



Government of Nepal

**DFID** Department for  
International  
Development

**SAMPLE COPY OF SUB - AGREEMENT**

**BETWEEN**

**THE DEPARTMENT OF LOCAL INFRASTRUCTURE  
DEVELOPMENT AND AGRICULTURAL ROADS,**

**TECHNICAL ASSISTANCE MANAGEMENT TEAM  
OF THE  
RURAL ACCESS PROGRAMME PHASE-2  
(RAP)**

**AND**

**THE DISTRICT DEVELOPMENT COMMITTEE  
OF  
..... DISTRICT**

**CONCERNING**

**IMPLEMENTATION  
OF THE  
SUPPLEMENTARY INFRASTRUCTURES AND ROAD  
MAINTENANCE OF RURAL ACCESS PROGRAMME**

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This Sub-agreement describes the arrangements for the implementation of the Rural Access Programme Phase-2 in ..... District.

### 1. PREAMBLE

- 1.1 Whereas, Government of Nepal (hereinafter referred to as GoN) and the Government of the United Kingdom of Great Britain and Northern Ireland, acting through the Department for International Development (DFID) have entered into a Bilateral Agreement (hereinafter referred to as the Bilateral Agreement”) to implement the Rural Access Programme Phase-2 (RAP).
- 1.2 Whereas, the Bilateral Agreement was formalised by exchange of letters between GoN and HMGUK. The Agreement came into operation on 1 August 2008 and the period for disbursement of the Grant expires on 31 July 2011.
- 1.3 Whereas, the UK’s Department for International Development (DFID) with the completion of Rural Access Programme Phase-1 has continued its assistance to support rural poverty reduction endeavours of GoN through implementation of the proposed programme in seven hill districts of Nepal.
- 1.4 Whereas, a key feature of the Rural Access Programme Phase2 is to undertake a series of collaborative initiatives with other donors working in the rural transport sub-sector. The purpose being to promote common approaches and to build upon synergies of collaboration in order to have greater impact on alleviating poverty and securing sustainable rural livelihoods for poor and disadvantaged people. The specific implementation arrangements will of necessity vary in each district where the programme will operate.
- 1.5 Whereas, the Programme Coordinator of the Rural Access Programme from the Department of Local Infrastructure Development and Agricultural Roads, Ministry of Local Development on behalf of GoN and the RAP Technical Assistance Team on behalf of DFID and the District Development Committee of the participating district of ..... (hereinafter referred to as the DDC) have agreed to act as the collaborating partners to implement the programme as per the implementation arrangements proposed in the Nepal Rural Access Programme Phase-2, Programme Memorandum.
- 1.6 Now, therefore, the DoLIDAR, RAP and the .... DDC have agreed as follows:

## **2. PRECEDENCE**

- 2.1 This is a Sub-agreement to the Bilateral Agreement. The Nepal Rural Access Programme Phase-2 Programme Memorandum dated March 2008 takes precedence over this Sub-agreement in case of any possible conflict or ambiguity.

## **3. GOAL, PURPOSE AND OBJECTIVES**

- 3.1 The majority of people in the remote areas of Nepal are poor by any classification. The access problems they face are clearly linked to poverty, and include both physical and non-physical barriers of social disadvantage and exclusion. The innovative feature of RAP Phase2 is to extend access facilities to the hinterlands from district headquarters beyond the RAP Phase1 works that better rural access requires more than just new transport infrastructure. It will focus on a series of additional activities designed to allow poor people to take advantage of the new livelihoods opportunities created. In addition, RAP Phase-2 activity components include support to implement supplementary infrastructures and a programme of district road maintenance for roads constructed during RAP Phase-1 period.
- 3.2 The goal of RAP Phase-2 is to promote “more secure and sustainable rural livelihoods for the poor and disadvantaged in hill areas in Nepal”.
- 3.3 The purpose of RAP Phase-2 is to improve connectivity of rural communities, enhanced economic and employment opportunities, and increased access to market and social services for the rural poor and disadvantaged.
- 3.4 The main objectives of RAP will be:
- To continue implement the ‘transport plus’ approach in rural road construction, which are Social and Economic Development Programme and Income Generating Activities;
  - To implement supplementary infrastructure - improvement of village trails, construction of short span trail bridges, reconstruction and rehabilitation of small irrigation schemes, construction of market and community buildings and construction and rehabilitation of primary schools, sub health posts and water supply and sanitation schemes within the road corridor zone of influence; and
  - To establish road maintenance system in DDCs introducing routine, recurrent and emergency maintenance programmes in RAP Phase1 district roads on co-financing.

## **4. SUMMARY OF PROGRAMME ACTIVITIES**

- 4.1 The key infrastructure under the programme includes:
- Construction of 365km of district roads;
  - Construction and rehabilitation of supplementary infrastructure such as social and market facilities, school infrastructure, micro-irrigation, link trails, trail bridges and rural water supply and sanitation;
  - Maintenance of the RAP Phase-1 district road within the seven programme districts; and
  - Maintenance of the supplementary infrastructure by User Committees or Village Development Committees
- 4.2 The activities that will be undertaken by the Programme at District level are as follows:
- Support the DDC to institutionalise rural road maintenance system
  - Support the DDC provide financial assistance to construct and manage the supplementary infrastructures – village trails, short span trail bridges, small irrigation schemes, market

and community buildings, primary schools, sub health posts and water supply and sanitation schemes

- Provide technical back stopping and financial assistance to the DDC for the implementation of supplementary infrastructure and RAP Phase1 road maintenance based on the agreed implementation.

