



Board of Directors

IN.272-18
29 August 2018

Country Operations Business Plan: Nepal, 2019–2021

Attached for information is a paper on the above subject.

For Inquiries: Sharad Bhandari, Nepal Resident Mission
(Ext. 85515217)



Country Operations Business Plan

August 2018

Nepal
2019–2021

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 3 August 2018)

Currency unit	–	Nepalese rupee/s (NRe/NRs)
NRe1.00	=	\$0.0090
\$1.00	=	NRs110.23

ABBREVIATIONS

ADB	–	Asian Development Bank
COL	–	concessional OCR lending
DRR	–	disaster risk reduction
MFF	–	multitranches financing facility
OCR	–	ordinary capital resources
SDP	–	sector development program
TA	–	technical assistance

NOTES

- (i) The fiscal year (FY) of the Government of Nepal ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2018 ends on 15 July 2018.
- (ii) In this report, “\$” refers to United States dollars.

Vice-President	Wencai Zhang, Operations 1
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Country Director	Mukhtor Khamudkhanov, Nepal Resident Mission (NRM), SARD
Team leader	Sharad Bhandari, Principal Economist, NRM, SARD
Team members	Sangeeta Gurung, Senior Operations Assistant, NRM, SARD Shreejana Rajbhandari, Programs Analyst, NRM, SARD Nepal Country Team

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I. CONSISTENCY OF BUSINESS PLAN WITH COUNTRY PARTNERSHIP STRATEGY

1. The enhanced country operations business plan, 2019–2021 of the Asian Development Bank (ADB) is consistent with its country partnership strategy, 2013–2017 for Nepal, which focuses on infrastructure and human capital development, and agricultural transformation.¹ It is also aligned with the Government of Nepal’s Fourteenth Plan, FY2017–FY2019.²

2. The country operations business plan, 2019–2021 includes support for (i) hydropower and decentralized renewable energy development, transmission lines for domestic and regional connectivity, and energy access and efficiency; (ii) better road and air connectivity; (iii) sustainable water supply and sanitation; (iv) upgraded skills of the labor force; (v) development and management of water resources; and (vi) stronger agriculture value chains. ADB will continue to deepen its support for (i) gender equality and social inclusion; (ii) better governance and capacity development; (iii) environmental sustainability, including climate change adaptation and mitigation, and disaster risk reduction; (iv) regional cooperation and integration; (v) private sector development; (vi) knowledge solutions; and (vii) partnerships. ADB’s private sector operations is exploring long-term lending to infrastructure development, such as electricity generation from hydropower and other renewable sources. ADB is also seeking to expand its non-sovereign lending to and equity investments in financial institutions, particularly in priority areas such as agribusiness, energy, small business, and microfinance.

II. INDICATIVE RESOURCE PARAMETERS

3. Nepal, a group A developing member country, is eligible for concessional ordinary capital resources lending (COL).³ The indicative resources available for commitment in 2019–2021 are \$1,235.5 million (\$1,190.5 million from country COL allocation, and \$45 million from the Disaster Risk Reduction [DRR] Facility, including \$30.0 million COL allocation and \$15.0 million grant).⁴ The final allocation will depend on available resources and the outcome of the 2018 country performance assessment. Funding from other sources, including the regional COL pool, regular ordinary capital resources (OCR), and cofinancing from trust funds and development partners, will be explored.⁵ The 2017 debt distress classification assessed Nepal as being at low risk of debt distress.⁶ In accordance with ADB’s Concessional Assistance Policy, Nepal is to receive no country allocation in grants in 2019–2020.

4. The country assistance results areas are in Appendix 1 and the investment and technical assistance (TA) programs are in Appendixes 2 and 3. The indicative 2019–2021 firm lending program amounts to \$1,968 million and consists of resources from the country COL allocation,

¹ ADB. 2013. *Country Partnership Strategy: Nepal, 2013–2017*. Manila. The country partnership strategy, 2013–2017 was extended until 2019 in ADB. 2017. *Country Operations Business Plan: Nepal, 2018–2020*. Manila. The preparation of a new country partnership strategy for 2020–2024 is underway.

² Government of Nepal, National Planning Commission. 2016. *Fourteenth Plan, FY2017–FY2019*. Kathmandu.

³ The terminology reflects the combination of Asian Development Fund lending operations with the OCR balance sheet that took effect on 1 January 2017.

⁴ The DRR Facility aims to strengthen disaster resilience. This additional financing will support (i) stand-alone DRR projects, (ii) discrete DRR components of other grant and loan projects, and (iii) the incremental cost of strengthening the disaster resilience of infrastructure investments.

⁵ Under the Graduation Policy, ADB lending on regular OCR terms and ADB guarantees with counter-guarantees from a sovereign entity can be considered on a case-by-case basis for group A developing member countries for revenue-earning projects that generate net foreign exchange above the foreign debt service requirements and meet other ADB lending criteria. (ADB. 1998. *A Graduation Policy for the Bank’s Developing Member Countries*. Manila).

