

COUNTRY SNAPSHOT NEPAL



Nepal

Population, million	28.98 million (2016)
GDP, current US\$ billion	21.144 (2016)
GDP per capita, current US\$	729.533 (2016)
Poverty Rate, % (\$1.90/day)	14.99 (2010)
GINI Coefficient	32.84 (2010)

AT-A-GLANCE

- FY2017 saw a broad-based recovery as economic activity rebounded, inflation moderated, government revenue and spending picked up and remittances grew, albeit more slowly than ever before. Growth is expected to be below potential in FY2018 in light of the worst flood in decades. Slow recovery of exports, increase in lending rates, continued decline in departures of migrant workers going abroad and a fluid political environment continue to pose challenges.
- Nepal is transitioning into a federal democratic state. The country completed its first local elections in 20 years, which took place in three phases. Provincial and parliamentary elections are expected to be completed in December 2017.
- The World Bank Group (WBG) is intensifying its support for institutional governance, particularly for fiscal devolution and establishing a new federal government structure, for economic sustainability and job creation and for earthquake reconstruction and disaster preparedness.

COUNTRY CONTEXT

Nepal is characterized by frequent changes in government. Prime Minister Sher Bahadur Deuba took office in June 2017 as part of a power-sharing agreement among coalition partners. The country is transitioning into a federal democratic government based on the 2015 constitution, which remains contested by certain groups. Local elections were carried out in three phases, with the last elections held on September 18, 2017. Provincial and parliamentary elections are expected to be completed in early December 2017.

Significant adjustments need to be made to the government structure. They include amending over 400 existing acts, restructuring the civil service at all levels, devolving fiscal management, and determining the division of funds, functions and functionaries between various levels of government.

Nepal experienced devastating earthquakes in 2015 followed by trade disruptions leading to a fuel crisis, which impacted the entire economy. The heavy monsoon rains sweeping across South Asia in 2017 affected 1.1 million Nepalis.

RECENT ECONOMIC DEVELOPMENTS

Economic activity rebounded strongly in FY2017, growing 7.5 percent following two challenging years. Rice production reached a record high at 5.2 million tons following one of the best monsoons. Industry growth was high, with a record-high addition of hydropower capacity and construction as earthquake reconstruction following the devastating 2015 earthquake gathered speed. Growth in the service sector was helped by the trade and hotel subsectors normalizing after the shocks of the previous two years. Private and public investment rebounded strongly as did tourist arrivals, which reached a record high. However, consumption slowed, most likely due to slowing remittances.

Inflation, which rose in the previous two years amid disruption caused by the earthquake, fell sharply and reached a decade-low rate by the end of FY2017. Credit growth soared during the first half of the fiscal year while deposit mobilization slowed. This led to a squeeze on the availability of loanable bank funds, which eased off by the end of the fiscal year. Interest rates have not come down despite the greater availability of funds.

As imports continued to surge and exports faltered, the trade deficit further increased. Remittances continued to slow. Con-

sequently, the current account narrowed significantly from 6.2 percent of GDP in FY2016 to a deficit of -0.4 percent of GDP in FY2017. Migrant worker outflow stagnated to a five-year low. Annual revenue growth has been robust. Public spending, particularly capital spending, picked up. It reached a record high of almost 8 percent of GDP despite significant under-spending of the planned budget. The era of positive fiscal balance ended with the fiscal deficit reaching 3.3 percent of GDP. The poverty rate at the \$1.90 a day line was 15 percent in 2010 and is projected to be 10.8 percent by end 2017.

ECONOMIC OUTLOOK

Economic activity, which was expected to progress well in FY2018, was affected by the worst floods in decades. The flooding in mid-August, the third major shock in three years, caused severe disruption and damage, especially in the southern plains. Hence growth for FY2018 is expected to be lower than earlier forecasted and moderate thereafter.

Inflation, particularly food inflation, is expected to rise temporarily in the first half of FY2018 as a result of the floods, but is



A homeowner stands next to her home being rebuilt partly through the support of the World Bank's Earthquake Housing Reconstruction Project, which has already helped build 50,246 houses. Following severe earthquakes in 2015, a Multi-Donor Trust Fund was set up to enable donors to coordinate their finance for housing reconstruction

TABLE: Nepal Macro Outlook Indicators

(annual percent change unless otherwise noted/ from Nepal Development Update September FY18)

Nepal	2014	2015	2016 e	2017 f	2018 f	2019 f
REAL GDP Growth, at Constant Market Price	6.0	3.3	0.4	7.5	4.6	4.5
Private Consumption	4.2	2.9	-0.8	2.4	2.0	3.0
Government Consumption	10.0	7.4	-0.4	21.5	20.9	12.8
Gross Fixed Capital Investment	11.4	19.6	-12.3	34.0	15.1	10.5
Exports, Goods and Services	18.8	6.8	-13.7	16.9	10.1	6.3
Imports, Goods and Services	20.9	9.6	2.8	22.0	8.0	8.0
REAL GDP Growth, at Constant Basic Prices	5.7	3.0	0.0	6.9	4.6	4.5
Agriculture	4.5	1.1	0.0	5.3	2.7	3.0
Industry	7.1	1.4	-6.3	10.9	5.0	3.2
Services	6.1	4.8	2.0	6.9	5.8	5.8
Inflation (Consumer Price index)	9.1	7.2	9.9	4.5	5.5	6.5
Current Account Balance (% of GDP)	4.6	5.1	6.2	-0.4	-2.0	-2.8
Fiscal Balance (% of GDP)	0.6	-1.1	-0.4	-3.3	-4.3	-4.6
Debt (% of GDP)	28.3	25.5	28.0	27.6	29.4	31.0

Source: CBS, NRB, MoF for history and estimates; World Bank staff for forecasts.

Notes: a/ fiscal balance includes net lending, e = estimate, f = forecast

expected to remain within the Central Bank's target. With increased government spending due to a new federal structure and in response to the earthquake and flooding, the fiscal deficit is expected to widen in FY2018. The current account turned into a marginal deficit in FY2017 and this is expected to widen as import growth remains high and remittances and exports grow only slowly.

THE WORLD BANK GROUP AND NEPAL

The World Bank Group (WBG) fielded its first economic mission to Nepal in 1963 to assess the country's development prospects and challenges. It approved its first credit in 1969 for a telecommunications project. Since then, the World Bank has provided Nepal \$4.75 billion in assistance (\$3.48 billion in credits and \$1.27 billion in grants).

After three consecutive Interim Strategies in FY 2007, 2009 and 2011, the WBG is providing longer term support through the Country Partnership Strategy (CPS) covering FY2014-2018. The CPS aims to support Nepal's aspirations for higher and more inclusive economic growth to help equalize opportunities across population groups. The partnership focuses on expanding hydro-power generation, enhancing transport connectivity, improving the business environment, enhancing agriculture productivity, and equalizing access to health care, skills development and social protection.

A mid-term review was completed in February 2017. Given the country developments, the WBG is intensifying its support for institutional governance particularly for fiscal devolution and establishment of a new federal government structure, for economic sustainability and job creation, and for earthquake recon-

struction and disaster preparedness. A new Country Partnership Framework (CPF) will be prepared in the second half of FY2018. The WBG is carrying out the Systematic Country Diagnostic (SCD) to inform the new CPF.

Nepal is eligible for concessional financing support from the International Development Association (IDA). During the IDA17 period (17th replenishment of IDA covering FY2015-2017), the World Bank committed \$1.2 billion. This amount included additional financing of \$300 million from the IDA Crisis Response Window to respond to the emergency needs after the 2015 earthquake. During IDA18 period (FY2018-2020), Nepal may access approximately \$1.3 billion in IDA financing. This includes additional financing from the IDA Exceptional Risk Mitigation Regime financing window.

WORLD BANK PROGRAM

The current portfolio comprises 22 active projects with a net commitment of \$2.32 billion. In terms of the number of projects, the energy sector makes up the largest share (5 projects) followed by agriculture and education (4 projects in each sector). In terms of volume, the education sector accounts for the largest at \$530.8 million, followed by agriculture (\$464.9 million), and energy (\$341.9 million). The World Bank is also financing projects in climate resilience, education, financial management, health, irrigation and water management, social protection, and urban development. Across its projects, the World Bank considers gender, citizen engagement and climate change as cross cutting issues.