The specific activities to be undertaken for the implementation of supplementary infrastructures and RAP Phase-1 district road maintenance at District level under this Sub-agreement are described in **Annex A**.

## **5. PROGRAMME AND IMPLEMENTATION ARRANGEMENTS**

5.1 The RAP Phase-2 Programme Memorandum describes the Programme Appraisal and the implementation arrangements, and contains annexes that provide detailed appraisals of the programme. The annexes are as follows:

1. Economic
2. Technical
3. Social
4. Institutional
5. Environmental
6. Livelihoods
7. Selection criteria for RAP Phase-2 Roads and
8. Selection criteria for RAP Phase-2 supplementary infrastructure

5.2 The programme has three components:

- Improve physical access – i) Physical access improved by district road construction complemented by a programme of district-wide trails and pedestrian bridges. The district roads aim to bring 70% of the population in RAP districts to within a 4-hours walk of a road, ii) Construction carried out by labour-based methods. Local NGOs mobilised Road Building Groups (RBGs) from the poorest and most excluded in surrounding communities and iii) Regular maintenance established.
- Local NGOs and private sector consultants implement a programme of livelihood support to the RBGs including – i) saving and loans, ii) income generation activities, iii) coordination and linkage to other programmes, and iv) support for initiatives prioritized by beneficiaries.
- Integrated rural accessibility planning adopted to confirm the prioritisation of roads and the revision of District Transport Master Plans.

## **6. OWNERSHIP**

6.1 As of RAP Phase1 district roads to be constructed under RAP Phase-2 will be owned by the DDC. WSP International Management Consulting Ltd. (WSP) designated by DFID for managing and implementing RAP Phase-2 activities, with pre-financing responsibilities in programme districts, will implement road construction component, whereas DDC will be responsible for managing and implementing supplementary infrastructures with donor's fund to be released through WSP. DDC will also be responsible to manage and implement maintenance programmes of RAP Phase1 district roads to be financed both by DFID and the DDC. The co-financing modality for road maintenance budget is presented in **Annex A** and the fund will make available for the purpose accordingly.

6.2 The DDC should maintain a complete inventory of roads and supplementary infrastructures under RAP for the management of road and other infrastructure maintenance.

## 7. INSTITUTIONAL ARRANGEMENTS

- 7.1 The programme will be managed at the central level in Kathmandu by the management consultant. The DoLIDAR together with RAP management will enter into a Sub-agreement with the District Development Committee (DDC) in each district in which RAP will operate. The institutional arrangements and primary function of each of the stakeholders is described below.
- 7.2 The **Ministry of Local Development (MoLD)** is the agency of GoN responsible for rural development. It is also responsible for promoting the implementation of the local government decentralisation process, by facilitating and supporting the operation of DDCs and VDCs.
- 7.3 The **Department for International Development (DFID)** is the UK government agency responsible for managing and executing the overseas development programme of the UK Government (GUK). The GUK has agreed to provide grant assistance through DFID to Government of Nepal for the implementation of RAP Phase-2 in seven districts.
- 7.4 The **Ministry of Finance** is the agency of GoN responsible for the donor supported development programme, and is the co-signatory to the Bilateral Agreement for the implementation of RAP Phase-2.
- 7.5 A **Steering Committee** under the chairmanship of the secretary, Ministry of Local Development has been established at national level to coordinate, facilitate and monitor the project performance and issues. It will meet at least every 4-month to review and decide on issues flagged up in the Trimester Progress Report. The Steering Committee is represented by Joint Secretary, Planning and Foreign Aid Coordination Division, Director General, DoLIDAR and Deputy Director General concerned division of DoLIDAR and the Programme Coordinator, DoLIDAR and Director General DoR. Representatives from Ministry of Finance, National Planning Commission Secretariat, DFID, Association of District Development Committees Nepal and RAP Programme Coordinator will be members of the committee. The Programme Coordinator is the member secretary of 11-member RAP Steering Committee.
- 7.6 The **Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR)** under the Ministry of Local Development is the GoN executing agency for RAP, and is the regulatory body for technical aspects of district road development. DoLIDAR shall co-ordinate and monitor all programme activities in close consultation with the RAP TA consultants.
- 7.7 The **Programme Co-ordinator** is the DoLIDAR representative who will oversee programme activities and maintain coordination with other national agencies and DDCs. He will have clearly delegated decision-making authority on behalf of DoLIDAR.
- 7.8 The **Technical Assistance Team** is the centrally based team of RAP Consultants (WSPimc in association with Helvetas and GEOCE) led by the Programme Manager responsible for overall management and administration through national and district level institutions.
- 7.9 The **District Development Committee (DDC)** is the executing authority responsible for coordinating and monitoring of all RAP activities undertaken in the district. The DDC will bear responsibilities for implementing supplementary infrastructures and road maintenance activities under the programme in the district. Ownership of the programme and its various activities rests with the DDC. Within the DDC the Local Development Officer undertakes the project executing functions for supplementary infrastructure and road maintenance.
- 7.10 The **District Implementation Support Team (DIST)** is the co-ordination, planning and monitoring body for all important project activities implemented at the district level. It comprises the Local Development Officer, Chief District Engineer DTO, Programme Focal Officer and RAP District TA Team Leader. RAP District Team Leader in consultation with LDO may invite the heads of other relevant district project partners in the meeting.