⁶ International Monetary Fund. *Nepal: 2017 Article IV Consultation—Debt Sustainability Analysis*, IMF Country Report No. 17/74. <http://www.imf.org/external/pubs/ft/dsa/pdf/2017/dsacr1774.pdf>.

DRR Facility, regional set-aside, and OCR. The country operations business plan includes substantial overprogramming to build a strong pipeline of projects. The final amount of assistance is subject to availability of resources and project readiness. A total of about \$481 million in official and commercial cofinancing is currently envisaged. The 2019–2021 TA program amounts to \$13.9 million, including \$13.2 million in TA Special Fund resources and \$0.7 million in trust funds and other cofinancing, mainly for project preparation and capacity development. Planned knowledge products and services as well as innovation, advanced technology, and pilot initiatives are listed in Appendix 4.

III. SUMMARY OF CHANGES TO LENDING AND NONLENDING PROGRAMS

5. The 2019–2021 program includes three sector development programs (SDPs) to support investments, and institutional and policy reforms in air transport, water supply, and agriculture, reflecting consultations with the government. The following changes were made to the 2019–2021 program at the government's request and based on the current level of project readiness:

- **Energy.** The Power Transmission and Distribution Efficiency Enhancement Project II was renamed South Asia Subregional Economic Cooperation Power Transmission and Distribution System Strengthening Project; the country COL allocation increased from \$90 million to \$100 million; and the amount to be requested from the regional COL pool reduced from \$60 million to \$50 million. The Dudh Koshi Hydropower Project was moved from firm 2020 to standby 2020 and firm 2021, the cofinancing amount revised from \$200 million to \$400 million.
- **Transport.** To support investment and reforms in air transport, the financing modality for the Tribhuvan International Airport was changed from multitranches financing facility (MFF) to SDP with an increase in financing from \$70 million to \$200 million. This program replaces the Tribhuvan International Airport Capacity Enhancement MFF and Tribhuvan International Airport Building Modernization Project. The South Asia Subregional Economic Cooperation Highway Improvement Project II is moved to firm 2019 from standby 2020, and a time-sliced MFF, South Asia Subregional Economic Cooperation East–West Highway Investment Program, was added as standby 2020 and firm 2021.
- **Water and other urban infrastructure and services.** The Third Small Towns Water Supply and Sanitation Project (Additional Financing) was advanced to 2018 as Urban Water Supply and Sanitation (Sector) Project for \$130 million. The Melamchi Water Supply Project (Phase 2) was moved from 2018 firm to 2019 firm, the country COL allocation increased from \$100 million to \$165 million, and cofinancing revised from \$65 million to \$11 million. The modality of the Second Kathmandu Valley Water Supply Improvement Project was changed to SDP, the country COL allocation increased from \$100 million to \$200 million, and cofinancing of \$50 million was dropped.
- **Agriculture, natural resources, and rural development.** The modality of the Targeted Value Chain Project was changed to SDP. The Priority River Basin Flood Risk Management Project was moved to 2020 firm from 2020 standby, with allocation of the 2019–2020 DRR Facility funds of \$20 million in COL and \$10 million in grants, and the country COL allocation fell from \$50 million to \$20 million. The country COL allocation for the Mechanized Irrigation Innovation Project increased from \$60 million to \$100 million.
- **Education.** The Skills Development Project II was moved from 2019 firm to 2020 firm based on readiness. The Strengthening Higher Engineering Education Project (\$70 million) was removed from the program because of differences in the conceptualization of the proposed institute and resource constraints.
- **TA program.** The 2019–2021 TA program was adjusted in line with the changes to the lending program.

COUNTRY ASSISTANCE RESULTS AREAS

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Available for Commitment in 2019–2021	Changes from Last COBP
1. Energy			
- Enhanced and reliable use of electricity - Increased cross-border energy trade	Large hydropower generation, renewable energy generation, electricity transmission and distribution, energy sector policy, institutional reforms	Amount: \$350 million from COL, \$350 million from regular OCR, and \$400 million in cofinancing Share of COBP envelope: 35.6%	(i) Power Transmission and Distribution Efficiency Enhancement Project II renamed SASEC Power Transmission and Distribution System Strengthening Project; country COL allocation increased from \$90 million to \$100 million, and regional set-aside decreased to \$50 million from \$60 million. (ii) Dudh Koshi Hydropower Project moved from firm 2020 to standby 2020 and firm 2021; cofinancing increased from \$200 million to \$400 million.
2. Transport			
Enhanced global–local connectivity	Air transport, road transport (nonurban), transport policies, institutional development	Amount: \$550 million from COL Share of COBP envelope: 27.9%	(iii) To support investment and reforms in air transport, the financing modality for the Tribhuvan International Airport changed from MFF to SDP, with increase in total financing from \$70 million to \$200 million. This program replaces the TIA Capacity Enhancement MFF and TIA Building Modernization Project. (iv) SASEC Highway Improvement Project II (previously SASEC Road Connectivity Program-MFF) moved to firm 2019 from standby 2020. (v) SASEC East West Highway Investment Program introduced as standby 2020 and firm 2021, with total MFF amount of \$400 million.
3. Water and Other Urban Infrastructure and Services			
Increased use of water supply and sanitation services	Urban water supply, urban sewerage and sanitation, urban policy, institutional and capacity development	Amount: \$365 million from COL and \$11 million in cofinancing Share of COBP envelope: 18.5%	(vi) 2018 Melamchi Water Supply Project (Phase 2) moved to 2019, COL increased from \$100 million to \$165 million, and cofinancing reduced from \$65 million to \$11 million. (vii) 2019 Third Small Towns Water Supply and Sanitation Project (AF) moved to 2018 approval as Urban Water Supply Sanitation Sector Project for \$130 million. (viii) Modality of proposed Second Kathmandu Valley Water Supply Improvement Project changed to SDP, COL increased from \$100 million to \$200 million, and previous

