

**Document of
The World Bank**

FOR OFFICIAL USE ONLY

Report No: 168048-NP

INTERNATIONAL DEVELOPMENT ASSOCIATION

INTERNATIONAL FINANCE CORPORATION

AND

MULTILATERAL INVESTMENT GUARANTEE AGENCY

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

FOR

NEPAL

FOR THE PERIOD FY19–FY24

January 17, 2022

**Nepal Country Office
South Asia Region**

The International Finance Corporation

The Multilateral Investment Guarantee Agency

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank Group authorization.

The date of the last Country Partnership Framework was July 10, 2018.

FISCAL YEAR

July 16–July 15

CURRENCY EQUIVALENTS

(Exchange Rate Effective June 30, 2021)

Currency Unit = Nepalese Rupee (NPR)

US\$1 = NPR 118.86

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	JICA	Japan International Cooperation Agency
AMIS	Aid Management Information System	JRM	Joint Review Meeting
ASA	Advisory Services and Analytics	MDTF	Multi-Donor Trust Fund
BBIN	Bangladesh, Bhutan, India, and Nepal	MFD	Maximizing Finance for Development
CAR	Capital Adequacy Ratio	MICS	Multiple Indicator Cluster Survey
CCAP	Climate Change Action Plan	MIGA	Multilateral Investment Guarantee Agency
CCB	Climate Change Co-benefits	MIS	Management Information System
CCCP	Canada Climate Change Program	MoF	Ministry of Finance
CCDR	Climate Change Development Report	MoFAGA	Ministry of Federal Affairs and General Administration
CEM	Country Economic Memorandum	MoHP	Ministry of Health and Population
COP26	26th United Nations Climate Change Conference	MPA	Multiphase Programmatic Approach
CPF	Country Partnership Framework	MSMEs	Micro, Small, and Medium Enterprises
CSO	Civil Society Organization	MTEF	Medium-Term Expenditure Framework
DFAT	Department of Foreign Affairs and Trade	NERC	Nepal Electricity Regulatory Commission
DFI	Development Finance Institution	NPC	National Planning Commission
DHM	Department of Hydrology and Meteorology	NRB	Nepal Rastra Bank
DIME	Development Impact Evaluation	OPCS	Operations Policy and Country Services
DLI	Disbursement-Linked Indicator	PASA	Programmatic Advisory Services and Analytics
DNA	Digital Nepal Acceleration	PCM	Private Capital Mobilization
DNF	Digital Nepal Framework	PEFA	Public Expenditure and Financial Accountability
DPC	Development Policy Credit	PFM	Public Financial Management
DPO	Development Policy Operations	PforR	Program-for-Results
DRFS	Disaster Risk Financing Strategy	PLGs	Provincial and Local Governments
ESG	Environmental, Social, and Governance	PLMBIS	Provincial Line Ministry Budget Information System
EU	European Union	PLR	Performance and Learning Review
EVM	Effective Vaccine Management	PPA	Power Purchase Agreement
FCDO	Foreign, Commonwealth & Development Office	PPCR	Pilot Program for Climate Resilience
FCI	Finance, Competitiveness, and Innovation	PPD	Public-Private Dialogue

FCNA	Federalism Capacity Needs Assessment	PPMO	Public Procurement Monitoring Office
FCPF	Forest Carbon Partnership Facility	PPP	Public-Private Partnership
FCV	Fragility, Conflict, and Violence	PPTS	Pro-Poor Targeted Scholarship
FDI	Foreign Direct Investment	RICE	Regional Integration, Cooperation and Engagement
FIG	Financial Institutions Group	RMDC	Rural Microfinance Development Centre
FSDS	Financial Sector Development Strategy	RRA	Risk and Resilience Assessment
GBV	Gender-Based Violence	SCD	Systematic Country Diagnostic
GDP	Gross Domestic Product	SDC	Swiss Agency for Development and Cooperation
GHG	Greenhouse Gas	SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
GIS	Geographic Information System	SFM	Sustainable Forest Management
GoN	Government of Nepal	SMEs	Small and Medium Enterprises
GRB	Gender-Responsive Budget	SNG	Subnational Government
GRID	Green, Resilient, and Inclusive Development	SREP	Sustainable Renewable Energy Program
GTFP	Global Trade Finance Program	SSA	Social Security Allowance
HCI	Human Capital Index	SUF	Scale-Up Facility
HEI	Higher Education Institution	SWAp	Sector-wide Approach
HMIS	Health Management Information System	TA	Technical Assistance
IDA	International Development Association	TF	Trust Fund
IDPG	International Development Partners' Group	UN	United Nations
IFC	International Finance Corporation	UNDP	United Nations Development Programme
IMF	International Monetary Fund	UNICEF	United Nations Children's Fund
InfraSAP	Infrastructure Sector Assessment	USAID	United States Agency for International Development
IPF	Investment Project Financing	WBG	World Bank Group
IT	Information Technology	WHO	World Health Organization

	IDA	IFC	MIGA
Vice President:	Hartwig Schafer	Alfonso Garcia Mora	Ethiopsis Tafara
Regional/Country Director:	Faris Hadad-Zervos	Hector Gomez Ang	Merli Baroudi
Task Team Leaders:	Bigyan Pradhan Ankur Thapa	Louisa Leila Zhang	Persephone Economou

**PERFORMANCE AND LEARNING REVIEW
FY19–FY23 COUNTRY PARTNERSHIP FRAMEWORK FOR NEPAL**

Table of Contents

I.	INTRODUCTION	1
II.	MAIN CHANGES IN COUNTRY CONTEXT	1
	Political Environment	2
	Changes to Poverty Reduction and Shared Prosperity.....	2
	Changes in Key Macroeconomic and Debt Developments	3
	New or Emerging Country/Development Issues	3
III.	SUMMARY OF PROGRAM IMPLEMENTATION	4
	Portfolio Performance	4
	Progress toward Achieving CPF Objectives by Focus Areas	5
	Corporate Priorities	6
	Portfolio Performance Issues	7
	Evolution of Partnerships and Leveraging.....	8
IV.	EMERGING LESSONS	8
	Main Lessons from Portfolio and Program Implementation and Performance	8
V.	ADJUSTMENTS TO CPF.....	9
	New Elements/Shift of Focus and Emphasis in Areas of Engagement	9
	Indicative WBG Program	11
VI.	RISKS TO THE CPF PROGRAM	12
	Overall Risk to Achieving the CPF Objectives	12
	Annexes	13
	Annex 1: Updated Nepal CPF Results Matrix - Outcomes and Milestones	13
	Annex 2: Summary of Changes to Original CPF Results Matrix	30
	Annex 3: Nepal Summary of Progress toward CPF Objectives	47
	Annex 4 (a): Updated IDA Operations for the PLR (FY19–FY24).....	66
	Annex 4 (b): Updated Key ASA Activities (Completed, Ongoing, and Indicative) for the CPF, FY19–FY24	68
	Boxes	
	Box 1. Opportunities to Support the GoN’s Regional Cooperation Initiatives.....	9
	Box 2. The COVID-19 Pandemic Has Tested Nepal’s Young Federal System	11

Nepal: Performance and Learning Review of the Country Partnership Framework

I. INTRODUCTION

1. **The Performance and Learning Review (PLR) provides a midterm assessment of the progress made toward achieving the objectives of the Nepal Country Partnership Framework (CPF)¹ FY19–FY23.** The CPF is a joint strategy of the World Bank Group (WBG) to support Nepal’s ambitious goal of achieving middle-income status by 2030. The three CPF focus areas are (1) public institutions, (2) private sector-led jobs and growth, and (3) inclusion and resilience. These areas address the key development gaps identified in the Systematic Country Diagnostic (SCD)² and are aligned with the country’s strategic goals as outlined in the 14th National Development Plan, while supporting the WBG’s twin goals of sustainable poverty reduction and shared prosperity.

2. **Progress on the implementation of the CPF objectives is satisfactory, although several challenges remain.** Targets for nine out of eleven CPF objectives are on track whereas two are off track. The World Bank portfolio has met all targets on corporate priorities. Nonetheless, implementation challenges, compounded by COVID-19, remain. The WBG will continue to support the Government of Nepal (GoN) to strengthen implementation capacity, address the bottlenecks in the process, and improve the business environment.

3. **While the CPF remains relevant in engaging with the GoN, the PLR introduces several adjustments within the three CPF focus areas to pivot toward the new global and country context.** With the nascent public financial management (PFM) and constrained capacity at the provincial and local levels owing to the recent federal transition, Focus Area 1 remains important to the country context. Addressing constraints to private sector investment and promoting sustainable livelihoods among the most vulnerable remain significant for Nepal’s recovery from COVID-19 and is captured under Focus Area 2. Inclusion and resilience, Focus Area 3, is even more vital and is being recalibrated to Green, Resilient, and Inclusive Development (GRID). Going forward, within the focus areas, the WBG will (a) support Nepal’s long-term development trajectory by pivoting to GRID as the overarching framework, (b) leverage COVID-19 relief and economic recovery to build back better, (c) leverage WBG comparative advantage to focus on fiscal federalism within the federalism agenda, (d) unlock human capital development for post-COVID-19 recovery and resilience, and (e) harness digital development for better service delivery. The PLR also proposes to extend the CPF period by one year owing to inherent implementation challenges exacerbated by the pandemic and delays from restructuring projects to align with the transition to federalism.

4. **The overall risks to achieving CPF objectives remain Substantial.** The WBG is managing the risks through ongoing dialogue at the highest level of major political parties and regular engagement with line ministries to ensure the continuity of the strategic dialogue. These engagements have recognized the proposed thematic shifts as relevant to the current context and with support across the political spectrum.

II. MAIN CHANGES IN COUNTRY CONTEXT

5. **COVID-19 has amplified Nepal’s existing structural development challenges.** The pandemic has led to severe health and economic crises in Nepal, compounding preexisting vulnerability and inequality. With the economy coming to a standstill, job losses across the board, especially among workers in the informal sector, are widespread. The tourism sector, which contributed almost 8 percent of gross domestic product (GDP), over 8 percent of employment, and 25 percent of exports in 2018,³ collapsed due to the pandemic. Further, it also overwhelmed Nepal’s public health care systems, which had limited capacity to begin with.

6. **Nonetheless, the pandemic has provided significant opportunities for the GoN to take strategic steps to recalibrate Nepal’s development narrative toward one that is greener, more resilient, and more inclusive.** In early 2020, the GoN adopted a relief, restructuring, and resilient recovery

¹ Report No. 83148-NP, July 10, 2018, discussed at the World Bank Group’s Board of Executive Directors on August 7, 2018.

² The Nepal Systematic Country Diagnostic - A New Approach to Federal Nepal (Report No. 123958, World Bank, 2018).

³ *Saving Lives, Scaling-up Impact and Getting Back on Track: World Bank Group COVID-19 Crisis Response Approach Paper*. June 2020.

(3R) plan aligned with the WBG’s June 2020 COVID-19 Approach Paper. In 2021, the GoN established a more ambitious successor platform called GRID, supported by development partners (DPs). The GRID platform draws from the WBG’s 2021 paper on GRID.⁴ This GoN-led GRID platform emphasizes multi-sectoral strategic planning; convening; coordinating; scaling up investment including development assistance, private sector, and public budget; and identifying an enabling policy development program. As agreed in the September 2021 Kathmandu Declaration on GRID, endorsed by the GoN and 17 DPs, the GoN will prepare a GRID Strategic Action Plan to mobilize, coordinate, and crowd in investments across DPs and sectors over the next decade.

