**

This section described the implementation of project GRM as design in the approved Resettlement Plan/RIPP. This includes evaluations of its effectiveness, procedures, complaints receive, timeliness to resolve issues/ complaints and resources provided to solve the complaints. Special attentions should be given if there are complaints received from the affected people or communities.

## **G. Institutional Arrangement**

This section describes the actual implementation, or any adjustment made to the institutional arrangement for managing the social safeguards issues in the projects. This includes the establishment of safeguards unit/ team and appointment of staff in the executing agency/implementing agency; implementation of the GRM and its committee; supervision and coordination between institutions involved in the management and monitoring of safeguards issues, the roles of NGO and women's groups in the monitoring and implementation of the plan, if any.

## **H. Monitoring Results - Findings**

This section describes the summary and key findings of the monitoring activities. The results are compared against previously established benchmarks and compliance status (e.g., adequacy of compensation rates and timeliness of payments, adequacy and timeliness of rehabilitation measures including serviced housing sites, house reconstruction, livelihood support measures, and training; budget for implementing EMP, Resettlement Plan/RIPP, timeliness and adequacy of capacity building, etc.). It also compared against the objectives of safeguards or desired outcomes documented (e.g., involuntary resettlement impacts avoided or minimized; livelihood restored or enhanced; indigenous peoples' identity, human right, livelihood systems and cultural uniqueness fully respected; indigenous peoples do not suffer adverse impacts, environmental impacts avoided or minimized, etc.). If noncompliance or any major gaps identified, include the recommendation of corrective action plan.

## **I. Compliance Status**

This section will summarize the compliance status of the project activities with the loan covenants, ADB SPS (2009) on Safeguard Requirements 2 and 3 and the approved final resettlement plan/RIPP.

## **J. Follow up Actions, Recommendation and Disclosure**

This section describes recommendations and further actions or items to focus on for the remaining monitoring period. It also includes lesson learned for improvement for future safeguards monitoring activities. Disclosure dates of the monitoring report to the affected communities should also be included. A time-bound summary table for required actions should be included.

### **Appendices**

- (i) List of Affected Persons and Entitlements
- (ii) Summary of Resettlement Plan/IPP with entitlement matrix
- (iii) Copies of affected persons's certification of payment (signed by the affected persons)
- (iv) Summary of minutes of meetings during public consultations
- (v) Summary of complaints received and solution status

## FINANCIAL PROJECTION OF MUNICIPALITIES

## A. Pokhara Metropolitan City

## Financial projection - Base Case (\$ Million)

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	8.13	7.90	8.92	10.07	19.19	79.83	126.09
Revenue Sharing	11.79	6.78	9.36	10.29	16.57	42.99	57.22
Equalization Grant	5.48	4.99	4.36	4.57	5.84	9.51	11.01
80% of Conditional Grant – Government of Nepal	12.76	11.50	13.76	14.45	18.44	30.04	34.77
<b>Total Recurrent Revenue</b>	<b>38.16</b>	<b>31.17</b>	<b>36.39</b>	<b>39.38</b>	<b>60.05</b>	<b>162.37</b>	<b>229.09</b>
Regular Recurrent Expenditure	18.32	31.25	33.94	36.75	55.28	125.42	161.32
Principal Repayment - URLIP Assets	-	-	0.14	0.14	0.47	0.55	0.63
O&M Expenditure of URLIP Assets	-	-	-	-	0.39	0.73	0.88
<b>Total Recurrent Expenditure</b>	<b>18.32</b>	<b>31.25</b>	<b>34.07</b>	<b>36.88</b>	<b>56.15</b>	<b>126.69</b>	<b>162.83</b>
<b>Revenue Surplus (Deficits)</b>	<b>19.83</b>	<b>(0.07)</b>	<b>2.32</b>	<b>2.50</b>	<b>3.90</b>	<b>35.67</b>	<b>66.26</b>
Less, URLIP Matching	-	-	0.07	0.72	-	-	-
<b>Operational Surplus</b>	<b>19.83</b>	<b>(0.07)</b>	<b>2.24</b>	<b>1.78</b>	<b>3.90</b>	<b>35.67</b>	<b>66.26</b>
<b>Ratios</b>							
Operating ratio	48.02%	100.24%	93.26%	93.30%	92.06%	77.24%	70.42%
Recurrent revenue surplus	51.98%	-0.24%	6.74%	6.70%	7.94%	22.76%	29.58%
Share of OSR on recurrent revenues	21.31%	25.35%	24.50%	25.57%	31.96%	49.17%	55.04%