- 7.11 The **District Road Co-ordination Committee (DRCC)** is formed by the DDC representing all road users of the district and is responsible for entire network of the rural and agricultural roads. It's roles and responsibilities will be as outlined in the "Approach for the Development of Agricultural and Rural Roads" of DoLIDAR. The DDC Chairperson will chair the DRCC.
- 7.12 The **District Technical Office (DTO)** is the technical arm of DoLIDAR in the district. DTO, under the administrative umbrella of DDC is responsible in planning, management and implementation of development projects of the DDC. It also fulfils the planning and implementing role of DDC for the district road management and construction.
- 7.13 The **Programme Focal Officer** to be nominated from amongst the two officers (Engineer and Social Development Officer recruited by DDC and responsible for the implementation of supplementary infrastructure and road maintenance) by DDC/DTO to maintain coordination in RAP activities and responsible for planning, coordinating and managing the supplementary infrastructures and road maintenance components will work as a programme focal person for RAP in the district. The programme focal officer shall liaise with district technical assistance team and perform works.
- 7.14 The **District Level Line Agencies** are sectoral governmental organisations, which have a significant role for implementing sectoral programmes and supporting other related programmes at the district level. The key district level line agencies are the District Education, Health, Agriculture, Water Supply and Sanitation, Cooperatives, Veterinary, Irrigation and Forest Offices.
- 7.15 The **District Technical Assistance Team** is the district-based element of the Technical Assistance Team responsible for implementation of district road construction, support to DDC and DTO for implementation of supplementary infrastructures and road maintenance and funding arrangements to be borne through the donor's assistance. The Team comprises of Team Leader, Social and Economic Development Officer, Engineering Officer, Office Manager and Office Assistant. The District TA will be responsible to implement road construction and support DDC for implementation of supplementary infrastructure and road maintenance.
- 7.16 The **Village Development Committee (VDC)** is the lowest level of government decentralisation. The VDC executes village road, trail and trail bridge construction and improvements and maintenance. VDCs will be encouraged to play a role in road maintenance, strengthening community participation in implementation of the programme.
- 7.17 The **Local Road Co-ordination Committee (LRCC)** is responsible for a road section within a VDC. The LRCC is constituted through a mass meeting following democratic process, facilitated by the Programme Focal Officer and the VDC. Previously elected political representatives, women and other stakeholders will represent LRCC. LRCC will comprise of nine to eleven members including a chairperson, vice-chairperson, secretary and treasurer in the committee. The LRCC will help coordinate construction activities, land dispute settlements to RAP DTA, and DDC and create conducive work environment. The LRCC will have a key role in the formation of Road Building Groups.
- 7.18 The **Local Road Users Committee (LRUC)** is constituted within a VDC representing people from Road Building Groups. At least one member from each of the RBGs will represent LRUC, including a chairperson, vice-chairperson, secretary and treasurer of the committee. With the support of the District TA Team, the LRUC will have a key role in wage payments. It will operate a separate bank account to deposit RBG wages for the purpose of receiving wage payments from RAP District TA office. The LRUC elects signatories to the sub-account to be operated from District bank in order to draw cash payment on behalf of their respective group.
- 7.19 The **Road Building Group (RBG)** is formed with the assistance and support of Non Government Organization engaged by the programme, for the purpose of undertaking road construction activities in accordance with the RAP Approach. Preference shall be given to

the poorest section of the community, women and socially excluded /disadvantaged persons within the immediate zone of influence of the road alignment. All RBG activities will be undertaken to the agreed standards on a task-work basis under the supervision and guidance of consultants and NGOs engaged by RAP. Each RBG will elect its own representative (Sahajkarta) from within the group with the help of a NGO programme coordinator and social mobiliser.

7.20 **Non-Governmental Organisations (NGOs)** are the non-profit, non-political and non-religious organisations engaged from within or outside of the district. They are responsible for implementation of social and economic development programmes and group mobilisation in construction. In addition, NGOs will also mobilise the Special Building Groups to be engaged in construction. In addition NGOs will help identifying income-generating activities that support sustained livelihood of people during post project period and purpose exit strategies to RAP DTA towards the end of the programme.

7.21 **Supervision Consultants** are private organisations or individuals engaged through competitive bidding by RAP to provide technical services in accordance with specific Terms of Reference. The services vary, but can include survey and design, management and supervision of road construction and other specific technical studies as required. Consultants will be managed and supervised by the District TA team.