Political Environment

7. **Federalism is taking root in Nepal though challenges remain in its implementation.** As mandated by the 2015 Constitution, the legal and institutional fundamentals of federalism are established where all three levels of government exercise the assigned functions. The federal system has empowered local governments in fiscal management, bringing service delivery closer to the people. In 2020, provincial and local governments implemented 34 percent of national budget resources—a significant increase from only 7 percent in 2016. Despite this impressive progress, challenges remain, as the pandemic has highlighted. Improved intergovernmental coordination can help all three levels of government in designing and deploying responses that better reflect citizen needs. Enhancing revenue collection at the local level is critical to boost the sustainability of fiscal transfers.

8. **The ongoing political uncertainties reveal the structural weakness of the country’s political system and governance.** The Supreme Court reinstated the House of Representatives for the second time in five months in July 2021. A new government took over on July 13, 2021 by gaining the vote of confidence in the Parliament. Nepal’s political situation remains fluid amid an evolving COVID-19 situation and periodic elections scheduled for late 2022. While this may have implications for delivering World Bank pipeline projects and MIGA’s and IFC’s business development efforts, according to the 2021 Risk and Resilience Assessment (RRA) Update,⁵ the impacts of political uncertainty on people at the local level are expected to be minimal. This is due to local governments’ continued ability to deliver services.⁶

Changes to Poverty Reduction and Shared Prosperity

9. **Nepal’s official data on poverty and shared prosperity are a decade old. Available data suggest continued progress in non-monetary welfare before COVID-19,** but important challenges remain.⁷ Nepal has continued to progress in access to basic services such as electricity, sources of drinking water, youth literacy, primary and secondary school enrollments, and infant and child mortality. However, even before COVID-19, significant challenges existed. The tertiary education enrollment rates remained low at below 20 percent in 2019, stunting rate at 32 percent, and only 19 percent of households reported access to a water source that is free of E. coli bacteria, highlighting key areas of concern.

10. **While the exact impacts of COVID-19 on the poor are yet to be fully understood, the negative impact on labor incomes has been large, suggesting a negative outlook for poverty.** New data from the South Asia Region COVID-19 Phone Monitoring Surveys indicate 61 percent of economically active individuals in Nepal experienced at least one COVID-19-related job impact. Moreover, this exposure was uneven across key population groups, with the hardest effects among women and younger age cohorts, and in the nonagricultural sectors. Agriculture, despite some protection, was not immune to labor income

⁴ From *COVID-19 Crisis Response to Resilient Recovery: Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development*. February 2021

⁵ Based on the four main sources of fragility risks identified in 2017, the 2021 RRA Update presents five high interconnected fragility drivers: (a) weak institutions and governance undermined by rent-seeking behavior, weak capacity, and frequent government changes; (b) uneven and delayed implementation of the federalism transition; (c) slow progress on socioeconomic inequities and horizontal disparities along the fault lines of geography, caste, ethnicity, religion, and gender; (d) vulnerability to natural disasters and recurring climate variabilities; and (e) weaknesses in the structure of the economy, compounded by high levels of remittances which drive consumption-based growth and rent-seeking dynamics and inhibit reforms.

⁶ In 2020, the proportion of Nepalese who believed that the restructuring of the governance system had increased the capacity of local government to deliver services had increased from 34.8 percent in 2017 to 58.6 percent in 2020.

⁷ World Bank. 2021. *Risks to Poverty, Vulnerability, and Inequality from COVID-19: Nepal Light Poverty Assessment (English)*. Washington, DC: World Bank

shocks, particularly for wage workers. A widespread shock to labor incomes, which have also been a key driver of poverty reduction in the past, is likely to cause an increased risk of falling into poverty.

Changes in Key Macroeconomic and Debt Developments

11. **Economic growth was on a strong footing in the period leading up to the CPF and into the first year (FY19) but contracted in FY20, the first time since fiscal year 1983.** Real GDP grew at an average rate of 7.8 percent from FY17 to FY19, supported by greater political stability, improved electricity supply, and reconstruction following the earthquake in 2015. During COVID-19, real GDP contracted by 2.1 percent in FY20, as lockdowns affected all sectors. However, economic growth is expected to recover slowly in the medium term, with GDP projected to rise by 2.7 percent in FY21 driven by a gradual recovery of services. Agriculture is projected to continue supporting growth, with GoN programs investing in irrigation, inputs, and commercialization. Vaccination is expected to contribute to economic growth, but vaccination progress is expected to remain gradual.

12. **Despite higher spending needs from COVID-19, the FY20 fiscal deficit as a share of GDP remained close to that of FY19.** The fiscal deficit increased marginally in FY20 due to a decrease in tax revenues by 5 percent, as trade-related taxes fell by 17.1 percent from trade restrictions, supply chain disruptions, and weaker demand. By contrast, direct tax revenues increased by 13.2 percent from higher public sector wages and a large one-off clearance of capital gains tax arrears. In FY20, the GoN limited discretionary spending, shifting to COVID-19-related current spending, which together with weak program implementation reduced capital spending by 21.7 percent. Total spending grew by 1.8 percent, leading the fiscal deficit to increase only by 0.3 percentage points to 5.3 percent of GDP in FY20. Hence, total public debt rose to 36.3 percent of GDP in FY20 from 27.2 percent in FY19.

13. **Government debt is projected to remain sustainable over the medium term, despite lingering fiscal deficits from the COVID-19 response.** Government debt as a share of GDP is likely to increase by 5.3 percentage points to 41.6 percent of GDP in FY21 owing to a widening fiscal deficit, which is expected to continue in FY21 and FY22 due to the impacts of COVID-19. By FY24, the deficit is expected to gradually decline to around 5 percent of GDP. The December 2021 Debt Sustainability Analysis undertaken by the World Bank and the International Monetary Fund (IMF) shows Nepal is expected to remain at low risk of debt distress for both external and overall government debt. Stress tests show the debt trajectory is vulnerable to growth and export shocks.

New or Emerging Country/Development Issues

14. **Nepal has achieved some gains in human capital over the past decade, but significant human development challenges remain, which are exacerbated by COVID-19.** Nepal made significant progress in expected years of schooling, from 11.7 years in 2018 to 12.3 years in 2020, which contributed to an increase in the Human Capital Index (HCI)⁸ score from 0.49 to 0.50 during this period (pre-COVID-19). Despite high expected years of schooling, factoring in what children learn, expected years of school is only 7.2, translating to a loss of 5.1 years of schooling—the highest in the region. Nepal’s human development challenges reveal high levels of inequalities across income, geography, and gender, compounded by vulnerability to shocks and lack of robust systems. Further, COVID-19 has exacerbated constraints to health and education service provision.

15. **Preventing the spread of COVID-19 is critical to the health systems and economic recovery.** COVID-19 vaccines are central to protecting the poor and vulnerable and to ensuring the progress made in poverty reduction and human capital are not reversed. Concrete support to the GoN to access, procure, and distribute safe and effective COVID-19 vaccines and to improve the health systems is key to safeguard and accelerate economic and social recovery.

16. **The WBG is one of the first responders to Nepal’s request for effective COVID-19 responses to address the impacts of the pandemic.** Guided by its June 2020 COVID-19 Approach Paper, the WBG has proactively supported the GoN in COVID-19 response since its onset. One of several examples is the World Bank financing of US\$29 million Emergency Response and Health System Preparedness Project,

⁸ An HCI score of 0.50 means that a child born in Nepal today will only be half as productive as she/he could be with full education and health when she/he becomes 18 years old.

which was supplemented by US\$75 million and more recently with U\$18 million in additional financing for vaccine procurement. On the private sector side, IFC’s advisory and investments are helping leverage the private sector’s contribution by supporting firms to access critical capital. In tourism, IFC is helping reestablish trust in the market by introducing appropriate enterprise standards and protocols that meet international expectations. The World Bank and IFC jointly conducted a COVID-19 Nepal Business Pulse Survey that revealed the extent of the fallout from the pandemic on SMEs. They also launched a joint Programmatic Advisory Services and Analytics (PASA) to assess potential avenues to support post-COVID-19 private investment and investment climate reforms to help key micro, small, and medium enterprise (MSME) sectors.

17. **Job creation, especially for the poor and vulnerable, is also key for COVID-19 recovery.** Given Nepal’s high levels of informality, a key challenge is to support diversified private sector growth, expand markets, and increase product quality and firms’ earnings. Hence, it is critical for the GoN to (a) foster productivity and growth of small and medium enterprises (SMEs), (b) improve the business environment and labor market policies, and (c) increase the individual, family, and economy-wide benefits of international migration. In the short term, the GoN must provide increased access to wage and self-employment opportunities targeting the poorest and most vulnerable. Introducing a comprehensive employment support services package for sustainable livelihoods, leveraging existing safety nets and ongoing financial inclusion efforts, is a possible entry point.

18. **COVID-19 has highlighted the shortcomings in responding to disasters that will only intensify in the coming years.** Nepal is among the top 20 countries with the highest occurrence of climate-induced disasters.⁹ The risk of flooding in the river basins of the non-Himalayan region due to higher monsoon precipitation is projected to increase by 14–40 percent by the 2030s. Current climate variability and extreme events already account for an estimated loss of 1.5–2 percent of the GDP.¹⁰ The future economic cost of climate change could be an additional 2–3 percent of current GDP per year by mid-century.¹¹ There is a growing ambition within Nepal to act on climate change, on both adaptation and mitigation, as articulated in Nepal’s new Nationally Determined Contribution (NDC 2021) to the Paris Climate Agreement.

19. **COVID-19 has also highlighted the importance of investing in digital development.** The COVID-19 lockdowns, social distancing measures, and economic disruptions have accelerated a shift toward digitization globally. It accelerated the GoN’s vision to promote digital economy development, which is embedded in the Digital Nepal Framework (DNF) that the GoN adopted in 2019. However, gaps in Nepal’s digital readiness exist including in access to affordable, high-speed digital connectivity, core digital infrastructure capacity, and cybersecurity. Investing in the digital economy can support Nepal’s resilient recovery from COVID-19 by providing access to information, services, and markets while promoting innovation in service delivery in the public and private sectors.

III. SUMMARY OF PROGRAM IMPLEMENTATION

Portfolio Performance

20. **The World Bank’s lending volume increased substantially by fully utilizing the IDA19 allocation and mobilizing additional IDA, Regional IDA, and the Scale-Up Facility (SUF).** Under IDA19, Nepal fully utilized the core IDA allocation of US\$956 million and absorbed additional IDA savings of about US\$210 million. It accessed US\$200 million from the Regional Window and US\$150 million from the SUF, increasing the total expected IDA to about US\$1,516 million.

21. **IFC delivered a strong program to address key development gaps during the first half of the CPF period.** Its portfolio exposure grew from US\$45 million in FY18 to US\$467 million,¹² including mobilization, as of June 30, 2021. Between FY19 and FY21, IFC committed US\$452.1 million in long-

⁹ Germanwatch Global Climate Risk Index.

¹⁰ IDS-Nepal (Integrated Development Society Nepal), PAC (Practical Action Consulting), and GCAP (Global Climate Adaptation Partnership). 2014. *Economic Impact Assessment of Climate Change in Key Sectors in Nepal*.