## Financial projection - With CFMIP Implementation Situation (\$ million)

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	8.13	7.90	11.96	13.85	30.86	209.98	402.14
Revenue Sharing	11.79	6.78	9.36	10.29	16.57	42.99	57.22
Equalization Grant	5.48	4.99	4.36	4.57	5.84	9.51	11.01
80% of Conditional Grant – Government of Nepal	12.76	11.50	13.76	14.45	18.44	30.04	34.77
<b>Total Recurrent Revenue</b>	<b>38.16</b>	<b>31.17</b>	<b>39.44</b>	<b>43.16</b>	<b>71.72</b>	<b>292.52</b>	<b>505.14</b>
Regular Recurrent Expenditure	18.32	31.25	33.69	36.21	52.57	111.73	141.22
Principal Repayment - URLIP Assets	-	-	0.14	0.14	0.47	0.55	0.63
O&M Expenditure of URLIP Assets	-	-	-	-	0.39	0.73	0.87
<b>Total Recurrent Expenditure</b>	<b>18.32</b>	<b>31.25</b>	<b>33.82</b>	<b>36.35</b>	<b>53.44</b>	<b>113.01</b>	<b>142.73</b>
<b>Revenue Surplus (Deficits)</b>	<b>19.83</b>	<b>(0.07)</b>	<b>5.61</b>	<b>6.82</b>	<b>18.28</b>	<b>179.51</b>	<b>362.42</b>
Less, URLIP Matching	-	-	0.07	0.72	-	-	-
<b>Operational Surplus</b>	<b>19.83</b>	<b>(0.07)</b>	<b>5.54</b>	<b>6.10</b>	<b>18.28</b>	<b>179.51</b>	<b>362.42</b>
<b>Ratios</b>							
Operating ratio	48.02%	100.24%	85.42%	83.89%	73.31%	38.20%	27.96%
Recurrent revenue surplus	51.98%	-0.24%	14.58%	16.11%	26.69%	61.80%	72.04%
Share of OSR on recurrent revenues	21.31%	25.35%	30.34%	32.08%	43.03%	71.78%	79.61%

**B. Janakpurdham Sub-metropolitan City****Financial projection - Base Case (\$ Million)**

Particular	Actual	Estimate d	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	1.24	0.87	1.03	1.22	2.74	14.81	26.38
Revenue Sharing	2.43	2.46	2.96	3.25	5.24	13.59	18.08
Equalization Grant	2.97	2.72	2.69	2.83	3.61	5.88	6.81
80% of Conditional Grant – Government of Nepal	4.38	3.50	4.31	4.53	5.78	9.41	10.90
<b>Total Recurrent Revenue</b>	<b>11.01</b>	<b>9.56</b>	<b>10.99</b>	<b>11.83</b>	<b>17.37</b>	<b>43.70</b>	<b>62.17</b>
Regular Recurrent Expenditure	6.25	7.49	8.31	9.30	15.96	40.82	54.26
Principal Repayment - URLIP Assets	-	-	0.06	0.06	0.25	0.30	0.35
O&M Expenditure of URLIP Assets	-	-	-	-	0.21	0.40	0.47
<b>Total Recurrent Expenditure</b>	<b>6.25</b>	<b>7.49</b>	<b>8.37</b>	<b>9.36</b>	<b>16.42</b>	<b>41.51</b>	<b>55.08</b>
<b>Revenue Surplus (Deficits)</b>	<b>4.76</b>	<b>2.07</b>	<b>2.62</b>	<b>2.47</b>	<b>0.95</b>	<b>2.18</b>	<b>7.09</b>
Less, URLIP Matching	-	-	0.29	0.55	-	-	-
<b>Operational Surplus</b>	<b>4.76</b>	<b>2.07</b>	<b>2.33</b>	<b>1.93</b>	<b>0.95</b>	<b>2.18</b>	<b>7.09</b>
<b>Ratios</b>							
Operating ratio	56.73%	78.35%	75.59%	78.57%	91.86%	93.41%	87.27%
Recurrent revenue surplus	43.27%	21.65%	24.41%	21.43%	8.14%	6.59%	12.73%
Share of OSR on recurrent revenues	11.24%	9.15%	9.37%	10.32%	15.78%	33.90%	42.43%

**Financial projection - With CFMIP Implementation Situation (\$ million)**

Particular	Actual	Estimate d	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	1.24	0.87	1.14	1.39	3.57	28.75	59.08
Revenue Sharing	2.43	2.46	2.96	3.25	5.24	13.59	18.08
Equalization Grant	2.97	2.72	2.69	2.83	3.61	5.88	6.81
80% of Conditional Grant – Government of Nepal	4.38	3.50	4.31	4.53	5.78	9.41	10.90
<b>Total Recurrent Revenue</b>	<b>11.01</b>	<b>9.56</b>	<b>11.11</b>	<b>12.00</b>	<b>18.20</b>	<b>57.63</b>	<b>94.87</b>
Regular Recurrent Expenditure	6.25	7.49	8.17	8.98	14.61	37.33	49.61
Principal Repayment - URLIP Assets	-	-	0.06	0.06	0.25	0.30	0.35
O&M Expenditure of URLIP Assets	-	-	-	-	0.21	0.40	0.47
<b>Total Recurrent Expenditure</b>	<b>6.25</b>	<b>7.49</b>	<b>8.23</b>	<b>9.04</b>	<b>15.07</b>	<b>38.02</b>	<b>50.44</b>
<b>Revenue Surplus (Deficits)</b>	<b>4.76</b>	<b>2.07</b>	<b>2.88</b>	<b>2.96</b>	<b>3.13</b>	<b>19.61</b>	<b>44.44</b>
Less, URLIP Matching	-	-	0.29	0.55	-	-	-
<b>Operational Surplus</b>	<b>4.76</b>	<b>2.07</b>	<b>2.58</b>	<b>2.41</b>	<b>3.13</b>	<b>19.61</b>	<b>44.44</b>
<b>Ratios</b>							
Operating ratio	56.73%	78.35%	73.57%	74.86%	80.27%	64.77%	52.30%
Recurrent revenue surplus	43.27%	21.65%	26.43%	25.14%	19.73%	35.23%	47.70%
Share of OSR on recurrent revenues	11.24%	9.15%	10.30%	11.59%	19.63%	49.88%	62.27%