Key Country Development Outcomes that ADB Contributes to	ADB		
	Key Areas of Assistance	Indicative Resource Available for Commitment in 2019–2021	Changes from Last COBP
			cofinancing of \$50 million dropped.
4. Agriculture, Natural Resources, and Rural Development			
Increased agricultural production, productivity, and food security	Irrigation, drainage, and flood protection; water-based natural resource management; agriculture and rural sector development (rural infrastructure); capacity development	Amount: \$283 million from COL and \$70 million in cofinancing Share of COBP envelope: 14.4%	(ix) COL for Bagmati River Basin Improvement Project -AF increased from \$50 million to \$63 million. (x) Modality of previous Targeted Value Chain Development Project changed to SDP. (xi) Priority River Basin Flood Risk Management Project moved to 2020 firm from 2021 standby. (xii) Allocation for Mechanized Irrigation Innovation Project increased from \$60 million to \$100 million.
5. Education			
Increased educational attainment for both men and women, including socially excluded groups, and a better-skilled labor force	Technical and vocational education and training, secondary and upper secondary education	Amount: \$70 million from COL Share of COBP envelope: 3.6%	(xiii) Skills Development Project II moved to 2020 from 2019. (xiv) Strengthening Higher Engineering Education Project in 2020 dropped.

ADB = Asian Development Bank; AF = additional financing; COBP = country operations business plan; COL = concessional OCR lending; MFF = multitranchise financing facility; OCR = ordinary capital resources; SASEC = South Asia Subregional Economic Cooperation; SDP = sector development program; TIA = Tribhuvan International Airport.

Note: The indicative resources only include projects in the firm pipeline. Public sector management and industry and trade are not included in Appendix 1 since there are no projects in these sectors during 2019–2021.

Source: Asian Development Bank estimates.

INDICATIVE ASSISTANCE PIPELINE

Table A2.1: Lending Products, 2019–2021

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/ PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
2019 Firm												
Bagmati River Basin Improvement Project (AF)	ANR	GI	ESG, EGM, GCD, PAR	SAER	2017	73.0	0.0	63.0	0.0	63.0	10.0	0.0
SASEC Power Transmission and Distribution System Strengthening Project ^a	ENE	GI	IEG, ESG, EGM, PSD, GCD	SAEN	-	190.0	0.0	150.0	0.0	150.0	40.0	0.0
TIA Capacity Enhancement Sector Development Program (program: \$50 million–\$100 million; project: \$100 million–\$150 million) ^b	TRA	GI	IEG, RCI, GCD	SATC	-	220.0	0.0	200.0	0.0	200.0	20.0	0.0
SASEC Highway Improvement Project II ^c	TRA	GI	IEG, EGM, RCI	SATC	-	175.0	0.0	150.0	0.0	150.0	25.0	0.0
Melamchi Water Supply Project Phase 2 ^d	WUS	GI	ESG, GCD, KNS, PAR	SAUW	-	216.0	0.0	165.0	0.0	165.0	40.0	11.0
Total						874.0	0.0	728.0	0.0	728.0	135.0	11.0
2019 Standby												
Targeted Value Chain Sector Development Program (program: \$30 million; project: \$40 million) ^e	ANR	GI	IEG, ESG, EGM, GCD, PAR, PSD, PAR	SAER	2019	125.0	0.0	70.0	0.0	70.0	15.0	40.0
Skills Development Project	EDU	GI	IEG, GEN, GCD	SAHS	2019	85.0	0.0	70.0	0.0	70.0	15.0	0.0
Preparing Urban Transport Projects (PDF)	TRA	GI	ESG	SATC	-	10.0	0.0	10.0	0.0	10.0	0.0	0.0
Total						220.0	0.0	150.0	0.0	150.0	30.0	40.0