¹¹ World Bank. Forthcoming. *Climate Change Action Plan for South Asia*.

¹² IFC also provided additional blended finance support of US\$100 million to de-risk and enhance the bankability of investment projects in Nepal.

term financing, including mobilization, and utilized an additional US\$100 million in blended finance facilities to help de-risk and enhance the bankability of investment projects. The unprecedented growth of IFC’s commitments in FY20 followed a record growth year in FY19. IFC invested across various sectors and made pioneering investments with SMEs and green financing through a local commercial bank; a second Private Equity fund focused on SMEs and the groundbreaking Upper Trishuli-1 (UT-1) Project. IFC is the lead arranger for the US\$453 million debt package to UT-1—a 216 MW run-of-river hydropower plant and one of the largest foreign direct investment (FDI) projects in Nepal—as well as a 15 percent shareholder in the project. IFC’s Advisory Services include nine ongoing projects budgeted at US\$12.5 million. IFC is leveraging new tools like the IDA Private Sector Window (PSW) and upstream interventions in health care, animal vaccine manufacturing, agribusiness, regional energy trade, leasing, and so on, to de-risk projects and increase a pipeline of bankable and sustainable projects.

22. **MIGA supported private investors in UT-1.** In FY20, MIGA supported Korean private sector sponsors through a political risk insurance guarantee. MIGA utilized the MIGA Guarantee Facility under the IDA PSW to help mobilize foreign private capital, facilitating the ability to deliver development impact—the IDA19 priorities of climate change and jobs and economic transformation. The project contributes to Nepal’s climate change mitigation and adaptation objectives by significantly increasing the country’s domestic power supply and providing a large proportion of its annual output during the dry season. Through the inclusion of climate resilience measures into the design and management of environmental impacts, the project sets an example for the sustainable development of Nepal’s hydropower sector, consistent with the GRID approach.

Progress toward Achieving CPF Objectives by Focus Areas

23. **The WBG has made satisfactory progress in achieving the CPF objectives, despite facing significant implementation hurdles.** Targets for nine out of eleven CPF objectives are on track and two are off track (see Table 1). The program faced implementation delays from restructuring several projects to align to federalism transition and from the impacts of COVID-19. This section captures the key progress in achieving each CPF objective (detailed information in Annex 3).

Table 1. Summary of Progress toward Achieving CPF Objectives

	On Track	Off Track
Focus Area 1	Objectives 1.1 and 1.2	
Focus Area 2	Objectives 2.1, 2.2, 2.3, and 2.4	Objective 2.5
Focus Area 3	Objectives 3.1, 3.2, and 3.3	Objective 3.4

24. **Objectives under Focus Area 1—Public Institutions—are on track.** Nepal has made considerable progress in improving budget and revenue management by reducing the proportion of capital expenditure in the last quarter of fiscal year, improving tax collection information at both federal and provincial levels, providing Gender-Responsive Budget (GRB) tracking, and 700 local government adopting model guidelines to incorporate citizen engagement (CE) into their policies. However, challenges remain. Tax collection information at the local level is constrained due to capacity gaps in using the revenue management software and the disruptions from COVID-19. Nepal has also strengthened institutions for public sector management and service delivery. The Effective Vaccine Management (EVM) score¹³ demonstrates this progress. As of 2020, the average EVM score for Nepal was 82 percent with four out of the nine EVM parameters achieving 80 percent score. Federal transition and the GoN’s plan to roll out the National ID led to revising the plan to build a National Population Register. The register indicator is being replaced by one that measures the expansion of digitized services delivery and coverage of civil registration. Increased coverage associated with the Social Security Allowances (SSAs) program and its interoperability with the national ID will form the basis for a future register.

25. **Objectives under Focus Area 2—Private Sector-Led Jobs and Growth—are mostly on track.** The WBG is making positive contributions to improve power generation capacity, increase transport connectivity, improve financial sector stability and financial inclusion, enhance regulatory environment for

¹³ EVM is a standard score consisting of nine parameters to determine the management and quality of vaccine management at the central, regional, and service delivery levels.

competitiveness, and improve income opportunities. Through IFC's investment and MIGA's guarantee in UT-1, the WBG has already added 316 out of 516 MW of additional generation capacity in construction it set out in the CPF by 2024. Through the Project for Strengthening of the National Rural Transport Program, a World Bank financed operation, the percentage of population within two and four hours of walking distance in select Terai and Hill districts has increased. IFC has successfully facilitated access to finance to over 27,215 SMEs to date, significantly surpassing the target of 11,000. IFC will increase its target to facilitate access to finance to an additional 5,000 by the end of the CPF period. Further, 2,108,720 individuals gained access to credit through microfinance institutions and commercial banks financed by IFC. Close WBG collaboration on sector reforms support has led to this successful outcome. Through a combination of WBG infrastructure and technical assistance (TA) interventions, time needed to meet regulatory requirements for import/export and transit activities has reduced, based on the Doing Business 2020 Report. Unlike these achievements, due to travel restrictions from COVID-19, there is no progress on the tourism sector target. An April 2021 survey confirmed that when the sector reopens, the GoN and private sector clients will prioritize relief and resilience measures, followed by recovery and related private investment growth in tourist spend actions. In response, the World Bank dropped its pipeline Sustainable Tourism Enhancement of Nepal's Protected Areas (STENPA) Project and IFC's Nepal Market Creation for Tourism Project terminated. On the other hand, the World Bank Financed Enhanced Vocational Education and Training Project II (EVENT II) and the launch of Youth Employment Transformation Initiative (YETI) Project have helped increase employment and the share of female and disadvantaged youth completing market relevant short-term training programs. Lastly, the progress on the farmers in sales of value-added products/income will be available end of 2021, when the first annual household survey will be conducted through the Nepal Livestock Sector Innovation Project (NLSIP).

26. **Objectives under Focus Area 3—*Inclusion and Resilience*—are mostly on track.** The CPF indicators to measure progress in this Focus Area are around equity in access to quality education, access to services and support for the well-being of vulnerable groups, resilience to exogenous shocks and climate change, and sustainable natural resource management adoption. The School Sector Development Program (SSDP) and Higher Education Reform Project have helped increase the enrollment in grades 1–8 as well as in higher education institutions, with average female share more than 45 percent. Similarly, the Integrated Platform for Gender-Based Violence (GBV) for Prevention and Response Project significantly increased the number of GBV survivors who had access to justice and support. Further, the GoN availed US\$25.52 million through the Nepal Development Policy Financing with Catastrophe Drawdown Option (CAT DDO), to respond to the 2020 Monsoon disaster. The Finance for Growth (F4G) Development Policy Credit (DPC) series is supporting disaster risk financing initiatives, as set out in the National Disaster Risk Financing Strategy (DRFS). However, the GoN's capacity to generate accurate and timely weather and flood forecasts and disseminate early warning has decreased, necessitating increased focus on these areas. The WBG is on track to meet its target to increase the number of farmers adopting climate-smart agricultural practices. IFC has successfully exceeded its target to help 10,000 farmers adopt climate-smart agricultural practices. The World Bank-financed Modernization of Rani Jamara Kulariya Irrigation Phase 2 and Nepal Livestock Sector Improvement Project (NLSIP) have helped 2,845 and 12,377 farmers, respectively. Data are expected to be available in December 2021 for the indicator measuring the decrease in net greenhouse gas (GHG) emissions from deforestation and forest degradation. The World Bank is also supporting a strategic forest landscape program, that is well positioned to deliver on this target.

Corporate Priorities

27. **The Nepal program performed remarkably well on climate change co-benefits (CCB), exceeding the corporate commitment in FY19 and FY20.** Nepal achieved 37 percent CCB in FY19 and 54 percent in FY20, well above the corporate target of 28 percent. During this period, nine out of the ten approved IDA projects received co-benefits, six of which were above 50 percent. During FY19–FY20, 74 percent of CCB were for climate adaptation (US\$498 million), with US\$177 million for mitigation. The new WBG South Asia Region Climate Change Action Plan (CCAP) 2021–2025 along with the Nepal Climate Change Development Report (CCDR) will inform strategic investment and policy dialogues to advance climate action. The CCAP will guide WBG financial and advisory support to ensure WBG support is aligned with the objectives of the Paris Agreement, consistent with client countries' NDCs, and long-term strategies like GRID. The WBG is engaging in a new CCDR to help strengthen the basis for investment

and policy decisions in support of the Paris Agreement and inform the next CPF. It will inform Nepal's GRID efforts and the WBG's lending and policy dialogues as well as partnerships.

28. **Over half of the World Bank's portfolio amounting to 65 percent of total commitments entailed attention to at least one of the three key Maximizing Finance for Development (MFD) dimensions.** Seven out of the 14 projects approved by the Board during the CPF period have at least one of the three key MFD dimensions. The Energy DPC reform actions were instrumental in fostering private investment in the hydroelectric sector, while the additional support from the IDA PSW contributed to IFC investment and MIGA's guarantee in UT-1. There is high level of dialogue around MFD enabling policy reforms, including in three DPCs (Programmatic Energy Sector; F4G; and Fiscal Policy for Growth, Recovery, and Resilience) and Advisory Services and Analytics (ASAs). WBG collaboration on the enabling environment issues for private sector investment has deepened through the joint Post-COVID Private Sector Recovery (PSRP) ASA, which will focus on specific constraints to private capital mobilization in targeted sectors.

29. **Nepal successfully achieved the regional target of 100 percent gender tagging in FY19, FY20, and FY21, surpassing the regional achievement of 75 percent and the corporate target of 55 percent.** Since FY19, a total of eight investment project financings (IPFs), four DPCs, one program-for-results (PforR)/IPF hybrid, and two PforRs were gender tagged. Nepal's Gender and CE platform has provided crucial support to applying the gender tag to all IDA operations through analytical and technical assistance. To complement this support, sexual exploitation, and abuse/sexual harassment (SEA/SH) risk assessment was carried out for all projects designed in FY19 and necessary retrofitting was completed.

30. **A CE Review of the Nepal Portfolio in FY19–20 concluded that CE mechanisms are effectively mainstreamed across the portfolio.** Nepal has met its 100 percent target of incorporating CE actions and indicators in all World Bank-financed projects.

Portfolio Performance Issues

31. **The COVID-19 crisis has compounded the preexisting implementation challenges, which were driven by nascent and weak institutional capacity.** As of June 30, 2021, three out of 24 investment projects in the World Bank portfolio were in problem status and seven in potential problem status. The World Bank's disbursement stood at 16.7 percent or US\$225 million compared to end-FY21 target of 25 percent.¹⁴ With COVID-19 lockdowns, field supervision and site visits were limited, affecting implementation. Challenges like inadequate intergovernmental coordination, slow decision-making processes, weak financial and contract management, prolonged procurement and safeguard processes, and lack of quality control continue to affect implementation. These have mostly affected the energy portfolio.

32. **Supporting the GoN to strengthen PFM and public procurement management is critical.** Although PFM reforms have taken place at the federal level, like operationalizing the 2019 Financial Procedures and Fiscal Responsibility Act, the need to improve PFM at the subnational level exists. A high financial management risk at the subnational level stems from low capacity, insufficient internal controls, and weak audit systems. Similarly, a high public procurement risk exists at all levels due to frequent amendments of procurement laws, which fail to address the needs or to follow international good practices.