**C. Siddharthanagar Municipality****Financial projection - Base Case (\$ Million)**

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	1.29	0.77	1.04	1.14	1.83	4.26	5.53
Revenue Sharing	1.25	0.99	1.32	1.46	2.34	6.08	8.09
equalization Grant	1.58	1.47	1.48	1.56	1.99	3.23	3.74
80% of Conditional Grant – Government of Nepal	1.79	1.66	2.06	1.91	2.50	4.07	4.72
<b>Total Recurrent Revenue</b>	<b>5.91</b>	<b>4.90</b>	<b>5.91</b>	<b>6.06</b>	<b>8.66</b>	<b>17.65</b>	<b>22.08</b>
Regular Recurrent Expenditure	3.63	4.12	4.45	4.77	6.94	14.31	18.05
Principal Repayment - URLIP Assets	-	-	0.06	0.06	0.21	0.26	0.30
O&M Expenditure of URLIP Assets	-	-	-	-	0.35	0.64	0.77
<b>Total Recurrent Expenditure</b>	<b>3.63</b>	<b>4.12</b>	<b>4.51</b>	<b>4.83</b>	<b>7.50</b>	<b>15.21</b>	<b>19.11</b>
<b>Revenue Surplus (Deficits)</b>	<b>2.28</b>	<b>0.78</b>	<b>1.39</b>	<b>1.23</b>	<b>1.16</b>	<b>2.44</b>	<b>2.97</b>
Less, URLIP Matching	-	-	0.18	0.39	-	-	-
<b>Operational Surplus</b>	<b>2.28</b>	<b>0.78</b>	<b>1.22</b>	<b>0.84</b>	<b>1.16</b>	<b>2.44</b>	<b>2.97</b>
<b>Ratios</b>							
Operating ratio	61.41%	84.06%	75.41%	78.69%	80.14%	81.11%	81.72%
Recurrent revenue surplus	38.59%	15.94%	24.59%	21.31%	19.86%	18.89%	18.28%
Share of OSR on recurrent revenues	21.88%	15.73%	17.56%	18.76%	21.09%	24.14%	25.05%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**Financial projection - With CFMIP Implementation Situation (\$ million)**

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	1.29	0.77	1.11	1.28	2.69	16.08	31.09
Revenue Sharing	1.25	0.99	1.32	1.46	2.34	6.08	8.09
Equalization Grant	1.58	1.47	1.48	1.56	1.99	3.23	3.74
80% of Conditional Grant – Government of Nepal	1.79	1.66	2.06	1.91	2.50	4.07	4.72
<b>Total Recurrent Revenue</b>	<b>5.91</b>	<b>4.90</b>	<b>5.98</b>	<b>6.21</b>	<b>9.52</b>	<b>29.47</b>	<b>47.64</b>
Regular Recurrent Expenditure	3.63	4.12	4.42	4.71	6.69	13.64	17.15
Principal Repayment - URLIP Assets	-	-	0.06	0.06	0.21	0.26	0.30
O&M Expenditure of URLIP Assets	-	-	-	-	0.35	0.64	0.77
<b>Total Recurrent Expenditure</b>	<b>3.63</b>	<b>4.12</b>	<b>4.48</b>	<b>4.76</b>	<b>7.25</b>	<b>14.53</b>	<b>18.21</b>
<b>Revenue Surplus (Deficits)</b>	<b>2.28</b>	<b>0.78</b>	<b>1.50</b>	<b>1.44</b>	<b>2.28</b>	<b>14.94</b>	<b>29.43</b>
Less, URLIP Matching	-	-	0.18	0.39	-	-	-
<b>Operational Surplus</b>	<b>2.28</b>	<b>0.78</b>	<b>1.33</b>	<b>1.05</b>	<b>2.28</b>	<b>14.94</b>	<b>29.43</b>
<b>Ratios</b>							
Operating ratio	61.41%	84.06%	73.94%	75.83%	70.21%	46.29%	36.00%
Recurrent revenue surplus	38.59%	15.94%	26.06%	24.17%	29.79%	53.71%	64.00%
Share of OSR on recurrent revenues	21.88%	15.73%	18.63%	20.66%	28.28%	54.57%	65.25%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**D. Sainamaina Municipality**