## 8. COMMITMENTS

8.1 The **DDC** will establish appropriate institutional and financial structures either in DDC or in DTO in consultation with the District TA Team to facilitate the effective implementation of supplementary infrastructure and road maintenance components of the Programme in the District. The DDC will make an arrangements in such a way that Chief District Engineer, DTO will perform the task of project manager for the implementation of these components and Local Development Officer being a coordinator of the programme.

8.2 **RAP** through District TA Office will release budget to DDC for hundred percent financing of supplementary infrastructures and the portion of maintenance costs as agreed for co-financing from the donor's fund. The budget release criteria and conditions to be met by different agencies are presented in **Annex A**.

8.3 The **DDC** will arrange sufficient budget to cover road maintenance costs to be financed based on co-financing with RAP. The DDC will establish road maintenance system in the district and ensure the system continues working after project completion.

8.4 The **DDC**, following the Rural Road Maintenance Directive 2065 will carry out road maintenance through Rural Road Maintenance Users Committee (RRMUC) to be constituted for each RAP Phase-1 road.

8.5 The **RAP Technical Assistance** will assist the DTO and DDC, through the District TA Team in the preparation of annual programmes, procurement of services for supplementary infrastructures, management of works implementation, financial management and reporting.

## 9. BUDGETING AND DISBURSEMENT PROCEDURES

9.1 Annual budgets will be established on the basis of Annual Work Plans developed by the RAP TA for road construction component and by the DTO for supplementary infrastructure and road maintenance based on the activities approved by the DDC Council. The RAP management will consolidate District Work Plans into an Annual Plan and Programme and forward to Ministry of Finance and National Planning Commission Secretariat through the Programme Coordinator, DoLIDAR for approval following the endorsement by the Programme Steering Committee.

9.2 The contribution from DFID will be made available through the WSP international, and will be used (a) to cover construction component expenses and (b) will be deposited directly to

separate DDC accounts to meet supplementary infrastructure and the portion of road maintenance expenses. The budget to spend from DDC/DTO for supplementary infrastructure will be released to DDC through RAP District TA based on progress and quality of works and upon submission of statement of expenditure broken down by cost coding as required by RAP; reconciled against Bank Statements. The contributions from DFID and GoN will be recorded in the GoN Annual Budget Book (the 'Red Book').

- 9.3 DFID and GoN funding allocated for RAP will only be used to meet costs associated with district road construction, social development activities, supplementary infrastructure and road maintenance all in accordance with the approved Annual Plan and Programme.

## 10. ACCOUNTS AND AUDITING

- 10.1 The financial reporting and auditing of all expenditures by the RAP district TA and DDC will be in accordance with the DFID requirements in which independent auditors will be appointed by the RAP management to carry out an annual audit on contributions to the district programmes.
- 10.2 Public Audit activities will be established and institutionalised to promote a clear system of transparency and accountability among the primary and secondary stakeholders. These should be seen as ongoing and continuous activities, and the reports of these will be required by the DDC before the end of each fiscal year in accordance with the guidelines that has to be prepared and agreed by the RAP and the DDC. The representative of DTO, RAP district TA team, DRCC, LRCC and LRUC together with maximum number of RBG members will be involved in community based audit.

## 11. FINAL PROVISIONS

- 11.1 This Sub-agreement shall enter into force from the date of signing by all parties and shall remain valid until the end of bilateral agreement.
- 11.2 This Sub-agreement will be automatically terminated without notice if the Bilateral Agreement is terminated.
- 11.3 In absence of DDC bodies, the arrangements suggested by GoN will be applicable. That means the body formed by GoN to perform the development roles of the district in absence of the DDC will be the authorised district partner of RAP at the district level.
- 11.4 The contracting parties share a common concern on corruption, which undermines good governance, waste scarce resources for development and compromises open and transparent competition on the basis of price and quality. Both parties therefore, commit to join hands in fighting corruption and declare that any offer, payment, consideration or benefit which could be construed as an illegal or corrupt practice made, either directly or indirectly, as an inducement or reward for the award of a contract entered into in the framework of this Sub-agreement will be grounds for cancelling this Sub-agreement and the procurement of resulting award; additional actions may be taken in accordance with the Bilateral Agreement and applicable laws and regulations.
- 11.5 Either contracting party may terminate this Sub-agreement at any time by giving six months advance notice in writing to the other contracting party.
- 11.6 In the event of default by one of the contracting parties in the fulfilment of any commitment or obligation under this Sub-agreement, the other contracting party may give notice to suspend or delay the application of this Sub-agreement. Should the reason for the suspension continue beyond six months and should the contracting parties fail to reach an amicable settlement, the matter should be settled by arbitration by the Steering Committee.
- 11.7 If either party is temporarily unable by reason of **Force Majeure** to meet any of its obligations under the Sub-agreement, and if such party gives to the other party written notice of the event within fifteen (15) days after its occurrence, such obligations of the party as it is unable to

perform by reason of the event shall be suspended for as long as the inability continues. The term Force Majeure as used herein shall mean acts of public enemy, strikes, wars, blockades, insurrection, riots, epidemic, landslides, earthquake, storms, lightening, floods, civil disturbances, explosions, and other similar events not within the control of either party and which by the exercise of due diligence neither party is able to overcome.

