

INTRODUCTION

The Nepal portion of SATIDP is a part of a regional project that will develop and improve tourism-related infrastructure in Bangladesh, India, and Nepal. It focuses on improving connectivity to and destination infrastructure, and services in key nature and culture-based tourism sites on selected high-priority sub-regional tourism circuits in South Asia. Nepal portion of the Project aims to develop the “Footsteps of the Lord Buddha” circuit by focusing interventions on Lumbini. This will be reflected in an increase in the contribution of tourism to the country and sub region’s economy and employment opportunities.

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Lumbini is a sacred place for Buddhists from all over the world, standing on an equal footing with holy places sacred to other world religions. As millions of Christians look to Jerusalem for inspiration, as millions of Muslims turn to Mecca, so do three hundred million Buddhists cherish the sacred foot print of Lord Buddha in Nepal.

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The Government of Nepal has received a Loan (Loan No. 2579-NEP (SF) and a grant (Grant No. 0179) plus additional financing under Loan No. 3117-NEP (SF) and Grant No. 0383- NEP (EF) from the Asian Development Bank (ADB) in various currencies towards the cost of Improving Connectivity and Destination Management of Cultural and Natural Resources in the South Asia Sub region Project. The OPEC fund for International Development (OFID) is also co-financing the part of the Project. The Project will develop and improve tourism related infrastructure in Nepal. It will focus on improving connectivity to and destination infrastructure and services in key nature and tourism based sites. Upgrading of Gautam Buddha Airport to international airport, construction of visitors' centre and other facilities at Lumbini including community strengthening are the key activities under this project.

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The expected outcomes are several sub regional circuits of nature and culture-based tourism destinations with (i) improved connectivity, (ii) better quality environment and visitor services; (iii) enhanced natural and cultural heritage, and capacity for sustainable heritage management; and (iv) greater engagement of communities in heritage management and tourism benefits.

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Connectivity Enhancement: This component aims to enhance air access to Lumbini by upgrading the Gautam Buddha airport to international standards. This involves (i) construction of a new runway, exit taxiway, and apron pavement; (ii) rehabilitation of the existing runway for conversion to parallel taxiway; (iii) refurbishment and expansion of existing terminal building as a domestic terminal building; (iv) construction of a new international terminal building; (v) new control tower, customs and cargo building, and crash fire rescue building, (vi) water supply, sewerage, and drainage improvements and other civil works such as Ghaghara Khola irrigation canal diversion, roads, and security fence; (vii) expansion of fuel farm; and (viii) and installation of communication and navigation equipment suitable for international airports. The airport will be constructed as

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category 4E in accordance with the guidelines of the International Civil Aviation Organization.

Destination Improvement: This component focuses on improvement in the Lumbini master plan area. It aims to enhance the protection and management of Lumbini and experience of visitors by improving the environmental quality, the outstanding universal value of the site, and visitor facilities.

An additional activity aimed at introducing electrical vehicle-based clean public transport services for tourists and local residents in Lumbini area is added during restructuring. It will help improve destination by reducing noise and pollution currently emitted from the poorly maintained diesel buses, improving environmental quality and adding value to tourism experience. Clean transport will be financed by the Asian Clean Energy Fund (ACEF). Procurement of electrical vehicle is in process

Developing Community Participation, Capacity Building, and Project Management: This component aims to develop community engagement in heritage management and tourism, build the capacity of agencies involved in managing heritage and tourism infrastructure, and support effective and timely implementation of the Project.

Community Participation: The subcomponent includes community awareness-raising programs on the importance of Lumbini as a world heritage site and potential benefits from tourism to the local economy, particularly new markets and livelihood opportunities that the local people can access. The subcomponent also supports a demonstration scheme for heritage tourism livelihood generation including (i) social mobilization, (ii) skills development in heritage site management and tourism-related activities based on a value chain analysis, and (iii) linking communities to available microfinance services. Local and non-government organizations (NGOs) and microfinance service providers experienced in similar schemes are expected to be involved as needed. The scheme builds on Nepal's good practice "Tourism for Rural Poverty Alleviation project" and emphasizes market linkages.

Capacity Building: This subcomponent primarily supports capacity building and human resource development of (i) LDT which is responsible for planning and management of the Lumbini area; and (ii) the Civil Aviation Authority of Nepal (CAAN), which is in charge of air transport infrastructure and services.