**Financial projection - Base Case (\$ Million)**

Particular	Actual	Estimate d	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b><u>Recurrent Revenue Receipts</u></b>							
Own Source Revenue	0.52	0.66	0.75	0.87	1.62	4.28	5.76
Revenue Sharing	1.36	1.12	1.37	1.51	2.43	6.31	8.39
Equalization Grant	1.05	0.99	1.00	1.05	1.34	2.19	2.53
80% of Conditional Grant – Government of Nepal	1.55	2.11	1.75	1.84	2.34	3.81	4.42
<b>Total Recurrent Revenue</b>	<b>4.48</b>	<b>4.88</b>	<b>4.88</b>	<b>5.26</b>	<b>7.74</b>	<b>16.59</b>	<b>21.11</b>
Regular Recurrent Expenditure	3.06	4.43	4.80	5.20	7.87	16.03	20.05
Principal Repayment - URLIP Assets	-	-	-	-	0.16	0.26	0.31
O&M Expenditure of URLIP Assets	-	-	-	-	0.20	0.37	-
<b>Total Recurrent Expenditure</b>	<b>3.06</b>	<b>4.43</b>	<b>4.80</b>	<b>5.20</b>	<b>8.23</b>	<b>16.66</b>	<b>20.36</b>
<b>Revenue Surplus (Deficits)</b>	<b>1.42</b>	<b>0.45</b>	<b>0.08</b>	<b>0.06</b>	<b>(0.49)</b>	<b>(0.07)</b>	<b>0.75</b>
Less, URLIP Matching	-	-	0.19	0.42	-	-	-
<b>Operational Surplus</b>	<b>1.42</b>	<b>0.45</b>	<b>(0.12)</b>	<b>(0.36)</b>	<b>(0.49)</b>	<b>(0.07)</b>	<b>0.75</b>
<b>Ratios</b>							
Operating ratio	68.26%	90.80%	98.42%	98.87%	101.62%	96.62%	95.01%
Recurrent revenue surplus	31.74%	9.20%	1.58%	1.13%	-1.62%	3.38%	4.99%
Share of OSR on recurrent revenues	11.54%	13.51%	15.47%	16.45%	20.98%	25.80%	27.30%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**Financial projection - With CFMIP Implementation Situation (\$ million)**

Particular	Actual	Estimate d	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b><u>Recurrent Revenue Receipts</u></b>							
Own Source Revenue	0.52	0.66	0.79	0.93	1.87	4.85	6.45
Revenue Sharing	1.36	1.12	1.37	1.51	2.43	6.31	8.39
Equalization Grant	1.05	0.99	1.00	1.05	1.34	2.19	2.53
80% of Conditional Grant – Government of Nepal	1.55	2.11	1.75	1.84	2.34	3.81	4.42
<b>Total Recurrent Revenue</b>	<b>4.48</b>	<b>4.88</b>	<b>4.91</b>	<b>5.33</b>	<b>7.99</b>	<b>17.16</b>	<b>21.79</b>
Regular Recurrent Expenditure	3.06	4.43	4.66	4.89	6.40	10.22	11.78
Principal Repayment - URLIP Assets	-	-	-	-	0.16	0.26	0.31
O&M Expenditure of URLIP Assets	-	-	-	-	0.19	0.35	0.42
<b>Total Recurrent Expenditure</b>	<b>3.06</b>	<b>4.43</b>	<b>4.66</b>	<b>4.89</b>	<b>6.75</b>	<b>10.83</b>	<b>12.50</b>
<b>Revenue Surplus (Deficits)</b>	<b>1.42</b>	<b>0.45</b>	<b>0.26</b>	<b>0.44</b>	<b>1.24</b>	<b>6.32</b>	<b>9.29</b>
Less, URLIP Matching	-	-	0.19	0.42	-	-	-
<b>Operational Surplus</b>	<b>1.42</b>	<b>0.45</b>	<b>0.07</b>	<b>0.02</b>	<b>1.24</b>	<b>6.32</b>	<b>9.29</b>
<b>Ratios</b>							
Operating ratio	68.26%	90.80%	94.75%	91.77%	80.13%	59.58%	54.06%
Recurrent revenue surplus	31.74%	9.20%	5.25%	8.23%	19.87%	40.42%	45.94%
Share of OSR on recurrent revenues	11.54%	13.51%	16.11%	17.46%	23.39%	28.24%	29.59%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**E. Devdaha Municipality**

