



1. Project Data

Project ID P144335	Project Name NIRTTP	
Country Nepal	Practice Area(Lead) Transport	
L/C/TF Number(s) IDA-52730,IDA-H8630	Closing Date (Original) 31-Dec-2019	Total Project Cost (USD) 70,537,770.52
Bank Approval Date 28-Jun-2013	Closing Date (Actual) 30-Nov-2021	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	99,000,000.00	0.00
Revised Commitment	76,705,753.67	0.00
Actual	70,537,770.52	0.00

Prepared by Kavita Mathur	Reviewed by Peter Nigel Freeman	ICR Review Coordinator Kavita Mathur	Group IEGSD (Unit 4)
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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) as stated in the Financing Agreement (page 4) and the Project appraisal Document (PAD) (para 26), was "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**".



b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project had three components :

Component A. Modernize transport and transit arrangements between Nepal and India (appraisal cost US\$9.0 million; actual cost US\$1.65 million). This component planned to provide Technical Assistance (TA) to: (i) introduce a modern and effective transit regime including technical assistance in enhancing the capacity to negotiate trade and transit treaties; (ii) simplify and harmonize customs and border management procedures, processes and systems, especially to provide for electronic interchange of transit data; and (iii) strengthen and modernize the regulation of national and international trucking services including axle load control and road safety from a transport management perspective.

Component B. Strengthen Trade-Related Institutional Capacity in Nepal (appraisal cost US\$23.0 million; actual cost US\$10.12 million). This component included three subcomponents: (i) trade portal and Single Window System Development; (ii) Improvement of Trade-Related Laboratories; and (iii) institutional strengthening for Interagency Coordination including financing of Project Coordination Office (PCO).

Component C. Improve Select Trade-Related Infrastructure (appraisal cost US\$69.0 million; actual cost US\$58.77 million). This component included three subcomponents: (i) expand and upgrade the Narayanghat-Mugling road section and implement measures for improvement of entire Birgunj-Kathmandu Corridor; (ii) build a Container Freight Station (CFS) or Inland Container Depot (ICD) in Kathmandu; and (iii) improve the infrastructure at Birgunj and Bhairahawa ICDs.

Following revisions were made during implementations (ICR para 14):

- Slope protection works were added to the scope of the Narayanghat-Mugling road upgrade based on risk assessments during monsoons and in the aftermath of the 2015 earthquake.
- Construction of four additional bridges along the Narayanghat-Mugling road alignment.
- Training activities for the Department of Roads was not undertaken due to lack of approvals from the Ministry of Finance (MoF) to use the project credit funds for training. However, essential trainings were conducted in-country including a training on slope stabilization.
- The initially planned Railway Track Modification at Birgunj ICD was dropped by Nepal Intermodal Transport Development Board (NITDB), as bids were not received from qualified bidders even after two attempts.
- The planned cargo monitoring system for Nepal Intermodal Transport Development Board (NITDB) was not developed, as there was no mechanism to receive the data generated by the Kolkata Port



Authority, Indian Customs, and Indian Railways. Instead, a study to design a Data Capture Framework for Kolkata-Kathmandu Corridor Monitoring was undertaken.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost. The actual project cost was US\$70.54 million, substantially lower than the appraisal estimate of US\$101.0 million.

Financing. The project was originally financed through an IDA Credit of US\$69.0 million and an IDA Grant of US\$30.0 million. The actual IDA credit disbursed was US\$58.77 million and IDA Grant disbursed was US\$11.77 million.

The ICR reports (para 17) that on November 22, 2021, SDR 2.0 million of IDA Credit and SDR 11.00 million of IDA Grant were cancelled based on an assessment of projected disbursements. Due to savings from the exchange rate gain of about 35% and non-completion of National Single Window (NSW), at the end of project closure, on March 2022 a further SDR 2.3 million from the IDA Credit and SDR 669,000 from the IDA Grant were cancelled.

Borrower Contribution. The actual borrower contribution was US\$1.5 million. At appraisal, there was no planned contribution.

Co-financing. At appraisal, the International Finance Corporation (IFC) planned contribution was US\$2.0 million. The actual contribution was none.

Closing Date. The project's closing date was extended by 23 months from December 31, 2019 to November 30, 2021, to complete two critical activities under the trade component, viz., development and implementation of National Single Window (NSW) and the construction of the Inland Container Depot (ICD) at Kathmandu (ICR para 17).