33. **There is also a need to strengthen the environmental and social (E&S) risk management.** Gaps in the regulatory frameworks and the lack of proper institutional setup, human resources, skills, and financial resources have led to weak management of E&S risks. Currently, there are five projects in the World Bank portfolio with high E&S risks.

34. **IFC's engagements faced constraints within the regulatory framework for FDI.** IFC advisory support has been instrumental in addressing client capacity challenges to make investment projects viable. Nonetheless, obtaining financial and nonfinancial approvals remains challenging and was one of the main reasons for the long delays in developing UT-1. One major constraint is the GoN's capacity to negotiate complex projects with major investors. The environment for private investment, particularly the FDI

¹⁴ The disbursement ratio for investment projects for the first year of the CPF period FY19 was 23.7 percent (or US\$234.3 million) and in FY20, 31.4 percent (or US\$239.7 million).

regulation, significantly hinders FDI flows to Nepal. Continued public policy dialogue and deep reforms are needed to attract more private investment.

Evolution of Partnerships and Leveraging

35. **The World Bank has leveraged the pandemic to elevate DP coordination from information sharing to upstream strategic engagement.** Leading the Nepal International Development Partners' Group (IDPG), since the onset of the pandemic, the World Bank leveraged it to harmonize support to the GoN's 3R Plan. This effort has since evolved and the World Bank and the Foreign, Commonwealth and Development Office (FCDO), leading the DPs, is supporting the GoN establish and operationalize the new Nepal GRID platform. The platform provides ample opportunities for DP collaboration for co-financing, coordinating investment operations, and harmonizing policy and development. For example, the GoN requested IDA financing for a GRID DPC series to support a common policy matrix. To support the GoN in procuring and deploying vaccines, the Asian Development Bank (ADB) and the World Bank's financing interventions are well synced—a result of trust and open communication between the organizations.

36. **IFC is also collaborating with DPs in key development areas.** IFC led a US\$453 million debt financing package to support the construction of UT-1, along with eight other international lenders. UT-1 is supported by the Finland-IFC Blended Finance for PPCR fund. The E&S advisory components of UT-1 are implemented in partnership with the Governments of Australia, Japan, and Norway. Financing from the ADB is supported by the Government of Canada. IFC has partnered with Australia's Department of Foreign Affairs and Trade (DFAT) on its regional initiatives, including the Sustainable Development Investment Portfolio (SDIP) Program and the South Asia Regional Infrastructure Connectivity Program, to support the sustainable development of hydropower, such as upstream work and ESG advisory.

IV. EMERGING LESSONS

Main Lessons from Portfolio and Program Implementation and Performance

37. **The WBG has been able to work closely with the client and partners to provide financial and advisory services to Nepal in a timely, results-oriented, and effective manner.** Key lessons presented below are found throughout the program.

38. **While the WBG's systematic engagement with the GoN and DPs on the federalism agenda has advanced the CPF program, it is now critical to dive deeper into areas of comparative advantage particularly in federalism implementation.** The WBG will make concerted efforts in fiscal federalism implementation, particularly in decentralized budget and investment management. The World Bank's Nepal Fiscal Federalism Advisory Support Program will emphasize the structural issues of fiscal federalism that underlie the service delivery across key sectors under the federal system.

39. **One of the main avenues for the WBG to continue supporting CE in Nepal is through federal transition, which aims to bring the government closer to the people.** CE efforts should continue to rely on existing actors and mechanisms while exploring new approaches such as use of technology. Special attention to vulnerable groups, disproportionately affected by COVID-19 and having limited access to information and engagement, is required.

40. **The WBG's support to social protection systems, access to education and health services, and resilience to health and natural disaster shocks has helped reduce group-based vulnerabilities.** Vulnerable groups have been increasingly incorporated into the World Bank program design and implementation has increased in the recent years. However, a great deal remains to be done. CE and inclusion strategies in the WBG's support to focus on GRID will be critical to promote stability, resilience, and preparedness and responses to future shocks.

41. **Coordination between the GoN, WBG, and DPs is indispensable to crowd in private sector investment.** The World Bank and IFC have collaborated on energy, finance, and COVID-19 recovery DPCs, leading to policy alignment and effective engagement with the GoN and DPs. With FCDO, the WBG is helping strengthen the capacity of the Investment Board of Nepal. Reactivating formal public-private dialogue mechanism, to support broad private sector input to the investment climate reform agenda, will complement ongoing efforts.

42. **Experience in infrastructure projects suggests the need to enhance operational and financial sustainability.** Investment projects in transport and local infrastructure are often undermined by inadequate operations and maintenance after project closure. This is usually linked to inadequate budget allocation and federal level capacity to operate and maintain the infrastructure. Attracting private investments in infrastructure projects faces various challenges: most locally developed projects do not follow international practices to be bankable, and there is a lack of effective project finance structuring framework and bankable Project Development Agreements/Power Purchase Agreements. The WBG will continue to help address these shortcomings to ensure private and public investments are sustainable.

43. **Leveraging digital solutions for public service delivery ensures efficiency and a wider reach.** The GoN has given priority to digitize basic service delivery, learning from the COVID-19 experience. The WBG's own experience of harnessing digital solutions has remained positive.

Box 1. Opportunities to Support the GoN's Regional Cooperation Initiatives

Nepal would benefit significantly from increased cooperative engagement with its neighbors for inclusive economic recovery from COVID-19. Introducing the Electronic Cargo Tracking Initiative from Visakhapatnam and Kolkata ports in India to Nepal has resulted in nearly US\$200 per container savings for Nepalese importers. Similar gains can be achieved by the operationalization of Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement, which will provide alternative routes for international trade. The WB's Regional Integration, Cooperation & Engagement (RICE) Approach is helping identify opportunities for cross-border hydropower exports, build capacity and resilience, and introduce and embed more gender-inclusive approaches to managing heritage sites. The WBG is also helping develop regional energy transmission and trade between Nepal, India, and Bangladesh.

44. **A multipronged approach is necessary to overcome systematic implementation bottlenecks.** The WBG is working closely with the GoN to address systemic implementation issues through (a) joint World Bank-Ministry of Finance (MoF) Annual Portfolio Performance Review, (b) escalation of high-level issues to senior government officials, (c) regular follow-ups on agreed actions, and (d) capacity building of project officials on World Bank's policies on financial and procurement management, and safeguards.

45. **The WBG has aligned its strategic direction and programmatic priorities to address the main sources of fragility, conflict, and violence (FCV),** built on key recommendations from the 2017 RRA. Additional resources from the IDA18 Risk Mitigation Regime (RMR) window enabled strategic direction and programming to consider the FCV drivers, particularly those stemming from political transformation and federalism.¹⁵ The portfolio shows significant investment in basic service delivery, to address the country's protracted socioeconomic exclusion. The 2021 RRA Update calls for increased collaboration with subnational governments (SNGs), enhanced CE, and greater emphasis on spatial and horizontal inequities across the portfolio. Projects in Nepal have addressed FCV drivers directly and indirectly through design, implementation mechanisms, and supervision and monitoring. The 2021 RRA Update highlights the need to further strengthen a risk-informed approach through existing analytical tools like the forthcoming Federalism Filter and from the WBG's experience with the Peace Filter during the early 2010s.

V. ADJUSTMENTS TO CPF

New Elements/Shift of Focus and Emphasis in Areas of Engagement

46. **The WBG CPF continues to be relevant, but the change in the country context, mainly due to COVID-19 and the pivot to GRID as the new development narrative for Nepal, requires a realignment in thematic priorities.** The three focus areas of the CPF remain valid and are also aligned with the GoN's new 15th National Development Plan and its priorities to achieve economic growth and middle-income status by 2030. To address the need to recover from the economic crisis, which will require a new strategy for Nepal's development, the WBG will expand and introduce engagements through thematic priorities across the three focus areas. These priorities, consistent with the recommendations of the 2021 RRA Update, the South Asia RICE Approach, have been validated through a wide range of stakeholder consultations and a Public Perception Survey reaching 1,000 respondents, and include:

- Pivoting to GRID as an overarching theme to support Nepal's long-term development trajectory,

¹⁵ DA18 Mid-Term Review: Implementation and Results Progress Report on Fragility, Conflict and Violence. Washington, D.C.: World Bank Group.

- Leveraging COVID-19 response and economy recovery to build back better,
- Leveraging WBG comparative advantage to focus on fiscal federalism within the federalism agenda,
- Unlocking human capital development for Nepal’s post-COVID-19 recovery and resilience, and
- Harnessing digital development for better service delivery.

The WBG will continue to work together to implement the thematic shifts, utilizing all financing available.

47. **The PLR proposes to extend the CPF by one year until June 30, 2024.** The proposed extension¹⁶ will allow the WBG to complete the objectives of the ongoing program, achieve the revised targets, pivot toward the identified thematic shifts discussed above, and set the vision for the next CPF cycle.

48. **Some adjustments will also be made to the CPF Results Matrix.** For Focus Area 1, under CPF Objective 1.2, *Strengthened institutions for public sector management and service delivery*, Indicator 1 has been dropped from the objective to be added as a new indicator under Focus Area 2, defined as *registration of civil events to expand from the current 267 to all 753 local governments*. In Focus Area 2, the indicator related to increasing tourist spending in targeted destinations has been dropped, reflecting a severe impact of the pandemic. A new CPF objective on accelerating digital development will be added under Focus Area 2. Annex 3: Nepal Summary of Progress toward CPF Objectives captures detailed changes to the CPF Results Matrix.

49. **The WBG will support Nepal’s COVID-19 response and economic recovery toward GRID,** which will be anchored to the four pillars of the WBG COVID-19 Approach Paper phased over three stages: relief, restructuring, and resilience and recovery. To save lives (first pillar), the WBG will continue supporting emergency health responses by helping procure vaccines and strengthen health systems. To protect the poor and vulnerable people (second pillar), under the restructuring stage, the WBG recently approved additional financing of US\$50 million each to support Nepal SSDP and Nepal Health Sector Management Reform. IFC will continue to explore more ways to help leverage the private sector’s contribution to the COVID-19 pandemic recovery in line with the third pillar—Ensuring Sustainable Business Growth and Job Creation. MIGA will continue to pursue opportunities to support the foreign private sector consistent with that pillar. Building on the Resilient Recovery under the fourth pillar, Strengthening Policies, Institutions, and Investments, for rebuilding better and in line with the increased climate change commitments, the WBG will support the GRID approach.

50. **The WBG will continue to intensify engagement on the GRID agenda as the overarching shift to support Nepal’s long-term and sustainable development vision.** The pandemic has underlined the urgent need to strengthen preparedness and boost resilience to shocks while securing quality economic growth and jobs without limiting future growth opportunities. The WBG will continue to support the MoF and convene DPs to establish its new GRID platform to scale up investment and impact, as committed in the newly endorsed Kathmandu Declaration on GRID. The WBG has begun upstream dialogues on potential policy tracks for a planned DPC on GRID. The planned second F4G DPC for FY22 delivery heavily emphasizes green finance and private investment in support of GRID. A new ASA on GRID is being established by the World Bank with funding from FCDO and Korean Green Growth Trust Fund to serve as the hub for this strategic engagement.