**Financial projection - Base Case (\$ Million)**

Particular	Actual	Estimate d	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b><u>Recurrent Revenue Receipts</u></b>							
Own Source Revenue	0.77	0.42	0.71	0.80	1.41	5.02	7.97
Revenue Sharing	1.36	0.71	1.05	1.15	1.86	4.81	6.41
Equalization Grant	1.33	1.24	1.25	1.32	1.68	2.74	3.17
80% of Conditional Grant – Government of Nepal	1.70	1.93	1.94	2.04	2.66	4.34	5.02
<b>Total Recurrent Revenue</b>	<b>5.16</b>	<b>4.30</b>	<b>4.95</b>	<b>5.30</b>	<b>7.61</b>	<b>16.91</b>	<b>22.56</b>
Regular Recurrent Expenditure	3.38	4.07	4.37	4.69	6.94	15.66	20.62
Principal Repayment - URLIP Assets	-	-	-	-	0.15	0.25	0.29
O&M Expenditure of URLIP Assets	-	-	-	-	0.18	0.33	0.39
<b>Total Recurrent Expenditure</b>	<b>3.38</b>	<b>4.07</b>	<b>4.37</b>	<b>4.69</b>	<b>7.27</b>	<b>16.23</b>	<b>21.30</b>
<b>Revenue Surplus (Deficits)</b>	<b>1.78</b>	<b>0.23</b>	<b>0.59</b>	<b>0.61</b>	<b>0.35</b>	<b>0.68</b>	<b>1.26</b>
Less, URLIP Matching	-	-	0.24	0.45	-	-	-
<b>Operational Surplus</b>	<b>1.78</b>	<b>0.23</b>	<b>0.34</b>	<b>0.16</b>	<b>0.35</b>	<b>0.68</b>	<b>1.26</b>
<b><u>Ratios</u></b>							
Operating ratio	65.52%	94.75%	88.18%	88.42%	91.12%	92.61%	91.38%
Recurrent revenue surplus	34.48%	5.25%	11.82%	11.58%	8.88%	7.39%	8.62%
Share of OSR on recurrent revenues	14.94%	9.87%	14.34%	15.01%	18.56%	29.68%	35.30%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**Financial projection - With CFMIP Implementation Situation (\$ million)**

Particular	Actual	Estimate d	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b><u>Recurrent Revenue Receipts</u></b>							
Own Source Revenue	0.77	0.42	0.77	0.87	1.62	5.84	9.23
Revenue Sharing	1.36	0.71	1.05	1.15	1.86	4.81	6.41
Equalization Grant	1.33	1.24	1.25	1.32	1.68	2.74	3.17
80% of Conditional Grant – Government of Nepal	1.70	1.93	1.94	2.04	2.66	4.34	5.02
<b>Total Recurrent Revenue</b>	<b>5.16</b>	<b>4.30</b>	<b>5.01</b>	<b>5.38</b>	<b>7.82</b>	<b>17.73</b>	<b>23.83</b>
Regular Recurrent Expenditure	3.38	4.07	4.34	4.63	6.55	12.58	15.43
Principal Repayment - URLIP Assets	-	-	-	-	0.15	0.25	0.29
O&M Expenditure of URLIP Assets	-	-	-	-	0.18	0.33	0.39
<b>Total Recurrent Expenditure</b>	<b>3.38</b>	<b>4.07</b>	<b>4.34</b>	<b>4.63</b>	<b>6.88</b>	<b>13.16</b>	<b>16.11</b>
<b>Revenue Surplus (Deficits)</b>	<b>1.78</b>	<b>0.23</b>	<b>0.67</b>	<b>0.75</b>	<b>0.93</b>	<b>4.57</b>	<b>7.72</b>
Less, URLIP Matching	-	-	0.24	0.45	-	-	-
<b>Operational Surplus</b>	<b>1.78</b>	<b>0.23</b>	<b>0.43</b>	<b>0.30</b>	<b>0.93</b>	<b>4.57</b>	<b>7.72</b>
<b><u>Ratios</u></b>							
Operating ratio	65.52%	94.75%	86.63%	86.06%	83.84%	70.98%	64.74%
Recurrent revenue surplus	34.48%	5.25%	13.37%	13.94%	16.16%	29.02%	35.26%
Share of OSR on recurrent revenues	14.94%	9.87%	15.33%	16.20%	20.69%	32.93%	38.74%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**F. Lumbini Sanskritik Municipality****Financial projection - Base Case (\$ Million)**



Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	0.14	0.25	0.26	0.28	0.71	1.51	1.89
Revenue Sharing	1.40	1.00	1.27	1.40	2.26	5.85	7.79
Equalization Grant	1.52	1.49	1.43	1.50	1.92	3.13	3.62
80% of Conditional Grant – Government of Nepal	1.96	2.33	2.38	2.49	3.18	5.19	6.00
<b>Total Recurrent Revenue</b>	<b>5.02</b>	<b>5.06</b>	<b>5.34</b>	<b>5.68</b>	<b>8.06</b>	<b>15.67</b>	<b>19.30</b>
Regular Recurrent Expenditure	3.23	4.43	4.85	5.31	8.76	25.88	36.95
Principal Repayment - URLIP Assets	-	-	-	-	0.14	0.23	0.26
O&M Expenditure of URLIP Assets	-	-	-	-	0.24	0.45	0.54
<b>Total Recurrent Expenditure</b>	<b>3.23</b>	<b>4.43</b>	<b>4.85</b>	<b>5.31</b>	<b>9.14</b>	<b>26.55</b>	<b>37.76</b>
<b>Revenue Surplus (Deficits)</b>	<b>1.80</b>	<b>0.63</b>	<b>0.49</b>	<b>0.36</b>	<b>(1.08)</b>	<b>(10.88)</b>	<b>(18.46)</b>
Less, URLIP Matching	-	-	0.12	0.32	-	-	-
<b>Operational Surplus</b>	<b>1.80</b>	<b>0.63</b>	<b>0.37</b>	<b>0.04</b>	<b>(1.08)</b>	<b>(10.88)</b>	<b>(18.46)</b>
<b>Ratios</b>							
Operating ratio	64.26%	87.62%	90.80%	93.61%	108.60%	165.14%	191.50%
Recurrent revenue surplus	35.74%	12.38%	9.20%	6.39%	-8.60%	-65.14%	-91.50%
Share of OSR on recurrent revenues	2.85%	4.91%	4.85%	4.87%	8.74%	9.62%	9.78%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

### Financial projection - With CFMIP Implementation Situation (\$ million)

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	0.14	0.25	0.28	0.41	1.07	2.56	3.33
Revenue Sharing	1.40	1.00	1.27	1.40	2.26	5.85	7.79
Equalization Grant	1.52	1.49	1.43	1.50	1.92	3.13	3.62
80% of Conditional Grant – Government of Nepal	1.96	2.33	2.38	2.49	3.18	5.19	6.00
<b>Total Recurrent Revenue</b>	<b>5.02</b>	<b>5.06</b>	<b>5.36</b>	<b>5.81</b>	<b>8.43</b>	<b>16.72</b>	<b>20.74</b>
Regular Recurrent Expenditure	3.23	4.43	4.74	5.07	7.29	14.89	18.67
Principal Repayment - URLIP Assets	-	-	-	-	0.14	0.23	0.26
O&M Expenditure of URLIP Assets	-	-	-	-	0.24	0.45	0.54
<b>Total Recurrent Expenditure</b>	<b>3.23</b>	<b>4.43</b>	<b>4.74</b>	<b>5.07</b>	<b>7.68</b>	<b>15.56</b>	<b>19.47</b>
<b>Revenue Surplus (Deficits)</b>	<b>1.80</b>	<b>0.63</b>	<b>0.62</b>	<b>0.74</b>	<b>0.76</b>	<b>1.16</b>	<b>1.26</b>
Less, URLIP Matching	-	-	0.12	0.32	-	-	-
<b>Operational Surplus</b>	<b>1.80</b>	<b>0.63</b>	<b>0.50</b>	<b>0.42</b>	<b>0.76</b>	<b>1.16</b>	<b>1.26</b>
<b>Ratios</b>							
Operating ratio	64.26%	87.62%	88.44%	87.29%	86.49%	89.03%	90.06%
Recurrent revenue surplus	35.74%	12.38%	11.56%	12.71%	13.51%	10.97%	9.94%
Share of OSR on recurrent revenues	2.85%	4.91%	5.20%	7.05%	12.72%	15.30%	16.04%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

### G. Tilottama Municipality

### Financial projection - Base Case (\$ Million)

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	2.24	1.96	2.26	2.62	5.80	14.00	18.33
Revenue Sharing	3.49	2.09	2.66	2.93	4.72	12.23	16.28
Equalization Grant	2.05	1.89	1.90	1.99	2.55	4.15	4.80
80% of Conditional Grant – Government of Nepal	3.01	3.92	5.69	5.97	7.62	12.41	14.37
<b>Total Recurrent Revenue</b>	<b>10.79</b>	<b>9.87</b>	<b>12.51</b>	<b>13.51</b>	<b>20.68</b>	<b>42.79</b>	<b>53.78</b>
Regular Recurrent Expenditure	4.82	5.89	6.76	7.75	14.32	36.60	48.63
Principal Repayment - URLIP Assets	-	-	-	-	0.24	0.40	0.46
O&M Expenditure of URLIP Assets	-	-	-	-	0.16	0.30	0.35
<b>Total Recurrent Expenditure</b>	<b>4.82</b>	<b>5.89</b>	<b>6.76</b>	<b>7.75</b>	<b>14.72</b>	<b>37.29</b>	<b>49.44</b>
<b>Revenue Surplus (Deficits)</b>	<b>5.97</b>	<b>3.98</b>	<b>5.75</b>	<b>5.77</b>	<b>5.96</b>	<b>5.50</b>	<b>4.34</b>
Less, URLIP Matching	-	-	0.23	0.57	-	-	-
<b>Operational Surplus</b>	<b>5.97</b>	<b>3.98</b>	<b>5.52</b>	<b>5.20</b>	<b>5.96</b>	<b>5.50</b>	<b>4.34</b>
<b>Ratios</b>							
Operating ratio	44.66%	59.67%	54.07%	57.32%	69.23%	85.53%	90.42%
Recurrent revenue surplus	55.34%	40.33%	45.93%	42.68%	30.77%	14.47%	9.58%
Share of OSR on recurrent revenues	20.74%	19.85%	18.08%	19.38%	28.04%	32.72%	34.09%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