3. Relevance of Objectives

Rationale

Country and Sector Context. Nepal is a landlocked country, nestled between China and India. As a consequence, transport costs are high and the country completely depends on India for transit routes. Nepal is ranked as one of the worst performers in the world in the global Logistics Performance Index, ranking 151 of 155 countries ranked. Exports suffered from low productivity, high tariffs, and poor transportation infrastructure (PAD para 4).

Over 60 percent of Nepal's imports and exports are traded with India. The Governments of Nepal and India have had a long history of cooperation on trade and transit. The two countries meet regularly at several levels to discuss these issues. The Kolkata-Haldia port in India serves as Nepal's access to the sea and is a major transit point for Nepal's third-country trade.



Alignment with the Government Strategy. The PDO was aligned with Nepal Trade Integration Strategy (NTIS) 2010 which sought to enable inclusive growth in Nepal through enhancing the competitiveness of Nepal's exports and reducing the cost of trade. The priorities of this strategy were: (i) reducing the time and cost of trade-related transactions through efforts at simplification, harmonization, and automation; (ii) building the capacity of domestic trade-related institutions including for sanitary and phytosanitary inspections (measures to control plant diseases), trade negotiations, logistics, and monitoring and regulating trade-related sectors; and (iii) enhancing the Government's ability to coordinate trade-related institutions and development partners (PAD para 29).

The PDO is aligned with the Nepal's Long-Term Vision as articulated in the ongoing 15th Plan (2019-2024). The vision highlights (a) the importance of trade for growth in production and productivity; and (b) the development of trade infrastructure, trade facilitation and strengthening of institutional capacity, as key priorities.

Alignment with the World Bank Strategy. The PDO was well-aligned with the Bank Group's Nepal Country Partnership Framework (CPF) for FY2019-2023. The *Objective 2.2 "Increased transport connectivity"* of the CPF emphasized the need to improve transport connectivity to facilitate the movement of people and goods within and across the borders of Nepal. The CPF indicated that the World Bank would support regional transport connectivity with India and China to facilitate trade integration with the IDA Regional Program Window (CPF para 34).

The current World Bank South Asia Regional Strategy recognizes regional cooperation and integration as a key strategic objective. It pinpoints limited intraregional trade and connectivity, cumbersome procedures, non-tariff barriers, and costly road transport and logistics services as key impediments to increasing trade in the region (ICR para 19).

Previous Bank experience. This was the first regional project for the regional trade and transport series in the South Asia Region (PAD para 30).

The statement of objectives was clear and focused. The PDOs remained highly relevant to the Government and Bank strategy for Nepal. The objectives were formulated to a level of ambition that adequately reflected a potential solution to a development problem i.e., reduction in transport and logistics cost for Nepal, a landlocked country. Therefore, the relevance of the PDO is assessed as **high**.

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1



Objective

Decrease transport time and logistics costs for bilateral trade between Nepal and India and transit trade along the Kathmandu-Kolkata corridor.

Rationale

The **theory of change** of the project envisioned that activities including (i) modernization of transport and transit arrangements between Nepal and India; (ii) strengthen trade-related institutional capacity in Nepal; and (iii) improving select trade related infrastructure, would result in outputs such as trade policy documents, guidelines for cross border monitoring, Nepal information Trade Portal System, Geo-positioning System (GPS) enabled Vehicle Tracking System (VTS), Inland Container Depot (ICD) in Kathmandu, upgraded Narayanghat-Mugling road section, and new bridges. These outputs would result in (a) simplification, harmonization, and automation of trade related transactions, (b) adoption of modern approaches to border management, and (c) the reduction of key infrastructure bottlenecks for transit, thereby contributing to the achievement of project outcome "decreased transport time and logistics costs for bilateral trade between Nepal and India and transit trade along the Kathmandu-Kolkata corridor".

The **key assumptions** were related to the proper utilization of capacity enhancement activities which would help reduce the time associated with meeting regulatory requirements for import, export and transit activities. The key critical assumptions were: (a) the capacity enhancement activities in the field of Sanitary and Phyto-Sanitary (SPS), Custom labs, and improvement of border infrastructure would help reduce the border crossing time at Raxaul-Birgunj border post; and (b) the capacity enhancement of National Trade and Transport Facilitation Committee (NTTFC) and Ministry of Industry, Commerce and Supplies (MoICS), for policy level and bilateral issues, introduction of Customs Transit Declaration (CTD), use of National Single Window, and improvement of Narayanghat Mugling road (which was a key bottleneck) would help reduction in total time between cargo offloading at Kolkata to arrival at Birgunj and Kathmandu.