After the 2015 earthquake, the WBG responded quickly and flexibly to finance emergency reconstruction, coordinating closely with other development partners. The World Bank restructured, reallocated or extended 12 existing IDA projects for recovery efforts. In parallel with the Japan International Cooperation Agency, it funded the Earthquake Housing Reconstruction Project (\$200 million). The World Bank also administered a multi-donor trust fund (\$10 million) that pooled resources from Canada, the UK's Department for International Development (DFID), Switzerland, and USAID.

In addition to financing investment projects, the World Bank is supporting the government's policy reforms in fiscal manage-



Photo Credit: Sushil Sah/World Bank

The World Bank is financing a slice of Nepal's expenditures in implementing its seven-year School Sector Development Plan. Every year, the program benefits over 7 million students and over 180,000 teachers and Early Childhood Education and Development facilitators in over 30,000 community schools and centers across the country

World Bank Active Portfolio

(As of September 30, 2017)

- No. of Projects: : **22**
- Commitments: **\$2.32 billion**
- IDA: **18 projects; \$2.2 billion**
- Trust Funds*: **4 projects. \$95.4 million**

* Only those Trust Funds that are \$5 million or greater



Photo Credit: Infopark/World Bank

A mason takes part in practical training offered through the World Bank's Earthquake Housing Reconstruction Project. Around 8,000 masons have been trained on safer construction trainings following the 2015 earthquakes

ment and the financial sector. For example, through development policy financing it has supported the restructuring of the banking sector, strengthening the sector's legal and regulatory framework and improving transparency in the financial sector. The World Bank is also financing the government's programs for healthcare reforms and education development.

The World Bank has provided a range of analytical and advisory support for policy reforms and economic and sector advice. One recent flagship report was "Climbing Higher: Toward a Middle-Income Nepal" that offered policy recommendations for escaping the low-growth trap. Together with DFID it also published "Moving Up the Ladder – Poverty Reduction in Social Mobility in Nepal." Other World Bank analysis included reports on health insurance, education, nutrition and urban engagement. Twice a year, the World Bank issues the Nepal Development Update that reviews the state of Nepal's economy.

WORLD BANK - IFC COLLABORATION

The World Bank is working closely with the International Finance Corporation (IFC) to strengthen the environment for private sector investment and promote private sector growth. Nepal is one of the pilot countries for the WBG's renewed efforts to maximize financing for development by crowding in private sector finance and to minimize public debt and contingent liabilities. The two institutions coordinate closely in the energy and financial sectors. In addition to the SCD, multiple joint analytical work is under way, including the Country Private Sector Diagnostic (CPSD) and the Infrastructure Sector Assessment Program (InfraSAP).

IFC has invested over \$150 million in Nepal since 1956. As of June 30, 2017, IFC's committed portfolio was about \$43 million and its advisory services portfolio was \$17 million across 10 projects.

IFC's strategy focuses on addressing development gaps in financial inclusion, sustainable infrastructure, and competitiveness. IFC is supporting financial institutions and venture funds to expand access to finance for SMEs and individuals. With the WB, it has helped unlock barriers for new infrastructure projects, including the ground-breaking 216 MW Upper Trishuli-1 hydro-power project that is expected to attract the largest single project foreign direct investment into Nepal.

Through its advisory services IFC is working with the Government and the private sector on improving Nepal's investment climate, enhancing regional connectivity and promoting investment in tourism.

MIGA

The Multilateral Investment Guarantee Agency (MIGA) has no exposure in Nepal at this time. MIGA is currently coordinating with the World Bank and IFC to consider a guarantee support for the Upper Trishuli-1 Hydro Project. The Agency is ready to consider further projects across sectors as appropriate opportunities emerge.

CONTACTS:

More about the World Bank Group in Nepal

Country Website: <http://www.worldbank.org/nepal>

Projects: <http://www.worldbank.org/en/country/nepal/projects>

News: <http://www.worldbank.org/en/country/nepal/news>

Data: <http://data.worldbank.org/country/nepal>

Research: <http://www.worldbank.org/en/country/nepal/research>

The "Country Snapshot" is an annual update highlighting the country's recent developments, economic outlook and major overview of the World Bank Group's partnership with the country. You can find the latest updates for Nepal at <http://www.worldbank.org/Nepal>

COUNTRY
SNAPSHOT

NEPAL PROJECT PROFILES



NEPAL: THIRD FINANCIAL SECTOR STABILITY DEVELOPMENT POLICY CREDIT (DPC3)

KEY DATES:

Approved: March 2, 2017
 Effective: May 8, 2017
 Closing: March 31, 2018

FINANCING (in million US Dollars):

Financier	Financing
IDA	100.00
Government	NA
Project Cost	100.00
Additional financing	NA
Total Project cost	100.00

BACKGROUND AND OBJECTIVES:

In mid-2011, a financial sector crisis nearly unfolded in Nepal. Withdrawals of deposits from smaller financial institutions (FIs) and severe liquidity constraints across the banking sector exposed the vulnerabilities of the financial system and required urgent intervention by Nepal's central bank and bank regulator, the Nepal Rastra Bank (NRB). Some of the liquidity was over-invested in the stock market and in speculative real estate investments, creating asset bubbles in each case. Once both bubbles burst, the sector was on the verge of a financial crisis, from which it emerged with great difficulty. The World Bank, together with the IMF, was asked to support efforts to contain the unfolding crisis and to provide longer-term support for institutional and regulatory changes that would contribute over time to a more robust system. Owing to quick and effective intervention by the NRB and a favorable environment (notably, continuing large flows of remittances, which provided liquidity to the system), a full-blown financial crisis was averted. In this process, substantive dialogue between the authorities and the World Bank developed, leading to the articulation of a medium-term program to address the underlying vulnerabilities of the financial sector. As a result of this dialogue, and to support the Government of Nepal's medium-term program, the World Bank Board approved a stand-alone, single-tranche Financial Sector Stability Credit of US\$30 million in 2013, followed by a second credit of US\$100 million in 2015 and the third Financial Sector Stability Credit of US\$100 million in 2017.

The objective of the DPC3 was to support the continuation and expansion of the Government of Nepal's efforts to address financial sector vulnerabilities and increase its transparency. The actions supported and completed under the DPC3 are part of a broader, medium-term, government-led program aimed at reinforcing banking-sector stability and paving the way for the development of a robust and more inclusive financial sector. The DPC3 had four pillars: (i) enhancing financial sector development, (ii) restructuring and consolidating the financial system, (iii) strengthening the legal and regulatory framework, and (iv) enhancing the governance and transparency of the banking system.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- The Capital Adequacy Ratio (CAR) of Nepal Bank Ltd. (one of the state-owned banks) is above the minimum requirement of 10% and divestiture strategy approved.
- All banks met the minimum CAR. Corrective measures as part of Special Inspection Program were undertaken by individual banks and prompt corrective action was applied to four banks. Insurance sector diagnostic continued.
- Consolidation of banking sector observed and number of financial institutions decreased to 135 in 2016 from 199 in 2012.
- Nepal Rastra Bank Act, Banks and Financial Institutions Act and Deposit and Credit Guarantee Fund (DCGF) Act approved by the Parliament.
- Signing of Memorandum of Understanding (MoU) between DCGF and NRB governing the cooperation and exchange of information completed.
- Settlement risk eliminated in the system with the operationalization of transfer of funds between NRB branches on real-time basis.
- With the approval and implementation of Asset (Money) Laundering and Prevention Regulations, Nepal remains off the Financial Action Task Force (FATF) grey list.

IMPLEMENTING AGENCY:

Ministry of Finance

KEY PARTNERS:

Ministry of Finance, Nepal Rastra Bank, Deposit and Credit Guarantee Fund.

NEPAL: HIGHER EDUCATION REFORMS PROJECT

KEY DATES:

Board Approval: February 19, 2015

Effective: May 22, 2015

Closing: June 30, 2020

FINANCING (in million US Dollars) :

Financing source	Financing
IDA	65.00
Government	588.34
Project Cost	653.34
Additional Financing	NA
Total Project Cost	653.34

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

The relatively new and small, albeit fast expanding, higher education sector has not been able to adequately meet the human resource needs of the economy. This is attributed to weak relevance, low quality, internal inefficiency, inequity and inadequate financing. This project supports the Government of Nepal's National Program for Higher Education Reform and Development.