11.8 Any changes and/or modification necessary in this agreement will be determined mutually.

11.9 This Sub-agreement may be amended or extended by exchange of letters between the contracting parties.

Signed in Kathmandu on ..... 2008, in three original English texts being equally authentic and shall enter into force from date of signing.

**On behalf of DoLIDAR**

**On behalf of the DDC**

**On behalf of RAP Management**

.....  
RAP Programme coordinator

.....  
Chairperson

.....  
Programme Manager

**Witness**

**Witness**

**Witness**

.....

.....  
Secretary  
(Local Development Officer)

.....

## ANNEX A - SUBPROJECT SELECTION CRITERIA AND IMPLEMENTATION

### I. Component A: District Road Construction

#### I.1 Initial screening:

- Roads are a high priority in the District Transport Master Plan (DTMP).
- Roads or sections of road that were taken up by RAP Phase1 but not completed as per the commitment.

#### I.2 Detailed selection:

- The road or road section connects to a prominent settlement or market.
- The road will not have a significant negative environmental impact (ref. To the IEE reports of the road, which are already prepared and approved).
- The design incorporates an alignment that minimises the impact on structures and settlements.
- The road construction can be completed within three years based on a labour-based, environmentally friendly and participatory approach.
- The road has at least a 12% economic internal rate of return.

#### I.3 Based on the above listed criteria district roads selected include the cutbacks of RAP Phase-1 roads and are considered to include for construction in programme districts under RAP Phase-2 are as per the following:

Table 1: District Road Corridors in RAP phase-2

District	Road Code	Road Name	Length (km)		Completion by
			Corridor	District	
<b>Total length</b>					

All roads will be completed to earth road standard. Spot improvements may however be allowed to higher standards to ensure vehicle pliability and sustainability.

#### I.4 Activities and budget to be utilised for road construction component, including social and economic development, will be reflected in the district annual plans and programmes and GoN Red Book, following the GoN standard procedures.

#### I.5 WSP, the RAP management consultant will manage the construction of roads within the programme period mobilizing domestic supervision consultants adopting labour-based, environmental friendly and participatory approach of rural road construction. In addition, Non Governmental Organizations will be mobilized to implement social and economic development programmes, including income-generating activities focusing on Road Building Group and Special Building Group households.

### II. Component B: Supplementary Infrastructure

#### II.1 The supplementary investment:

- Will generate additional access benefits for the nearby RAP road;
- Has been identified and planned through a community-level participatory process that involves the poorest and most socially excluded groups, and targets the poor, identified through earlier social mobilization activities;
- Does not duplicate activities of other development projects;
- Will contribute to income-generating opportunities;
- Will be formulated with sustainable operations and maintenance plan (financial, physical and organizational); and
- Community can contribute 15% (cash or in-kind).

II.2 Supplementary infrastructures to be implemented other than water supply and sanitation in the road corridor zone of influence include in the following sub-sectors:

- Improvement of a village trails;
- Construction of short span trail bridges;
- Reconstruction and rehabilitation of small irrigation schemes;
- Construction of market buildings;
- Construction of community buildings; and
- Construction and rehabilitation of primary schools and sub health posts.

II.3 Subprojects to be included in the annual plan and programme will meet the planning procedures as outlined in the Local Self Governance Act and corresponding Rules, which ensures bottom-up, participatory and demand-led approach of planning and implementation.

II.4 Budgetary ceilings of different sector subprojects will be as per the following

a. *Improvement of village trails:*

Village trails are to improve access to the rural road subproject with a maximum length of 10km. The indicative cost (NRs 100,000/km) will be NRs 1.0 million. The community contribution either in the form of labour or cash will remain at least 15 percent of the total cost of the subproject.

b. *Construction of short span trail bridges:*

Short span trail bridge help improve access to the main subproject. Maximum span of the trail bridge will be 120m with a total cost (NRs 20,000/m) on NRs 2.4 million. The community will be mobilized for local material collection works. The DDC with the help of VDC and local community will make available the land area required for construction, including approaching trails.

c. *Reconstruction and rehabilitation of small irrigation schemes:*

The maximum command area of irrigation schemes will be 25ha with a total cost (NRs 100,000/ha) of the project of NRs 2.5 million. The beneficiaries are required to contribute 15 percent either in the form of labour or cash of the total capital cost of the subproject.

d. *Construction of market buildings:*

Investments in market buildings will provide services to sell and collect agricultural and dairy products at strategic locations along the road corridors. The local VDC and/or beneficiaries will make available the adequate land area required for construction of building and project cost in no case will be used for procurement of land for the purpose. The total plinth area of the building will be about 100m<sup>2</sup> with a total construction cost (NRs 9,000/m<sup>2</sup>) of NRs 0.90 million.

e. *Construction of community buildings:*

As of market buildings, the local VDC and/or beneficiary communities will make available the land area required to construct the community building in strategic locations along the road corridor. The maximum plinth area of community building will be 100 m<sup>2</sup> with a total construction cost (NRs 10,000/m<sup>2</sup>) of NRs 1.0 million.

f. *Construction and rehabilitation of existing primary school:*

The programme will make fund available to construct up to 3-class rooms building with a floor area of about 32 m<sup>2</sup> per room or to rehabilitate the existing school building with a budget of NRs 0.96 million. The School Management Committee will arrange local participation to collect local construction materials and land area required for construction of new building.