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/ PDA	Cost (\$ million)						
						Total	Regular OCR	ADB		Gov't	Co-finance	
								COL	ADF Grants			Total
2020 Firm												
Targeted Value Chain Sector Development Program (program: \$30 million; project: \$40 million) ^e	ANR	GI	IEG, ESG, EGM, GCD, PSD, PAR	SAER	2019	125.0	0.0	70.0	0.0	70.0	15.0	40.0
Priority River Basin Flood Risk Management Project ^f	ANR	GI	ESG, GCD	SAER	2019	65.0	0.0	40.0	10.0	50.0	15.0	0.0
Skills Development Project	EDU	GI	IEG, GEN, GCD	SAHS	2019	85.0	0.0	70.0	0.0	70.0	15.0	0.0
Second Kathmandu Valley Water Supply Improvement Sector Development Program (program: \$50 million; project: \$150 million)	WUS	GI	ESG, EGM, GCD, KNS, PAR	SAUW	2016	275.0	0.0	200.0	0.0	200.0	75.0	0.0
Total						550.0	0.0	380.0	10.0	390.0	120.0	40.0
2020 Standby												
Mechanized Irrigation Innovation Project ^g	ANR	GI	EGM, GCD, PAR	SAER	2019	150.0	0.0	100.0	0.0	100.0	20.0	30.0
Dudh Koshi Hydropower Project ^h	ENE	GI	IEG, ESG, RCI, PSD, PAR	SAEN	-	940.0	350.0	150.0	0.0	500.0	40.0	400.0
SASEC East-West Highway Investment Program (facility: \$400 million) (Tranche 1) ⁱ	TRA	GI	IEG, RCI, SGE, PSD, GCD	SATC	-	250.0	0.0	200.0	0.0	200.0	50.0	0.0
Total						1,340.0	350.0	450.0	0.0	800.0	110.0	430.0
2021 Firm												
Mechanized Irrigation Innovation Project ^g	ANR	GI	EGM, GCD, PAR	SAER	2019	150.0	0.0	100.0	0.0	100.0	20.0	30.0
Dudh Koshi Hydropower Project ^h	ENE	GI	IEG, ESG, RCI, PSD, PAR	SAEN	-	940.0	350.0	150.0	0.0	500.0	40.0	400.0
Hydroelectricity Financing Project	ENE	GI	IEG, ESG, PSD, GCD	SAPF	-	50.0	0.0	50.0	0.0	50.0	0.0	0.0
SASEC East West Highway Investment Program (Tranche 1) ⁱ	TRA	GI	IEG, RCI, EGM, PSD, GCD	SATC	-	250.0	0.0	200.0	0.0	200.0	50.0	0.0
Total						1,390.0	350.0	500.0	0.0	850.0	110.0	430.0

Project/Program Name	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/ PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
2021 Standby												
Nagmati Dam Development Project	ANR	GI	ESG, PSD	SAER	-	110.0	0.0	90.0	0.0	90.0	20.0	0.0
Urban Water Supply and Sanitation Project II	WUS	TI-G	IEG, ESG, EGM	SAUW	-	125.0	0.0	100.0	0.0	100.0	25.0	0.0
Total						235.0	0.0	190.0	0.0	190.0	45.0	0.0

ADB = Asian Development Bank; ADF = Asian Development Fund; AF = additional financing; ANR = agriculture, natural resources, and rural development; COL = concessional ordinary capital resources lending; DMC = developing member country; EDU = education; EGM = effective gender mainstreaming; ENE = energy; ESG = environmentally sustainable growth; GCD = governance and capacity development; GEN = gender equity; GI = general intervention; Gov't = government; IEG = inclusive economic growth; KNS = knowledge solutions; OCR = ordinary capital resources; OPEC = Organization of the Petroleum Exporting Countries; PAR = partnerships; PDA = project design advance; PDF = project development facility; PSD = private sector development; RCI = regional integration; SAEN = South Asia Energy Division; SAER = South Asia Environment, Natural Resources, and Agriculture Division; SAHS = South Asia Human and Social Development Division; SAPF = South Asia Public Management, Financial Sector, and Trade Division; SASEC = South Asia Subregional Economic Cooperation; SATC = South Asia Transport and Communications Division; SAUW = South Asia Urban Development and Water Division; SGE = some gender elements; TA = technical assistance; TIA = Tribhuvan International Airport; TI-G = targeted intervention—geographic dimensions of inclusive growth; TRA = transport; TRTA = transaction technical assistance; WUS = water supply and other urban infrastructure and services.

Note: ADB (Strategy, Policy, and Review Department). 2017. Transition Arrangements in 2017 for the Introduction of Commitments. Memorandum. 10 March (internal). The Nepal Resident Mission prepared the lending (nonlending) pipeline based on the expected year of signing. What was previously known as "TA loan" was renamed project development facility.

^a Includes \$50 million to be requested from regional set-aside.

^b Includes \$100 million to be requested from regional set-aside.

^c Includes \$50 million to be requested from regional set-aside.

^d Urban Climate Change Resilience Trust Fund identified as a possible cofinancing source.