The project aims to support reforms in selected institutions for improving quality, relevance and efficiency of higher education; and to assist under-privileged students for equitable access. It is expected to support reforms at Tribhuvan University and other public universities including their 150 constituent and affiliated campuses using results-based financing (Disbursement Linked Indicators). The intervention will benefit over 500,000 students, including scholarships for 9,500 students from poor households with preferential treatment to female students, and support more than 500 students and faculty members for research, development and innovation.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

Progress is being monitored through achievement of yearly targets for seven Disbursement Linked Indicators (DLIs) corresponding to systemic reforms, five key performance indicators (KPIs) measuring outcomes, and eight intermediate indicators. The year-one and year-two progress towards achieving the DLIs and KPIs is modest owing to the impacts of the April and May 2015 earthquakes, trade disruptions, as well as on-going transition to the federal structure of the government. The progress below is based on the partial DLI achievement report for year-two:

- DLI 1: Year-one and year-two targets have been partially achieved. Five new Higher Education Institutions (HEIs) have been accredited against the year-one target of eight and year-two target of eighteen.
- DLI 2: 100 percent of year-one, year-two and 38 percent of year-three targets have been achieved. 107 HEIs have been selected and performance grants released against year-one, year-two and year-three targets of 45 for each year.
- DLI 3: 100 percent of year-one and 50 percent of year-two targets (first sub-DLI) have been achieved. Autonomy granted to three TU constituent campuses against the year-two targets of four (cumulative).
- DLI 4: First sub-DLI targets for year-one to year-five, and second sub-DLI targets for year-one and year-two have been achieved.
- DLI 5: 100 percent of year-one target has been achieved, and year two target is lagging behind. 22 new academic programs at Bachelor/Masters level introduced against the year-one target of 20.
- DLI 6: 96 percent of year one and more than 50 percent of year-two targets completed. 2,887 financially poor students from bottom two poorest quintiles were supported in year-one against the target of 3,000, and around 2,200 students from the same category are being supported in year-two against the target of 3,000.
- DLI 7: Progress of first sub-DLI for year-one and year-two has been over achieved. First batch of 270 research projects selected and funds released to 172 projects against the year-one target of 100, and second batch of 399 research projects selected and submission of final report in progress.

IMPLEMENTING AGENCIES:

University Grants Commission, Tribhuvan University and Student Financial Assistance Fund Development Board

KEY PARTNERS:

Not Applicable

NEPAL: SCHOOL SECTOR DEVELOPMENT PROGRAM

KEY DATES:

Approved: March 24, 2017

Effective: Not yet effective

Closing: July 15, 2021

FINANCING (in million US Dollars):

Financier	Financing
IDA	185.00
Government	5739.00
Project Cost	5924.00
Additional financing	NA
Cofinancing (Other DPs)	537.00
Total Project cost	5461.00

BACKGROUND AND OBJECTIVES:

Building on the progress made under the country's Education for All Program 2004–2009 and School Sector Reform Program 2010–2016, the Government of Nepal (GON) has prepared a seven-year School Sector Development Plan (SSDP, 2017–2023) in close consultation with stakeholders, including Development Partners. The SSDP is expected to contribute directly to the country's aim to attain middle-income country status and to meet the Sustainable Development Goal targets for education by the year 2030. The Program will annually benefit over 7 million students and over 180,000 teachers in over 30,000 community schools across the country. The World Bank supports the SSDP using Program for Results instrument, first education sector PforR in Nepal.

The Program Development Objective (PDO) is to improve the quality, equitable access, and efficiency of basic and secondary education in Nepal by supporting the Government's School Sector Development Program.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

The program is expected to be effective by September 20, 2017. GON has submitted year-one (FY2016/17) DLI achievement report. GON is in the process of hiring an independent agency for the verification of the DLI achievements.

The Bank is also administering Global Partnership for Education (GPE) and Results in Education for All Children (REACH) Trust Fund Additional Financing. Following the GON's request, the GPE/REACH TF, which became effective during the School Sector Reform Program, is being restructured to utilize the unspent resources of \$4.81 million for the capacity building of the implementing agencies including the transition to the federal structure.

Bank executed Trust Fund -- Russia Education Aid for Development Trust Fund 2 -- has been mobilized in support of SSDP for Technical Assistance including hiring of international experts to strengthen assessment and examination system in the school sector.

IMPLEMENTING AGENCY:

Ministry of Education

KEY PARTNERS:

Joint Financing Partners (JFPs): ADB, European Union, Norway, Finland, JICA, Australia, UNICEF, GPE, REACH.

NEPAL: HEALTH SECTOR MANAGEMENT REFORM PROGRAM

KEY DATES:

Approved: January 13, 2017

Effective: April 13, 2017

Closing: July 15, 2021

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	150.00
Government	190.00
Project Cost	340.00
Additional financing	NA
Total Project cost	340.00

BACKGROUND AND OBJECTIVES:

Nepal has achieved significant improvements in health indicators but challenges remain. Between 1996 and 2013, the maternal mortality ratio and under-five child mortality decreased by about 75%. Although there have been improvements, Nepal remains a high burden country for chronic malnutrition (stunting rate of 37.5%). Similarly, health service utilization indicators have improved but gaps remain. Only 55.2% of births are in a health facility and this proportion is only 27.9% among the poorest quintile.

Weaknesses in management of the government health system undermine access and quality of services. Health services suffer from stock-outs and expiry of medicines resulting from an inefficient supply chain management and distribution system. Low public procurement capacity contributes to drug supply problems. Weaknesses in financial management undermine effective resource allocation. Fiduciary integrity remains a major challenge. Over the last five years, there has been an increasing trend in the number of audit irregularities as well as ineffective follow-up of audit findings. There is a deficit of qualified health workers, particularly in remote areas, because of difficult living and working conditions and inefficiencies in human resource management. Citizen engagement mechanisms need to be implemented to contribute to improved accountability of policy makers and service providers.

The Program Development Objective is to improve efficiency in public resource management systems of the health sector in Nepal. The Program for Results (PforR) operation will support the Program through a series of Disbursement Linked Indicators (DLIs), which form the basis for disbursement. There are 11 DLIs that focus on critical aspects of health sector management including priority areas in procurement and financial management and reporting and information management for better evidence-based planning.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

The Program became effective in April 2017 and the first set of results were completed by the Government by July 2017. The results are currently in the process of being verified by the National Health Research Council.

The expected first year results include: (1) strengthening procurement systems by the Ministry of Health endorsing guidelines for establishing a grievance redressal mechanism as well as standardizing and making public a set of technical specifications for the essential drugs list; (2) increasing financial management discipline of the Ministry of Health and its agencies through the use of electronic annual work plans, capturing expenditures in the financial management system, and establishing a system for monitoring responses to audit queries; and (3) improving information through the planned rollout of the District Health Information System.

IMPLEMENTING AGENCY:

Ministry of Health

KEY PARTNERS:

Key development partners providing direct technical assistance to the Ministry of Health in the execution of the Program include DFID, USAID, GIZ and Unicef.

NEPAL: STRENGTHENING SYSTEMS FOR SOCIAL PROTECTION AND CIVIL REGISTRATION PROJECT (SSSPCRP)

KEY DATES:

Approved: January 23, 2017

Effective: July 21, 2017

Closing: July 20, 2022

FINANCING (in million US Dollars) :

Financier	Financing
IDA	150.00
Government	173.00
Project Cost	323.00
Additional financing	NA
Total Project cost	323.00

BACKGROUND AND OBJECTIVES:

The Social Security Allowance (SSA) under the Ministry of Federal Affairs and Local Development (MOFALD) is the largest of the social assistance program in Nepal. Currently, 2.26 million individuals benefit from the SSA, of whom roughly 1.5 million are female. MOFALD has relied on manual and decentralized record keeping of beneficiary information and payments by local officials at each Village Development Committees (VDCs) and municipalities. This has been a major hurdle for addressing issues of duplication, under-coverage and weak oversight facing the administration of SSA program. With the assistance from the World Bank' Social Safety Nets Project and the Additional Financing, MOFALD developed a Management Information System (MIS) to use as a database on specific information about the actual beneficiaries and program implementation (e.g., details on payment transactions) and piloted use of commercial banks as SSA payment service providers. With the establishment of Department of Civil Registration (DCOR), improved delivery of civil registration (CR) and SSA is seen as a priority to strengthen the impact of Nepal's social programs in protecting the vulnerable from adverse risks and shocks. As the country transits to federalism, ensuring the improved service delivery is a priority.