*g. Construction and rehabilitation of sub health post:*

Part of the programme budget will also be used to either construct or rehabilitate the existing a sub health post within the zone of influence. The maximum plinth area of new construction building will be 100 m<sup>2</sup> with a maximum cost of NRs 1.0 million and so will be the cost in the case of rehabilitation of existing building.

## II.5 Water Supply and Sanitation Scheme Selection Criteria

Participating District Development Committees (DDCs) will prioritize the demands from the village development committees. Project funding will be allocated to communities that rank first according to the criteria. Willingness to share the capital costs of the water supply and sanitation scheme will be based on the Government's Rural Water Supply and Sanitation Sector Policy and Strategy. For the poor communities in remote inaccessible areas the minimum contribution will be reduced to 10% and 1% upfront cash is not mandatory. If the RAP districts (Doti and Achham) where the Community Based Water Supply and Sanitation Districts programmes overlap, RAP will select the scheme based on the existing priority list of the DDC. The DDC shall ensure that the ongoing water supply and sanitation projects not completed due to shortfall of resources, will be given high priority.

*a. Required eligibility criteria include:*

- Water supply and sanitation scheme is included in the District Plan.
- Demand for water scheme has originated from the community.
- The community is willing to contribute as per the government's Rural Water Supply and Sanitation Sector Policy and Strategies. Community contribution is 20% (cash and in-kind) and 1% cash up-front. However, in the case of ultra-poor, the up-front cash requirement can be foregone, and the in-kind contribution lowered to 10%.
- The community accepts responsibility for operation and maintenance (O&M) of the scheme after its completion.
- DDC and VDCs commit to take care for the scheme in case of natural calamities and required major rehabilitation, and
- Maximum 1,000 person per scheme (and subject to available and equitably distributed supplementary investment budget across all districts); indicative costs per person, new construction up to NRs 5,000 per person and rehabilitation up to NRs 3,000 (max NRs 5.0 million); water supply may be complemented by investments in sanitary/health infrastructure such as private and public toilets, and improved cooking stoves, as long as the total budgetary outlays remain within the indicated limits.

*b. Funding:*

The RAP management through DDC will release the fund for implementation except for contribution to be made by the beneficiary communities. In case the community could not make contribution, the DDC may provide grant to meet the portion from its own source to complement it.

*c. Sanitation Programme:*

Sanitation programme will be designed and integrated with water supply schemes, and implemented simultaneously in the water supply service area. Under the programme private and public toilets, improved cooking stoves and awareness programmes that support improve sanitation condition of the community could be launched using budget allocated for water supply and sanitation schemes. But the magnitude of sanitation activities will be decided by limits of budgetary outlays.

## II.6 Planning process and prioritisation of scheme

Selected scheme must pass the screening criteria. After the screening process, the schemes' demand is ranked as per the criteria for screening. Poverty, water supply coverage and incidence of diarrhoea and other water borne diseases are major criteria for screening.

### a. *Village planning includes that the communities:*

- Submit demand form to the DDCs through VDCs, and
- Are willing to share the costs of the water supply and sanitation subproject as per the Government's rural Water Supply and Sanitation Sector Policy

### b. *District Planning involves the following:*

- Community demand must be included in the DDC plan
- The DDC must prioritise all demands based on the social and poverty factors, and
- Criteria for subproject ranking will be defined and adopted for prioritising the demand by community (through the VDCs) for implementation based on the priority.

## II.7 Operation and maintenance of subproject

### a. *Responsibility:*

The primary responsibility of O&M of each of the subprojects remains with the management or users committees as appropriate. Maintenance types to be covered by management or users committees responsible for O&M of subprojects will be delineated during agreement made between the DDC and the committees. In general, the committees will carry out small and simple maintenance works, whereas DDC will take care of medium to big and complex maintenance works, including damages due to natural calamities with technical backstopping of district technical office in active participation of committees. The type of maintenance works to be carried by users committee and/or by DDC will be decided following the practice adopted by the Department of Water Supply and Sewerage.

### b. *Maintenance fund:*

At least 1 percent of the capital cost for trial bridge, irrigation and water supply and sanitation schemes will set aside to cover operation and maintenance cost during the construction phase of the system. For other subprojects concerned management committees will bear O&M responsibilities.

### c. *Operation expenses:*

The users committee will fix the tariff acceptable to the beneficiaries and collect resource to meet operation expenses. The tariff system will specially be suitable for irrigation and water supply and sanitation schemes. The DDC, based on suitability of subprojects and affordability level of beneficiaries, will encourage them to adopt a O&M system mobilizing water users and sanitation committees. This will help sustained the system.