^e International Fund for Agricultural Development identified as a possible cofinancier.

^f Includes a \$20 million loan and \$10 million grant from disaster risk reduction allocations.

^g OPEC Fund for International Development identified as a possible cofinancier.

^h Includes \$30 million to be requested from regional set-aside. Financing from regular OCR is proposed for high-revenue-earning projects that generate net foreign exchange earnings exceeding the foreign debt service, in accordance with ADB's Graduation Policy for DMCs (footnote 5 of the main text).

ⁱ Includes \$90 million to be requested from regional set-aside. The total multitranche financing facility amount is \$400 million.

^j Includes \$50 million to be requested from regional set-aside.

Source: Asian Development Bank.

Table A2.2: Nonlending Products and Services, 2019–2021

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2019								
Implementation Support for Bagmati River Improvement Project (supplementary-9337)	ANR	SAER	TRTA	TASF	500.0			500.0
Preparing Priority River Basin Flood Risk Management Project	ANR	SAER	TRTA	TASF	225.0			225.0
Preparing Mechanized Irrigation Innovation Project	ANR	SAER	TRTA	TASF	225.0			225.0
Support for Value Chain Development under the Nepal Agriculture Development Strategy	ANR	SAER	TRTA	TASF	500.0			500.0
Preparing Skills Development Project	EDU	SAHS	TRTA	TASF	500.0			500.0
Implementation Support for Power Transmission and Distribution Efficiency II (supplementary-9144)	ENE	SAEN	TRTA	TASF	500.0			500.0
Supporting Implementation of TIA Capacity Enhancement (attached)	TRA	SATC	TRTA	TASF	500.0			500.0
Implementation Support for SASEC Highway Improvement Project II (attached)	TRA	SATC	TRTA	TASF	500.0			500.0
Master Plan for Highway Connectivity	TRA	SATC	TRTA	TASF	1,000.0			1,000.0
Implementation Support for Kathmandu Valley Water Supply (supplementary-9171)	TRA	SAUW	TRTA	TASF	1,000.0			1,000.0
Portfolio Management and Capacity Development for Enhanced Portfolio Performance	MUL	NRM	TRTA	TASF	750.0			750.0
Total					6,200.0			6,200.0
2020								
Supporting Implementation of Targeted Value Chain Development Project (attached)	ANR	SAER	TRTA	TASF	500.0			500.0
Implementation Support for Priority River Basin Flood Risk Management Project (attached)	ANR	SAER	TRTA	TASF	500.0			500.0
Implementation Support for Skills Development Project (attached)	EDU	SAHS	TRTA	TASF	500.0			500.0
Preparing Supporting School Sector Development Plan II	EDU	SAHS	TRTA	TASF	500.0			500.0
Institutional Strengthening of Energy Sector	ENE	SAEN	TRTA	TASF	500.0			500.0
SASEC Trade Facilitation Program	IND	SARC	TRTA	TASF	500.0			500.0
Support for Economic Policy and Planning	PSM	NRM	KSTA	TASF	500.0			500.0
Urban Corridor Development	WUS	SAUW	KSTA	TASF	750.0	TBD	650.0	1,400
Total					4,250		650.0	4,900.0

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
2021								
Implementation Support for Mechanized Irrigation Innovation Project (attached)	ANR	SAER	TRTA	TASF	500.0			500.0
Capacity Building for Rural Road Sector	ANR	SAER	TRTA	TASF	1,000.0			1,000.0
Implementation Support for Dudh Koshi Hydropower Project (attached)	ENE	SAEN	TRTA	TASF	500.0			500.0
Implementation Support for Hydroelectricity Financing Project (attached)	ENE	SAPF	TRTA	TASF	300.0			300.0
Portfolio Management and Capacity Development for Enhanced Portfolio Performance (supplementary)	MUL	NRM	TRTA	TASF	500.0			500.0
Total					2,800.0			2,800.0

ADB = Asian Development Bank; ANR = agriculture, natural resources, and rural development; EDU = education; ENE = energy; IND = industry and trade; KSTA = knowledge and support technical assistance; MUL = multisector; NRM = Nepal Resident Mission; PSM = public sector management; SAEN = South Asia Energy Division; SAER = South Asia Environment, Natural Resources and Agriculture Division; SAHS = South Asia Human and Social Development Division; SARC = South Asia Regional Cooperation and Operations Coordination Division; SASEC = South Asia Subregional Economic Cooperation; SATC = South Asia Transport and Communications Division; SAUW = South Asia Urban Development and Water Division; TASF = Technical Assistance Special Fund; TBD = to be determined; TIA = Tribhuvan International Airport; TRA = transport; TRTA = transaction technical assistance; WUS = water and other urban infrastructure and services.

Note: ADB (Strategy, Policy, and Review Department). 2017. Transition Arrangements in 2017 for the Introduction of Commitments. Memorandum. 10 March (internal). The Nepal Resident Mission prepared the lending (nonlending) pipeline based on the expected year of signing.