The objective of the project is to improve the coverage of social security allowances and civil registration, and the delivery of social security allowances. The project supports the DOCR's Civil Registration and Social Security Strengthening Program and consists of four components. Over a five-year period, the project is expected to support (a) the establishment of a comprehensive National Population Register and expanded coverage of CR and SSA and (b) improved delivery of SSA via transition to e-payments in selected districts and improvements in related processes. These will be supplemented with institutional strengthening at both central and local levels.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

The project became effective in July 2017. Its conditions include establishment of an Inter ministerial Steering Committee, Inter ministerial Technical Committee and Project Management Unit as well as the approval of the Project Operations Manual.

Expected results include: (1) Establishment of a comprehensive National Population Register where each member has a unique ID; (2) Increase in the coverage of births registered, especially for the 0-1 age group; (3) Increased outreach for CR and SSA among the target population; (4) E-payments transition strategy for SSA and functioning e-payment system with deployment of e-payments in 25 districts; (5) Improvements in SSA benefit delivery, monitoring, and grievance redress mechanisms; and (6) Fully equipped and functional DOCR with proper organizational structure and capacity, including enhanced MIS platform.

IMPLEMENTING AGENCY:

Department of Civil Registration (DOCR), Ministry of Federal Affairs and Local Development (MOFALD)

KEY PARTNERS:

United Nations Capital Development Fund (UNCDF)

World Health Organization (WHO)

NEPAL: IRRIGATION AND WATER RESOURCE MANAGEMENT PROJECT

KEY DATES:

Board Approval (original): December 6, 2007; AF I: September 29, 2008; AF II: December 23, 2013

Effective (original): April, 24, 2008; AF I January 30, 2009; AF II: April 10, 2014

Closing (original): June 30, 2015 (AF1): June 30, 2016; (AF2): June 30, 2018

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	114.24
Government	10.00
Project Cost	124.24
Water User Associations	8.10
Additional financing	NA
Total Project Cost	132.34

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

Two-thirds of Nepal's population is engaged in the agriculture sector, which contributes 36 percent towards the nation's total GDP. At present the irrigated area stands at 1.39 million hectares out of the potential 18 million hectares and of this only 42% has year-round irrigation. Thus there is scope for both increasing agricultural productivity and production through the provision of year-round irrigation and expanding the area under irrigation. The Agriculture Development Strategy (2015 - 2035) has recognized irrigated agriculture as an engine of economic growth to alleviate poverty through judicious use of water, increased income through adoption of high value agriculture and a value chain approach to agriculture development.

The Irrigation and Water Resources Management Project (IWRMP) aims to improve agriculture productivity and the management of selected irrigation schemes and to enhance institutional capacity for integrated water resources management. It aims to ensure efficient integration of water resources and crop production to derive full benefits from investments in irrigation. The project has four main components:

- Irrigation infrastructure development and improvement;
- Irrigation management transfer to water user associations in the Tarai (plains);
- Institutional and policy support for integrated water resources management; and
- Integrated crop and water management.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

IWRMP is currently in the second Additional Financing phase. The original scope (2008 - 2016) ended in June 2016 with the rehabilitation of 134 farmer-managed irrigation schemes (FMIS); handing over of management functions of four Agency Managed Irrigation Schemes covering an area of 23,100 ha, installation of telemetry systems in 32 sub-stations in Babai, West Rapti and Karnali Basins and increase in productivity of key crops (rice, wheat, maize and potato) in a range of 44 to 73 percent. The original phase and the first additional financing registered 100 percent disbursement.

Under the second Additional Financing, the project has already rehabilitated 59 FMIS out of planned 106 schemes. Of the remaining 47 schemes, 18 are above 80 percent complete and the remaining are between 50 to 80 percent complete. Three management transfer agreements have been signed to hand over 16,345 ha of the command area to the respective users in three Agency Management Irrigation System (AMIS), namely Ramgunj at Sunsari Morang Irrigation System, Block 2 of Narayani Irrigation Scheme and Phase II of Mahakali Irrigation System. Through the Water and Energy Commissions Secretariat (WECS), the project is supporting the development of four river basin management plans for West Rapti, Babai, Karnali and Gandaki River Basins. The basin plans will guide the development of master plans for the hydropower, irrigation and drinking water sectors in Nepal. With the availability of year-round irrigation and promotion of improved farming practices the productivity of rice, wheat, maize, and potato have respectively increased by 47, 44, 73 and 61 percent over the baseline with the corresponding increase in cropping intensity from 149 to 213 percent. To make the best use of irrigation water, the focus is now placed on crop diversification to include high value crops, vegetables in particular which fetch higher income and enjoy a year-round market. With all the funds committed and work in progress, the Project is expected to meet end of the project target, both financially and physically.

IMPLEMENTING AGENCY:

Ministry of Agriculture Development, Ministry of Irrigation, Water and Energy Commission Secretariat and Water Users Associations

KEY PARTNERS:

Not Applicable

NEPAL: POVERTY ALLEVIATION FUND II ADDITIONAL FINANCING

KEY DATES:

Board Approval: (original) December 6, 2007; First AF: June 2, 2011, Second AF: June 5, 2013

Effective: (original) March 19, 2008; First AF: October 11, 2011; Second AF: October 4, 2013

Closing: (original) June 30, 2014; (AF1): December 31, 2014; (AF2): December 31, 2018

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	245.00
Government	30.50
Project Cost	275.50
Co-financing (Beneficiaries)	14.70
Co-financing (IFAD)	8.10
Trust Fund	12.65
Total Project Cost	310.95

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

The Poverty Alleviation Fund (PAF) commenced in 2007 and is now operating its regular program in 55 districts and has made agreements with 32,000 Community Organizations (COs). Out of the 31 districts impacted by the 2015 April and May earthquakes, PAF covers 14 districts, out of which seven were severely impacted. PAF is providing support to these districts through infrastructure rehabilitation, income generation and skills development. The Project aims to improve living conditions, livelihoods, and empowerment among the rural poor, with particular attention to groups that have traditionally been excluded by reasons of gender, ethnicity, caste, and location. The Project has four main components:

- Small-scale community infrastructure to provide capacity-building support and sub-grants to community organizations for local infrastructure projects;
- Sustainable income generation to provide capacity-building support and sub-grants to community organizations for income-generation activities;
- Product development, market linkages, and pilots to support those community organizations that are more advanced; and
- Capacity-building and institutional strengthening to support the formation and development of community organizations and the creation of cooperatives and market alliances.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

The Project has so far directly benefitted 825,000 households and has indirectly benefitted an additional 48,000 households (through PAF financed infrastructure sub-projects), out of which 64 percent fall under the category of ultra-poor (food sufficiency less than three months). Other results include:

- CO member households constitute 25 percent Dalit, 27 percent Janajati, 3 percent Muslim, 29 percent Brahmin/Chhetri and 16 percent other ethnicity.
- About 74 percent of CO members are female. According to the independent evaluation, PAF intervention resulted in a 22 percent increase in real per capita consumption net impact in the short-run (within the first three years).
- Around 250 community infrastructures will be rehabilitated through the earthquake support.
- Around 14,000 CO members receive additional block grants to recover their livelihoods through the earthquake support.
- The net per capita consumption growth is maintained at 7 percent even over a medium-term (seven years).

