

**Nepal-India Regional Trade and Transport Project**  
**(IDA Credit 5273-NP and IDA Grant H863-NP)**  
**Implementation Review and Support Mission**  
**July 29-August 4, 2016**  
*Aide-Memoire*

**I. INTRODUCTION**

1. A World Bank Group (WBG) team<sup>1</sup> led by Ms. Diep Nguyen-van Houtte (Senior Transport Specialist, Task Team Leader) held an implementation review and support mission for the Nepal-India Regional Trade and Transport Project (NIRTTP, the Project) during the period of July 29-August 4, 2016. The overall mission objectives were to: (i) assess and review implementation progress of all components/activities including procurement and disbursement; (ii) discuss and agree on remedial actions to improve implementation progress in order to meet the Project schedule and overall development objectives; and, (iii) assess the progress of preparation activities for the proposed Additional Financing.

2. The WBG team greatly appreciates the cooperation and courtesies extended by the Government of Nepal (GoN) during the mission. The team would like to thank the officials of the Ministry of Commerce (MoC), the Ministry of Physical Infrastructure and Transport (MoPIT), the Ministry of Agriculture Development (MoAD), the Ministry of Finance (MoF) and all the officials from various other agencies as listed in Annex 1. The mission held discussions regarding the implementation of the NIRTTP to review progress of all project components and to update the Project implementation plan.

3. This Aide Memoire (AM) summarizes the discussions, which were discussed at a wrap-up meeting chaired by the Joint-Secretary of the Ministry of Finance, Dr. Baikuntha Aryal, on August 4, 2016 at his office. Officials from implementation agencies including MoC, MoF, MoAD, MoPIT, DoC, DoR, DoTM, NITDB, TEPC, as well as staff from the Project Coordination Office (PCO) participated in the meeting.

4. As agreed at the wrap up meeting, this AM will be classified as a public document in accordance with the World Bank's Access to Information Policy.

**II. Key Project Data**

Project Data	Project Performance Ratings		
Board Approval: June 28, 2013 Effectiveness Date: September 10, 2013 Original Closing Date: December 31, 2019 MTR Date: October 1, 2016 (planned) Original Cr/Gr. Amt: US\$99 million Total Amount Disbursed As of July31, 2016: US\$18.96.0 million (19.92%)	Summary Ratings:	Last	Now
	Achievement of PDO:	MS	MS
	Implementation Progress:	MS	MS
	Project Management	MU	MU
	Procurement:	MS	MU
	Financial Management:	MS	MS
	Safeguards:	S	MS
	M&E:	MS	MS
	Counterpart Funding:	S	S

**HS**=Highly Satisfactory; **S**=Satisfactory; **MS**= Moderately Satisfactory; **MU**= Moderately Unsatisfactory; **U**=Unsatisfactory; **HU**=Highly Unsatisfactory; **NA**=Not Applicable; **NR**=Not Rated

<sup>1</sup>The team comprised: Diep Nguyen-van Houtte (Sr. Transport Specialist/Task Leader), Deepak Shrestha (Sr. Transport Specialist, co-Task Leader), Purushottam Ojha (Trade Facilitation Consultant), Ramesh Siva (Lead Information Officer), Gerard McLinden (Lead Trade Facilitation/Customs Specialist), Leanne Farrell (Environmental Specialist), Prakash Awasthi (Environmental consultant), Jun Zeng (Sr. Social Development Specialist), Hari Prasad Bhattarai (Social Specialist, Consultant), K. R Pandey (Engineer, Consultant), Surendra Joshi (Engineer, Consultant), Yogesh Bom Malla (Financial Management Specialist), Pradeep Kumar Shrestha (Financial Management Consultant), Shambhu Uprety (Sr. Procurement Specialist), and Sailja Shrestha (Team Assistant).

### III. PROJECT DEVELOPMENT OBJECTIVE

5. The Project Development Objective (PDO) is to decrease transport time and logistics costs for bilateral trade between Nepal and India and transit trade along the Kathmandu-Kolkata corridor for the benefit of traders by reducing key infrastructure bottlenecks in Nepal and by supporting the adoption of modern approaches to border management. The Project components are: (i) Modernize transport and transit arrangements between Nepal and India; (ii) Strengthen Trade-Related Institutional Capacity in Nepal, including the development of Nepal National Single Window (NSW) and Nepal Trade Portal (NTP) and improvement of Trade-Related Laboratories; and (iii) Improve Select Trade-Related Infrastructure, which entails expanding and upgrading the Narayanghat-Mugling (N-M) road section, building a Container Freight Station or Inland Container Depot (ICD) in Kathmandu, and upgrading the ICDs at Birgunj and Bhairahawa.

6. Progress towards meeting the Project Development Objectives (PDO) is maintained as **“Moderately Satisfactory”**. Although there is about a one year delay in implementation, recent progress on key activities is encouraging which is expected to contribute to the timely achievement of the PDO.

### IV. CURRENT IMPLEMENTATION STATUS

7. The overall Implementation Progress is maintained at **“Moderately Satisfactory”** based on the Team’s assessment of current implementation performance. While overall disbursement performance is not satisfactory with only USD18.96 million disbursed as of July 31, 2016 against the target of USD61,0 million, this was heavily impacted by the slowdown in implementation affected by April/May 2015 devastating earthquake and long trade blockade impacting in fuel supply last year. The following table shows the component wise breakdown of project costs and corresponding implementing agencies.

Project Components	Cost in USD Millions	Responsible Implementing Agencies
Component A: Modernize Transport and Transit Arrangements between Nepal and India	9.00	MoC, IFC, DoTM
Component B: Strengthen Trade-Related Institutional Capacity in Nepal	23.00	MoC, MoAD, DoC, TEPC
Component C: Improve Select Trade-Related Infrastructure	69.00	MoC, MoPIT, DoR, NITDB

8. **Component A1: Technical Assistance (TA) to Modernize Bilateral and Regional Transit Regime:** The objective of this component is to improve the efficiency of the systems to manage and control the movement of bilateral trade between Nepal and India and Nepal’s third country trade transiting through India, mainly through the provision of international experts with specific expertise to provide on demand advice/technical assistance to strengthen Nepal’s capacity to negotiate international trade treaties, strengthen and monitor corridor operations and supply chain and logistics frameworks/performance and promote exports by providing global knowledge and best practices, helping to update treaties and agreements. However, to date, MoC/PCO have hired only one international consultant for a transit trade study and has mainly proposed training programs and study tours for MoC officials that the Bank team feels will only have limited impact at best, especially with the frequent rotation of officials in GoN and particularly MoC. After multiple discussions in the past, the MoC and PCO has resubmitted three year capacity development package consisting of 38 programs (26 training programs and 12 international and national advisory services) for a proposed total budget of US\$ 2.00 million as against the originally allocated budget of US\$ 4.5 million. The WB team has reviewed this proposal and has agreed to some while not agreeing to others. The WB team plans to hold discussions during the Mid-Term Review to re-allocate remaining funds to other components where there are needs.