51. **The WBG will also support enhanced actions on climate change, in line with the Regional CCAP (2021–2025), Nepal’s NDCs, and long-term strategy including GRID.** The WBG will explore opportunities to support Nepal’s NDCs and ambitious long-term strategy to reach the net zero-carbon scenario by 2050 largely through engagements in the transport, energy, forest, agriculture, and urban sectors. Leaning in on climate will require extensive support to the GoN on climate risk-related analytics, risk-informed decision-making, investment planning, capacity building, among others. It will also require continued and stronger engagement with indigenous and local communities who are often the most affected by climate change. Addressing climate change also requires unlocking the potential of the private sector and regional cooperation opportunities including those related to climate-resilient infrastructure and early

¹⁶ A one-year extension of the CPF period is requested to achieve the targets set out in the CPF, which has been delayed to due to inherent implementation challenges that are further compounded by prolonged COVID-19 lockdowns and political uncertainty. The House of Representatives was dissolved twice, on December 20, 2020, and May 22, 2021, before being reinstated by the Supreme Court on February 23, 2021, and July 12, 2021, respectively, affecting policy decisions and overall deployment pace.

warning systems. IFC will continue to expand business development efforts to invest in the climate market. MIGA will continue to explore opportunities to guarantee climate finance projects.

52. **The WBG will continue to align its federalism engagement to the evolving landscape and challenges, with a focus on fiscal federalism, capitalizing on its comparative advantage and expertise.** The Nepal Fiscal Federalism Advisory Support Program will be the second phase (FY21–FY24) of the multi-sectoral programmatic engagement vehicle of the World Bank in the federalism space. The program will provide strategic interventions to facilitate the systematic implementation of fiscal federalism including developing assessments of the implementation progress and operationalizing the Federalism Implementation and Capacity Building Road Map. The second pillar of the program will provide analytical and technical assistance on select fiscal federalism and cross-cutting issues underlying the federalized service delivery and investment. The program will help World Bank projects mainstream federalism principles in project design and implementation arrangements by developing an operational guideline from a federalism lens. Lastly, it will harmonize World Bank’s federalism engagement across sectors through strategic and technical coordination mechanisms.

Box 2. The COVID-19 Pandemic Has Tested Nepal’s Young Federal System

Urgent relief needs offered an opportunity for local governments to demonstrate their capacity in responding to the pandemic at the frontline of service delivery. They proactively identified families in need of assistance, deployed social programs, and delivered food and non-food relief packages and coordinated relief services across levels of government and with local organizations. The prominent role of local governments in relief operations helped improve the awareness of what federalism can deliver to citizens. The lessons from pandemic responses also offer a valuable understanding at all three levels of government on the existing gaps that need to be swiftly addressed to advance the country’s nascent federalism, including confusion over roles and responsibilities in crisis responses and limited funding and federal government guidance on deploying resources during emergencies.

53. **The WBG will prioritize interventions to improve human capital to support post-COVID-19 recovery through ongoing and future analytical and operational engagements.** COVID-19 is expected to disrupt health and education services, reducing income from job losses with very limited access to safety nets. The WBG’s ongoing and planned operations look to address these challenges. For instance, the proposed Unlocking Human Capital for a Prosperous Nepal (US\$80 million) aims to promote greater access to a set of interrelated and mutually complementary human capital services, particularly for over 100,000 poor and vulnerable households in selected disadvantaged areas. This project will complement the pipeline follow-on education, health, and social protection operations (US\$100 million each), which will focus on continued system strengthening for increased inclusion and resilience. Similarly, the planned Human Development PASA will finance work around nutrition, education technology, and skills for green jobs.

54. **Harnessing digital solutions can provide significant opportunities to unlock Nepal’s resilient recovery from COVID-19.** The WBG has been working closely with the Ministry of Communication and Information Technology to advise on the institutional framework. IFC has been supporting the development of the digital economy in Nepal with the goal to widen access to digital financial services through its Access to Financial Services Project. The WBG will continue to assist in developing the policy and institutional framework to implement the DNF and will support investments in digital services through ongoing projects. Further, the World Bank will support investments aimed at creating the digital foundations—the high-priority initiatives needed for digital development, including by mobilizing private capital in collaboration with IFC and MIGA. Leveraging the regional strategic framework, ‘Unleashing the South Asian Century through Human Capital for All’, the World Bank will also support the GoN to develop its own strategic plan as well as to invest in priority areas.

Indicative WBG Program

55. **The WBG will strengthen engagement in the thematic shifts using all financial resources available from IDA20 allocation, Regional IDA, and Scale-Up IDA for the World Bank, while IFC and MIGA will support private sector solutions and private investment finance.** The World Bank’s indicative pipeline for FY22 consists of seven projects amounting to US\$640 million,¹⁷ and 12 pipeline

¹⁷ FY22 has a total demand of US\$640 million, of which US\$411 million is expected through core concessional IDA and US\$168 million through Regional IDA, with a financing gap of US\$61 million.

projects are being prepared for FY23–FY24 delivery. Responding to the market uncertainty presented by COVID-19, IFC will reduce its indicative CPF target to commit between US\$800 million and US\$1.2 billion by FY23 and to commit between US\$550 million and US\$600 million by FY24. This is mainly due to three pipeline IFC hydropower projects in FY17 that did not materialize. IFC will continue to expand its business development activities to grow its portfolio and adopt the GRID approach to support economic recovery.

VI. RISKS TO THE CPF PROGRAM

Overall Risk to Achieving the CPF Objectives

56. **The overall risk to achieving CPF implementation is Substantial.** The main risks identified in achieving the CPF objectives have not changed and remain largely relevant, as summarized in Table . The risks related to political, governance, and institutional capacity for implementation and sustainability are particularly significant for the WBG-financed initiatives. The political and governance risk has changed from High at CPF to Substantial at PLR mainly due to ongoing efforts to strengthen the federal system. Sector strategies, policies, and technical design of project and program have both been changed to Moderate from Substantial at CPF to reflect the GoN’s strong commitment for policy reforms in fiscal federalism, financial, and energy sectors. Further, fiduciary and E&S safeguards ratings have improved from High at CPF to Substantial because of enhanced World Bank engagement to improve the overall PFM system through the MDTF and the World Bank’s continuing efforts to focus on streamlining capacity for E&S safeguard system. The 2021 RRA Update has helped to better understand Nepal’s vulnerabilities and emerging risks and identified possible options to address them. The WBG will remain flexible to respond to exogenous shocks to Nepal’s economy like COVID-19 and natural disasters including earthquakes.

Table 2. Systematic Operations Risk-Rating Tool

Risk Categories	Ratings
Political and Governance	Substantial
Macroeconomic	Substantial
Sector Strategies and Policies	Moderate
Technical Design of Project and Program	Moderate
Institutional Capacity for Implementation and Sustainability	Substantial
Fiduciary	Substantial
Environment and Social	Substantial
Stakeholders	Substantial
Other	Substantial
Overall Rating	Substantial

57. **Nepal’s evolving political situation and weak capacity at the subnational level pose a substantial risk for CPF implementation,** and for private sector investment decisions. Further, the MoF has expressed its strong commitment to work closely with the World Bank to mitigate any risks that may arise during implementation. To strengthen capacity at the subnational level, the World Bank is continuing dialogue with all tiers of government and strengthening support for federalism implementation.

58. **Challenges to macroeconomic stability persist posing a substantial risk.** Key risks include renewed national movement restrictions due to COVID-19 (potentially perpetuated by new variants and a slow vaccine rollout), a significant decline in remittance inflows due to a slow global recovery, and persistent revenue shortfalls. Key mitigating factors include the GoN’s commitments to reforms and its efforts to proactively mobilize concessional financing, together with its continued commitment to macroeconomic stability, maintaining of sufficient fiscal and external buffers, and close coordination with the intermediary financial institutions. Despite these mitigation measures, considerable uncertainty persists on the duration and depth of the crisis, leading to substantial residual risks.

59. **Other risks related to COVID-19 and exogenous shocks are Substantial.** The second wave of COVID-19 has affected the implementation of the WBG program. Nepal remains vulnerable to natural disasters. The WBG will continue to provide financial and technical assistance, in close coordination with DPs, to support Nepal in effectively responding to the crisis by focusing on the long-term GRID approach.

Annexes

Annex 1: Updated Nepal CPF Results Matrix - Outcomes and Milestones

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
Focus Area 1: Public Institutions		
CPF Objective 1.1. Improved budget and revenue management		
<p>Indicator 1.1.1: Proportion of capital expenditure spent in the last quarter of fiscal year (Revised) Baseline: 75% (2018) Target: 40% (2024) Actual 2021 Status: 54.9%</p> <p>Indicator 1.1.2: Tax collections information available on real time basis for federal and provincial levels of government (Revised) Baseline: 90% of tax collections available with a lag of two months Target: 90% of tax collections available on real time basis (2024) Actual 2020 Status: Target met for provincial (100%) and federal government (100%)</p> <p>Indicator 1.1.3: Number of provinces incorporating gender informed budget in their plan (Revised) Baseline: 0 (2018) Target: 7 adopt gender-informed aspects in the budget (2024)</p>		<p>Closed Projects</p> <ul style="list-style-type: none"> • First Fiscal Reforms DPC (P160792, IDA Cr.6195-NP, US\$200 million) • Second Programmatic Fiscal and PFM DPC-II (P168869, IDA Cr. 6440-NP, US\$100 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> • Integrated Public Financial Management Reform Project (TA) (P164783, TF0A7474 & TF0A7475, US\$9 million) • Nepal Urban Governance and Infrastructure Project (P163418, IDA Cr. 6778-NP, US\$150 million) • Nepal Programmatic Fiscal Policy for Growth, Recovery and Resilience DPC (P173982, IDA- Cr. 6902 NP, US\$150 million) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • Potential Federal PFM Support Project <p>Closed ASAs</p> <ul style="list-style-type: none"> • Nepal Fiscal Federalism (Transition) (P165688) • Nepal Fiscal Policy Analysis and Management Program (P157724) • Programmatic Federalism Support Platform (P168170) • Support for Fiscal Management (P160712) • Nepal Federalism Transition Support (P165942) • Federalism Capacity Needs Assessment (P168504) • Urban Governance and Federalism (P165231)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Actual 2020 Status: Target of 7 expected to be achieved in FY22 based on the progress made and work plan, subject to situation allowed by COVID-19.</p> <p>Indicator 1.1.4: Sub-National Government (SNG) involve citizens in budgetary process (Revised)</p> <p>Baseline: Not established (2018)</p> <p>Target: 50% of SNG involve citizens in one or more stages of the budgetary process (2024)</p> <p>Actual 2020 Status: Estimated at least 700 SNGs (92% of total SNGs - 753 Local + 7 Provincial) involve citizens in one or more stages of the budgetary process, which is yet to be validated through survey planned by MoFAGA.</p> <p>Indicator 1.1.5: Consolidated local government public expenditure data available in the public domain (New)</p> <p>Baseline (2018): No consolidated reporting of data</p> <p>Target (2024): Consolidated data for all provincial and local, as well as for each province and each locality reported on an annual basis</p> <p>Actual 2020 Status: An information system is in operation at the provincial level that should enable reporting at the province level. Sub-National Treasury Regulatory Application (SuTRA) is currently being rolled out (already over 730 local level) and</p>		<ul style="list-style-type: none"> • Nepal FCI Policy Engagement (P168914) • Macro Monitoring and Analysis FY19 (P152522) • Macro Monitoring and Analysis FY20 (P172106) • Debt Reform Plan Nepal (P170679) • FY18 Nepal Development Updates (P165663) • Policy Notes for the new Government (P166154) • Partnership for Knowledge Based Poverty Reduction and Shared Prosperity in Nepal (P163078) • Nepal Light Poverty Assessment 2021 (P175443) • Macro Monitoring and Analysis (P174718) • Nepal Public Expenditure Review (P172086) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Nepal Fiscal Federalism Advisory Support Program (P175376) • Partnership for Knowledge Based Poverty Reduction and Shared Prosperity program - Phase II (P174541) • Public Expenditure and Financial Accountability (PEFA) Assessment (P175522)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
should facilitate reporting for each locality by 2024.		
CPF Objective 1.2. Strengthened institutions for public sector management and service delivery		
<p>Indicator 1.2.1: Number of Local Governments where civil events are registered online. (Revised) Baseline: 72 Local Governments (December 2017) Target: 753 Local Governments (2024) Actual 2020 Status: 227 Local Governments</p> <p>Indicator 1.2.2: Percentage improvement in Effective Vaccine Management (EVM) Score Baseline: Average EVM score of 64% with 2 parameters achieving 80% (2018) Target: Average EVM Score of 80% with any 6 parameters achieving 80% (2024) Actual 2021 Status: Average EVM Score 82.2% with 7 parameters achieving 80% (EVM Survey 2021)</p> <p>Indicator 1.2.3: Percentage of funds disbursed to community schools in compliance with eligibility and utilization guidelines (Revised) Baseline: 92.63% (2016) Target: 95% (2024) Actual 2020 Status: 93.56%</p> <p>Indicator 1.2.4: Number of births registered in Management Information</p>	<p>Supplementary Progress Indicator 1.2.2: Prototype for Livestock Management Information System (MIS) established for one province (Revised) Baseline: None Target (2024): 1 Province Actual 2020 Status: Prototype for Gandaki Province is under preparation.</p>	<p>Closed Projects</p> <ul style="list-style-type: none"> • None <p>Ongoing Projects</p> <ul style="list-style-type: none"> • Strengthening Systems for Social Protection and Civil Registration (P154548, IDA Cr. 5912-NP, US\$114.51 million) • Nepal Health Sector Management Reform (PforR) (P160207, IDA Cr. 5913-NP, US\$150 million) • Nepal Livestock Sector Innovation (P156797, IDA Cr. 6149-NP, US\$80 million) • Nepal School Sector Development Program (P160748, IDA Cr. 5971-NP, US\$185 million) • School Sector Development Program AF (GPE) (P167047, TF0B0095, US\$23.96 million) • COVID 19 School Sector Program (GPE) (P174209, TF0B3579, US\$10.8 million) • Nepal School Sector Reform Program GPE Fund (P113441, TF0A0779. US\$47.8 million) • Nepal COVID-19 Emergency Response and Health System Preparedness Project (P173760, IDA Cr. 6604-NP, US\$29 million) • Additional Financing: Nepal COVID-19 Emergency Response and Health Systems Preparedness Project (P175848, IDA Cr. 6847-NP, US\$75 million) • Additional Financing for Nepal Health Sector Management Reform Program for Results (P176694, IDA Cr. 6911-NP, US\$50 million) • Additional Financing to SSDP (P176616, IDA-6904, US\$50 million) <p>Pipeline Projects in Portal</p>