#### Financial projection - With CFMIP Implementation Situation (\$ million)

Particular	Actual	Estimated	Projection				
	2021/22	2022/23	2023/24	2024/25	2029/30	2039/40	2042/43
<b>Recurrent Revenue Receipts</b>							
Own Source Revenue	2.24	1.96	2.42	2.97	6.60	16.15	21.22
Revenue Sharing	3.49	2.09	2.66	2.93	4.72	12.23	16.28
Equalization Grant	2.05	1.89	1.90	1.99	2.55	4.15	4.80
80% of Conditional Grant – Government of Nepal	3.01	3.92	5.69	5.97	7.62	12.41	14.37
<b>Total Recurrent Revenue</b>	<b>10.79</b>	<b>9.87</b>	<b>12.67</b>	<b>13.87</b>	<b>21.48</b>	<b>44.95</b>	<b>56.67</b>
Regular Recurrent Expenditure	4.82	5.89	6.50	7.15	11.75	29.95	39.78
Principal Repayment - URLIP Assets	-	-	-	-	0.24	0.40	0.46
O&M Expenditure of URLIP Assets	-	-	-	-	0.16	0.30	0.35
<b>Total Recurrent Expenditure</b>	<b>4.82</b>	<b>5.89</b>	<b>6.50</b>	<b>7.15</b>	<b>12.16</b>	<b>30.65</b>	<b>40.59</b>
<b>Revenue Surplus (Deficits)</b>	<b>5.97</b>	<b>3.98</b>	<b>6.17</b>	<b>6.72</b>	<b>9.32</b>	<b>14.30</b>	<b>16.08</b>
Less, URLIP Matching	-	-	0.23	0.57	-	-	-
<b>Operational Surplus</b>	<b>5.97</b>	<b>3.98</b>	<b>5.94</b>	<b>6.15</b>	<b>9.32</b>	<b>14.30</b>	<b>16.08</b>
<b>Ratios</b>							
Operating ratio	44.66%	59.67%	51.30%	51.57%	54.73%	66.65%	70.19%
Recurrent revenue surplus	55.34%	40.33%	48.70%	48.43%	45.27%	33.35%	29.81%
Share of OSR on recurrent revenues	20.74%	19.85%	19.13%	21.44%	30.71%	35.94%	37.45%

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

#### O&M Expenditure of Municipalities

**A. Pokhara Metropolitan City**

In \$ '000

Items	Actual	Estima ted	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>18,324</b>	<b>31,245</b>	<b>33,686</b>	<b>41,882</b>	<b>52,574</b>	<b>65,659</b>
<b>O&amp;M requirement for ADB financed subprojects</b>				<b>37</b>	<b>395</b>	<b>478</b>
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	199	259	285	379	504	671
With ADB Project	199	259	285	416	899	1,149
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	159	215	237	315	420	559
With ADB Project	159	215	237	352	815	1,036
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	20%	17%	17%	17%	17%	17%
With ADB Project	20%	17%	17%	15%	9%	10%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>12%</b>	<b>94%</b>	<b>85%</b>
<b>Share of O&amp;M cost on recurrent expenditures</b>	<b>0.87%</b>	<b>0.69%</b>	<b>0.70%</b>	<b>0.84%</b>	<b>1.55%</b>	<b>1.58%</b>

Note: O&amp;M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**B. Janakpurdham Sub-metropolitan City**

In \$ '000

Items	Actual	Estima ted	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>6,247</b>	<b>7,488</b>	<b>8,172</b>	<b>10,857</b>	<b>14,610</b>	<b>19,336</b>
<b>O&amp;M requirement for ADB financed subprojects</b>				<b>179</b>	<b>215</b>	<b>244</b>
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	452	434	478	636	846	1,126
With ADB Project	452	434	478	815	1,061	1,370
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	368	346	381	507	675	898
With ADB Project	368	346	381	686	889	1,142
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	19%	20%	20%	20%	20%	20%
With ADB Project	19%	20%	20%	16%	16%	17%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>35%</b>	<b>32%</b>	<b>27%</b>
<b>Share of O&amp;M cost on recurrent expenditure</b>	<b>5.89%</b>	<b>4.62%</b>	<b>4.66%</b>	<b>6.32%</b>	<b>6.09%</b>	<b>5.90%</b>

Note: O&amp;M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**C. Siddharthanagar Municipality**

In \$ '000

Items	Actual	Estimated	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>3,632</b>	<b>4,116</b>	<b>4,424</b>	<b>5,332</b>	<b>6,687</b>	<b>8,227</b>
<b>O&amp;M requirement for ADB financed subprojects</b>			-	101	347	416
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	33	62	66	84	105	133
With ADB Project	33	62	66	185	452	549
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	28	50	54	68	86	108
With ADB Project	28	50	54	169	433	524
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	15%	19%	19%	19%	19%	19%
With ADB Project	15%	19%	19%	8%	4%	5%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>148%</b>	<b>405%</b>	<b>386%</b>
<b>Share of O&amp;M cost on recurrent expenditure</b>	<b>0.78%</b>	<b>1.21%</b>	<b>1.22%</b>	<b>3.17%</b>	<b>6.47%</b>	<b>6.37%</b>