9. **Component A2: Electronic Data Interchange between Nepal and India.** The key activity in this component is to automate/computerize the Customs Transit Document (CTD), including the harmonization of the Unique Identifier / Importer-Exporter (IE) code to be used by both the Indian and Nepali systems. A local IT firm was hired in late 2015 to develop the software necessary to support the IE code and the system is now on testing. Once implemented, attention will focus on registering traders and then on working with Indian Customs to automate the data sharing process. Based on the current schedule, it is anticipated that the system will be fully ready for operations by **November 2016** eliminating the need for multiple signatures and the transmission of paper-based documents between Kolkata and Birgunj. It was also noted that (a) two way CTD automation and operationalization of the system require bilateral agreements between Nepal and India under the current transit treaty and Railway Service Agreement, and (b) it has also been discussed in the recent IGC meeting to initiate the preliminary steps required on this issue.

10. **Component A3: Support to the Road Transport Regulatory Authority.** The support activities to the Department of Transport Management (DoTM) consist of consultancy services and works for managing axle load control and road safety from a transport management perspective. The mission noted that the awaited Technical Adviser has joined the office and after stakeholder consultation the reports on study on axle load control and road transport safety have been completed and final reports submitted. Based on the recommendation of reports, DoTM has assigned sub-committees to finalize the guidelines and activities to be implemented by it. First workshop of sub-committees was organized in July 2016. Procurement of mobile axle load measurement units has been awarded and expected to be delivered by mid-August 2016. Once the mobile axle load control units are received, DoTM plans to implement the random check on axle loads at major roads and highways to regulate the axle load control. The necessary vehicle for such random check will be either taken from the PCU or hired for the specific purpose. Considering this to be a regular ongoing job, the Bank team agreed that DoTM should purchase a pickup from Project funds for which the necessary approvals shall be processed. Consulting services for survey of bus routes for the Mid-Western and Far Western regions have been procured and an inception report has been received. Further bus route survey for Eastern, Central, and Western region shall be continued.

11. The review team noted that the MoPIT has already formed a high level coordination body under the Secretary, MoPIT for coordination of DoTM activities for the web based Road Accident Information Management System (RAIMS) and fixed axle load control along Birgunj Kathmandu corridor. A Draft Memorandum of Understanding (MOU) among the implementing stakeholders for RAIMS has been prepared and needs to be signed. Once the MOU is signed, DoTM plans to procure a contract for development and implementation of the RAIMS along the Birgunj Kathmandu corridor and Kathmandu valley.

12. Based on the study report recommendations, DoTM has preliminarily identified two possible places where the proposed fixed axle load control stations could be developed. It needs further review for finalization of location, survey, environmental and social screening, land acquisition, and design for procuring the works and installation contract. A study for a Vehicle Fitness Testing Centre at Kathmandu has been initiated with the Project's support, with an objective to operate it to help reduce the environmental pollution and the accidents related to the vehicle fitness. Relevant needed activities may be undertaken based on the recommendation of this study. It is also noted that DoTM intends to build VFTC in seven regions and is looking for technical support for planning such centers. The team agrees for such technical support and requested that DoTM share the Terms of Reference (ToR) for review. In addition, DoTM has also continued to prepare the road transport safety awareness materials and has disseminated to the public through media. Considering that drivers are the major cause of road accidents, the team agreed to DoTM's proposal of installing continuous TV displays of road safety audio/video materials in all the DoTM offices where drivers are visiting in large numbers. Since this activity is within the shopping method threshold, the Bank team agreed that it could be added to the Procurement Plan under the Shopping method. As per the present review, the activities agreed with DoTM are in paragraph 36 under Agreed Actions.

13. **Component B1 –Nepal National Single Window and Trade Information Portal (NNSW/TIP).** During the mission, meetings were held with the Director General of Customs and the Customs Project Management Unit/sub-PCO for the Project. The NNSW Bid Document was submitted to the Bank for review on July 27, 2016. The Bank team conducted a preliminary technical review of the documents and

have concluded that the NSW Bid Document in its present form was technically not acceptable due to the drastic change in scope and procurement packaging. The number of agencies to be covered in the procurement had been reduced drastically and the procurement would only cover partially agencies in Phase 1 rather than all three phases as originally designed and consulted over two years with stakeholders of the National Single Window Working Group. The cost estimate has been significantly reduced. During the meeting with the Director General of Customs and other DoC officials, the Bank's concerns were discussed and the following principles were agreed to move the process forward:

- The scope of the bid document will cover all 31 principal agencies covered in the original and agreed design that has been consulted with the stakeholders in the National Single Window Working Group.
- The implementation will be structured in three phases. There will be a requirement in contractual terms to indicate a need for a formal "Notice to Proceed" after successful piloting in all 14 agencies specified for the first phase, for the contractor to begin the implementation/rollout to Phase 2 and 3 agencies. The bid document including the payment schedule needs to be updated to reflect this arrangement.

The World Bank and Department of Customs agreed that at a minimum, 14 agencies<sup>2</sup> be included in Phase 1 of the implementation. It was agreed that the NSW Technical Team with the support of SGS would update the NSW Bid Document as soon as possible and re-submit it to the Bank for review and No Objection.

14. The mission was informed that the NSW and NTIP Implementation Quality Assurance and Advisory Services Consultant had not been paid since November 2015. This issue was resolved during the mission. Further details are discussed in para 30 (Procurement). Going forward, it is recommended that DoC and TEPC together with PCU closely monitor the Consultant's work schedule and agree on the proposed indicative work plan regularly, at least on a monthly basis. The mission stressed that the work plan is a planning document and must be flexible enough to accommodate changes as circumstances and workload requirements change.

15. **Component B1: Nepal Trade Information Portal (NTIP).** The mission met with the Executive Director and Deputy Director of Trade Export Promotion Center, National Project Team members and the QA/support consultants, to discuss progress on implementation of the Nepal Trade Information Portal. The mission was advised that progress since the last supervision mission in January 2016 has been significant with approximately 80% of all required data now collected and progressively being translated and loaded into the system. The National Project Team also advised that TEPC has taken a formal decision to host the NTIP in a Cloud environment and had recently signed a hosting agreement with Cyberia Pty Ltd, which will reduce the need to procure expensive infrastructure and is expected to lower long-term support and maintenance costs. The mission was also able to attend a short presentation of the system where its format and structure were explained and key features were demonstrated.

16. Further to earlier discussions during the last review mission, the Bank team was able to clarify the scope and content of several additional features desired by TEPC to better meet its mandate, including market research and analytical support tools associated with its market surveillance and export promotion responsibilities. While sympathetic to TEPC's requirements and willing to accommodate the required system development costs using NIRTTP funds, it expressed its preference for the additional functionality to be added without significant changes to the World Bank's TIP software toolkit's core programming. It was agreed that the new applications would be developed separately but would be linked to the TIP in such

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<sup>2</sup>Department of Customs; Inland Revenue Department; Department of Food Quality and Control; Plant Protection Directorate; Department of Livestock Services; Department of Drug Administration; Alternative Energy Promotion Centre; ; Department of Industry; Department of Electricity Development; ; Department of Transport Management; Trade and Export Promotion Centre; Nepal Rastra Bank; COO Issuing Authority (FNCCI); and Commercial Banks.

a way as they would appear to users as part of one single system. The mission informed the TEPC Team that several enhancements had recently been made to the World Bank's software toolkit to improve its presentation and ease of use.<sup>3</sup> Given the scope and user value of the enhancements included in Version 2 and the fact that the NTIP is still under development, the mission recommended that consideration be given to migrating from Version 1 to Version 2 prior to the launch of the system. The National Project Team agreed to undertake the migration work in August 2016 with support to be provided by Cyberia Pty. Ltd. The proposed migration is not expected to have a major impact on system implementation timelines. As such, *NTIP is still expected to be formally launched in September 2016*, in line with the agreed implementation schedule. However, if issues arise with the migration of Version 2, the option exists to revert to the existing Version 1. The mission also informed the National Project Team that it was necessary to finalize and sign a Memorandum of Understanding with the World Bank Group prior to the formal launch of the NTIP. The MoU will serve to confirm TPEC's agreement to the Terms and Conditions set out in the World Bank's software licensing agreement.