IMPLEMENTING AGENCY:

Poverty Alleviation Fund Board Secretariat

KEY PARTNERS:

Office of the Prime Minister, Ministry of Federal Affairs and Local Development, Ministry of Poverty and Cooperatives and IFAD

NEPAL: AGRICULTURE COMMERCIALIZATION AND TRADE PROJECT (PACT)

KEY DATES:

Board Approval (original) June 4, 2009; AF: November 15, 2012
Effective Date (original) November 13, 2009; (AF) March 18, 2013
Closing Date (original) June 30, 2015; (AF) June 30, 2018

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	20.00
Borrower	30.50
Project Cost	NA
20.00	14.70
Additional Financing	40.00
Total Project Cost	60.00

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

Nepal's mountainous landscape and infrastructure gaps have weakened linkages in the food value chain, exacerbating the challenges in agricultural growth and food security. The country's entry into the World Trade Organization presents new opportunities for market integration, provided the competitiveness of the agriculture sector can be significantly enhanced. Nepal is strengthening emerging commodity value chains, and providing local and international access to markets by creating backward and forward linkages in selected value chains

The project aims to improve the competitiveness of project-supported smallholder farmers and agribusiness within selected commodity value chains. This is to be achieved by:

- Agriculture and rural business development through provision of matching grants to commodity value-chain actors mainly for technology support and agribusiness development;
- Support for sanitary and phyto-sanitary facilities to regulate and maintain food quality;
- Project management.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

PACT has so far supported over 387 cooperatives, 391 farmer groups, 472 private firms and 9 producer associations, reaching out to over 95,000 direct beneficiaries, of which 45.7 percent are women, across Nepal. Project support for these stakeholders is based on a value chain approach and the project activities have helped strengthen the linkages among those taking part in a given commodity value chain. Project value chain activities are further supported through the establishment of the National Agribusiness Innovation Center for the promotion of agribusiness SME growth, the construction and rehabilitation of central and regional markets, the construction of a fumigation chamber and quarantine facilities, the laboratory equipment, and training support to the Department of Food Technology and Quality Control, Department of Livestock Services and Department of Agriculture (DoA). Additionally, more than 1,250 sub projects are being implemented across the country by PACT stakeholders under the project's matching grant scheme; this program includes support to farmers and SMEs and contributes to smallholders' enhanced access to markets, improving MOAD's IPM agenda, the competitiveness of export-promoting as well as import-substituting value chains.

IMPLEMENTING AGENCY:

Ministry of Agriculture Development

KEY PARTNERS:

Ministry of Livestock Development, Food and Agriculture Organization, Development Impact Initiative (DIME-WB)

NEPAL: AGRICULTURE AND FOOD SECURITY PROJECT (TF 13719)

KEY DATES:

Approved: February 11, 2013

Effective: April 30, 2013

Closing: March 31, 2018

FINANCING (in million US Dollars):

Financiar	Financing
Trust Fund (GAFSP)	46.50
Government	11.50
Project Cost	58.00
Co-financing	NA
Total Project Cost	58.00

BACKGROUND AND OBJECTIVES:

Agriculture and rural livelihoods are priority areas for World Bank engagement in Nepal, fully aligned with the objectives laid out in the Country Partnership Strategy (CPS) under Pillar 2: "Increasing Inclusive Growth and Opportunities for Shared Prosperity." The Government of Nepal received a competitive grant of \$46.5 million from the Global Agriculture and Food Security Program (GAFSP) to implement the Agriculture and Food Security Project (AFSP). The World Bank is the administrator for GAFSP as well as the supervising entity for AFSP.

The project development objective is to enhance food and nutritional security in targeted communities of Nepal. Key expected outcomes include: (1) Increased productivity of targeted crops and livestock products; and (2) Access to and utilization of nutritious food to nutritionally vulnerable groups, including pregnant and nursing mothers, and children between six and 24 months old.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- The project has reached a cumulative 113,138 beneficiaries to date, of which 104,566 are women. Out of the total beneficiaries 31,928 (84% women) were supported in crop activities, 37,273 (91% women) were supported in livestock interventions, and 43,937 (100% women) were supported under nutrition interventions.
- A total of 17 new crop varieties and 29 improved technologies suitable for the AFSP target areas have been released.
- Crop productivity has increased by 39 percent in paddy, 16 percent in wheat, 35 percent in maize, and 23 percent in potatoes. With regards to the goat meat productivity, the weight of goat at 12 months of age is 25.6 kg (+32%).
- A total of 544 Village model Farms and 856 Homestead nutrition gardens were established to increase production and consumption of vitamin and mineral rich vegetables and animal protein, targeting pregnant and nursing women. Nutrition awareness activities were successfully carried out through nutrition sensitive agriculture training, food preparation and preservation (FPP) demonstrations at mother groups, and outreach and Behavioral Change and Communication (BCC) materials were widely disseminated, including various audio/video/booklets related to nutrition education. The project also established community grain banks, and food preparation demonstration centers at local (ward) levels.
- The percentage of women beneficiaries taking animal proteins has increased by 18 percent and taking fruits and vegetables has increased by 26.3 percent. The percentage of children from targeted households taking improved diets has increased by 85.2 percent.

IMPLEMENTING AGENCY:

Ministry of Agriculture Development, Ministry of Health and Population, Nepal Agricultural Research Council

KEY PARTNERS:

U.N. Food and Agriculture Organization

NEPAL: POWER SECTOR REFORM AND SUSTAINABLE HYDROPOWER DEVELOPMENT PROJECT

KEY DATES:

Approved: September 25, 2015

Effective: June 02, 2016

Closing: June 30, 2020

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	20.00
Government	1.50
Project Cost	21.50
Trust Fund (SAWI)	2.50
Total Project Cost	24.00

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

The Power Sector Reform and Sustainable Hydropower Development Project intends to offer a single window for a comprehensive set of technical and analytical studies, capacity-building activities and policy dialogue on the energy sector and to support hydropower and transmission line projects involving large-scale private and public investments in hydropower.

The project aims to strengthen the capacity of the power sector agencies to plan and prepare hydropower and transmission line projects following international standards and best practices. It also will improve the readiness of the power sector agencies for regulatory and institutional reforms. It has three components:

- Preparation of hydropower and transmission line investment projects;
- Studies for policy recommendations and sector reform;
- Capacity Building for Safeguard Management and Hydropower Development.

The project will support preparation of the Upper Arun Hydropower Project (UAHEP) (335 MW) and Ikhuwa Khola Hydropower Project (IKHP) (30 MW), and priority high voltage transmission line projects to be identified during project implementation.

It will also support (1) preparation of a river basin planning in an integrated water resource management (IWRM) approach for selected river basins; (2) provide recommendations for improvement of water resources management and regulations, including updating the Water Resource Act and capacity building of the Water Energy Commission Secretariat (WECS); (3) Power System Expansion Plan, including updating the Generation Master Plan; (4) establishment and operationalization of a power trading company; (5) Nepal Electricity Authority (NEA) business restructuring for improved management and efficiency, including provision of computerized management tools and installations of smart meters to enhance the distribution business management, and conducting asset evaluation; and (6) Capacity building activities such as preparing guidelines, sector vision policies and so on.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

The project activities related to the preparation of transmission line projects has not yet started. The Government has started the process of carrying out the five-key policy and sector reforms important for the hydropower development. As an achievement, the preparation of the integrated water resource policy and water resource act has been completed.

IMPLEMENTING AGENCY:

Nepal Electricity Authority

KEY PARTNERS:

Ministry of Finance, Ministry of Energy

NEPAL: KABELI A HYDROELECTRIC PROJECT

KEY DATES:

Board Approval: July 1, 2014

Effective: June 20, 2016

Closing: December 30, 2019

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	46.00
Government	23.10
Project Cost	69.10
Co-financing (IFC)	38.60
Co-financing (Others)	1.00
Total Project Cost	108.70

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

The Kabeli A Hydroelectric Project (KAHEP), 37.6 MW, jointly financed by IDA and IFC including IFC–Canada Climate Change Program (CCCP) with a local sponsor group, would demonstrate development of hydropower through public private partnership (PPP). The KAHEP is consistent with the joint IDA/IFC Country Partnership Strategy for Nepal (FY14-16), which stresses the importance of increased supply of electricity and improved access to reliable and affordable electricity to increasing economic growth and competitiveness. It is also consistent with the government's strategy to deal with the current energy crisis and to attract private investments in hydropower in Nepal. If successful, the project will demonstrate the viability of future hydro power projects through proper PPP arrangements and attract investors and financiers to the country and the sector.

The project development objective is to add hydropower generation capacity to supply the NEA grid through public private investments. KAHEP has three components:

- The KAHEP component (\$102.6) with IDA, IFC and CCCP funding in credit terms to construct the hydropower project including a diversion dam, intake, settling basins, a headrace tunnel, a semi-underground powerhouse and a tailrace canal;
- The Ministry of Energy (MOE) component (\$2 million), with IDA funding in grant terms to support implementation and compliance;
- The Investment Board Nepal (IBN) component (\$4 million), with IDA funding in grant terms.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

Signing of financing agreements involving Hydroelectricity Investment and Development Company (HIDCL), Kabeli Energy Limited (KEL), NIC Asia, and International Finance Corporation (IFC) took place in July 2017. Notice to proceed with the construction work to be issued in September 2017 after which construction will start in full swing.