Project Management: This subcomponent supports the Project Coordination Unit (PCU) in the Ministry of Culture Tourism and Civil Aviation (MOCTCA) and Project Management and Implementation Units (PMIUs) in LDT and CAAN.

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Chapter II: UTILIZATION OF FUNDS

2.1 PROJECT FUNDS

The project funds allocated for land acquisitions, and contract awards for consulting services, goods/works, and NGOs services as summarized in Table 5. Of the US\$ 97.21 million project allocation, US\$ 79.92 million has been settled for land acquisition and contract awards. Of the remaining uncontract US\$ 17.29 million about US\$ 12.05 million is to be set aside for equipment as planned. There will be a balance of about US\$ 5.24 million which may be utilized for contingencies including price adjustments.

Table 5: Project fund utilization

| | GON | ADF Grant | ADF Loan | OFID Loan | ACEF Grant | Total Cost | % Base Cost | Add GON add/tax | Total | Total Contracts+ VAT USD ml | Expenditure Equivalent USD ml | Uncontracted Balance USD ml |
|--|--------------|--------------|--------------|--------------|-------------|--------------|---------------|-----------------|---------------|-----------------------------|-------------------------------|-----------------------------|
| 1 Land | 2.85 | | | | | 2.85 | 2.90% | 1.60 | 4.45 | 4.45 | 4.45 | |
| 2 Civil Works (under original and additional grants and loans) | 20.80 | 6.94 | 39.87 | 7.80 | 0.06 | 75.47 | 77.60% | | 75.47 | 64.02 | 16.74 | 11.45 |
| LDT/Prera | 0.29 | 2.33 | | | | 2.62 | | | 2.62 | 1.97 | 2.03 | 0.65 |
| GBA/Northwest | 20.50 | 4.6 | 39.87 | 7.8 | | 72.77 | | | 72.77 | 62.05 | 14.71 | 10.72 |
| ACEF | 0.01 | | | | 0.06 | 0.07 | | | 0.07 | | | 0.07 |
| 3 Equipment (under original and additional grants and loans) | 0.06 | 0.41 | 1.66 | 7.2 | 2.72 | 12.05 | 12.40% | 1.49 | 13.54 | | | 12.05 |
| GBA | 0.06 | 0.41 | 1.66 | 7.2 | | 9.33 | | 1.15 | 9.33 | | | 9.33 |
| LDT Clean Vehicle (customs excluded) | | | | | 1.45 | 1.45 | | 0.19 | 1.45 | | | 1.45 |
| LDT Rickshaw (customs excluded) | | | | | 0.12 | 0.12 | | 0.02 | 0.12 | | | 0.12 |
| Solar Panels (customs excluded) | | | | | 1.1 | 1.10 | | 0.14 | 1.10 | | | 1.10 |
| 4 Consulting Services (original and additional grants) | | 4.94 | | | 0.2 | 5.14 | 5.30% | 0.40 | 5.54 | 3.52 | 3.83 | 1.62 |
| PMC | | | | | | | | | 0.05 | | 0.45 | 0.56 |
| GBA - Yooshin | | | | | | | | 0.28 | | 2.45 | 2.13 | |
| LDT | | | | | | | | | | | | |
| APPI | | | | | | | | | | | | 0.64 |
| SAMES | | | | | | | | 0.01 | | | 0.12 | 0.10 |
| University of Tokyo | | | | | | | | 0.01 | | | 0.05 | 0.02 |
| Mishuru Fujia | | | | | | | | 0.00 | | | 0.04 | 0.02 |
| 5 Training Workshops and Conferences | | | | | | | | 0.01 | | | 0.12 | 0.11 |
| 6 Tourism Promotion | | | | | | | | 0.01 | | | 0.12 | 0.10 |
| 7 Demonstration Schemes for Livelihood | | | | | | | | 0.02 | | | 0.17 | 0.15 |
| Subtotal(A) | 23.71 | 12.29 | 41.53 | 15.00 | 2.98 | 95.51 | 98.2% | 3.50 | 99.01 | 71.99 | 25.02 | 25.12 |
| Recurrent Costs | | | | | | | | | | | | |
| Incremental Administration | | 0.46 | | | | 0.46 | 0.5% | | 0.46 | 0.46 | 0.19 | |
| Subtotal(B) | | 0.46 | | | | 0.46 | 0.5% | | 0.46 | 0.46 | 0.19 | |
| Total of A+B | 23.71 | | | | | 95.97 | 98.7% | | 99.47 | 72.45 | 25.22 | 25.12 |
| Unallocated | | | | | 0.02 | 0.02 | | | 0.02 | 0.02 | 0.02 | |
| Financing Charges During Implementation | | | | | | | | | | | | |
| 1 Interest During Implementation | | | 1.22 | | | 1.22 | 1.3% | | 1.22 | 1.22 | 1.22 | |
| Subtotal(C) | | | 1.22 | | | 1.22 | 1.3% | | 1.22 | 1.22 | 1.22 | 0 |
| Total Project Cost (A+B+C) | 23.71 | 12.75 | 42.75 | 15.00 | 3.00 | 97.21 | 100.0% | | 100.71 | 73.69 | 26.46 | 25.12 |
| Percentage of the project costs. | | | | | | | | | 103.6% | 75.81% | 27.22% | 25.84% |
| Percentage of the contract costs. | | | | | | | | | | 30.46% | 27.1% | |