17. To ensure all potential users are aware of the NTIP's features, the mission made a number of recommendations to the National Project Team on the launch and promotion process. These included the desirability of obtaining strong press coverage, the need to conduct a series of additional launch events in regional centers and the preparation of short information and promotion brochures. The mission also advised TEPC that the World Bank intended to prepare a short video on the NTIP which could be used at the various launch events and at other potential promotion opportunities. The National Project Team accepted the mission's recommendations and agreed to work closely with the Bank's local Communication Specialist to maximize opportunities to promote the NTIP amongst its potential user community.

18. **Component B2 – Improvement of Trade-Related Laboratories.** The mission visited the Harihar Bhawan site of the Ministry of Agriculture's Plant Protection Directorate to view the site for the proposed joint SPS Laboratory and Kathmandu Valley Regional Plant Protection and plant quarantine Laboratory facilities. In accordance with earlier commitments, it was agreed that the Project would finance construction and equipment of the new purpose built joint laboratory building. The joint laboratory will be constructed on the former site of the old laboratory building, which was damaged beyond repair by the earthquake. Demolition work on the former laboratory building, financed by the government budget, was completed in May/June 2016. The proposed new building will consist of multi-stories each housing one of the laboratories, together with appropriate administrative offices. The mission noted that work on the preparation of a Master Plan and detailed design/drawings for the joint SPS/Regional Plant Protection Laboratory has been delayed and now needs to be progressed promptly to ensure construction of the new building can be completed during the Project's remaining implementation timeframe. The mission was advised that draft ToRs for the design work have already been prepared but cannot be finalized until the specific recommendations of the SPS Consultant are finalized and incorporated into the ToRs. *The REOI and ToR were received by the team for No Objection on August 11, 2016 after consultation with the Sanitary and Phytosanitary (SPS) Specialist.* The Bank team understands the SPS Specialist examined the feasibility of establishing a second plant quarantine laboratory at Kirtipur in Kathmandu but did not recommend this option. As such, the mission advised that reference to the second facility at Kirtipur be removed from the design ToRs. The mission also reiterated earlier advice on the need to ensure the design work includes adequate attention to environmental and social safeguards.

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<sup>3</sup> Version 2 of the toolkit includes a range of new features including: enhanced capacity to view the TIP more easily on mobile and tablet devices; plug-ins to take advantage of social media (Facebook, Twitter, e-mail); enhanced graphic facilities, including slideshows and greater choice of fonts to facilitate increased local customization; changes in data structures to allow for the inclusion of trade in services requirements as well as trade in goods; inclusion of "metawords" that can be applied to any page that assist users to find content by context, even if specific words do not appear in the text; product lists applicable to commodities (e.g. pharmaceuticals, drugs, etc.), product names (Asprin, Toyota etc.) to allow users to find a commodity even though it may not appear in the HS description; and enhanced capacity to use the TIP to conduct user surveys.

19. During the mission, the World Bank team also met with the Secretary, Ministry of Agricultural Development, to provide a briefing on the overall scope and content of Component B2 and specifically to discuss the recommendations of the World Bank's SPS Specialist. In particular, the mission reported that the Specialist had identified the possibility of co-locating the Department of Food Technology and Quality Control (DFTQC) laboratory with Customs laboratories at Birgunj and Bhairahawa ICDs/border crossings in order to reduce the time spent by traders obtaining test results, to maximize the use of available space, and potentially, to achieve more efficient use of some common laboratory equipment and staff resources. Depending on the success or otherwise of the co-located facilities at Birgunj and Bhairahawa, the mission noted that there was also potential to include at a later date the laboratories maintained by the Plant Quarantine Agencies.

20. During the meeting, the mission stressed that the Director General of Customs confirmed DoC's interest in pursuing the proposed co-located laboratory facility at Bhairahawa and Birgunj, but that there appeared to be some reluctance on the part of DFTQC and Quarantine officials to participate in such a co-located facility. Given the clear benefits to the trading community that could be realized by the proposed co-located facilities, the mission urged the Secretary to consider the World Bank consultant's recommendations and to initiate discussions with Department of Customs to co-locate laboratories at Birgunj ICD and Bhairahawa ICD, where sufficient space was available already, or could be made available with modest refurbishment work. While highlighting the critical importance of food safety issues in Nepal and its need to fully comply with international standards, the Secretary confirmed his support for the proposed co-location of Ministry of Agricultural Development laboratory facilities with the existing Customs laboratories. He advised that he had already discussed the issue with the Secretary of Revenue, Ministry of Finance, and had clearly conveyed the Ministry's willingness to co-locate facilities. In addition, he also agreed to nominate senior officials from the DFTQC and the Plant Protection Directorate to start work on the practical aspects of the arrangement in Birgunj and Bhairahawa.

21. It was agreed that a team of officials from Customs, the DFTQC and the Plant Protection Directorate would travel to the two Inland Clearance/ Container Depot (ICD) sites in the near future to initiate action on the co-location plan and would also focus attention on procedural reforms that would ensure enhanced inter-agency cooperation and deliver trade facilitation benefits to the trading community. The mission noted that Project funds could finance any direct costs associated with co-location including undertaking site visits, preparation of the sites and the costs associated with transporting necessary equipment. *It was agreed that visits would be undertaken to Birgunj and Bhairahawa during August 2016 to prepare for the co-location of laboratory facilities and that implementation would commence as soon as the required space has been prepared.*

22. **Component B3 – PCO and NTTEFC Strengthening.** Project Management continues to be *Moderately Unsatisfactory*. The Bank team recommends that MoC review the performance of PCO staff and consultants and make changes as required to speed up project implementation. The Bank team recommends that *additional more senior procurement as well as project management support* be recruited as early as possible to speed up the project implementation.