IMPLEMENTING AGENCY:

Kabeli Energy Limited, Investment Board of Nepal, Department of Electricity Development

KEY PARTNERS:

Ministry of Energy, Hydropower Investment Development Company Limited, Ministry of Finance.

NEPAL: NEPAL-INDIA ELECTRICITY TRANSMISSION AND TRADE PROJECT

KEY DATES:

Approved: June 21, 2011
Effective: September 29, 2011
Closing: June 30, 2018

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	138.00
Government	30.00
Project Cost	138.00
Additional financing	69.90
Total Project cost	237.90

BACKGROUND AND OBJECTIVES:

Nepal has rich hydropower resources that could potentially make revenue through export of hydropower to other countries in the region. However, at present it is facing an energy crisis due to generation shortages and transmission bottlenecks. While the government is seeking both public and private investments in hydropower generation and transmission facilities in Nepal, this Project complements the government strategy for addressing the electricity shortages through import of electricity from India. It will also enable the export of surplus hydropower energy to India in the long term.

The development objectives are to establish cross-border transmission capacity between India and Nepal of about 1,000 MW to facilitate electricity trade between the two countries; and increase the supply of electricity in Nepal by the sustainable import of at least 100 MW.

The Project has three components: (i) Component A1 and A2: the design, construction and operation of an approximately 130 km of 400 kV double circuit north-south cross border transmission line between Muzaffarpur in India and Dhalkebar in Nepal (DM); (ii) Component B1, B2 and B3: the design, construction and operation of approximately 285 km of 400 kV double circuit east-west transmission line for the Hetauda-Dhalkebar- Inaruwa (HDI) segment with concomitant substations in Nepal, Synchronization of operation of the Nepal and Indian grids together and Transmission Lines and Integrated Financial Management Information System of Nepal Electricity Authority (NEA); and (iii) Component C: technical advisory for preparation of a transmission system master plan for future transmission system development in Nepal, for strengthening the institutional capacity of the NEA's transmission business, including to increase cross-border transmission links, and for the Ministry of Energy and the NEA to develop understanding of the concepts of benefit-sharing in export-oriented hydroelectric projects.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

Construction of the cross-border 400 kV DM transmission line financed by the government and others as stated above is completed and operating at 132 kV as an alternate arrangement. The transmission line is being used to import 160 MW from India at present. The construction of a substation for the 400-kV line is underway and is expected to be completed by December 2017. Completion of the substation would enable the import of 500 MW of electricity. This could be a big achievement because it will help reduce the load shedding in Nepal.

Progress to date includes: Hetauda Dhalkebar Inaruwa (HDI) transmission line- 65% foundation and 53% erection of towers completed; Hetauda Bharatpur (HB) line- 65% foundation and 41% erection completed and; Bharatpur-Bardaghat line-29% foundation and 29% tower erection has been completed.

IMPLEMENTING AGENCY:

Nepal Electricity Authority (NEA)

KEY PARTNERS:

Ministry of Finance; Ministry of Energy.

NEPAL: GRID SOLAR AND ENERGY EFFICIENCY PROJECT

KEY DATES:

Board Approval: December 22, 2014

Effective: June 14, 2016

Closing: December 31, 2020

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	130.00
Government	8.00
Project Cost	138.00
Additional Financing	NA
Total Project Cost	138.00

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

The Grid Solar and Energy Efficiency project supports the government strategy to expand energy generation capacity and reduce system loss. The system loss of the Nepal Electricity Authority (NEA) was estimated at 26.3 percent in 2014, incorporating both technical and commercial (non-technical) losses. Many activities have been carried out to reduce the system losses. However, the distribution system needs to be rehabilitated to further reduce the technical losses. The non-technical losses, such as leakages, are also deemed high. NEA is trying to engage an ambitious program of expanding access to and improving the quality of electricity service. A key aspect of this program is to curtail power system losses to acceptable levels.

The project development objectives are to increase solar photovoltaic generated electricity to supply to the Nepal Electricity Authority (NEA) grid; and reduce NEA's distribution losses in selected distribution centers. The Project has two components: (1) Grid-connected Solar PV Farms Development; and (2) Distribution System Planning and Loss Reduction.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

The Project had completed major procurement under this project. As of August 2017, contracts worth \$ 64.9 million are awarded. This includes awarding the Engineering, Procurement and Construction (EPC) contract for design, supply, installation and initial operation of a 25 MW grid connected solar farm, hiring of Owner's engineer and few distribution system expansion and reinforcement. The contractors are expected to be mobilized soon.

IMPLEMENTING AGENCY:

Nepal Electricity Authority

KEY PARTNERS:

Ministry of Finance, Ministry of Energy

NEPAL: SREP – SUPPORTED EXTENDED BIOGAS PROJECT

KEY DATES:

Approved: August 27, 2014
Effective: November 24, 2014
Closing: December 31, 2019

FINANCING (in million US Dollars) :

Financiar	Financing
Trust Fund	7.90
Government	27.60
Project Cost	35.50
Additional Financing	NA
Total Project Cost	35.50

BACKGROUND AND OBJECTIVES:

Nepal SREP-Supported Extended Biogas Project (NSEBP) is supported by the Scaling-up Renewable Energy Program in Low Income Countries (SREP) of the Strategic Climate Fund (SCF). The National Rural and Renewable Energy Program Document (June 2012) notes that about 85 percent of the total final energy consumption in Nepal is met by biomass in terms of firewood (75 percent), agricultural residues (4 percent) and animal waste (6 percent). The rest is met by commercial sources, i.e. petroleum products, coal and electricity (around 2 percent). The low level of commercial energy consumption in the country reflects the very low level of industrial activities. Nepal has very good potential for expanded biogas production. Biogas can be used on-site for cooking, for industrial thermal heating processes (e.g. steam production), and also to produce electricity in retro-fitted generators that can use both diesel and biogas. Frequently identified potential opportunities for commercial biogas production on a larger scale include cow farms, poultry farms, pig farms, slaughter houses, beverage industry, fruit processing, sugar mills, distilleries, hotel and restaurant kitchen scraps and food waste, and food processing establishments such as noodle factories, among others. At present, firewood or coal is mostly used to produce steam during agro-processing, where steam is mechanically injected through pipes to boil and pasteurize food or heat other items, as required. By contrast, on-site availability of biogas (if generated from organic waste byproducts of the same production process) could be used instead, to meet thermal energy requirements for steam generation.

Based on government's request received on March 14, 2016, the Project was restructured to expand the expenses eligibility criteria for Project funds. The project development objective is to promote large off-grid biogas energy generation in Nepal. After restructuring, the project has following three components: (1) technical assistance (\$ 500,000) (2) financing of investments (\$ 6.9 million) and (3) project management support (\$ 500,000). By installing 350 large-scale biogas plants (consist of 340 commercial and 10 municipal biogas plants), the Project is targeting to generate 1,445,000 m³ off-grid biogas for thermal application and 5.73GWh electricity.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- As of July 2017, 334 bio gas sub-project applications, including for 18 municipal solid waste sub-projects, have been submitted to the Alternative Energy Promotion Centre (AEPCC).
- Feasibility study for 166 sub-projects, including for eight municipal solid waste sub-projects have been approved.
- Detailed feasibility study has been completed for 112 sub projects including for two projects with more than 100m³ capacity.
- Construction of 54 sub-projects have been completed and out of these, 48 have been commissioned.
- Construction of 34 sub projects is on-going including for two sub-projects with more than 100m³ capacity.

