

# ADB, India sign \$190 million loan for improving road connectivity in Rajasthan

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The Asian Development Bank and the Government of India yesterday signed a \$190 million loan to upgrade 754 kilometres of state highways and major district roads (MDRs) to two-lane or intermediate-lane standards that will benefit about 26 million people in 14 districts of Rajasthan.

The signatories to the Tranche 2 loan agreement for the Rajasthan State Highway Investment Programme were Shri Sameer Kumar Khare, Additional Secretary (Fund Bank and ADB), Department of Economic Affairs in the Ministry of Finance, on behalf of the Government of India, and Mr Kenichi Yokoyama, Country Director of ADB's India Resident Mission, who signed for ADB. The Tranche 1 loan of \$220 million under the Programme, signed in July 2017, upgraded about 1,000 km of state roads.

Shri Khare said after signing the loan agreement that the Tranche 2 roads pass through mostly rural areas of Rajasthan that lack reliable connectivity and will help improve access to health, education facilities and markets leading to increased job opportunities.

Mr Yokoyama emphasised to promote operational efficiencies and innovations and said that the project will encourage participation of private sector through Hybrid Annuity Mode and engineering procurement construction (EPC) contracts.

The ADB value-addition will consist in financing part of the construction costs for the annuity-based public private partnership (PPP) concessions and EPC contracts and ensure good governance during project implementation, particularly on procurement and safeguards. The annuity-based PPP model attracts private sector financing to address capital investment requirements, where a proportion of initial capital expenditure is paid during construction while the balance is serviced by annuity payments during the operation and maintenance phase. The toll collection rights will remain with the state public works department to bring sustainability in operation and maintenance of the project.

For the benefit of commuters and pedestrians, particularly women and children, the project provides for constructing more than 200 bus stops, 70 km of hard shoulder, and 2 km of raised sidewalk on project roads.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. In 2018, it made commitments of new loans and grants amounting to \$21.5 billion. Established in 1966, it is owned by 68 members—49 from the region.

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