Source: Asian Development Bank.

ASSISTANCE PROGRAM FOR CURRENT YEAR

Table A3.1: Lending Products, 2018

Project/Program Name ^a	Sector	Poverty Targeting	Strategic Agendas and Drivers of Change	Division	Year of TRTA/ PDA	Cost (\$ million)						
						Total	ADB			Gov't	Co-finance	
							Regular OCR	COL	ADF Grants			Total
Firm												
Rural Connectivity Improvement Project	ANR	GI	IEG, ESG, GCD, PSD, EGM	SAER	2015	139.0	0.0	103.3	0.0	103.3	35.7	0.0
Disaster Resilience of Schools Project ^b	EDU	GI	IEG, ESG, EGM, GCD, KNS, PAR	NRM	-	198.9	0.0	148.9	10.0	158.9	35.0	5.0
SASEC Power System Expansion Project - Additional Financing	ENE	GI	IEG, ESG, RCI, GCD	SAEN	-	20.0	0.0	20.0	0.0	20.0	0.0	0.0
SASEC Highway Improvement Project ^c	TRA	GI	IEG, RCI, EGM, GCD, PAR	SATC	-	264.0	0.0	180.0	0.0	180.0	84.0	0.0
Urban Water Supply and Sanitation (Sector) Project	WUS	TI-H	IEG, ESG, GEN, GCD, KNS, PAR	SAUW	-	178.5	0.0	130.0	0.0	130.0	48.5	0.0
Total						800.4	0.0	582.2	10.0	592.2	203.2	5.0

ADB = Asian Development Bank; ADF = Asian Development Fund; ANR = agriculture, natural resources, and rural development; COL = concessional OCR lending; EDU = education; ENE = energy; EGM = effective gender mainstreaming; ESG = environmentally sustainable growth; GCD = governance and capacity development; GEN = gender equity; GI = general intervention; Gov't = government; IEG = inclusive economic growth; KNS = knowledge solutions; NRM = Nepal Resident Mission, OCR = ordinary capital resources; PAR = partnerships; PDA = project design advance; PSD = private sector development; RCI = regional integration; SAEN = South Asia Energy Division; SAER = South Asia Environment, Natural Resources, and Agriculture Division; SASEC = South Asia Subregional Economic Cooperation; SATC = South Asia Transport and Communications Division; SAUW = South Asia Urban Development and Water Division; TI-H = targeted intervention—income poverty at household level; TRA = transport; TRTA = transaction technical assistance; WUS = water and other urban infrastructure and services.

Note: ADB (Strategy, Policy and Review Department). 2017. Transition Arrangements in 2017 for the Introduction of Commitments. Memorandum. 10 March (internal). The Nepal Resident Mission prepared the lending (nonlending) pipeline based on the expected year of signing. ADB approved additional resources of \$126.83 million from its savings pool to meet the financing requirements of three projects in the 2018 pipeline and additional finance for the ongoing SASEC Power System Expansion Project.

^a Given the provisional nature of the indicative lending program, the composition of the lending instruments actually delivered may change. Investment lending accounted for 84% of sovereign lending commitments in the 3-year period of 2015–2017, while results-based lending was 16%.

^b Includes \$20 million from COL and a \$10 million ADF grant from the Disaster Risk Reduction Facility. Cofinancing (grant) of \$5 million is from the Clean Energy Fund under the Clean Energy Financing Partnership Facility.

^c Includes \$60 million from regional set-aside. Cofinancing of \$15 million is being explored with South Asian Association for Regional Cooperation (SAARC) Development Fund, which, if approved, would reduce the contribution of the government from \$84.0 to \$69.0 million.

Source: Asian Development Bank.

Table A3.2: Nonlending Products and Services, 2018

Assistance Name	Sector	Division	Assistance Type	Sources of Funding				
				ADB		Others		Total (\$'000)
				Source	Amount (\$'000)	Source	Amount (\$'000)	
Institutional Strengthening of the Nepal Rural Road Sector	ANR	SAER	TRTA	TASF	1,000.0			1,000.0
Supporting Policies and Implementation in the School Sector	EDU	SAHS	TRTA			European Union and Norway	5,315.0	5,315.0
Power Transmission and Distribution Efficiency Enhancement Project	ENE	SAEN	TRTA	TASF	500.0			500.0
Institutional Strengthening of Road Safety and Gender Equality (attached)	TRA	SATC	TRTA	TASF	750.0			750.0
Second Kathmandu Valley Water Supply Improvement (supplementary)	WUS	SAUW	TRTA	TASF	450.0			450.0
Total					2,700.0		5,315.0	8,015.0

ADB = Asian Development Bank; ANR = agriculture, natural resources, and rural development; EDU = education; ENE = energy; SAEN = South Asia Energy Division; SAER = South Asia Environment, Natural Resources, and Agriculture Division; SAHS = South Asia Human and Social Development Division; SATC = South Asia Transport and Communications Division; SAUW = South Asia Urban Development and Water Division; TASF = Technical Assistance Special Fund; TRA = transport; TRTA = transaction technical assistance; WUS = water and other urban infrastructure and services.