## II.8 Component programme budget and funding

The total allocated budget for the implementation of supplementary infrastructure subprojects for the district is NRs 14.0 million for the programme period, which could be increased by up to 20% for any good performing districts. The budget will be available from DFID through WSP to the DDC account maintained separately, which will be released based on the work progress and quality, and upon submission of statement of expenditure in the prescribed format of the preceding release to the RAP through its district TA office.

## II.9 Supervision and monitoring

The primary responsibility of supervision and monitoring of supplementary infrastructures lies with DDC. DDC with the technical backstopping and support of RAP District TA office will screen, prioritise, design and implement subprojects from donor's fund made available by

WSP. The DDC may implement the subprojects procuring services of local engineering consultants and Non Governmental Organizations as appropriate through District Technical Office. The progress will be reported to and reviewed in DDC and District Implementation Support Team and higher authority as required.

### III Component C: District Road Maintenance

#### III.1 District road corridors

Part of the fund will be used to maintain RAP Phase-1 district roads. The candidate road corridors eligible for using the programme budget include as per the following.

Table 2: RAP phase-1 district road corridors

Corridor	District	Road Code	Road Name	Length (km)	Total in district (km)
<b>Total length</b>					

#### III.2 Annual maintenance planning and budgeting

The DDC with the technical backstopping of District Technical Office and support of RAP District TA will prepare annual maintenance plan of district road corridor and estimate the cost for emergency works, routine and recurrent maintenance and rehabilitation works in line with the Rural Road Maintenance Directives, 2008 following the planning process of DDC and GoN.

An indicative annual budget required for per kilometre district road deduced based on RAP Phase1 experience is depicted in the Table 3 below. This will help guide to prepare district annual maintenance plan and budget. As the activities associated with periodic maintenance, upgrading and reconstruction do not include in maintenance the cost to incur by these activities are not included in the following table.

Table 3: Maintenance budget for a newly opened earthen road

Type	Purpose	Work example, Done by:	Indicative cost (NRs/km/yr)
Emergency works	To quickly reopen closed roads	e.g. clear landslide Labour gangs or Contractors	1 event/10km/yr where 16 persons x 10days x 200/d <b>= NRs 3,200 /km /yr</b>
Routine maintenance	Prevention and running repairs of natural damage	e.g. drain cleaning Length-person Average 1 per 2 km	<b>May-Sept:</b> 24d/m*5m*200NRs/d/1.5km & <b>Oct-April:</b> 24d/m*7m*200NRs/d/3km <b>=NRs 27,200 /km /yr</b>
Recurrent maintenance	Prevention and running repairs of traffic damage	e.g. Pothole + rut filling Same length-person	<b>=NRs 27,200 /km /yr</b>
Rehabilitation	Local repairs of moderate/major natural or traffic damage	e.g. rebuild wall, drain and bio work Labour gangs or contractors	1 wall failure/5km/yr: 18m x 3m x 2m = 108m <sup>3</sup> per 5km at NRs3,000/m <sup>3</sup> <b>=NRs 64,800 /km /yr</b>
<b>Indicative maintenance budget</b>			<b>NRs 96,000 per km per yr</b>

These costs will tend to decrease during the following years of road opening as the road surface and cut and fill slopes stabilize. However, cost to incur for routine and recurrent maintenance and emergency works could increase with the change in daily wage rates of length persons and tools used for works.

### III.3 Funding arrangements

Funding for maintenance is based on co-financing and the DDC will share the cost of maintenance during the programme period on sliding scale with the fund to make available from the donor, which will be fully borne by DDC after two years of programme period. Road maintenance cost sharing ratio will be as per the following:

Table 4: Maintenance cost funding arrangement

Year	Cost sharing ratio		Sliding scale on cost sharing
	DDC	Donor's fund through RAP	
1	0.30 (30% of total)	0.70 (70% of total)	
2	0.70 (70% of total)	0.30 (30% of total)	
3	Full	None and phase out	

DDC in accordance with the Rural Road Maintenance Directive 2008 will carry out maintenance works through mobilizing and delegating toll collection authority to Rural Road Maintenance Users Committee. DDC will arrange budget and meet the share from different sources whereas, the donor's portion will be released periodically to DDC account maintained for road maintenance. The annual budget for maintenance will be based on annual road maintenance programme and DDC and RAP will provide the respective portions of budget to cover actual costs in the above proportions. The DFID share of the maintenance cost will be replenished as necessary provided work is carried out to time and cost, accounts presented will coded breakdown of costs as required by RAP and reconciled against Bank statements.

### III.4 Supervision and monitoring

Maintenance works will be carried out under the supervision and monitoring of district technical office. The DTO will regularly report to the DDC and LDO. The RAP District TA team will provide technical backstopping for maintenance programme and help establish the system in the district.

### III.5 Establishment of district roads maintenance system

The DDC will fully adopt the road maintenance system by the end of donor's support through RAP in the district and will continue the system operational afterwards.