2.2 CUMULATIVE CONTRACT AWARDS AND DISBURSEMENTS

Cumulative contract awards financed by the ADB loan, co-financing, and counterpart funds (commitment of funds to date), and comparison with time bound projections (targets) as well as cumulative disbursements from the ADB loan, co-financing, and counterpart funds (expenditure to date) are depicted in Attachment 2 and Attachment 4.

2.3 RE-ESTIMATION OF COSTS TO COMPLETION, REALLOCATION AND PROJECT COST OVERRUN

No major variations have occurred except some variations in consulting services of Project Management Consultant, and Design and Supervision consultants for both GBA

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and LDT so far. There is no cost overrun and no need for reallocation within ADB loan categories so far.

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by 15 June 2018. Further extension of contract period is indispensable to complete the project successfully. CAAN is assessing Contractor's claim for extension of contract period.

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The Contractor should form a strong organization of different disciplinary and establishing a realistic and concrete Work Schedule and mobilizing all required resources and demonstrate significant performance through vitality of all members of organization based on the Work Schedule to **complete the major works** timely.

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Chapter IV: IMPLEMENTATION PROGRESS

4.1 PROJECT MANAGEMENT

Regarding implementation arrangements as envisaged in RRP, a sub-regional task force is yet to be formed with representation from the Ministries of Tourism and Finance, and the project executing and implementing agencies of each country.

A national project steering committee has been formed comprising the Secretary of the Ministries of Tourism as chair and representatives of the ministries of finance and project executing and implementing agencies and other relevant agencies. The committee could not meet biannually as planned realizing that there were no policy issues to be resolved and no major setback in the project requiring higher level intervention.

The PCU is in operation with the facilitating support of PMC to coordinate and perform consolidated project performance monitoring of the project activities undertaken by the two key implementing agencies, i.e., CAAN and LDT. PMIUs established in LDT and CAAN is managing the implementation of the respective project components.

4.2 PROJECT IMPLEMENTATION

Contract for construction of Gautam Buddha Airport was signed on 13 November 2014 with Date of Commencement on 31 December 2014. Original time for completion of works is 1095 days (3 years). Initially, the Project had the target to be implemented within the original contract date of 31 December 2017. However, due to force majeure (Earth quake and Nepal's Tarai boarder blockade) extension of time for 167 days i.e. up to 15 June 2018 was granted by CAAN at the recommendation of the DSC for GBA component and established new project completion date.