Outputs

- The upgrading of a 33 km of the Birgunj-Kathmandu Road corridor (as targeted), construction of four new bridges (as targeted), and slope stabilization. The last additional contract for the valley side slope stabilization was not completed by project closing due to the impact of the COVID-19 pandemic. It was completed by the Government of Nepal using its own resources.
- Piloting of the Road Accident Information Management System in the Kathmandu valley and the Kathmandu-Birgunj corridor.
- The ICD at Kathmandu was substantially completed by project closing and became operational in April 2022. Improvement of the ICDs in Bhairahawa (pavement works), and Birgunj (railway shed). The ICD facility at Birgunj led to proper cargo segregation and consolidation at the border. An integrated check-post was constructed on the Raxaul (India)-Birgunj (Nepal) border (the construction of this check-post was underway at appraisal and the Nepal side was financed by a grant from the Government of India).
- Completion of the Sanitary and Phyto-Sanitary (SPS) building in Kathmandu with all required lab equipment and furnishings.



- Studies were conducted to expediate the movement of cargo at Kolkata port. These studies identified cumbersome procedures and documentation as the main cause of high logistics costs and time. The project facilitated policy dialogue between the governments of India and Nepal and agreements were reached to develop the automation of processes, reduce the number of administrative documents, and streamline procedures.
- Improvements in banking regulations were made such as for developing e-payment alternatives. Insurance mechanisms were updated and are now common across the two countries along the transit routes. The regulatory changes on banking, and insurance eased the process for traders to recover goods from ICDs.
- Technical assistance activities led to: (a) automation of documents and procedures as part of the National Single Window (NSW), (b) automated system for customs data (ASYCUDA), and (c) training on e-customs and coordination of border management for terminal operators.
- Launching of the Nepal Trade Information Portal (NTIP).
- Launch of Phase 1 of the National Single Window (NSW) and the successful integration of 13 agencies (significantly exceeding to a target of five agencies). The remaining phases of the NSW are being completed by the Government of Nepal using its own resources.
- National Trade and Transport Facilitation Committee (NTTFC) mandate was increased to coordinate relevant agencies (public or private) involved in trade and transport logistics. It monitored issues related to trade and transport and addressed them in a timely fashion through discussions with all high-level stakeholders.

Outcomes

The construction of an integrated check-post on the Raxaul (India)-Birgunj (Nepal) border (not a direct project output) and the ICD facilities, along with the technical activities (mentioned above) resulted in a reduction in delays, costs, and red tape. Border crossing times at Raxaul -Birgunj was significantly reduced from 2.3 days to 0.87 days, significantly exceeding the target of 1.5 days.

Transit trade. Total time between cargo off loading at Kolkata to arrival at Birgunj by road and Birgunj to Kathmandu for trucks was reduced from 10 days (baseline) to 5.94 days, exceeding the target of 8 days.

Total time between cargo offloading at Kolkata to arrive in Birgunj by rail, and Birgunj to Kathmandu for trucks was reduced from 22 days (baseline) to 3.74 days, exceeding the target of 17.6 days.

Time associated with meeting regulatory requirements for import, export and transit activities was reduced from 4.8 days (baseline) to 2.5 days, achieving the target of 2.4 days. This indicator directly measures the transaction costs to traders.

The project resulted in (a) simplification, harmonization, and automation of trade related transactions, (b) adoption of modern approaches to border management, and (c) the reduction of key infrastructure bottlenecks for transit, thereby contributing to the achievement of project outcome "decreased transport time



and logistics costs for bilateral trade between Nepal and India and transit trade along the Kathmandu-Kolkata corridor". The achievement of the objective is **substantial**.

Rating

Substantial

OVERALL EFFICACY

Rationale

The project resulted in (a) simplification, harmonization, and automation of trade related transactions, (b) adoption of modern approaches to border management, and (c) the reduction of key infrastructure bottlenecks for transit, thereby contributing to the achievement of project outcome "decreased transport time and logistics costs for bilateral trade between Nepal and India and transit trade along the Kathmandu-Kolkata corridor". The achievement of the objective is **substantial**.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Efficiency.