Note: O&amp;M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**D. Sainamaina Municipality**

In \$ '000

Items	Actual	Estimated	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>3,059</b>	<b>4,435</b>	<b>4,657</b>	<b>5,391</b>	<b>6,399</b>	<b>7,357</b>
<b>O&amp;M requirement for ADB financed subprojects</b>			-	113	188	226
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	25	33	34	40	46	53
With ADB Project	25	33	34	153	234	279
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	20	22	23	27	31	36
With ADB Project	20	22	23	140	220	262
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	18%	32%	32%	32%	32%	32%
With ADB Project	18%	32%	32%	8%	6%	6%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>416%</b>	<b>599%</b>	<b>622%</b>
<b>Share of O&amp;M cost on recurrent expenditure</b>	<b>0.67%</b>	<b>0.50%</b>	<b>0.50%</b>	<b>2.60%</b>	<b>3.43%</b>	<b>3.56%</b>

Note: O&amp;M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SUTRA from concerned municipalities and Asian Development Bank estimates.

**E. Devdaha Municipality**

In \$ '000

Items	Actual	Estima ted	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>3,384</b>	<b>-</b>	<b>4,340</b>	<b>5,266</b>	<b>6,553</b>	<b>7,934</b>
<b>O&amp;M requirement for ADB financed subprojects</b>			<b>-</b>	<b>148</b>	<b>178</b>	<b>213</b>
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	23	45	47	54	63	73
With ADB Project	23	45	47	202	240	286
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	14	38	40	47	54	63
With ADB Project	14	38	40	195	232	276
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	36%	14%	14%	14%	14%	14%
With ADB Project	36%	14%	14%	4%	4%	3%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>316%</b>	<b>328%</b>	<b>340%</b>
<b>Share of O&amp;M cost on recurrent expenditure</b>	<b>0.43%</b>	<b>0.94%</b>	<b>0.93%</b>	<b>3.70%</b>	<b>3.54%</b>	<b>3.48%</b>

Note: O&amp;M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SuTRA from concerned municipalities and Asian Development Bank estimates.

**F. Lumbini Sanskritik Municipality**

In \$ '000

Items	Actual	Estima ted	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>3,229</b>	<b>4,434</b>	<b>4,741</b>	<b>5,811</b>	<b>7,293</b>	<b>8,971</b>
<b>O&amp;M requirement for ADB financed subprojects</b>			<b>-</b>	<b>108</b>	<b>244</b>	<b>292</b>
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	52	55	61	81	107	143
With ADB Project	52	55	61	189	351	435
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	47	52	58	77	102	136
With ADB Project	47	52	58	185	345	428
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	11%	5%	5%	5%	5%	5%
With ADB Project	11%	5%	5%	2%	2%	2%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>141%</b>	<b>239%</b>	<b>216%</b>
<b>Share of O&amp;M cost on recurrent expenditure</b>	<b>1.45%</b>	<b>1.18%</b>	<b>1.21%</b>	<b>3.18%</b>	<b>4.74%</b>	<b>4.77%</b>

Note: O&amp;M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SuTRA from concerned municipalities and Asian Development Bank estimates.

**G. Tilottama Municipality**

In \$ '000

Items	Actual	Estimated	Projection			
	2021/22	2022/23	2023/24	2026/27	2029/30	2032/33
<b>Recurrent expenditure - With CFMIP</b>	<b>4,820</b>	<b>5,887</b>	<b>6,500</b>	<b>8,652</b>	<b>11,754</b>	<b>15,528</b>
<b>O&amp;M requirement for ADB financed subprojects</b>			-	134	161	193
<b><u>O&amp;M Budget Allocation</u></b>						
Without ADB	37	51	56	74	99	132
With ADB Project	37	51	56	208	259	324
<b><u>O&amp;M Budget Utilization</u></b>						
Without ADB	35	46	51	68	90	120
With ADB Project	35	46	51	201	250	312
<b><u>O&amp;M underutilization (to budget allocation)</u></b>						
Without ADB Project	6%	9%	9%	9%	9%	9%
With ADB Project	6%	9%	9%	3%	3%	4%
<b>O&amp;M cost difference with ADB Project</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>198%</b>	<b>178%</b>	<b>161%</b>
<b>Share of O&amp;M cost on recurrent expenditure</b>	<b>0.72%</b>	<b>0.78%</b>	<b>0.78%</b>	<b>2.33%</b>	<b>2.13%</b>	<b>2.01%</b>

Note: O&M Budget utilization for FY 2022/23 is estimated figure.

Source: Financial Reports extracted from SuTRA from concerned municipalities and Asian Development Bank estimates.