4.3 Project Progress

The overall progress of all the components of the project is about **55.69%**. The details of physical and financial progress of the project as of end of March 2018 are shown in table 6

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Table 6: Details of Progress (as of 31December 2017)

| Component | Revised/ Contract Amount | Physical Progress | | Financial Progress | | Remarks |
|--|---|-------------------|--------------|--------------------|--------------|--|
| | | Time Elapsed (%) | Progress (%) | Amount (in USD) | Progress (%) | |
| TAEC Consult P. Ltd. in association with TSE | NRS. 62,848,461.00 | 96.59 | 96.59 | 564,907.77 | 89.88 | |
| Yooshin Engineering | NRS 106,200,373 USD 1,388,866 | 100 | 100 | 2,126,286.53 | 86.76 | Time Extension is in process |
| Asia Pacific in association with CRCL, ERM & CE | NRS 60,087,983.67 USD 291,369.84 | 100 | 100 | 639,408.00 | 71.66 | completed |
| LCPTP-LDT: South Asia Management and Engineering Services (SAMES) P. Ltd, Bangladesh | USD 177,988.56 | 90.86 | 90.86 | 100,133.48 | 56.26 | Completed |
| Tokyo University | USD 48,185 | 100 | 100 | 19,273.28 | 40.00 | |
| Mitshuru Fujita | USD 38,420 | 100 | 100 | 19,978.40 | 52.00 | |
| Multi-Dimensional Agriculture Development Research(MADE) | NRS 106,605,776.00 (USD 119,845.27) | 100 | 100 | 114,753.76 | 95.75 | Completed |
| Rural Access Development And Research (RADAR) | NRS 17,085,701.70 (USD 170,857.02) | 100 | 100 | 151,916.41 | 88.91 | Completed. |
| Centre for Environment (GEST) | NRS 11,772,091.40 (USD 117,720.91) | 100 | 100 | 104,977.42 | 89.17 | Completed |
| Northwest Civil Aviation Construction Group, China | NRS 6,225,120,227.91 (USD 62,052,633.85) | 72.30 | 26.08 | 1,475,611,527.82 | 23.70 | On-going |
| Prera Nirman Sewa | NRS196,969,152.55 (USD 1,969,691.53) | 100 | 100 | 2,029,564.94 | 100.00 | Completed |
| Procurement of Electrical Vehicles Including Rickshaws | | | | | | Contract was signed on 09 January 2018 |
| Procurement of Solar Power System | | | | | | Contract negotiation is in progress |
| Overall Project progress | | | 55.69 | | 27.22 | |

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| Component | Revised/ Contract Amount | Physical Progress | | Financial Progress | | Remarks |
|----------------------------|--------------------------|-------------------|--------------|--------------------|--------------|---------|
| | | Time Elapsed (%) | Progress (%) | Amount (in USD) | Progress (%) | |
| including land acquisition | | | | | | |

Note: i). Weightage (GBA 90% including land and LDT 10% with design 25%, contract award 5% and construction/supply 70%)
ii). High value of financial progress is due to 15% mobilization advance to GBA contractor

4.3.1 Assessment of Progress of Each Project Component

Recruitment of Consultants: Both consulting services – Detail Design and Construction Supervision and Capacity Development of CAAN and LDT have been procured and under implementation in the project (Ref. Table 7 and further details in **Attachment-5a**). Among three NGO services, all the three NGOs have completed services on awareness, tourism promotion and livelihood programs. Under Lumbini Clean Public Transport Project, the service of an international consultant for the design of electrical vehicle procurement and its operation is continuing. University of Tokyo to advisory planning services have been supporting on-going in the project.

Agreement for procurement of electric vehicle, was made on 09 January 2018 and E-vehicles are under fabrication. 1st lot of vehicles is scheduled to deliver in May 2018 and final lot to be delivered by 09 July 2019 as per schedule of supply under contract.

Procurement process for design, supply, installation and operation of Solar Power plant is still continuing during this quarter. MoCTCA has issued an invitation letter to two qualified bidders namely Tianjin Lantian Solar Tech Co. Ltd, China and ISAKA Electric Co. Ltd, Japan on 27 December 2017 to submit Second- Stage Bids. The Second-Stage Bid was opened at 2:30 PM on 9th February 2018 in MoCTCA as indicated in the Invitation letter. Out of two technically qualified Bidders, only one Bidder namely ISAKA Electric Co. Ltd, Japan has submitted Second-Stage Bid within the specified date and time.

On 26 February 2018, Second-Stage bid evaluation report (BER) was submitted to ADB and ADB has provided no objection letter on 28 February 2018 indicating to process contract negotiation and award the contract. Contract negotiation between MOCTCA and winning bidder ISAKA Electric Co. Ltd, Japan was held on 27th and 28th March 2018 and continue.