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**Amendment to DOLIDAR/DDC/RAP Sub-agreement Concerning Implementation of Supplementary Infrastructures and Road Maintenance of Rural Access Programme**

**1 Preamble**

1.1 Whereas Department of Local Infrastructure Development and Agricultural Roads, Districts Development Committee and Technical Assistance Management team of the Rural Access Programme Phase-2 have agreed through an amendment of the sub-agreement dated .. May 2009 to implement supplementary infrastructures and road maintenance activities under the RAP Phase-2 in ..... district.

**2 Amendments**

2.1 With the provision of 11.9 of the sub-agreement, the parties agreed with the following amendments:

Delete Para 9.2, and insert:

9.2a The contribution from DFID will be made available through the WSP international, and will be used (a) to cover construction component expenses and (b) DFID portion of road maintenance and supplementary infrastructure expenses will be deposited to capital account of DDC through the district development fund in accordance with the terms of funding presented in **Annex 2**. The budget to spend from DDC/DTO for supplementary infrastructure and road maintenance will be paid to DDC through DTA RAP based on progress and quality of works and upon submission of statement of expenditure maintained in a separate ledger in the prescribed format of RAP, broken down by location and cost coding as required by RAP; reconciled against the release of RAP fund. The DDC will return unspent fund at the end of each financial year to RAP. The contributions from DFID and GoN will be recorded in the GoN Annual Budget Book (the 'Red Book').

In Annex 1, delete Para II.9 and insert:

II.9a Component programme budget and funding

The total allocated budget for the implementation of supplementary infrastructure subprojects for the district is NRs **14.0 million** for the programme period, which could be increased by up to 20% for any good performing districts (**Annex 2**). The budget for the succeeding month will be forecasted and requested to DTA RAP for release, which will be paid by RAP and deposited by the DDC in the District Development Fund, and to be spent through the capital account maintained in a separate ledger for the implementation of RAP works. The budget to be released and replenished by RAP will be based upon submission of statement of expenditure in the prescribed format to the RAP through its District TA office by DDC, including with information on monthly progress and quality of works and budget. The funding and spending procedures for the implementation of supplementary infrastructure and road maintenance will be in accordance with the processes as delineated in **Annex 3**, which comprises the working manual, the fund flow mechanism, the ledger format and the fund request form.

All other terms and conditions of the sub-agreement in reference remain unchanged.

The arrangements set out in this amendment confirm the understanding between DoLIDAR, DDC and RAP.

**On behalf of DoLIDAR**

**On behalf of DDC**

**On behalf of RAP Management**

.....  
RAP Programme Coordinator

.....  
Chairperson

.....  
Programme Manager

Date: .....

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### **Annex 3 - Working Manual on Fund Flows through DDC for RAP Works**

1. Budget and funding:
  - 1.1 Supplementary Infrastructures – all costs except for land acquisition and people's participation will be covered from the donor's fund to make available to DDC from the programme management consultant of Rural Access Programme Phase 2 through the respective District Technical Assistance offices.
  - 1.2 Road Maintenance – source of funding to cover cost of road maintenance will be on co-financing using DDC and the donor's fund in accordance with the agreed sliding scale of support from the donor. As agreed, RAP fund will remain at 70% up to Dec. 2009 and then decrease down to 30% up to Dec. 2010 of the actual cost, which will be covered through DDC sources for the remaining period of RAP. The donor's fund for maintenance will no longer be available after 31 Dec. 2010 and all costs are to be borne by DDC thereafter.
2. Budget allocation and disbursement:
  - 2.1 Supplementary Infrastructure – DDC shall select sub-projects for implementation approved by the council following the present practice of project selection and approval. Appropriate number and types of sub-projects will be selected based on the availability of funds and period of implementation. Budget for sub-projects will be allocated based on the cost estimates prepared in line with the detailed engineering design, norms and standards.
  - 2.2 Road Maintenance - annual budget for maintenance to be prepared based on Rural Road Maintenance Directive, DoLIDAR and the guideline proposed for maintenance in Annex 1: Component C of the sub agreement.
3. Budget forecast, request and release:
  - 3.1 DCC will forecast monthly budget for the succeeding month and request DTA RAP to pay DDC in advance to cover the RAP portion of costs of supplementary infrastructure and road maintenance works. The preceding month advance will set-off in the succeeding month fund release. The detail of formats to be maintained and enclosed by DDC with the request is presented in the attached ledger format and fund request form.
  - 3.2 DTA RAP will pay money through District Development Fund, and DDC will then transfer it to the capital bank account maintained to cover expenses of development programmes.
  - 3.3 The DDC at the end of the financial year shall return the unspent fund to RAP. With the starting up of the next financial year same process will be repeated to implement the programme as before.
4. Documentation:
  - 4.1 DDC will maintain separate ledger in the format as attached to document all records, which will be extracted and submitted to DTA RAP for release of the budget.
  - 4.2 Access to document – DDC will provide access to the documents (ledger, vouchers, balance details, and programme related reports) to RAP and DFID as and when required for audit and other purposes. Again DDC will provide promptly any information sought by RAP and DFID.
  - 4.3 Safe guard of documents - DDC will store and maintain back up of all documents intact at least for five years after completion of the programme.

## RAP Fund Flow Mechanism for the Implementation of Supplementary Infrastructure and Road Maintenance