At appraisal, the economic analysis of the project was based on a "Quantitative supply chain model" which used the impact of logistic cost, delays and uncertainty in lead time to transit operations. The benefits included: (i) reduction in cargo dwell time and its unpredictability in the port of Kolkata in India; (ii) reduction in cargo clearance and border crossing times at the main border posts, and in particular at the Birgunj border post; (iii) reduction in loading and unloading time and unpredictability in Kathmandu; and (iv) improvement in transparency and predictability of import, export and transit requirements (PAD para 53). The *ex-ante* Economic rate of Return (ERR) was estimated 30 percent, at a 12 percent discount rate over a 20-year period.

The *ex-post* ERR was 41 percent, higher than the appraisal estimate. This was due to unexpectedly large transit benefits within Nepal (almost all from the Narayanghat-Mugling road improvements and largely because of a longer assessment period for benefits), and the impact on Kathmandu ICD (ICR para 29). The *ex-post* net present value was double that estimated at appraisal (US\$60.3 million compared to US\$29.8 million).

Implementation Efficiency.



The project experienced implementation delays and was extended by 23 months due to cancellation of some of the Component 3 works at Birgunj ICD because of unsuccessful procurement. Also, NSW was not completed by project closure (ICR para 31), which was expected to adversely affect project efficiency.

Overall, project efficiency was **substantial**.

Efficiency Rating

Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	30.00	80.00 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	41.00	85.00 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives was high. Project efficacy and efficiency was substantial. The overall outcome is **satisfactory**.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

The ICR identified the following two risks to development outcome:

Government ownership/commitment risk. This risk is rated Moderate. This risk relates to the successful completion of the National Single Window (NSW). The ICR notes (para 64) that the government is committed to the completion of this activity.

Operation and Maintenance risk: This risk is assessed as Moderate. The ICR notes (para 64) that the ICD Kathmandu has been in operation since April 2022. Regarding the maintenance of Narayanghat-Mugling road, the government has prioritized it for maintenance allocations and any needed repairs.



8. Assessment of Bank Performance

a. Quality-at-Entry

The project covered both investments in infrastructure and policy issues covering both trade and transit issues. The project design reflected lessons learned from previous transport and trade facilitation projects, but did not mitigate sufficiently the lack of capacity. The ICR (page 18) says that the MoICS could have identified further training needs in large contract management. For the trade component, global lessons from successful Trade Portal and National Single Window systems (such as Lao PDR for the Trade Portal and Singapore, Philippines, and Indonesia for the Single Window) were incorporated into the project design. The project design included findings from the Bank-managed Non-Lending Technical Assistance such as: preparation of the technical and functional architecture for the National Single Window, business process simplification, change management and communication as well as capacity building for officials and the trading community. For the transport component, the application of E&S policies and the inclusion of key governance and sustainability features were incorporated (PAD pages 11 and 12).

Overall, the project's risk rating at appraisal was assessed "high" due to weak implementation capacity. To mitigate this risk, during project preparation, the Bank Team highlighted the need for filling critical positions such as a Project Director, a Procurement Specialist, and a Financial Management Specialist. There were some delays in hiring these positions. The ICR reports (para 43) that the risks related to political instability did not materialize. The ICR reports (para 43) that substantial capacity building activities, targeting both policy and technical levels, combined with sound project implementation mechanisms (in particular sound coordination among various agencies), contributed to mitigate capacity and governance risks. However, this did not prevent delays from insufficient consultations with local communities (six months), which the Inspection Panel said should be strengthened. The capacity building was not enough because there was insufficient contract management and procurement capacity to explain requirements clearly for the bidders. This led to a 10-month delay while re-bidding took place after lots of errors were made. ICR (para 59) notes that the appraisal was completed rapidly in only 9 months. Perhaps more time should have been devoted to capacity building in preparation.

The safeguards were adequately identified (see section 10 a). The quality at entry also fell short because of a weak M&E design (see section 9).