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- a) **Procurement of Goods and Works:** The ICB contracts for the works procured which are under progress and the works in the process of procurement are listed in **Table 8** and further details are provided in **Attachment-5b**.

Table 8: Works and Equipment Contracts of SATIDP

| SN | Goods & Works | Contractor | Date of Agreement | Date of Completion | Duration of contract |
|----|---------------|--|--|---|--|
| 1 | GBA-CAAN | Northwest Civil Aviation Construction Group, China | 13-Nov-2014 (Effective Date: 13 Dec. 2014) | 15 June 2018 (Original completion period is 31 December 2017) | 42 months. (CAAN in process of contract extension) |
| 2 | VIC-LDT | Prera Nirman Sewa | 24-Oct-2013 | 25 January 2017 (DLP Completion on 25 January 2018) | |
| 3 | GBA-CAAN | Navigational equipment | | | CAAN has finalized Bid Document. |
| 4 | LDT | Procurement of Electrical Vehicles Including Rickshaws | 09 January 2018 | 09 July 2018 | 6 months |
| 5 | LDT | Procurement of Solar Power System | | | Under Contract negotiation. |

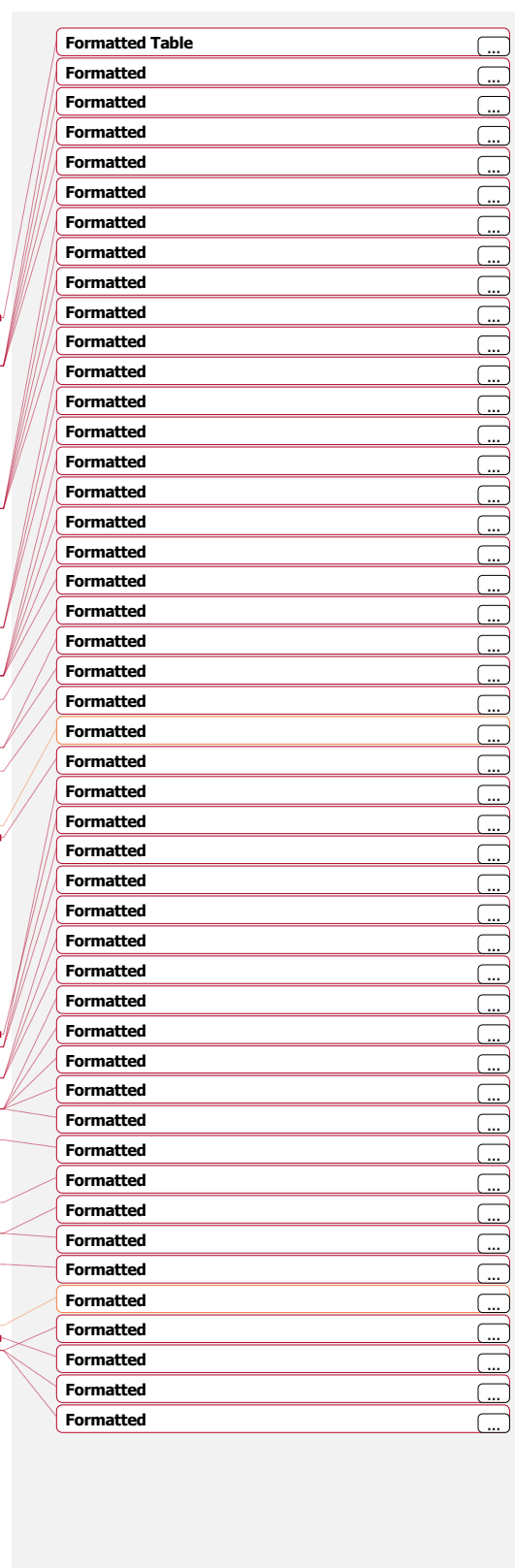
Progress of Consulting Services

(i) **Project Management Consultant**

- a) The PMC is now running with nominal staff inputs. As third variation order for extension of services was expired on 31 December 2017 and fourth no cost variation for extension of services until end of June 2018 has been approved by the MoCTCA.