23. **Component C1 – Narayanghat-Mugling Road Improvement Works and Studies for Birgunj – Kathmandu Corridor.** The three contracts for the improvement of N-M road are on track. Even though the mobilization of contractors was greatly affected by the earthquake of April/May 2015 and the recent fuel crisis which ended on February 9, 2016, the Contractors' efforts for starting the works have been commendable. Overall, average physical progress is about 24% against the targeted 30%. The second milestone of 50% physical progress is planned to be achieved by December, 2016. The Bank team urged the Contractors and DoR to prepare detailed plans to facilitate the meeting of the second milestone. DoR agreed to facilitate and follow-up for the utilities shifting works, especially the electric poles and water supply pipelines such that it will not later hamper the progress of works. The detailed designs for the four of 18 bridges along N-M road are completed and works can be financed through variations in the existing three contracts for the road. As for the remaining 14 bridges, it is planned that they will be constructed through two to three design-build contracts. It is anticipated that one of these can be financed out of

available funds allocated to the component. The second might be financed through either additional financing or reallocations from other components. This will be determined when the contracting is nearing completion. The team noted that all the three contracts are extended for about 130 days to make up for the loss caused by the earthquake and the fuel crisis.

24. **K-N-M Road and Proposed Additional Financing.** The Bank team reviewed the draft findings of the feasibility study for the K-N-M road improvement works with the Consultant and DoR team. The full report will be shared with the Bank by the end of **August 2016**. On the basis of the feasibility report, DoR will decide on alignment options with the Consultant by mid-September, 2016. The draft designs and bidding documents are expected by end-January, 2017, and ESIA by February, 2017. MoF has requested for Additional Financing of USD150 Million via its letter dated April 5, 2016 for implementation of improvement works at K-N-M road. The Team informed during the mission that satisfactory implementation of ongoing operation is important before the request for additional financing can be reviewed and considered.

25. **Component C2. Development of Inland Container/Clearance Depot (ICD) in Kathmandu.** The land title for the site at the former Himal Cement Factory in Chovar has been transferred to MoC. Dismantling works were to be completed by April 2015 by the contractor hired by NIDC Bank<sup>4</sup> but are only partially completed. NITDB/MoC has issued a public notice to the contractor to complete dismantling works by August 11, 2016, or NITDB/MoC will take over the site and commence dismantling works through a different contractor. The Bank team requested that NITDB already prepare draft plans for the seizure of the site and dismantling works and **send to the Bank by August 20, 2016**. The existing demolition contractor has submitted a commitment letter in the office of NITDB that the demolition will be completed within next three months with necessary EHS safeguards plan. NITDB is processing with the request letter and has prepared an Alternate Plan assuming that the MoC accepts the existing contractor's request for Extension of Time.

26. The Consultant hired to conduct detailed survey and designs, safeguards studies and bidding documents has turned in a very poor quality survey, master plan, preliminary design, and feasibility study. The Consultant's team lacks the Team Leader and key personal to manage the study as required by the TOR. It was agreed that the Consultant would engage a qualified and experienced Team leader and key persons and submit revised versions by **August, 2016**. The Bank team discussed with NITDB to make plans to hire a new consultant for detailed design review and supervision. The mission also discussed with the Secretary, MoC and Executive Director of NITDB the need to strengthen the NITDB's capacity in managing the planned ICD at Kathmandu. The mission strongly recommended that a senior civil/infrastructure engineer be appointed as project manager for the ICD at Kathmandu. The possibility of hiring a new senior person and or requesting deputation of a senior engineer from Department of Roads, was also recommended. The person or persons must have civil engineering and project management skills necessary for the task and should start work immediately. The mission noted that a similar arrangement was used in the past to develop other ICDs. NITDB is considering another option of appointing a dedicated civil engineer to support the works.

27. **Component C3. Improvement of Bhairahawa ICD:** The works at this ICD are completed, and the mission conducted a field visit to verify completion. Overall, the works are satisfactory but the mission pointed to a few spots that needed correction during the one-year defect liability period (DLP). The defects are mainly local pavement depression which will be redone immediately after the rainy season with proper compaction and consideration of drainage issues, if any.

28. **Improvement of Birgunj ICD Shed:** The contract for this work was signed in September, 2015 and the actual start date was November 15, 2015 with slight delays due to disturbances in the Birgunj area. The Contractor has completed about 10% of works. **The scheduled completion date is November, 2016.**

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<sup>4</sup> Government-owned bank under MoF.

29. **Railway track improvement at Birgunj:** It was discussed during the mission that the better alternative to removing the unused track is to cement over the ballast to allow the railways tracks to continue to be used when needed or in the longer-term when plans change, but to level the ballast area with the surrounding pavement to also allow truck movement as needed to facilitate the loading/unloading process. The Bank recommends that *NITDB procure through Direct Contracting a consultant to provide the design for the cement/pavement works, and NITDB to initiate procurement by August 20, 2016*. NITDB in consultation with PCO and local consultants is to finalize the ToR, REoI and cost estimate for supervision of works and will proceed with the process of hiring consult services as per appropriate selection method.

30. **Results Monitoring and Evaluation (M&E).** Monitoring data on project progress are provided. The mission informed that collection of data for some indicators of the project results framework is delayed. *The PCO is reminded to send consolidated progress reports on the Project Implementation Plan to the Bank every two months going forward, and to begin reporting on the Project Results Framework indicators (Annex 2) by November, 2016*. Rating for Monitoring and Evaluation (M&E) is thus maintained at “Moderately Satisfactory”.

31. **Procurement Management.** Procurement of major works like Narayanghat – Mugling road (DoR), Bhairahawa ICD, Birgunj ICD shed, supervision consultants for NM road and ICDs’ consultants for studies under DoTM, Quality Assurance services (DoC), Sustainability study, ESIA for KNM road, and design consultants for the CFS/ ICD in Kathmandu have been completed. The Bhairahawa ICD pavement works has been completed and is now under the Defects Liability Period (DLP) period. In the last mission, it was agreed to initiate the bidding process for the design and implementation of National Single Window (NSW) at DoC which is the core activity of the Project contributing to PDO achievement. However, despite several discussions and support from the Bank on packaging and preparation of bidding documents, the bidding process has not yet been initiated. DoC took significant time to consider all the modalities of procurement such as whether to use a turnkey solution as originally designed over two years of consultation or splitting the development into multiple procurements. The Consultant working for the DoC had not been paid since last November 2015. The matter has now been resolved following the mission. Such a hesitation in fulfilling contractual obligations may compromise the entire procurement management system in DoC and may not give a good message to the market for future procurement. Due to this substantial delay and overall procurement performance, the procurement rating has been downgraded to “*Moderately Unsatisfactory*”.

32. If the two stage bidding process is started for NSW development by September, 2016, the review team, in principle, has agreed that the DoC could hire additional individual technical and procurement consultants to provide support in the procurement process. This should be included in the procurement plan and the ToR needs to be reviewed and cleared by the Bank. Similarly, in order to avoid delays in PCO and expedite the procurement process for timely implementation of Project activities like Customs/SPS Laboratories, CFS/ICD Kathmandu, NSW, Railway at Birgunj, the review team has also advised the PCU to hire additional senior procurement/ technical consultants to support the PCO in planning, preparing REoIs, ToRs, bid documents and in evaluating bids and proposals.