Note: ADB (Strategy, Policy, and Review Department). 2017. Transition Arrangements in 2017 for the Introduction of Commitments. Memorandum. 10 March (internal). The Nepal Resident Mission prepared the lending (nonlending) pipeline based on the expected year of signing.

Source: Asian Development Bank.

INDICATIVE KNOWLEDGE PUBLICATIONS AND EVENTS

Table A4.1: Knowledge Publications and Events for 2019

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
2016 Purchasing Power Parity Update for Selected Economies in Asia and the Pacific	Capacity development, governance and PSM	Publication	ERCD	9238
Analysis of Government's Annual Budget Statement	Economics	Publication	SARD	Admin Core Budget (Staff)
Analysis of Monetary Policy	Economics	Publication	SARD	Admin Core Budget (Staff)
APEC-FRTI Advisory Group Meeting, 2019	Finance, RCI	Event	ERCD, APEC	
Asian Development Outlook Nepal chapter, Supplement, and Update 2019	Economics	Publication	ERCD	Admin Core Budget (Staff)
Asian Economic Integration Report 2019	Capacity development, finance, governance and PSM, industry and trade, RCI	Publication	ERCD	Admin Core Budget (Staff)
Basic Statistics 2019	Capacity development, economics, Governance and PSM	Publication	ERCD	Admin Core Budget (Staff)
BIMSTEC Master Plan for Transport Connectivity	RCI, transport	Publication	SARD	8009
Government 2019 Monetary Policy Analysis	Economics	Publication	SARD	Admin Core Budget (Staff)
Impact of Trade Facilitation in SASEC	Industry and trade, RCI	Publication	SARD	9231
Key Indicators for Asia and the Pacific 2019	Capacity development economics, governance and PSM	Publication	ERCD	9409
Launch and Dissemination of the Asian Economic Integration Report 2019	Capacity development, economics, finance, industry and trade, RCI	Event	ERCD	Admin Core Budget (Staff)
Macroeconomic Update with Issue focus (March and September Issue)	Economics	Publication	SARD	Admin Core Budget (Staff/Consultant)
Melamchi Tunnel: Transforming Kathmandu Valley	Urban development, water	Publication	SARD	Admin Core Budget (Staff)
Nepal: Diagnostic Study on Gender Equality and Social Inclusion	Gender	Publication	SARD	8311
Problem Analysis of Transmission Line Project Implementation	Energy	Publication	SARD	Admin Core Budget (Staff)
Regional Advisory Board Meeting	Capacity development	Event	ERCD	9238
Regional Technical Evaluation and Review Workshops	Capacity development	Event	ERCD	9238
Revision of Nepal National Building Code	DRM, education	Publication	SARD	8910
SASEC Sanitary and Phytosanitary Technical Barriers to Trade Regional Study	Industry and trade, RCI	Publication	SARD	9231
School Disaster Risk Management Plan	DRM, education	Publication	SARD	8910

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
South Asia Report The Social Protection Indicator: Assessing Results for Asia	RCI Social development and protection	Publication Publication	SARD SDCC	Admin Core Budget (Staff) 9534
Total number of publications = 19				
Total number of events = 4				

Admin = Administration; APEC = Asia-Pacific Economic Cooperation; BIMSTEC = Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation; DRM = disaster risk management; ERCD = Economic Research and Regional Cooperation Department; FRTI = Financial Regulators Training Initiative; PSM = public sector management; RCI = regional integration; SARD = South Asia Department; SASEC = South Asia Subregional Economic Cooperation; SDCC = Sustainable Development and Climate Change Department.

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development.

Source: Asian Development Bank (K-nexus as of 6 July 2018).