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>System (MIS) within the first year of birth (New)</p> <p>Baseline: 7,000 (2018)</p> <p>Target: 600,000 (2024)</p> <p>Actual Status 2021: 348,340</p>		<ul style="list-style-type: none"> • Unlocking Human Capital for a Prosperous Nepal (P167531, US\$80 million) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • Health PforR II • Education PforR II • Social Protection Project II <p>Closed ASAs</p> <ul style="list-style-type: none"> • Urban Governance and Federalism (P165231) • Nepal Federalism Transition Support (P165942) • Nepal Fiscal Federalism (Transition) (P165688) • Federalism Capacity Needs Assessment (P168504) • Health Financing Strategy Support (P166804) • Technical Assistance for Improving Municipal Solid Waste Management Services for Urban Local Governments in Nepal (P169652) • Addressing Malnutrition and Investing in Early Years in Nepal in a federalized context (P168830) • Promoting Inclusive Citizen Participation in Performance Audits in Nepal (P169375) • Digital Nepal (P171113) • Human Development Public Expenditure Review (P169010) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Nepal Federalism Platform 2.0 (P175376) • Integrated Approach to Employment and Social Protection (P170572) • Improve Integration of Social Protection Systems in Nepal (P168213) • Accelerating Human Capital Development in the Maldives, Nepal and Sri Lanka (P177660)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
Focus Area 2: Private Sector-Led Jobs and Growth		
CPF Objective 2.1. Improved power generation capacity and access to electricity		
<p>Indicator 2.1.1: Additional Generation Capacity in select areas (excluding imports) (Revised) Baseline: 0 (2018) Target: Increase by 25 MW (2024) Actual 2020 Status: 11.65 MW</p> <p>Indicator 2.1.2: Number of people provided with new or improved electricity services in targeted areas Baseline: 55 (2018) Target: 500,000 (2024) Actual 2020 Status: 19,500</p> <p>Indicator 2.1.3: Additional generation capacity under construction or operational Baseline: 0 (2018) Target: New construction to deliver 516 MW (2024) Actual 2020 Status: 316 MW</p> <p>Indicator 2.1.4: High-Voltage Import capacity transmission line completed (New) Baseline: No high-voltage cross-border transmission capacity (2018) Target: 400 kV cross-border transmission line constructed to enhance power imports (2024) Actual 2020 Status: 85 km 400 kV line operational-260 MW of electricity was</p>	<p>Supplementary Progress Indicator: 2.1.1: Additional generation capacity supported by private sector financing Baseline: 0 MW (2018) Target: Increase by 216 MW (2020) Actual 2020 Status: 316 MW</p> <p>Supplementary Progress Indicator: 2.1.2: High-voltage cross border transmission capacity Baseline: 0 (2018) Target: Increase by 500 MW (2020) Actual 2020 Status: 1,100 MW</p> <p>Supplementary Progress Indicator 2.1.3: Nepal Electricity Regulatory Commission (NERC) is fully functional Baseline: NERC Act passed and became effective in August 2017 Target: NERC is fully operational and has issued tariff-setting guideline and one technical guideline. (2023) Actual 2020 Status: NERC is fully operational and has issued tariff setting guideline.</p>	<p>Closed Projects</p> <ul style="list-style-type: none"> • Nepal Energy Sector Development Policy Credit (P154693, IDA Cr. 6313-NP, US\$100 million) • Kabeli-A Hydro Electric Project (P122406, IDA Cr. 5338-NP & Gr. H900-NP, US\$ 46 million) • Second Energy Sector DPC (P170248, IDA Cr. 6639-NP, US\$100 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> • Upper Trishuli 1 (UT1) – Hydropower project (IFC + MIGA guarantee) (35701) US\$87 million in gross outstanding exposure as of January 2022 • Nepal- India Electricity Transmission and Trade (P115767, IDA Cr. 4902-NP & Gr.H660-NP / IDA Cr. 5263-NP & Gr.H858-NP, US\$138 million) • Sustainable Renewable Energy Program- Supported Extended Biogas Project (SREP) (P131592, TF16552, US\$7.9 million) • Nepal Grid Solar and Energy Efficiency (P146344, IDA Cr. 5566-NP, US\$130 million) • Power Sector Reform and Sustainable Hydropower (P150066, IDA Cr.5728-NP, US\$20 million) • Business Models for Private Sector -Led Mini-Grid Energy Access (P149239, TFA8336 & TFA8382, US\$7.61 million) • Plastic Free Rivers and Seas for South Asia (P171269, US\$37 million) • Additional Financing Power Sector Reform and Sustainable Hydropower (P175306, US\$1 million) <p>Pipeline Projects</p> <ul style="list-style-type: none"> • Third Energy Sector Development Policy Credit (P178037, US\$100 million)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>imported using partially completed Nepal-India Electricity Transmission and Trade Project (NIETTP). This has helped improve the reliability of electricity supply in Nepal.</p> <p>Indicator 2.1.5: Increase access through off grid biogas-based electricity generated (New) Baseline: 0 GWh/year (2018) Target: 3.4 GWh/year (2021) Actual 2020 Status: 3.4 GWh/year</p> <p>Indicator 2.1.6: Increase access through renewable energy-based capacity addition to the national grid (New) Baseline: 0 MW (2018) Target: 25 MW (2024) Actual 2020 Status: 11.65 MW</p>		<p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • Upper Arun Hydropower Project • Distribution System Improvement and Modernization Project <p>Closed ASAs</p> <ul style="list-style-type: none"> • Infrastructure Sector Assessment Program (P165958) • Developing Improved Solutions for Cooking (P149764) • Renewable Energy Resource Mapping and Geospatial Planning (P150328) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Energy Sector Reform Program in Nepal (P171183) • Nepal Hydro Sector Development Project (599991) (IFC) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> • Analytical study to implement the distribution system modernization and business process in Nepal • Electrical vehicle mobility
<p>CPF Objective 2.2. Increased transport connectivity, improved maintenance, and road safety</p>		
<p>Indicator 2.2.1: Percentage of bridges in good and fair condition in targeted routes. Baseline: 75% (2018) Target: 85% (2024) Actual 2020 Status: 79.9%</p> <p>Indicator 2.2.2: Percentage of population within 2 and 4 hours of walking distance in the targeted Terai and hill districts</p>	<p>Supplementary Progress Indicator 2.2.2: (New)¹⁹ (a) Major bridge maintenance completed Baseline: 0 m Target: 1,500 m Actual 2020 Status: 1,500 m (b) Minor bridge maintenance completed Baseline: 0 m Target: 9,500 m</p>	<p>Closed Projects</p> <ul style="list-style-type: none"> • Strengthening National Rural Transport (P132750, IDA Cr.5336-NP & Gr.H899-NP, US\$100 million) • Road Sector Development AF (P095477, IDA Cr.5865-NP, US\$34.41 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> • Nepal India Regional Trade and Transport (NIRTP) (P144335, IDA Cr.5273-NP & Gr.H863-NP, US\$99 million)

¹⁹ Second Additional Financing for Road Sector Development Project, RSDP AF-II (P095977). Out of the 220 bridges considered for major/minor maintenance works under the project, 93.5 percent achieved a condition classification of 1 (ranking 7 and 8, that is, good condition). The planned targets under the project were (a) major bridge maintenance: 1,500 m and (b) minor bridge maintenance: 9,500 m. The project closed on January 15, 2020.