33. **Financial Management and Disbursement:** Based on the assessment, the FM performance rating is retained as “*Moderately Satisfactory*” and government counterpart funding as “Satisfactory”. However, it is noted that the expenditures for year FY 2015/16 for both the PCOs at MoC (13.56%) and DoR (35.15%) is very low compared to budget allocations. This is reported to be mainly due to delay in procurement and implementation of planned activities resulting from earthquake and fuel crisis. An amount of US\$ 3.03 million has been disbursed under IDA Grant H863 (10.29% of allocation) and US\$ 15.93 million has been disbursed under IDA Credit 5273 (23.92% of allocation). The reimbursable expenditures under MoC and DoR PCOs to be transferred to Government treasury is NPR 72.58 million and NPR 155.27 million, respectively. Details of the financial assessment for MoC/ PCO and DoR PCO is provided in Annex 3. The Agreed Actions under financial management include:

- i. Submission of third trimester IPRs of FY 2015/16 (MoC and DoR PCO) by **August 31, 2016**.
- ii. Submission of unaudited project accounts of FY2015/16 (MoC and DoR PCO) by **October 15, 2016**.
- iii. Settlement of retention claims and excess contract payments by **August 31, 2016**.

34. **Environmental Safeguards.** The performance rating for Environmental Safeguards during the review period is rated at **“Moderately Satisfactory”**. An intermittent Environmental specialist has been appointed by PCO and started to support the team in reviewing the ongoing design and implementation of ICD works at Birgunj and Kathmandu. Consultants for the ESIA for K-N-M road and Sustainability study has been also appointed by the DoR. Key environmental issues are mainly regular review, monitor, and support to the respective teams by the Environmental specialist and various regular actions to be taken up by the DoR under N-M road works. Details of each activity and actions agreed are provided in Annex 4.

35. **Social Safeguards.** The social safeguard performance during the review period is also rated as **“Moderately Satisfactory”**. An intermittent Social Safeguard specialist has been appointed under PCO and started to support the team in reviewing the ongoing design works of ICD at Kathmandu. Consultants for the ESIA for K-N-M road improvement has been also appointed by the DoR. Key social issues are mainly in the preparation of social screening and scoping of the proposed ICD works at Kathmandu and relocation of about 20 households at N-M road. The details for each activities and actions agreed are provided in Annex 4.

36. Agreed actions for various components with the concerned implementing agencies, agreed dates for completion and status are presented in the Annex 5. The **next mission will be the Mid-Term Review** mission which is planned for **November, 2016**.

## **List of Annexes**

1. Annex 1: List of Persons Met
2. Annex 2: Project Results Framework
3. Annex 3: Financial Management Details
4. Annex 4: Environmental and Social Safeguards
5. Annex 5: Actions Agreed

## **Annex 1. List of People Met**

### **Ministry of Commerce (MoC)**

1. Mr. Naindra Prasad Upadhaya, Secretary
2. Mr. Rabi Shankar Sainju, Joint Secretary and NIRTTP Project Director
3. Mr. Yogendra Prasad Pandeya, Under-Secretary/Project Coordinator
4. Mr. Bhuwan Prasad Acharya , Under-Secretary (Accounts)
5. Mr. Chandra Kishor Mishra, Procurement Specialist
6. Mr. Murari Prasad Gautam Upadhya, International Trade Development Adviser
7. Mr. Himal Thapa, Trade Facilitation Adviser
8. Mr. Ishwari Prasad Ghimire, Executive Director, Nepal Trade & Export Promotion Centre
9. Mr. Surendra Nath Gongal, Deputy Director, Nepal Trade & Export Promotion Centre
10. Mr. Laxman Bahadur Basnet, Executive Director, NITDB
11. Mr. Chandra Kumar Subedi, Technical Adviser, NITDB
12. Mr. Rabindra Pokharel, Engineer, NITDB
13. Mr. Hare Krishna Mishra, Procurement Chief, Engineer NITDB
14. Ms. Gita Adhikari, Social Safeguard Specialist
15. Mr. Rikesh Chitrakar, Environmental Safeguard Specialist

### **Ministry of Finance**

16. Dr. Baikuntha Aryal, Joint Secretary
17. Mr. Tek Bahadur Khatri, Under-Secretary, Transport
18. Mr. Prem Upadhyay, Under-Secretary, Trade

### **Department of Customs**

19. Mr. Shishir Kumar Dhungana, Director General
20. Mr. Shree Krishna Nepal, Deputy Director General
21. Ms. Nitu Bharati, IT Director and Project Coordinator

### **Ministry of Physical Infrastructure and Transport (MoPIT)**

22. Mr. Arjun Kumar Karki, Secretary
23. Mr. Sanjaya Kumar Shrestha, Deputy Director General, DoR
24. Mr. Rupak Rajbhandari, Sr. Divisional Engineer, DoR
25. Mr. Chandra Narayan Yadav, Project Manager, N-M Road, DoR
26. Mr. Rajan Shrestha, Environmental specialist, GESU, DoR
27. Ms. Rama Shrestha, Social specialist, GESU, DoR
28. Mr. Chandra Man Shrestha, Director General, DoTM
29. Mr. Govinda Kharel, Technical Director, DoTM
30. Mr. Padma Bahadur Shahi, Technical Adviser, DoTM

### **Ministry of Agricultural Development**

31. Mr. Uttam K. Bhattarai, Secretary
32. Mr. Lekha Nath Acharya, Joint Secretary, Food Security, Agribusiness Promotion and Environmental Division
33. Dr. Matina Joshi Vaidya, Deputy Director General, DFTQC
34. Dr. Suroj Pokhrel, Joint Secretary, Policy and Foreign Aid Cooperation Coordination Division
35. Dr. Pradyumna Raj Pandey, Sr. Agriculture Economist, MoAD
36. Mr. Dilli Ram Sharma, Director, Plan Protection Directorate, Department of Agriculture

**Annex 2: Results Framework and Monitoring**  
**South Asia: Nepal-India Regional Trade and Transport Project**

**Project Development Objective**

The proposed Project Development Objective is to decrease transport time and logistics costs for bilateral trade between Nepal and India and transit trade along the Kathmandu-Kolkata Corridor for the benefit of traders by reducing key infrastructure bottlenecks in Nepal and by supporting the adoption of modern approaches to border management.

**Project Development Objective Indicators**

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
				2014	2015	2016	2017	2018	2019-End Target			
Time associated with meeting regulatory requirements for import, export and transit activities(days)	No	Days	14	14	14	12	9	8	7	Annual	DoC	PCO/MoCS
Border Crossing time at Raxaul-Birgunj border post.	No	Days	2.3	2.3	2.3	2.3	1.5	1.5	1.5	Semi-annual	Customized Corridor Monitoring System and survey data	NITDB
Total time between cargo offloading at Kolkata to arrive in Birgunj by road and rail, and Birgunj to Kathmandu for trucks	No	Days	Road: 10 Rail: 22	Road: 10 Rail: 22	Road: 10 Rail: 22	Road: 9.0 Rail: 20	Road: 9.0 Rail: 20	Road: 8.0 Rail: 17.6	Road: 8.0 Rail: 17.6	Semi-annual	Customized Corridor Monitoring System and survey data	NITDB

### Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values						Frequency	Data Source/ Methodology	Responsibility for Data Collection
				2014	2015	2016	2017	2018	2019 - End Target			
<b>Component 1: Modernize transport and transit arrangements between Nepal and India</b>												
Percentage of transit goods cleared through electronic CTD	No	%	0	0	0	20	40	50	100	Semi-annual	Nepal Customs and Indian Customs	DoC
<b>Component 2: Strengthen Trade-Related Institutional Capacity in Nepal</b>												
Growth in Hit Rate for Trade Portal	No	%	0	0	0	Base Year	20	30	40	Semi-annual	Website statistics	MoCS (through TEPC)
Agencies Integrated into Single Window	No	Number	0	0	0	2	3	4	5	Semi-annual	Project Implementation Progress and Supervision reports	DoC
Labs Developed or Improved and Operational	No	Number	0	0	0	1	1	1	1	Semi-annual	Project Implementation Progress and Bank Site Supervision reports	MoCS
<b>Component 3: Improve Trade-Related Infrastructure</b>												
Km of Road Improved	Yes	Km	0	0	0	33	33	33	33	Semi-annual	Supervision Consultant and Bank Site Supervision reports	DoR
ICDs/CFSs Built or Improved	No	Number	0	0	1	2	2	3	3	Semi-annual	Supervision Consultant and Bank Site Supervision reports	NITDB

### **Annex 3: Financial Management Details**

**MoC/ PCO:** The budget of NPR 1,063.36 million is approved for FY2016/17. The review team noted that the Government counterpart fund is sufficient. The expenditures of NPR 157.32 million (13.56% of budget allocation) were incurred in FY2015/16. Main reasons for very low utilization of available budget were (i) delay in mobilization of the Birgunj ICD Shed works due to recent fuel crisis and Bandhas at Birgunj border, and (ii) delay in procurement and implementation of National Single Window, and ICD, Kathmandu which are the major activities.

On sample basis, SOE review was carried out. It was noted that retention amount of NPR 9.79 million was claimed before its payment to the contractors. Further, it was noted that in case of payment of one contractor by NITDB, excess payment was made. It was noted that all SOE related records and documents are properly maintained except payees' signatures for some of the payments and recording of some of the goods purchased in the last month of fiscal year. The books of accounts and ledgers are maintained up-to-date. The team suggested to rectify the issues raised in the SOE reviews at the earliest and notify IDA. The internal audit of FY2015/16 has been completed. There are no pending trimester Implementation Progress Reports and audit reports. The auditor provided unqualified audit opinion to its audit report of FY2014/15.

**DoR PCO:** The budget of NPR 1,787.26 million is approved for FY2016/17. The review team noted that the Government counterpart fund is sufficient. The expenditures of about NPR 746.89 million (35.15% of budget allocation) were incurred in FY2015/16. Main reasons for low utilization of available budget were noted to be due to Earthquake and recent fuel crisis for almost five months.

On sample basis, SOE review was carried out. It was noted that retention amount of NPR 22.85 million was claimed before its payment to the contractors. It was also noted that all SOE related records and documents are properly maintained and the books of accounts and ledgers are maintained up-to-date. The internal audit of FY2015/16 has not yet been conducted. There are no pending trimester IPRs and audit reports. The auditor provided unqualified audit opinion to its audit report of FY2014/15 and it had raised minor issues in its management letter.

**Disbursements:** An amount of US\$ 3.03 million has been disbursed under IDA Grant H863 (10.29% of allocation) and US\$ 15.93 million has been disbursed under IDA Credit 5273 (23.92% of allocation). The reimbursable expenditures under MoC and DoR PCOs to be transferred to Government treasury is NPR 72.58 million and NPR 155.27 million, respectively.

### Annex 3: Environmental and Social Safeguards

**Environmental Safeguards.** The performance rating for Environmental Safeguards during the review period are rated at “*Moderately Satisfactory*”, as per the details below,

- **MoC PCO Intermittent Environmental Specialist (Consultant):** Since the last mission, the PCO has finally brought on board the long-awaited intermittent environmental safeguards consultant to support all activities with environmental safeguards implications under the Project except those under implementation by DoR. The Consultant has conducted some field supervision of EMP compliance at Birgunj and Bhairahawa ICD sites, and has also monitored demolition activities at the Kathmandu trade laboratory site and Chovar ICD site. Moving forward, such regular monitoring of physical works activities should continue, and in addition all consultant TORs and reports with environmental aspects – including for construction supervision of the ongoing ICD subprojects, as well as preparatory studies for all remaining subprojects falling under Components A and B of the project – should be reviewed first by the PCO’s environmental consultant, and necessary inputs provided prior to being finalized and submitted to the Bank. The environmental consultant should also be more proactive in following up with the CSC for the ICD works, to raise findings and observations and to ensure that the CSC oversees correction of issues and reports on progress in subsequent monthly monitoring reports. In addition, the mission requested the environmental specialist consultant to work with the Kathmandu ICD consulting team to urgently develop an acceptable demolition plan for the Chovar site.
- **Component B2: Trade related laboratories:** Development of the master plan and detailed designs for the new joint SPS/Regional Plant Protection laboratory in Kathmandu needs to include environmental screening, assessment and development of an EMP as per the project’s ESMF. The PCO’s Environmental Consultant shall provide support to the Ministry of Agriculture as necessary to ensure such requirements are reflected in the TORs under development currently, *due to be submitted to the Bank by August 11, 2016.*
- **Component A3: Axle load control weighbridge stations:** Development and operation of the two fixed axle load control stations proposed by DoTM may entail minor environmental impacts. The proposed locations shall be screened by the MoC Environmental Consultant, to identify potential impacts and ensure that the TORs for their detailed designs include all necessary further assessment, stakeholder consultations and development of EMPs to minimize or mitigate potential negative impacts.
- **Component C2: Kathmandu ICD:** The draft feasibility study and master plan for the Kathmandu ICD and IEV was received from NITDB and reviewed by the Bank in advance of the mission, but was found to be completely inadequate from the environmental perspective. The report was supposed to include an Environmental and Social Screening and Scoping Report, and findings and recommendations of that report should have been reflected in the master plan, yet this has not been done. In addition, the consultants have not developed a demolition plan for clearance of the site and appropriate disposal of the former cement factory installations, which is also required as part of the environmental screening and scoping report. Agreed actions include:
  - i. The site demolition plan – including all appropriate EHS measures as per national and World Bank standards and requirements – shall be developed by the ICD consulting team together with the PCO’s Environmental Specialist consultant, and shared with the Bank by NITDB, by *August 20, 2016.*
  - ii. The draft environmental and social screening and scoping report for the ICD and IEV shall be submitted by *end-August, 2016.*