(ii) **Detail Design and Construction Supervision**

- b) **CAAN-GBA:** The design and supervision consultant (DSC) M/S Yooshin Engineering was effective since 02 September 2011 for the construction supervision of CAAN/GAUC/ICB-01. Contract sum including VAT is NRs. 80,351,136 and USD 488,211 is provisioned in the original contract. V.O.1 and V.O. 2 was necessary to accommodate the service of an additional international expert and to adjust local experts for additional scope of works. Revised contract sum after V.O. 2 is NRs. 106,200,373 and USD 1,388,866. The original contract completion date is 31 December 2017. Third variation order for extension of services till end of June 2018 is being prepared by CAAN to make compatible with civil works construction completion period.
- c) **LDT-VIC:** M/S. Asia Pacific in association with CRCI, ERMC & CE was involved in the construction supervision of VIC at Lumbini, contract no. LDT/CWC/ICB-01. The duration of supervision was assigned was 18 months, whereas contract duration of



works was 24 months. A VO2 was approved for a revised contract sum of NRs. 60,087,982.67 and USD291,370.00 including VAT on 18 November 2016 for the additional design of supervision support for the improvement of museum at Lumbini and the contract duration extended until end June 2017. Now the civil works contract is over including 12 months Defects Liability period. The service of the consultant also has finished.

d) **LDT-NGOs for Capacity Development of LDT.** Three NGOs were assigned for the capacity building component on community awareness program, livelihood generations and tourism promotions as MADE, RADAR and CEST respectively. All three NGOs have already completed their assignments and submitted their final reports.

e) **LDT-LCPTP- Design and Procurement Consultant.** M/S South Asia Management and Engineering Services (SAMES) P. Ltd, Bangladesh is employed as the design and supervision consultant of LCPTP component. The replacement of DTL has been made. A revised input has been agreed with the consultant. Hiring of an expatriate consultant for electrical vehicle and solar plant has been done and design works and bid documents were prepared. The assignment of the consulting services is completed.

f) **LDT-LCPTP- Planning Advisory Consultant.** University of Tokyo has been hired as a Planning Advisory Consultant effective from 18 June 2015 for the design and implementation of Lumbini Clean Public Transport Project. The consultant has worked in close consultation with the ADB expert in advising the SAMES. Mr. Takefumi KUROSE from Japan visited PMC office on 20 February 2018 and discussed about progress on procurement of Electric vehicles and Solar Power plant. On same day Mr. KUROSE left Kathmandu for Lumbini.

b) **Progress of Contracts – Works and Goods**

(i) **Contract Package ICB-01: Construction of Airside and Landside Infrastructure and Facilities at GBA**

On 13 November 2014 CAAN signed the Contract for construction of airside and landside infrastructure and other facilities at the Gautam Buddha Airport with the Contractor Northwest Civil Aviation Airport Construction Group Ltd., China. The contract commencement date has established as 31, Dec 2014.

Both Runway and Taxiway lengths are extended by 400 meter making new runway 3000 meter and existing runway of 1500 meter will be turned into parallel taxiway with additional 400 meter, making total length 1900m meter respectively.

Placing of 25 cm of Sub-base course on runway is nearly completed. Type 1 filling

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work on the both runway shoulder is in progress. Filling of Normal Soil at Runway Strip area is continuous. Preparation for ground floor slab casting of ITB arrival lounge is in progress and scheduled to cast on 05 April 2018. Construction of Control Tower/Administrative building is continues with slow progress. Out of 8 floors casting of control tower progress has been made only up to 3rd floor casting. Construction of Crash Fire rescue Building (CFRB) is suspended since long back due to poor management of resources (labors). Construction of Electrical station is complete except internal finishing works.

Existing domestic terminal building which was planned to be extended and refurbished to use as International Terminal Building in the original scope of work is planning to be converted to cargo building. A new International Terminal Building is under construction. Other equipment such as conveyer belts, information display system, etc. will also be introduced in the Terminal Building.

The physical progress of GBA is 34.412% against the target of 90.203% as per revised work schedule. 86.74% of the contract time has been elapsed till the end of this quarter. Now new revised completion date of the contract is 15 June 2018.

Overall project progress of the project is assessed to be about 55.69% including land acquisition, design works, contract award and work progress. Financial progress is 27.22% of the project cost (total project expenditure NRs. 6.10 billion) and 30.46% of the contract cost. Total disbursement from ADB/OFID/ACEF is equivalent US\$ 17.925 million (24.39 %) until end of March, 2018.