Overall, the quality-at-entry was **moderately satisfactory**.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The ICR reports (para 61) that the project team worked closely with the Government of Nepal and the implementing agencies and provided direct capacity building support and *ad hoc* technical inputs even



during periods of political instability, the 2015 earthquake, and the COVID-19 pandemic related disruptions. Regular site visits were conducted, and mission documentation and reporting was timely and comprehensive (ICR para 61). The project team had monthly meetings with the client and contractors to support contract management. For the transport component, the Bank team provided technical support for slope protection works. For the trade component, study tours were arranged to learn about NSW good practices.

There were a few shortcomings: (i) the M&E was not updated during implementation, thereby missing an opportunity to address issues to improve the results framework, and (ii) moderately satisfactory performance in financial management and serious delays in procurement.

Overall, the quality of supervision was **moderately satisfactory**.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

A corridor monitoring system was designed and implemented during project preparation with the collaboration of stakeholders in both India and Nepal (PAD para 36). The Nepal Intermodal Transport Development Board (NITDB, under MoCS) was responsible for the monitoring system, and M&E capacity building was included in the project design.

There were three PDO level indicators: (i) time associated with meeting regulatory requirements for import, export and transit activities; (ii) border crossing time at Raxaul-Birgunj border post; and (iii) total time between cargo offloading at Kolkata to arrival at Birgunj by road and rail and Birgunj to Kathmandu for trucks. These indicators could have been much improved as they only captured the time savings and did not measure logistics costs as stated in the PDO "to decrease transport time and logistics costs" could have been useful in assessing the achievement of the logistics part of PDO. The ICR notes (para 22) that the reduction in total time of travel proportionately reduces inventory costs and travel times have been considered an adequate proxy for logistics costs.

b. M&E Implementation

The ICR reports (para 46) that each implementing agency monitored the relevant indicators and submitted reports to the Project Coordination Office (PCO). However, the data on time reduction was not submitted on time and did not include all required origins/destinations. Also, the reductions in time and costs for freight forwarders were not monitored.



c. M&E Utilization

The ICR reports (para 47) that the National Trade and Transport Facilitation Committee (NTTFC) reviewed and discussed semi-annual data and monitoring reports and suggested actions for addressing identified problems.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

The project was assigned environmental category "A" and the following six safeguards policies were triggered: Environmental Assessment (OP 4.01); Natural Habitats (OP 4.04); Physical & Cultural Resources (OP 4.11); Forests (OP 4.36); Involuntary Resettlement (OP/BP 4.12); and Indigenous Peoples (OP/BP 4.10).

According to PAD (para 87), although the civil works for the Narayanghat-Mugling road were planned within the existing Right of Way, the fragile ecosystem in this hilly/mountainous country could pose greater than average environmental risks, if not managed appropriately. The key environmental issue of concern was the likely impact of the road on biodiversity/wildlife. A small section of the Narayanghat-Mugling road (about 6 km) from Aaptari to Jugedi was within the Barandabhar Forest Corridor had been gazetted as a Protected Forest in February 2012.

The upgrade of Narayanghat-Mugling road would adversely impact 80 private structures owned by 74 households (414 Project Affected Persons (PAPs)). It would also affect 11 community structures which included public toilets, a temple, and a park with a statue of political leader, a chautara, waiting hall, and a youth club (PAD para 81).

The upgrade of Narayanghat-Mugling road would adversely impact a total of 66 vulnerable households which included 55 janjati (nearly three fourth of the total affected households), 6 *dalit* (8 percent) and 4 *chepang* community households (5.41 percent), and one female-headed household (PAD para 83). The operational policy on Indigenous People OP 4.10 was triggered and a Vulnerable Community Development Plan was prepared.

At appraisal, an Environmental and Social Management Framework (ESMF) was prepared. It included a screening tool (to help in identifying appropriate locations for sub-projects, wherever applicable); identification of likely impacts; and a management plan. The ESMF included: (i) the Resettlement Policy Framework (RPF), (ii) Indigenous Peoples Planning Framework (IPPF), (iii) Gender Development Framework (GDF), and (iv) consultation framework.

Environmental Safeguards.



The project introduced bio-engineering techniques to stabilize the hill slopes, valley side slopes, and the disposal areas along the Narayanghat-Mugling road upgrading alignment. To protect natural habitats along the Narayanghat-Mugling road and Inland Container Depot (ICD) at Kathmandu, the contracts included compensatory tree plantation for the tree losses (25 trees to be planted for each tree felled). The project also developed innovative environmental measures, such as wildlife animal crossing along the Narayanghat-Mugling road. Four water holes were rehabilitated (two on either side of the road) for quenching the thirst of wildlife animals inside Barandabhar forest.