IMPLEMENTING AGENCY:

Alternative Energy Promotion Centre (AEPCC)

KEY PARTNERS:

Ministry of Finance; Ministry of Population and Environment

NEPAL: EARTHQUAKE HOUSING RECONSTRUCTION PROJECT

KEY DATES:

Board Approval: June 29, 2015

Effective: January 28, 2016

Closing: July 31, 2020

FINANCING (in million US Dollars) :

Financiar	Financing	
IDA	200.00	
Government	NA	
Project Cost	200.00	
Additional Financing	NA	
IDA	200.00	
Multi-Donor Trust Fund	10.00	
Co financier (JICA)	100.00	Co financier (JICA)
Total Project Cost	310.00	

** Reflect exchange rate fluctuation between US\$ and SDR

BACKGROUND AND OBJECTIVES:

On April 25, 2015, a 7.8 magnitude earthquake struck central Nepal and, together with the aftershocks, resulted in 8,700 deaths and around 25,000 injuries. A Post-Disaster Needs Assessment (PDNA), completed on June 15, 2015 estimated damages to be around \$7 billion with reconstruction needs of about \$6.7 billion. Of the 490,000 houses destroyed, most were traditional brick or stone structures built with mud mortar, inhabited by the rural poor. A further 265,000 houses were severely damaged. The largest single need identified in the PDNA was housing and human settlements, estimated to be around \$3.27 billion or almost half of the total needs.

The objective of the project is to restore affected houses with multi-hazard resistant core housing units in targeted areas and to enhance the government's ability to improve long-term disaster resilience. The Project, financed from the IDA Crisis Response Window (CRW), finances the reconstruction of about 55,000 houses destroyed in the three worst-affected districts namely Dolakha, Dhading and Nuwakot under the GoN's Rural Housing Reconstruction Program. An accompanying Multi-Donor Trust Fund (MDTF) was established to facilitate development partners interested in contributing to housing reconstruction program. So far, the MDTF has commitments from USAID, UKAid, Switzerland, and Canada totaling \$ 34.5 million, out of which \$ 29.17 million has been received that has a \$10 million Recipient Executed Trust Fund component towards housing reconstruction. JICA is providing parallel financing of around \$100 million for housing reconstruction. Government of Nepal has established the National Reconstruction Authority (NRA) as the apex institution to develop reconstruction policies and oversee its implementation. The governance structure of the Authority is headed by the Prime Minister, whereas a Chief Executive Officer leads the management. Implementation modality is owner-driven reconstruction. As of August, 2017, the Government has identified a total of 651,606 beneficiaries, whose houses were severely damaged or destroyed during the earthquakes and who are eligible to receive a housing reconstruction subsidy. The initial subsidy announced was approximately \$2,000 each to be disbursed in three installments of approximately \$500, \$800 and \$700, contingent upon completion of their houses, in compliance with approved construction standards. However, the GoN increased the subsidy amount to \$3,000 in FY17.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- The Central Bureau of Statistics (CBS) completed a census of the rural areas affected by the earthquake that covered over 700,000 households and led to collection of damage and socio-economic data to determine eligibility for subsidy. The survey was funded by WB managed Trust Fund.
- The NRA has issued guidelines for distribution of housing subsidies, hazard-resistant construction designs, quality inspection mobilization of international NGOs, grievance redressal, environmental impact, land acquisition, procurement, etc. and has put in place a regime for home quality inspections.
- As of August 2017, out of 197,235 eligible beneficiaries in three project districts, 177,195 have enrolled and 175,173 have received the first installment into their individual bank accounts, and 21,889 have completed construction of their homes.
- To meet the funding gap for the housing reconstruction program, GoN has requested \$300 million additional financing from IDA for the Project. This AF is under preparation and is expected to be approved in FY18.

IMPLEMENTING AGENCY:

National Reconstruction Authority

KEY PARTNERS:

JICA, UKAid, Switzerland, Canada, UNDP, UNOPS, USAID, other I/NGOs

NEPAL: BUILDING RESILIENCE TO CLIMATE RELATED HAZARDS

KEY DATES:

Approved: January 15, 2013

Effective: June 20, 2013

Closing: November 30, 2018

FINANCING (in million US Dollars) :

Financiar	Financing
Trust Fund	31.0
Government	0.30
Project Cost	31.30
Additional Financing	NA
Total Project Cost	31.30

BACKGROUND AND OBJECTIVES:

Nepal is highly exposed to a range of hydro-meteorological hazards such as floods and droughts, the frequency and intensity of which are expected to increase with climate change. The poorer sections of the population particularly, women and rural populations – are typically the worst-affected and have the least capacity to deal with such risks. A well-functioning hydromet network, forecasting and early warning system is crucial for strengthening resilience to such risks. The existing observation network is mainly manual and the capacity to forecast weather, extreme events and long term climate changes is limited. There is also limited capacity to provide weather-based services to users such as farmers and flood/hazard vulnerable communities. The Building Resilience to Climate-Related Hazards Project is one of the four projects financed through the Nepal Pilot Program for Climate Resilience (PPCR) under the Strategic Climate Fund. Implementation of this project is supported by the World Bank. Other development partners participating in the Nepal PPCR program include the Asian Development Bank and the International Finance Corporation.

The project's main objective is to enhance the government's capacity to mitigate climate-related hazards by improving the accuracy and timeliness of weather and flood forecasts and warnings for climate-vulnerable communities, and to support the development of agricultural management information system services to help farmers mitigate climate-related production risks. The project has four components: (1) Institutional capacity strengthening of the Department of Hydrology and Meteorology (DHM); (2) Modernization of hydro-meteorological observation networks and forecasting; (3) Enhancement of DHM's service delivery system; and (4) Creation of an agriculture management information system anchored at the Ministry of Agricultural Development (MOAD).

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- Installation of hydromet observation systems and improvements in forecasting has commenced.
- DHM's new building is under construction and is expected to be completed by the end of next year. Additionally, DHM is undertaking several initiatives to strengthen its institutional capacity including drafting of a hydromet law, developing a new organizational structure and strengthening its technical staff capacity to support the modernization process.
- MOAD, in collaboration with the National Agricultural Research Council (NARC), has started issuing agro-advisory bulletins to 18 districts. An Agricultural Management Information System (AMIS) is also in the process of being developed and will be operational by next year.
- A mobile application (Hamro Krishi) is already being used by farmers and a SMS alert system has been established in coordination with Nepal Telecom which is being used by over 14,000 farmers in 19 districts
- An important achievement is the strong collaboration between DHM, MOAD and NARC through a technical working group. The agencies are actively collaborating in the development and delivery of agro-weather advisories through exchange of agricultural information, weather data and forecasts.

IMPLEMENTING AGENCY:

Ministry of Agricultural Development, Department of Hydrology and Meteorology

KEY PARTNERS:

Nepal Agriculture Research Center, Asian Development Bank, International Finance Corporation

NEPAL: STRENGTHENING THE NATIONAL RURAL TRANSPORT PROGRAM (SNRTP)

KEY DATES:

Approved: 23-Dec-2013

Effective: 02-Apr-2014

Closing: 15-Jul-2019

FINANCING (in million US Dollars):

Financiar	Financing
IDA	US\$ 100m
Government	US\$ 74m
Project Cost	US\$ 174m
Additional financing	US\$ 0
Total Project cost	US\$ 174m

BACKGROUND AND OBJECTIVES:

SNRTP covers 36 of Nepal's districts. The overall project size is approximately US\$ 174 million including a contribution of US\$ 100 million from IDA. The primary technical counterpart is the Department of Local Infrastructure Development and Agricultural Roads (DoLIDAR) within the Ministry of Federal Affairs and Local Development (MoFALD) The project became effective in 2014. There are approximately 15.3 million people living in districts covered by SNRTP. Approximately 3.8 million of these people are considered poor. SNRTP districts are home to an estimated 62% of all poor people living in Nepal.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- 1,400 km of rural roads to be upgraded or rehabilitated to provide all weather access. 138 kms completed to date.
- 1,500 km of rural roads to undergo periodic maintenance. 232 km completed to date
- 36 districts operating laboratories for enhanced quality management. This has already been achieved.
- 5,119 km of rural roads undergoing routine maintenance annually
- 2,000 meters of new or rehabilitated rural road bridges to be built. 211 meters completed to date
- 1,500 meters of rural road bridges to undergo periodic maintenance. 934 meters completed to date

IMPLEMENTING AGENCY:

Development and Agricultural Roads (DoLIDAR) within the Ministry of Federal Affairs and Local Development (MoFALD)

KEY PARTNERS:

International Labor Organization - SNTP has mobilized a routine maintenance system for road and bridge works in project districts. This is coordinated by the International Labor Organization (ILO) which directly employs approximately 80 engineers to supervise multiple routine maintenance groups of 5-7 workers. ILO has helped all workers open bank accounts which they use to receive payments directly from the project (i.e. no physical transfer of cash). ILO engineers supervise the execution of routine maintenance works on a day-to-day basis. As of August 2017 SNRTP's routine maintenance program covered 5,119 kms of rural roads and 8,059 meters of bridges along those roads. SNRTP employs 2,474 routine maintenance workers. Approximately 70% of those workers are women.