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Baseline: 0% (2018) Target: Increase by 4% (2019) Actual 2020 Status: 12.17%</p> <p>Indicator 2.2.4 (New): Periodic Maintenance of roads within the Core Road Network¹⁸ Baseline: 0 lane-km (2020) Target: 1,700 lane-km (2024) Actual 2021 Status: 0 km</p> <p>Indicator 2.2.5 (New): Number of Kms on which the Safe Corridor Demonstration Program (SCDP) implemented Baseline: 0 km (2020) Target: 95 km (2024) Actual 2021 Status: 0 km</p>	<p>Actual 2020 Status: 9,500 m Supplementary Progress Indicator 2.2.3: Completion of backlog bridges under construction (New) Baseline: 0 m Target: 5,000 m Actual 2021 Status: 6,118 m</p>	<ul style="list-style-type: none"> • Second Bridges Improvement and Maintenance Program (P161929, IDA Cr. 6317-NP, US\$133 million) • Nepal Strategic Road and Trade Improvement Project (P170409, IDA Cr. 6673-NP, IDA Cr. 6674-NP, US\$450 million) <p>Pipeline Project</p> <ul style="list-style-type: none"> • Provincial and Local Roads Improvement Project (P171836, US\$100 million) • BBIN Regional Transport and Trade Facilitation Program - Nepal Phase 1 (P177902, US\$250 million) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • Road Safety Project <p>Closed ASAs</p> <ul style="list-style-type: none"> • Infrastructure Sector Assessment Program (InfraSAP) (Transport) (P165958) (Delivered) • Support the National Road Safety Council (NRSC) (P169402) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Improving Nepal’s Regional Transport Connectivity through Waterways (P171169; part of a regional activity) • Nepal Civil Aviation (P171169; part of a regional activity) • Nepal Regional Connectivity and Trade Facilitation Aviation (P171169; part of a regional activity) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> • E-Mobility
CPF Objective 2.3. Improved financial sector stability and financial inclusion		
Financial Sector Stability	Supplementary Progress Indicator	Closed projects

¹⁸ Nepal Strategic Road and Trade Improvement Project

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Indicator 2.3.1: Capital fund coverage of the total insured deposits to strengthen financial system’s safety net</p> <p>Baseline: Around 0.95 percent of the total insured deposits (2018)</p> <p>Target: Increase to 3 percent of the total insured deposits (2024)</p> <p>Actual Status 2021: 1.8 percent</p> <p>Financial Inclusion</p> <p>Indicator 2.3.2: Number of targeted SMEs, agriculture producer groups and individuals with access to finance</p> <p>(i) SMEs</p> <p>Baseline: 0 (2018)</p> <p>Target: Additional 32,215 (2024)</p> <p>Actual 2020 Status: 27,215</p> <p>(ii) Agriculture Producer Groups</p> <p>Baseline: 0 (2018)</p> <p>Target: Additional 350 (2024)</p> <p>Actual 2020 Status: Assessment under progress</p> <p>(iii) Individuals</p> <p>Baseline: 0 (2018)</p> <p>Target: Additional 600,000 (2024)</p> <p>Actual 2020 Status: 2,108,720</p>	<p>2.3.1: All Class A banks continue to meet prudential norms relating to solvency (Capital Adequacy Ratio CAR) and liquidity position (Credit-to-Capital and Deposit Ratio)</p> <p>Baseline: All Class A banks have met solvency and liquidity indicators (2018)</p> <p>Target: All (Class A) banks continue to meet solvency and liquidity indicators at all time or are subject to solvency action (2024)</p> <p>Actual Status 2021: All Class A banks have met solvency and liquidity indicators. The industry average CAR was 13.64 against a prudential minimum requirement of 11.0 and Credit-to-Capital and Deposit Ratio was 78.55 against prudential cap of 85.0. None of the commercial banks were subject to actions under the bank resolution framework during the review period. The target has been fully achieved.</p> <p>Supplementary Progress Indicator</p> <p>2.3.2: Number of financial services points (branchless banking, mobile banking customers, ATMs)</p> <p>Baseline: 1,008 branchless banking centers; 2.66 million mobile bank customers; 2,081 ATMs (2017)</p> <p>Target: Additional 150 branchless banking centers, 0.5 million mobile banking customers, and 200 ATMs per year (2023)</p> <p>Actual Status 2021: Nepal’s banking sector has 1,739 branchless banking centers (increase by 731 since 2017), 13.6 million mobile bank customers (increase by 10.9 million), and 4,300 ATMs (increase by 2,219). All annual target indicators have been fully achieved.</p>	<ul style="list-style-type: none"> • Third Financial Sector Stability Credit DPC (P156960, IDA Cr. 5875-NP, US\$100 million) • Fourth Financial Sector Stability DPC (P159547, IDA Cr. 6304-NP, US\$100 million) • Finance for Growth DPC 1 (P173044, IDA Cr. 6715-NP, US\$ 200 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> • Nepal Livestock Sector Innovation (P156797, IDA Cr. 6149-NP, US\$80 million) • Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (P627165) (IFC) • Rural Microfinance Development Centre RMDC (P641097) (IFC) • WCS2 GIME Bank (P#41537) (IFC) • WCS NMB Nepal (P#41302) (IFC) • NMB SME (P#43551) (IFC) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • F4G DPC2 (focus on resilience finance sector, inclusion agenda for MSMEs individuals, expanded emphasis on climate finance) • MSME PforR/IPF with focus on investment climate, FDI, MSME finance • GRID Programmatic DPC Series <p>Closed ASAs</p> <ul style="list-style-type: none"> • Policy Note on Agriculture Finance Strategy (P165645) • Nepal FCI Policy Engagement (P168914) • Sustainable Tourism Development and Value Creation in Nepal (P167250) • Women’s Non-Farm Employment in Nepal (P172067) • DIME Agriculture and Irrigation in Nepal (P154309)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
	<p>Supplementary Progress Indicator 2.3.3: Long-term financing as percent of total loan portfolio and financial deepening measured by total market capitalization</p> <p>Baseline: Long-term finance (NPR 353 billion) accounts for 16.5 % of total loan portfolio of the banking sector and total market capitalization of Nepal Stock Exchange is NPR 1,857 billion (2017).</p> <p>Target: Long-term finance to grow by 15% per year and total market capitalization increases by 7% per year (2023)</p> <p>Actual Status 2021: Long-term finance outstanding was NPR 878 billion which is 21.8% of total loan portfolio indicating a growth of 148% since 2017. Total market capitalization stands at NPR 3,949.6 billion (as of June 24, 2021) - a growth of 112% since 2017. Both target indicators have been fully met.</p>	<ul style="list-style-type: none"> • Digital Nepal (P171113) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Post-COVID Private Sector Recovery TA Program (PSRP) (P174486) • Nepal Financial Infrastructure Strengthening Project (P604073) (IFC) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> • Follow-on advisory services on MSME finance and digital financial services (World Bank)
CPF Objective 2.4. Improved regulatory environment for competitiveness		
<p>Indicator 2.4.1: Time needed to meet regulatory requirements for import/export and transit activities</p> <p>Baseline: 61 hours (2018)</p> <p>Target: 55 hours (2024)</p> <p>Actual 2020 Status: 54 hours (Export) and 59 hours (Import)</p>	<p>Supplementary Progress Indicator 2.4.1: Border crossing time at selected border posts reduced</p> <p>Baseline: 2.30 days (2018)</p> <p>Target: 1.50 days (2022)</p> <p>Actual 2020 Status: 0.87 days</p>	<p>Ongoing Project</p> <ul style="list-style-type: none"> • Nepal India Regional Trade and Transport (NIRTTTP) (P144335, IDA Cr. 5273-NP & Gr. H863-NP, US\$99 million) (<i>Delivered</i>) • Nepal Strategic Road and Trade Improvement Project (P170409, IDA Cr. 6673-NP, IDA Cr. 6674-NP, US\$450 million) <p>Pipeline Project</p> <ul style="list-style-type: none"> • BBIN Regional MPA - Phase 1 (P177902, US\$250 million) <p>Closed ASAs</p> <ul style="list-style-type: none"> • Sustainable Tourism Development in Nepal (P167250) • Nepal Market Creation for Tourism Project (602476) (IFC)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
		<ul style="list-style-type: none"> Assessing the Economic Impact of Protected Areas on Local Economies [Nepal Case Study in global ASA] (P171044)
CPF Objective 2.5. Improved income opportunities		
<p>Indicator 2.5.1: Number of farmers/producer groups increase in sales of value-added products/income in selected value chains Baseline: 0 (2018) Target: Additional 3,290 (of which female 45%) (2024) Actual 2020 Status: 320 (gender-disaggregated data under analysis)</p> <p>Indicator 2.5.2: Sales of value-added products/income of targeted producer groups in selected value chains Baseline: 0 % (2018) Target: Increase by 25% (2024) Actual 2020 Status: Assessment ongoing</p> <p>Indicator 2.5.3: Percent of additional people employed Baseline: 0% (2018) Target: Increase by 70% (2024) Actual 2020 Status: 75% (data are for Year 2 - FY18–FY19 of the project)</p> <p>Indicator 2.5.4: Share of female and disadvantaged youth completing market relevant short-term training program Baseline: 50% (2018) Target: 65% (2024)</p>		<p>Closed Projects</p> <ul style="list-style-type: none"> Poverty Alleviation Fund (PAF) AF II (P105860, IDA Gr. H857-NP, US\$245 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> Nepal Livestock Sector Innovation (P156797, IDA Cr. 6149-NP, US\$80 million) Enhanced Vocational Education and Training II (P163018, IDA Cr. 6142-NP, US\$60 million) NP Modernization Rani Jamara Kulariya Irrigation Phase II (P158364, IDA Cr. 6194-NP, US\$60.66 million) YETI (P160696, IDA Cr. 6487-NP, US\$120 million) Food and Nutrition Security Enhancement (P164319, TFOA8013, US\$22.7 million) Rural Enterprise and Economic Development Project (P170215, IDA Cr. 6787-NP, US\$80 million) Forest for Prosperity Project (P170798, TFOB2796 and TFOB2488, US\$24 million) <p>Pipeline Projects</p> <ul style="list-style-type: none"> Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (P171720, US\$4.5 million) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> Scaling up of Forest for Prosperity Project (P170798) to additional provinces <p>Closed ASAs</p> <ul style="list-style-type: none"> Support to Developing an Inclusive Jobs Strategy for Nepal (P163141) <p>Ongoing ASAs</p>