The ICR reports (para 52) that the environmental safeguards implementation faced several challenges: (i) a high turnover of Environmental and Social (E&S) staff and capacity constraints to implement and manage E&S issues, especially in sub-projects under the trade component; (ii) safeguards capacity and commitment/ownership of the contractors; and (iii) lack of monitoring by the Bank during COVID -19 pandemic related restrictions.

Social Safeguards.

The Narayanghat-Mugling road upgrade works, and landslide impacts impacted 131 private structures (appraisal estimate was 80) owned by 103 households (appraisal estimate was 74). In addition, twenty community structures, mainly public toilets, and passenger sheds were also affected by the road works. All community structures were reinstated.

A Vulnerable Community Development Plan (VCDP) was implemented to address project impacts on 91 households, mostly *dalit* people and other minority ethnic groups.

Cash compensation, displacement allowance, stipend for rental, and business disturbance allowance were paid to the project affected households in line with the RAP, except for one absentee household.

Inspection Panel.

The Inspection Panel received and registered a request for inspection of the Kathmandu ICD, with the requesters alleging non-compliance with World Bank's policies on Involuntary Resettlement, Indigenous Peoples, Physical Cultural Resources and Environmental Assessment. The Inspection Panel visited the project site and did not find sufficient grounds to investigate the complaint. However, the Inspection Panel recommended that consultations with local communities be strengthened in future projects (ICR para 55).

b. Fiduciary Compliance

Financial Management. The ICR reports (para 56) that the project's financial management was "moderately satisfactory" due to some internal control deficiencies such as (i) no vouchers of designated account, (ii) "PAID" stamp not affixed on supporting documents, (iii) payment of reimbursable expenses not as per actual expenses, (iv) no payees' signatures on some payments, (v) claimed retention amount of Nepalese Rupees 32.64 million with the Bank before payment to the contractors, and (vi) payment of full daily allowance to individual consultants for the day of return. The audit reports with unqualified opinions were generally submitted on time.



Procurement. The ICR reports (para 57) that project procurement complied with Bank Procurement Guidelines. However, significant delays occurred in the two-stage procurement for National Single Window.

c. Unintended impacts (Positive or Negative)

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	
Quality of M&E	Modest	Modest	
Quality of ICR	---	Substantial	

12. Lessons

The following lessons are taken from the ICR with some modification of language:

Building on solid analytical work is key to successful design and implementation of trade and transit projects. The non-lending technical assistance allowed the Bank to formulate recommendations to enhance the legal and regulatory framework, prepare options for the effective governance and operational models, prepare the technical and functional architecture for the National Single Window, carry out preliminary work on business process simplification, and capacity development of relevant stakeholders. Implementation arrangements allowed for effective project delivery.

World Bank guidance and support for the project’s technical and Environmental and Social (E&S) design can provide the government with high quality standards, that can be mainstreamed in other similar projects. Given the importance of tourism in Nepal and its rich biodiversity, the systematic incorporation of environmental features, such as the construction of the animal passes and the development of water holes for wildlife, constitutes good practice. Similarly, the early design of road safety components and slope stabilization can minimize road safety risks during implementation.

IEG adds following lessons:



Environmental Category “A” projects which trigger safeguards policies on “Involuntary Resettlement” and “Indigenous Peoples” could strengthen consultations with local communities. During the implementation of this project, the Inspection Panel received and registered a request for inspection of the Kathmandu Inland Container Depot, with the requesters alleging non-compliance with World Bank’s policies on Involuntary Resettlement, Indigenous Peoples, Physical Cultural Resources and Environmental Assessment. The Inspection Panel visited the project site and did not find sufficient grounds to investigate the complaint. However, the Inspection Panel recommended that consultations with local communities be strengthened in future projects.

Processes such as “two-stage bidding” require additional training in countries with weak procurement capacity. In this project, significant delays occurred in the two-stage procurement for National Single Window.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR is candid and provides a sound detailed overview of the project. It presents adequate evidence to support the project achievements. The ICR is internally consistent; the logical linking and integration of the various parts of the report is adequate. The lessons are based on evidence and analysis.

Overall, the quality of the ICR is rated **substantial**.

a. Quality of ICR Rating Substantial