Control of Schedule of GBA: The construction work was disturbed due to Terai closure and embargo with India from August 2015 to February 2016. The work schedule was revised for fourth time and approved provisionally on 13 August 2017 to accommodate EOT until 15 June 2018. The DSC is having daily and weekly meetings at different levels to monitor the work progress. The overall progress for the 1st Quarter-2018 (January-March) is only about 5.078%, which is far from the target of about 25.639% of this quarter and the achieved rate is only 19.805%. Although progress achieved during this quarter is slightly better than previous one still the contractor has to show significant improvement to catch-up the delay schedule.

Contractor's work performance

Issues and Status

1. Dispute between Main Contractor and it's so called Local Agent/Partner

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In fact work progress was hampered due to dispute between Main Contractor and it's so called Local Agent/Partner. Now a day's effect of dispute on work progress is not sensed.

2. Contractor's performance

It has been learnt that, now the contractor's head office is providing financial support in managing resources. Hence the contractor is now managing construction materials including river bed material/quarry material and stocking in construction yard. Numerous work activities including airfield works and building works are in progress. Contract Management and Resource Management problems are being improved but not to the required level. Numbers of labours and some additional equipment to be mobilised at site to get satisfactory progress.

Besides, the site key staffs Architect, Utility and Pavement Engineer, to be mobilised soon. Main key person were present during this quarter is given in Tabular form. (Please refer to the Key Staff Presence Table 9).

In the present context, the site works is being controlled by qualified engineers and local staff but means of communication is another acute problem as Chinese Engineers do not speaks English language and in every moment Interpreter's presence is essence and due to this reason and unnecessary time is losing by concerned stakeholder. Contractor is lacking effective organization structure since the beginning of contract however some improvement is noticed during this quarter.

Besides, out of total contract period **41.5 months** (including EOT), **39 months** including original Contract period has been elapsed. So far total physical progress is **34.412%** against **90.203%** of target. Therefore, it is remaining less than 2.5 months project completion time and as per present pace of work it is not quite possible that Contractor would be able to complete the works within the stipulated contract period. Contractor need to confirm and assure that, he is going to plan and execute works in most effective manner with involvement of competent key professional with, good management of resources including financial resource and sound structural organization to make desired work progress.

Despite of critical monitoring from all sides and commitment made by the contractor in several meetings including ADB, the contractor has been still unsuccessful to show any significant improvement in resource management to meet the desirable progress.

Progress review Meeting and Site Visit:

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Director General CAAN, Mr Sanjiv Gautam, Deputy Director General, CAAN Mr Birendra Pd. Shrestha and Project Director for National Pride Project, CAAN Mr Pradeep Adhikari visited Gautam Buddha International Airport on 25 February 2018.

Respected Secretary for Ministry of Culture, Tourism and Civil Aviation Mr Krishna Pd. Devkota, Joint Secretary, Mr Ghanshyam Upadhyaya, Director General CAAN, Mr Sanjiv Gautam and Project Director for National Pride Project, CAAN Mr Pradeep Adhikari visited Gautam Buddha International Airport on 10 March 2018.

A meeting was organized by Ministry of Finance (MoF) on 15th March 2018 to discuss about Gautam Buddha Regional International Airport's (GBA) work progress. The meeting was attended by MoF, MoCTA, CAAN and ADB. This meeting was follow-up on review and discuss on the agreed actions of 21st December 2017 meeting organized by MOF.

Basically discussions was focused on physical progress of works achieved during last two months i.e January and February 2018 and cumulative physical progress achieved in last 38 months. During the meeting, ADB presented the status of GBA civil work contract as of 28 February 2018 against the agreed targets. In the course of meeting, CAAN informed that, Contract has already been extended up to June 2018 by CAAN. CAAN firmly assured to achieve 50% progress by the end of June 2018 and agreed upon. It was also agreed that, till then, CAAN will continue the contract with own funding for the works done from 1st January 2018 and closely monitor the progress. ADB financing will not be used for the works carried out after original contract completion date i.e.31 December 2017. ADB will reconsider to continue the financing only if the agreed target of 50% is met by end of June 2018.The summary of discussions and agreement in the meeting is attached here with.