- iii. The revised draft feasibility study and master plan for the ICD and IEV (including the environmental and social screening and scoping report) shall be submitted by *end-August, 2016*.
- **Component C3: Environmental management of Bhairahawa ICD upgrading works:** During the mission’s site visit to the Bhairahawa ICD, environmental aspects were noted to be generally satisfactory. While pavement works are now complete, it was noted by the PCO Environmental Consultant that an oil/grease separator should be provided at the site’s drainage discharge point. Discharge currently passes through only a minimal grate and into the “no man’s land” directly outside the perimeter fence. Site drainage would ideally also be connected to the public drainage system; however, it was discussed and agreed that this was beyond the scope of the pavement works, and shall be taken up as part of the ICD expansion project currently in the planning stage. The mission also took note that the ICD does not have adequate EHS and emergency management plans and systems for ongoing operations, although this also goes beyond the scope of EMP implementation for the pavement upgrading activities supported by the project. Nonetheless, as part of any future investments in the ICD, support for developing such systems, addressing site drainage and waste management deficiencies and building institutional capacity for effective ongoing EHS management of the facility should be included.
- **Component C3: Birgunj ICD:** While works are now underway, evidence of appropriate compliance with the subproject’s EMP is still not sufficient. The CSC has not been carrying out adequate ongoing monitoring of EMP compliance and following up on noted shortfalls by the contractor, including those mentioned above. The last CSC monthly report noted only that EMP compliance was satisfactory, without providing any details or photo evidence, and providing some conflicting information (for example on whether PPE is being appropriately used by workers). Refer to Annex 3 for more details as well as agreed actions. The PCO’s intermittent environmental specialist noted that, although works are now underway, the contractor still has not prepared a site-specific Environmental Management Action Plan (EMAP) or appointed an EHS officer, which are supposed to be mobilization-stage requirements. Quarry sites for supply of aggregates and sand also have not been verified to be in compliance with applicable national environmental requirements, even though this issue was raised 6 months ago during the last supervision mission. The mission stressed that environmental monitoring by the CSC needs to improve moving forward, and if the contractor continues to fall short in complying with their EMP requirements, penalties should be considered. Detailed agreed actions include:
  - i. CSC to immediately request submittal of site-specific EMAP and appointment of EHS officer by the contractor by August 15, 2016.
  - ii. CSC to confirm with contractor that all quarry sites to be used for Birgunj ICD works have obtained adequate environmental clearances by end-August, 2016.
  - iii. MoC PCO’s Environmental Specialist Consultant to start reviewing all CSC monthly monitoring reports prior to their submittal to the Bank.
- **Component C 1: Narayanghat-Mugling Road upgrading:** Since the last mission, the Bank conducted an interim field visit in May 2016, including review of environmental management aspects. At that time, environmental management systems were noted to be generally functional, but a number of issues were highlighted for follow-up. Since then, site-specific management plans for communications, OHS, spoils and waste management, labor camp management, dust management and control, afforestation, and other aspects have been developed. Tree cutting is nearly complete, afforestation sites are beginning to get underway under the direction of the DFO, and issues with the construction of one of the wildlife underpasses –which was mistakenly paved and converted into a drain – have reportedly been rectified. The Grievance Management System seems to be generally working. Nonetheless, as the works become more complex and significant, systems for construction EHS management also need further improvements. Most notably, since the start of the monsoon, landslides in active work zones have been frequent, and are associated with a number of injuries and even a few

fatalities of road users. This is a serious issue requiring urgent redoubling of attention by contractors, the CSC and DoR. Close attention also continues to be required on traffic management and communications (especially around road closures – both scheduled and unscheduled), dust management, waste and spoils management, and labor camp management (including particular workers in temporary facilities – who reportedly constitute around half of the total workforce). The Bank’s observations include:

- i. The Environmental Safeguard Status Report as of July 2016 indicates that the contractors have submitted various site specific plans. Nonetheless this should be further elaborated with information such as who, where and when each report was submitted and what is the current status of the plan (e.g., under review, comments received, approved and under implementation, etc.). The details of each plan should then be incorporated into site monitoring checklists of the contractors and CSC Environmental Inspector for ongoing compliance monitoring.
- ii. Contractors need to urgently appoint environmental inspectors / officers who will ensure ongoing implementation and reporting on site-specific EHS plans, as well as ongoing training and awareness raising of EHS requirements pertaining to the workforce.
- iii. Given the significant ongoing challenges of landslides in the active work zones, geo-hazard mapping of high risk areas and detailed site-specific planning for slope stabilization (including bioengineering as well as traditional engineering works) needs to be routinely carried out, and measures implemented in a timely manner.
- iv. All incidents involving injuries or deaths in work zones need to be subject to root cause analysis, in order to identify possible measures to prevent or minimize the chances of further such incidents. This should be led by contractors, discussed in weekly meetings with the CSC, and also reported and discussed with DoR in monthly meetings.
- v. With respect to worker health and safety, provision of personal protective equipment (PPE) should be based on regular job hazard analyses of the types of jobs being carried out at site. Monitoring reports should also reflect this. For example, rather than stating simply the number of boots or earplugs or eye protection gear available for workers, the monitoring reports shall indicate how many such items are required at site for that month, based on total mobilized workforce and the types of activities they are performing. Monitoring reports should also indicate how many workers are using their required gear, and suggest measures for further awareness raising or incentive schemes to improve worker compliance.
- vi. It was reported that additional trees may need to be cut for shifting of electric poles. This issue requires immediate attention of DoR. If possible, the proposed realignment of the electric poles should be adjusted to avoid or minimize cutting of additional trees. However, if such cutting is necessary, DoR needs to expedite the approvals process with the forest department after assessing the ground reality.
- vii. Reports provided to the mission indicate that the detailed relocation and interfacing plan for the Devghat water supply system still needs to be developed jointly by the Slice 1 and 2 contractors (as this system falls under both slices). This should be addressed on a priority basis.
- viii. The current status of relocating the temporary labor camp at Chainage 21+300 Kerabari is unclear. The latest updates need to be provided as soon as possible.
- ix. The critical assessment report of the outfalls from the culverts at Chainage Ch: 13+887, 14+387, 17+485, 20+680, 21+050 are yet to be received. These need to be assessed as soon as possible, and appropriate measures taken to address drainage issues.
- x. Detailed plans for site restoration, reforestation, fencing and habitat enhancement works around the wildlife underpasses are in progress, in close coordination with the DFOs and with the collaboration of WWF. The project needs to be vigilant about maintaining the implementation schedule for these works, so that wildlife can start using the underpasses even while construction on other road stretches continues.

- xi. It is suggested to provide photographs with dates as part of the environmental compliance monitoring reports to verify the ground reality.
- Agreed actions for DoR include:
  - i. DoR to submit the next environmental quarterly monitoring report to the Bank, providing updated status of EMP compliance and including especially the status and measures taken on all issues discussed during the mission, by *end-October, 2016*.
  - ii. DoR to prepare the hazard risk map for the N-M road and initiate process for investigation and design necessary measures for high risk landslides by *end-August 2016*.
  - iii. DoR to share the bioengineering and slope protections works plan for N-M road by *end-August, 2016*.
- **Kathmandu-Naubise-Mugling Road and Bridges:** The ESIA consultants for K-N-M road and bridges mobilized in June, following various delays, and delivered an inception report just before the mission. The mission provided comments and emphasized the need for them to focus urgently on the alternatives analysis of the various upgrading options being considered by the feasibility-design consultants, to ensure that environmental and social issues are adequately reflected in the final decision on scope of upgrading. The draft versions of the ESIA and RAP shall be completed for first disclosure by *January 2017*.
- **Environmental and social screening, assessment and planning for upgrading of N-M road bridges:** The mission provided comments to DoR-GESU on the environmental and social screenings for three bridges, and IEE-ToR for one bridge, along N-M road which will require new construction. DoR will update the screening reports and complete the IEE for the 4 bridges by *end-August 2016*.
- **Birgunj-Kathmandu Corridor Sustainability Study:** The consultants are now on board and have just mobilized. The mission oriented them to their assignment.

