

## Signing of Japanese ODA Loan Agreement with Nepal: Contributing to a more efficient trade network through the construction of Nepal's first road tunnel

On December 22, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Federal Democratic Republic of Nepal in Kathmandu, the capital city, to provide a Japanese ODA loan of up to 16.636 billion yen for the Nagdhunga Tunnel Construction Project.

This project will construct a tunnel under Nagdhunga Pass, which is located on the trunk road connecting Kathmandu, major cities and the Indian border, with the objective of making the transportation network more efficient. The loan funds will be allocated to public works for the tunnel, access roads, bridges and other construction and improvements, and to consulting services (including detailed design work, bidding assistance, construction supervision, and the strengthening of operation and management capacity).

As Nepal is a landlocked country with approximately 80 percent of its land mountainous, people and goods rely heavily on roads for transportation, and about 60 percent of imports and exports are traded with neighboring India. On the target route, which carries about 60 percent of the overland trade with India, goods travel from Birgunj at the border and pass through Narayangadh, Mugling and Nagdhunga before reaching Kathmandu.



signing ceremony

About 15 kilometers from Kathmandu along the route is Nagdhunga Pass (elevation 800 to 1,500 meters) with a grade exceeding 10 percent. The steep, curving road causes chronic traffic congestion, and ensuring a smooth traffic flow across the pass, which is expected to see an annual growth rate in traffic volume of six percent, is a significant challenge in improving the flow of goods.

To deal with this challenge, this project will construct the first road tunnel in Nepal. With two lanes, it will be 2.5 kilometers in length and run under Nagdhunga Pass. This project is expected to reduce the time to clear Nagdhunga Pass to one-third the current time (currently 30 minutes when heading east and 20 minutes when heading west), making the transportation of people and goods efficient, and contributing to local socioeconomic development.



photo

(Reference)

### 1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Nagdhunga Tunnel Construction Project	16,636	0.01	0.01	40	10	General, untied

### 2. Executing Agency

Ministry of Physical Infrastructure and Transport  
 Address: Singhadubar, Kathmandu  
 Phone: +977 - 1 - 4211782

### 3. Planned Implementation Schedule

- (1) Completion of project: August 2022 – when the facilities are put into service
- (2) Issuing of letters of invitation for consulting services (including detailed design work): Already sent
- (3) Tender announcement of initial procurement package for international competitive bidding on project construction:  
 Procurement package title: Civil Works for Tunnel, Approach Roads, Bridges, Toll Facilities, Control Office, Disposal Area Development and Distribution Line  
 Planned release date: Around May 2018