NEPAL: ROAD SECTOR DEVELOPMENT PROJECT

KEY DATES:

Approved: December 6, 2007; AF (1): June 2, 2011; AF (2): August 25, 2016

Effective: February 21, 2008; AF (1): July 8, 2011; AF (2): January 5, 2017;

Closing: July 15, 2019

FINANCING (in million US Dollars):

Financiar	Financing
IDA	117.60
Government	58.50
Project Cost	176.10
Additional financing I	20.43
Additional financing II	55.00
Total Project cost	251.53

BACKGROUND AND OBJECTIVES:

Nepal has the second lowest road network density in the Region. Only two-fifths of the population has access to paved roads within a 20-minute walking distance. The substantial lack of accessibility to economic centers and social services in the remote areas is seen as one of the main impediments to poverty reduction and economic development. By 2016, the Government of Nepal aimed for 86 percent of the population to live within two hours (in the plain districts) or four hours (in hilly districts) walking distance to a paved road. Connection of all district headquarters with all-weather roads has been one of the key elements of the Road Sector Priority Investment Plan of 2007. The Road Sector Development Project has been designed against this backdrop to support the Strategic Roads Network.

The original project outlay was approximately \$43 million. The Project received an additional financing of \$75m in end-2010. However, in June 2015 an amount of SDR4.5m (\$6.75m) was cancelled as requested by the Government. In the aftermath of the devastating 2015 earthquake, the project closing date was extended by a year to end-June 2016. Further, to complete the project's incomplete activities, which were hampered by the unofficial trade blockades, the closing date was extended for another one year: June 30, 2017. The Project's Second Additional Financing of 55 million has been approved by the Board on August 25, 2016. The Second Additional Financing will be implemented until mid-July, 2019.

The Project seeks to provide all season road access to the residents of beneficiary districts, reducing travel time and improving access to economic centers and social services. The Project aims to connect eight remote district headquarters in the mid-western and far-western regions of Nepal. The project components are road development (utilizing 83 percent of the funding) and institutional strengthening and policy reform.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- All eight-district headquarters of Mid and Far-Western regions are now connected.
- A 2012 survey showed that the number of paved roads in poor condition had been reduced to 11.3 percent, well below the target of 15 percent.
- About 50 percent decrease in journey times to key economic centers in the project area and 52 percent decrease in journey times to key social services in the project area.
- An analysis using the Geographic Information Systems (GIS) shows that the target of increasing the population's access to all-weather roads (6 percent) has been achieved.
- The Project has overachieved the periodic maintenance target (target – 2,550 km; achievement – 2,595km).
- All upgrading contracts under the project are now complete -- 690 km of roads have been upgraded against a target of 700 km and 30 km of road sections are left incomplete due to the slope instability. This operation is being undertaken under the second additional financing of the project.

IMPLEMENTING AGENCY:

Department of Roads, Ministry of Physical Infrastructure and Transport (MOPIT)

KEY PARTNERS:

DFID

NEPAL: NEPAL-INDIA REGIONAL TRADE AND TRANSPORT PROJECT

KEY DATES:

Approved: June 28, 2013
Effective: September 10, 2013
Closing: December 31, 2019

FINANCING (in million US Dollars):

Financiar	Financing
IDA	99.00
Government	NA
Project Cost	99.00
Co-financing (IFC)	2.0
Total Project Cost	101.00

***Reflect exchange rate fluctuation between US\$ and SDR*

BACKGROUND AND OBJECTIVES:

Transport costs in Nepal are high and the country depends almost entirely on India for transit routes. Sharing an approximately 1,800-km-long border and 26 border points, India is often considered Nepal's "natural" trading partner. The port complex of Kolkata-Haldia in India has been serving as Nepal's access to the sea and is a major transit point for Nepal's third-country trade. India also provides a large market for Nepali goods and services, and is Nepal's largest trading partner, with about 60 percent of Nepal's trade going to or coming from India. Despite its proximity and deep economic relations with India as well as China, Nepal's trade outcomes have been poor. Since 2007, exports have been stagnant while imports have increased by more than 50 percent. That suggests an urgent need for an action plan to improve export competitiveness particularly by focusing on reducing inefficiencies and bottlenecks that increase the cost of exports on regional and international markets. The main development objective of the Regional Project is 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. The strategy includes:

- Reducing the time and cost of trade-related transactions through efforts at simplification, harmonization, and automation;
- Building the capacity of domestic trade-related institutions, including for sanitary and phyto-sanitary inspections, trade negotiations, logistics, and monitoring and regulating trade-related sectors;
- Enhancing the government's ability to coordinate trade-related institutions and development partners.

KEY ACHIEVEMENTS AND EXPECTED RESULTS:

- Pavement works at Bhairhawa Inland Clearance Depot have been completed.
- Three contracts for Narayanghat Mugling road improvement works with about 50% works progress.
- The contract for Birgunj shed works with about 50% work progress.
- The detail design for Kathmandu-Naubise-Mugling road improvement works is in progress.
- The detail design of Inland Clearance/Container Depot (ICD)/ Container Freight Station (CFS) at Kathmandu (Chovar) is in final stage.
- National Trade Portal development under Trade and Export Promotion Center (TEPC) has been launched, and under further improvement process.
- Development of National Single Window is in Second stage bidding process.
- Study on the Axle Load Control and Road Transport Safety has been completed.
- The detail design for the Sanitary and Phyto-Sanitary (SPS) lab building is in final stage.

IMPLEMENTING AGENCY:

Ministry of Commerce and Supplies; Ministry of Physical Infrastructure and Transport; Department of Roads; Department of Transport Management; Department of Customs; Trade and Export Promotion Centre; Nepal Intermodal Transport Development Board.

KEY PARTNERS:

International Finance Corporation

NEPAL: MODERNIZATION OF RANI JAMARA KULARIYA IRRIGATION SCHEME

KEY DATES:

Board Approval: July 5, 2011

Effective: November 30, 2011

Closing: September 30, 2017

FINANCING (in million US Dollars) :

Financiar	Financing
IDA	43.00
Government	5.00
Project Cost	48.00
Counterpart Funding (Water User Associations)	1.0
Total Project Cost	49.0

***Reflect exchange rate fluctuation between US\$ and SDR.*

BACKGROUND AND OBJECTIVES:

The Rani Jamara Kulariya Scheme is one of the most prominent farmer-managed irrigation schemes in Nepal, with a cultivable command area of 14,300 hectares (the project area), of which about 11,000 hectares are currently being irrigated. The project focuses on modernization of the higher-order irrigation infrastructure (especially intakes and feeder and branch canals), as well as the preparation and initiation of an agricultural development program. The project has four components:

- Scheme modernization;
- Strengthening Water Users Associations;
- Agricultural production support;
- Project management.

The project development objective of phase 1 is to improve irrigation water delivery and management in the project area. This is being achieved by improving performance of the irrigation systems and strengthening community-based irrigation management. These activities seek to build resilience through more efficient water delivery and management against water-induced hazards such as droughts, floods, and changes in water availability during the agricultural seasons. The project also supports the agricultural development that will result in a modest increase in yields, especially in the upper part of the command area.

Currently a proposed second phase is being prepared, focusing on the modernization of the lower-order irrigation infrastructure (sub-branch and tertiary canals and water courses) and implementation of a comprehensive agricultural improvement program.

KEY ACHIEVEMENTS:

- Projected disbursements by the closing date is around \$39 million.
- Irrigation infrastructure is completed and is starting to have an impact on agricultural production.
- Road improvement to ease access to the scheme and river training to reduce the chance of flooding in the project area are substantially completed.
- Training of Water Users Associations (WUAs) continues and four WUA offices are completed.
- Agricultural demonstrations and farmers field schools are completed.
- Based on crop cutting samples, average yields (ton/ha) of main crops are showing increases (baseline in brackets): paddy (winter) 3.0 (2.8); paddy (monsoon) 3.1 (2.6); wheat 2.2 (1.7); and maize 2.1 (1.6).

IMPLEMENTING AGENCY:

Department of Irrigation, Department of Agriculture with participation of WUAs