PMC regular site visit and progress review meeting was carried out on 14 and 15 February 2017. Meeting for GBIAP between CAAN, Project Management Consultant, DSC Consultant and Contractor was held on 15 February 2018 at CAAN Project Office, Bhairahawa.

ADB Review Mission (20-29 March 2018):

Asian Development Bank (ADB) fielded a project review mission for reviewing the progress status of South Asia Tourism Infrastructure Development Project from 20 to 29 March 2018. The Mission visited the GBA and VIC construction site in Lumbini and held meetings with government officials, consultants, contractors and concerned stakeholder.

The mission has made assessment and reviewed of the followings:

Assessment of status of overall project implementation and specifically progress of Gautam Buddha Airport (GBA) civil work;

1. assessment of the work progress of GBA contractor for the month of January and February of 2018 and preparedness to enhance the progress rate;

2. Assessment of status of continued and interrupted supply of various construction materials, labours and equipment to expedite progress;
3. assessment of the engagement of contractor's key staff as per contract requirement;
4. assessment of the likelihood of progress rate by end of June 2018;
5. inauguration and handover of Visitors' Information Centre (VIC) constructed under destination improvement component in Lumbini;
6. Assessment of status of Lumbini Clean Public Transport project (LCPTP) component;
7. assessment of the performance of the contractor and consultants;
8. Assessment of progress status of the action plan agreed in last CPRM; and
9. Assessment of fund utilization and submission of WAs for disbursement.

Mission's assessment on Component-1: Gautam Buddha Airport

The Mission carried out the field visit from 20 to 24 March 2018 to assess the current progress status, supply of construction materials, equipment, labours by the contractor and preparedness of the contractor to achieve minimum 50% progress by June 2018 with the monthly progress rate of 5% from April to June 2018. The Mission observed that there has been gradual improvement in monthly progress rate from 0.92% to 1.83% from November 2017 to February 2018. During the field visit, it is also observed that the supply of the materials, labours and equipment has improved.

The Mission also carried out extensive discussion with the GBA/CAAN, contractor, and consultant during the field visit and assessed the major work that needs to be completed by end of June 2018 to achieve minimum 50% physical progress. The Mission agreed with the GBA/CAAN, contractor, consultant following time bound action plan and milestone to attain 50% progress by June 2018:

Mission's assessment on Component 2: Destination Improvement

Visitors Information Centre in Lumbini: This component of the Project includes construction of VIC, car parking and bus stop, paving of unfinished portion of perimeter road, solid waste management, and other infrastructure. The contract agreement with the selected contractor was signed on 25 September 2013 and commenced on 30 October 2013. The Mission observed that all works are already completed with completion of defects liability period. On 23 March 2018, VIC building was officially inaugurated jointly by ADB Country Director and LDT Vice-Chairperson. On the same occasion, 30 numbers of environment friendly e-pedicabs were handed over to Lumbini Development Trust for the movement of tourists within the Lumbini heritage area.

Lumbini Clean Public Transport: The contract agreement for supply of electric vehicles (5 buses and 11 vans) was signed on January 2018 and all e-vehicles will be supplied latest by October 2017. The supplier has assured to supply 2-3 buses by May 2018 for the demonstration. The procurement of design, supply, installation and operation of solar power

station (SPS) is in contract negotiation stage. MOCTCA will finalize the contract negotiation by 7 April 2018 and signed the contract by 30 April 2018.

Mission's assessment Component 3: Fostering Community Participation, Capacity Building, and Project Management

NGO Packages: Three NGOs were selected to implement three different packages for: (i) Community Awareness Raising Program (package (ii) Demonstration Scheme for Heritage-Based Livelihood Generation (package and (iii) Tourism Promotion Activities. Various activities under these packages supported the long-term conservation and sustainability of tourism development in Lumbini by engaging concerned stakeholders and communities living in its vicinity. It also helped to raise awareness of communities in conserving Lumbini, enhancing attractiveness of the site, and spreading associated benefits from tourism by creating economic opportunities for them. LDT reported that major activities of all three NGO packages are completed and submitted completion reports. Project Management Consultant (PMC) under MOCTCA will prepare the final completion report of LDT component (VIC and 3 NGO packages) in coordination with LDT and forward to ADB by 30 April 2018.(for detail refer to the **Attachment -9)**