Table A4.2: Additional Knowledge Publications and Events Delivered in 2018

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Analysis of Government's Annual Budget Statement	Economics	Publication	SARD	Admin Core Budget (Staff)
Analysis of Monetary Policy	Economics	Publication	SARD	Admin Core Budget (Staff)
Asian Development Outlook 2018 Nepal Chapter, Update, and Supplement	Capacity development, economics, governance and PSM	Publication	ERCD	Admin Core Budget (Staff)
Asian Economic Integration Report 2018: Towards Optimal Provision of Regional Public Goods in Asia and the Pacific	Capacity development, finance, governance and PSM industry and trade, RCI	Publication	ERCD	Admin Core Budget (Staff)
Assessment of ADB's Distributed Renewable Energy and Mini-Grid Projects	Energy	Publication	SDCC	8953
Background paper on Bank Finance to PPP projects in Asia	Finance, Private sector, Public-Private Partnership	Publication	ERCD	Admin Core Budget (Staff)
Climate Action South Asia Information Update: Remote Sensing-GIS based Decision Support System for Climate Risk Screening in SARD	Climate change, DRM, environment	Publication	SARD	8572
Changes in Society Through Community Development Program	Urban development, water	Publication	SARD	Loan 2650
Construction Monitoring and Supervision Guidelines for School Construction	DRM, Education	Publication	SARD	8910
Cost Benefit Analysis of Voluntary Land Donation	Safeguards	Publication	SARD	Admin Core Budget (Staff)
Development Effectiveness Brief	Knowledge management	Publication	SARD	Admin Core Budget (Staff/Consultant)
Energy Technology Innovations in South Asia: Implications for Gender and Social Inclusion	Energy, environment	Publication	SARD	8311
Evidence Based Type Designs of Remote Schools Using Traditional Construction Techniques	DRM, education	Publication	SARD	8910
Evolution of the Economies of Selected DMCs: A Study Based on Input-Output Economic Analysis Framework- Part 2	Capacity development, economics, governance and PSM	Publication	ERCD	8838
Financing Urban Cluster Development in South Asia	Finance, urban development	Publication	SARD	7997
Fiscal Federalism in Nepal	Governance and PSM	Publication	SARD	7997
From Brain Drain to Brain Circulation and Linkage	Education, economics	Publication	SARD	7997
Gender-based research on trends in gender mainstreaming in ADB priority sectors	Gender	Publication	SARD, SDCC	Admin Core Budget (Staff)
Gender Equality & Social Inclusion Assessment of the Energy Sector: Enhancing Social Sustainability of Energy Development in Nepal	Energy, gender	Publication	SARD	8311

Title of Publication or Event	Subject	Type	Department or Sector Group or Thematic Group	Technical Assistance
Impact of Dam on Aquatic Biodiversity in the Rivers of Nepal	Agriculture and natural resources, environment	Publication	SARD	7997
Key Indicators for Asia and the Pacific 2018	Capacity development, economics, Governance and PSM	Publication	ERCD	Admin Core Budget (Staff)
Macroeconomic Update with Issue focus (March and September Issue)	Economics	Publication	SARD	Admin Core Budget (Staff/Consultant)
Multicriteria Based Index for Infrastructure Investment Decisions	Knowledge management	Publication	SARD	Admin Core Budget (Staff)
Next Steps to South Asian Economic Union		Publication	SARD	6512 & 7997
Project Closing Seminar: High Mountain Agribusiness and Livelihood Improvement Project	Agriculture and natural resources	Event	SARD	Grant 0248
Road Safety Guideline	Transport	Publication	SARD	Admin Core Budget (Staff)
SASEC Operational Plan Update	RCI	Publication	SARD	9231
Smart Grid Road Map for Nepal	Energy	Publication	SARD	9144
Study Findings of Land Valuation Methodology Assessment	Safeguards	Publication	SARD	Admin Core Budget (Staff)
Tariff Appraisal Study: Balancing Sustainability and Efficiency with Inclusive Access	Energy	Publication	SARD	8311
The Economic Effects of Participating in Global Value Chains: Country and Sector Level	Capacity development, economics, governance and PSM	Publication	ERCD	8779
Toolkits on disaster risk financing	Finance	Publication	SDCC	Admin Core Budget (Staff)
Updating and Enhancement of the BIMSTEC Transport and Logistics Study Final Report	Transport	Publication	SARD	7997
Use of ICT in Improving Teaching and Learning	Education	Publication	SDCC	7997
Total number of publications = 33				
Total number of events = 1				

ADB = Asian Development Bank, Admin = administration, BIMSTEC = Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, DMC = developing member country, DRM = disaster risk management, ERCD = Economic Research and Regional Cooperation Department, GIS = geographic information system, ICT = information and communication technology, PPP = public-private partnership, PSM = public sector management, RCI = regional integration, SARD = South Asia Department, SASEC = South Asia Subregional Economic Cooperation, SDCC = Sustainable Development and Climate Change Department.

Note: "Publications" may include databases, multimedia, and other forms of documentation. "Events" may include event organization and training or capacity development. The table includes additional knowledge publications and events delivered outside the list of indicative knowledge publications and events included in the 2017 country operations business plan.

Source: Asian Development Bank (K-nexus as of 6 July 2018).

Table A4.3: Innovation, Advanced Technology, and Pilot Initiatives to be Implemented in 2019

Item	Nature	Project Number	Sector or Theme	Division
Use of smart grids and smart meters and associated communications systems are being pursued under Power Transmission and Distribution Efficiency Enhancement Project	TCH	—	ENE	SAEN
Sensory control automated data acquisition will be used in the wastewater treatment plants and transmission mains in Kathmandu Valley	TCH	—	WUS	SAUW

Total number of innovation, advanced technology, and pilot initiatives = 2

ENE = energy, SAEN = South Asia Energy Division, SAUW = South Asia Urban Development and Water Division; TCH = advanced technology; WUS = water and other urban infrastructure and services.

Source: Asian Development Bank.