### Social Safeguards

The social safeguard performance during the review period is rated as “*Moderately Satisfactory*”, as per the details below:

- **Component C1 – NM Road Upgrade:** The implementation status of social safeguard actions agreed during the last mission were reviewed. The RAP (distribution of compensation for damaged structures, distribution displacement allowance, and distribution of rental stipend assistance, trade disturbance assistance, and livelihood support allowance) has been implemented satisfactorily and achieved 100% of specified targets. However, it is not clear whether similar livelihood support and allowance were provided to 10 affected households identified in the Additional RAP. It is suggested that the quarterly progress report include a section on how these households utilized the assistance and support allowance to increase their household income. Twenty Project-affected households are still occupying and residing within the RoW of N-M road even after they received cash compensation for damaged structure, displacement allowance, rental stipend, trade disturbance assistance, and livelihood support allowance. During the last mission, DoR agreed to submit a road map to support relocation of the 20 HHs outside the RoW by end-February, 2016 but this has not been received. DoR agreed to send this plan as soon as possible. It was reported that Local Consultative Forum (LCF) have been formed in all project affected VDCs to facilitate the resettlement activities of the Project and ensure that each affected household is informed of the Project activities and entitlements. It was reported that the LCF meet regularly, at least once a month or as per the requirement. The Bank team discussed that monthly

meetings should be recorded and key decisions included in quarterly reports. DoR will prepare a road map to support relocation of the 20 HHs outside the RoW by *end-October, 2016*.

- **Component C2 – CFS/ICD in Kathmandu:** The Consultant has shared a draft Master Plan --Survey, Environmental Study and Detailed Design of Kathmandu CFS. The Consultant has not conducted social screening and scoping on the CFS/ICD as required by the ToRs (or International Exhibition Venue, IEV which was requested by MoC to be included in the same contract). The Bank team discussed with NITDB and the Consultant that social safeguards screening and scoping analysis, with clear documentation of adequate consultations at multiple levels and with multiple methodologies, shall then be incorporated in the Master Plan as well as in the ToR for the subsequent SIA and Communication Plan for Community Engagement. It is agreed that the Consultant shall carry out the social safeguards screening and scoping exercise by *August 15, 2016* and will revise the draft feasibility study and master plan for the ICD and IEV accordingly and submit by *August 31, 2016*. NITDB staff needs to review these carefully before submitting to the Bank for review.
- **Component C3 – Birgunj and Bhairahawa ICD Improvement:** No social issues were reported and discussed.

## Annex 5: Actions Agreed

<b>Responsible Agency</b>	<b><u>Components</u></b>	<b>Agreed date for completion</b>	<b>Status</b>
<b><u>MoC/PCO</u></b>	B2: organize field visits with Customs, DFTQC and Plant Quarantine stakeholder agencies to Bhairahawa and Birgunj to plan the implementation of the co-located laboratories.	August, 2016	
	B3: initiate hiring process of a Senior Procurement Specialist consultant	end-August, 2016	
	B3: initiate re-hiring process of NTMs Expert.	As soon as possible	
	C3: Environmental Specialist Consultant to conduct screening, review and ensure adequacy of all design ToRs and construction bid documents with respect to necessary environmental assessment and management aspects for axle load weighbridge stations and trade laboratories, prior to their finalization.	As required	
<b><u>DoC/PCO</u></b>	B1: formally send revised bid documents for NSW development to the World Bank for review	August 11, 2016	Submitted draft bid
	B1: initiate procurement of NSW development services	September, 2016	
<b><u>DoTM</u></b>	A3: start conducting axle load check activities in the major highways and roads using mobile axle load measurement units	end-August, 2016	
	A3: identify the land and conduct a survey and design for the fixed axle load control stations with required environmental and social assessments	end-Sep.2016	
	A3: complete the MoU and initiate the process for procuring services for Developing a web-based Road Accident Information Management System (RAIMS)	end-August 2016	
	A3: prepare the ToRs and initiate the REOI for the Survey of bus routes in Eastern, Central, and Western regions.	end-August 2016	
	A3: finalize the study and list of recommended activities that are required to operate and use the VFTC at Kathmandu	end-August 2016	
	A3: prepare and share the ToR for the technical support in planning and designing the VFTC in 7 regions	end-August 2016	
	A3: procure and implement the plan to display through LCD TV screens road safety audio/ video materials at all offices of DoTM	Sep.2016	
<b><u>TEPC</u></b>	B1: ensure launch of TIP	Sep. 2016	

	B1: Working with the PCO, TEPC to submit to the Bank for review a Capacity Development Plan for market research and supply chain development activities.	As soon as possible	
<b><u>NITDB/ PCO</u></b>	C2: prepare site demolition plan – incl. all appropriate EHS measures – for Kathmandu ICD and to subsequently monitor its implementation at site	August 20, 2016,	draft prepared
	C2: submit revised draft feasibility study and master plan for the ICD and IEV (including the environmental and social screening and scoping report) to the Bank	end-August, 2016	
	C2: initiate the procurement of consulting services for the design review and supervision of ICD, Kathmandu works	end-August 2016	
	C2: finalize the border crossing survey report	end-Sep. 2016	
	C3: initiate procurement of consulting services for survey and design of railway track improvement (ballast less) works at Birgunj	August 20, 2016	draft ToR prepared
	C3: proceed with the development of the CMEDMS <b>immediately</b> utilizing a modular and iterative approach as discussed.	immediately	draft ToR prepared
	C3: NITDB, with support of the CSC, to ensure that the contractor for Birgunj ICD immediately submit site-specific EMAP and appoint EHS officer	end-August, 2016	
	C3: NITDB, with support from CSC, to confirm with Birgunj contractor that all quarry sites to be used for Birgunj ICD works have obtained adequate environmental clearances	end-August, 2016	
	<b><u>DoR</u></b>	C1: submit the draft feasibility study report for the KNM road improvement works and report on Road Safety Audit of the Birgunj- Kathmandu Corridor	end-August 2016
C1: ensure that consultants for the ESIA study of KNM road complete the draft assessment for first disclosure		end-Feb. 2017	
C1: ensure that consultants for the Birgunj-Kathmandu Corridor Sustainability Study complete and submit their inception report		mid-September, 2016	
C1: submit the technical design report for 4 bridges within N-M road, revise the Environmental/Social Screening for three bridges as per comments provided by the Bank, and complete the IEE for one bridge		end-August, 2016	
C1: submit the technical concept design report and Environmental/Social screening reports for the remaining 14 bridges within N-M road		September, 2016	
C1: prepare and Submit the Bid documents for the 14 bridges under N-M road considering design and build		September, 2016	

	C1: submit the next environmental & social quarterly monitoring reports to the Bank	end-Oct. 2016	
	C1: prepare a hazard risk map for the N-M road and initiate the process for investigation and design necessary measures for high risk landslides by	end-August 2016	
	C1: share bioengineering and slope protections works plan and design/ sketches for N-M road	end-August, 2016	submitted

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