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Actual 2020 Status: = 88%</p>		<ul style="list-style-type: none"> • Integrated Approach to Employment and Social Protection (P170572) • Nepal Climate-Smart Agriculture Investment Plan (Deliverable of P176456 – GRID Programmatic ASA) • Agriculture Fertilizer Review and PER (Deliverable of P176456 – GRID Programmatic ASA) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> • GRID PASA (P176456): Forest Landscape Platform with <ul style="list-style-type: none"> ○ Analysis of and options for improving the business climate for forest-based private enterprises, ○ Supporting a comprehensive biodiversity/forest offset mechanism for Nepal, and ○ Development of forest accounts to inform fiscal transfers in support of sustainable forest management (SFM).
<p>CPF Objective 2.6. Increased Access to Digital Services (NEW OBJECTIVE)</p>		
<p>Indicator 2.6.1: Population with access to the internet (as % of population) (New) Baseline: 65% (2018) Target: 85% (2024)</p>		<p>Ongoing Projects</p> <ul style="list-style-type: none"> • Programmatic Fiscal Policy for Growth Recovery and Resilience DPC (P173982, IDA- Cr. 6902 NP, US\$150 million) <p>Pipeline Projects in Portal</p> <ul style="list-style-type: none"> • Digital Nepal Acceleration (DNA) Project (P176543, US\$140 million) <p>Closed ASAs</p> <ul style="list-style-type: none"> • Digital Nepal (P171113) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Digital Development for Maldives, Nepal, and Sri Lanka (P175577) • Digital for GRID in Maldives, Nepal, and Sri Lanka (P177824) • Access to Financial Services Project (602783) (IFC)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
Focus Area 3: Inclusion and Resilience		
CPF Objective 3.1. Improved equity in access to quality education		
<p>Equity in Access</p> <p>Indicator 3.1.1: Number of out-of-school children brought to schools or learning centers in most disadvantaged districts (basic grade level 1–8)</p> <p>Baseline: 88,875 out-of-school children ages 5–16 (of which female 49%) (2017)</p> <p>Target: 20% reduction from baseline (of which female 50%) (2024)</p> <p>Actual 2020 Status: 68.7% percent reduction in out-of-school children in 15 most disadvantaged districts (of which 51.8% female)</p> <p>Indicator 3.1.2: Number of students enrolled in higher education institutions</p> <p>Baseline: 48 students</p> <p>Target: 1,200 students per year (of which female 45%) (2024)</p> <p>Actual 2020 Status: 650</p> <p>Indicator 3.1.3: Percentage of poor students with at least a GPA of 1.6 in 2020 Secondary Education Examination (SEE) (Revised)</p> <p>Baseline: n.a. (2018)</p> <p>Target: 70% (2023)</p> <p>Actual 2021 Status: 70%</p>		<p>Closed Projects</p> <ul style="list-style-type: none"> • Higher Education Reform Project (P147010, IDA 55860, US\$65 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> • Nepal School Sector Development Program (P160748, IDA 59710, US\$150 million) • Nepal School Sector Development Program AF (P167047, TF0B0095, US\$23.96 million) • COVID 19 School Sector Program (GPE) (P174209, TF0B3579, US\$10.8 million) • Additional Financing to SSDP (P176616, IDA 6904, US\$50 million) • Nurturing Excellence in Higher Education (P171516, IDA-68840, US\$60 million) <p>Pipeline Projects in Portal</p> <ul style="list-style-type: none"> • Unlocking Human Capital for a Prosperous Nepal (P167531, US\$80 million) • School Sector Transformation Program (P177647, US\$100 million) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • Government is collaborating with Joint Financing Partners (JFPs) to prepare the new education sector plan and has requested the support from the World Bank for a new sector plan for the school sector. <p>Closed ASAs</p> <ul style="list-style-type: none"> • Early Childhood Education Diagnostic (P169661) • Investing in people to close Human Capital Gap for Higher and sustainable inclusive growth (P168816) • Human Development Public Expenditure Review (P169010)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Indicator 3.1.4: Number of higher education institutions with (HEI) specific autonomous academic programs initiated</p> <p>Baseline: 2</p> <p>Target: 25 HEI-specific autonomous academic programs initiated (2024)</p> <p>Actual 2020 Status: 14</p>		<p>Ongoing ASAs</p> <ul style="list-style-type: none"> Accelerating Human Capital Development in the Maldives, Nepal and Sri Lanka (P177660) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> Teaching at the Right Level (TARL) EdTech Readiness Technical and Vocational Education and Training service delivery
CPF Objective 3.2. Improved access to services and support for the well-being of the vulnerable groups		
<p>Indicator 3.2.1: Number of households have access to water and sanitation services in targeted districts/state</p> <p>Baseline: 518,258 (2018)</p> <p>Target: 1,182,000 (of which female 49%) (2024)</p> <p>Actual 2020 Status: 875,208 (49% female)</p> <p>Indicator 3.2.2: Children aged 6–23 months, in targeted districts, with minimum acceptable diet (Percentage) (Revised)</p> <p>Baseline: 18% (2018)</p> <p>Target: 8% over baseline (2024)</p> <p>Actual 2020 Status: Assessment under progress</p> <p>Indicator 3.2.3: Number of Gender Based Violence (GBV) survivors have access to justice and support</p> <p>Baseline: 300 GBV survivor/year (2018)</p> <p>Target: 11,000 survivor/year (2024)</p>		<p>Closed Projects</p> <ul style="list-style-type: none"> Integrated Platform for Gender Based Violence Prevention and Response in Nepal (P155096, US\$1.59 million) NP Rural Water Supply and Sanitation Improvement Project (P143036, IDA 54400 & H9450, US\$66.3 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> Strengthening Systems for Social Protection and Civil Registration (P154548, IDA 59120, US\$115 million) Nepal Health Sector Management Reform (PforR) (P160207, IDA 59130, US\$150 million) Food and Nutrition Security Enhancement (P164319, TFOA8013, US\$22.7 million) Additional Financing for Nepal Health Sector Management Reform Program for Results (P176694, IDA 6911, US\$50 million) <p>Pipeline Projects</p> <ul style="list-style-type: none"> Unlocking Human Capital for a Prosperous Nepal (P167531, US\$80 million) Nepal Water Governance and Infrastructure Project (P176589, US\$80 million) <p>Closed ASAs</p>

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Actual 2020 Status: 17,821 (support), 4,620 (legal counseling) and 929 (court representation)</p> <p>Indicator 3.2.4: Number of pregnant and lactating mothers receiving improved nutrition services and products in targeted areas/state</p> <p>Baseline: 0 (2018)</p> <p>Target: Increase by 30,000 (2024)</p> <p>Actual 2020 Status: 707</p>		<ul style="list-style-type: none"> • Health Financing Strategy Support (P166804) • Adaptive Social Protection TA (P163514) • Advancing Social Protection II (P164003) • Water Platform and Strategy Development (P168191) • Water Platform 2.0 (P171575) • Early Childhood Education Diagnostic (P169661) • National workshop of indigenous peoples (IPs)/civil society organizations (CSOs) in Nepal (P171713) • Human Development Public Expenditure Review (P169010) • SPF: Maximizing the Development Impact of the IDA18 FCV Risk Mitigation Regime in Nepal (P171624) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • GRID PASA (P176456) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> • None
<p>CPF Objective 3.3. Increased resilience to health shocks, natural disasters, and climate change</p>		
<p>Indicator 3.3.1: Number of eligible beneficiaries who have access to social security allowance program in selected districts</p> <p>Baseline: 2.3 million (of which 1.5 million female) (2018)</p> <p>Target: 2.9 million (of which 1.9 million female) (2024)</p> <p>Actual 2020 Status: 2.96 million (of which 1.8 million female)</p> <p>Indicator 3.3.2: Accuracy and timeliness of weather and flood forecasts and early warning dissemination (Revised)</p>		<p>Ongoing Projects</p> <ul style="list-style-type: none"> • Earthquake Housing Reconstruction Project (P155969, IDA 57060 US\$ 200 million) • Earthquake Housing Reconstruction Additional Financing (P163593, IDA 61640, US\$300 million) • Earthquake Housing Reconstruction Project Additional Financing 2 (P155969, IDA 65300, US\$200 million) • MDTF funding for EHRP (Safer Reconstruction) (P162067, TFA4783, US\$15 million) • Strengthening Systems for Social Protection and Civil Registration (P154548, IDA P154548, US\$150 million)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Baseline: 0.49 (24-hour period) (2017) Target: 0.55 (24-hour period) (2024) Actual 2020 Status: 0.45</p> <p>Indicator 3.3.3: Adoption of disaster risk financing and insurance schemes (Revised) Baseline: 0 (2017) Target: 1 Increase (2024) Actual 2020 Status: 0</p>		<ul style="list-style-type: none"> • Nepal Development Policy Financing with CAT DDO (P166788, IDA 65430, US\$50 million) • Nepal COVID-19 Emergency Response and Health System Preparedness Project (P173760, IDA 66040, US\$29 million) • South Asia: Climate Adaptation and Resilience for South Asia (P171054, IDA-D6210/ IDA- D6220/ TF-B2642 US\$39.50 million) • Nepal Finance for Growth DPC 1 (P173044, IDA-67150, US\$200 million) <p>Pipeline Projects</p> <ul style="list-style-type: none"> • Nepal Finance for Growth DPC 2 (P176881, US\$150 million) • <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • Hydromet Phase 2 Project • Follow-on Social Protection project (FY23) • GRID Programmatic DPC Series <p>Closed ASAs</p> <ul style="list-style-type: none"> • Nepal Advancing Social Protection II (P164003) • Adaptive Social Protection TA (P163514) • Water Platform and Strategy Development (P168191) • Water Platform 2.0 (P171575) • Support to Government on Pandemic/Epidemic Preparation (P168171) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • Nepal Climate-Smart Agriculture Investment Plan (Deliverable of P176456) • Nepal Climate Change and Development Report (CCDR) (P176737) • GRID Programmatic ASA (P176456)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
CPF Objective 3.4. Improved adoption of sustainable natural resource management		
<p>Indicator 3.4.1: Increase in number of farmers adopting climate smart agricultural practices in targeted districts/States Baseline: 0 (2017) Target: Additional 84,300 farmers (of which female 45%) (2024) Actual 2020 Status: 15,222 farmers (of which female 40.1%) +12,000 farmers (of which female 43%) (IFC).</p> <p>Indicator 3.4.2: Net Decrease in greenhouse gas emissions from deforestation and forest degradation Baseline: 0 (2017) Target: 9 million tons of CO₂ reduced (2024) Actual 2020 Status: 0 (First Measurement, Reporting and Verification [MRV] reporting period will cover June 22, 2018-December 31, 2021)</p> <p>3.4.3 (New): Number of sub-national land use/spatial plans governing sustainable natural resources use Baseline: 0 (2017) Target: 2 subnational land use/spatial plans (2024) Actual 2021 Status: Assessment to be completed in 2023</p> <p>Indicator 3.4.4 (New): Additional ha of degraded forest rehabilitated Baseline: 0 (2018)</p>		<p>Closed Projects</p> <ul style="list-style-type: none"> • Building Resilience to Climate Related Hazards Project (P127058, TF13557, TF13665 US\$31 million) <p>Ongoing Projects</p> <ul style="list-style-type: none"> • FCPF REDD Readiness grant (AF) (P125198, TFA4169, US\$5.2 million) • Nepal Livestock Sector Innovation (P156797, IDA 61490, US\$80 million) • NP Modernization of Rani Jamara Kulariya Irrigation Phase 2 (P158364, IDA 61940, US\$61 million) • Food and Nutrition Security Enhancement (P164319, TFOA8013, US\$22.7 million) • Rural Enterprise and Economic Development Project P170215, US\$80 million) • Nepal Grid Solar and Energy Efficiency (P146344, IDA 55660, US\$130 million) • Forest for Prosperity Project (P170798, TFOB2796 and TFOB2488, US\$24 million) • Nepal Emission Reduction Program for Terai Arc (P165375, US\$45.8 million) <p>Pipeline Projects</p> <ul style="list-style-type: none"> • Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (P171720, US\$4.5 million) <p>Ideas for New Pipeline Projects</p> <ul style="list-style-type: none"> • None <p>Closed ASAs</p> <ul style="list-style-type: none"> • Nepal Forest Note "Forest for Prosperity" (P166888) • Environmental Sector Diagnostics: Priorities for accelerating growth (P164550) • Nepal Federalism Transition Support (P165942) • Water Platform and Strategy Development (P168191)

Annex 1

Indicative CPF Outcomes and Indicators Targets = FY24 unless Specified	Indicative Milestones: Supplementary Progress Indicators	Ongoing and Indicative WBG Program
<p>Target: Additional 10,000 ha (2024) Actual 2021 Status: Assessment to be completed in 2023</p>		<ul style="list-style-type: none"> • Water Platform 2.0 (P171575) • PPCR Nepal (P#588487) (IFC) • Valuing Green Infrastructure: Case Study of Kali Gandaki Watershed in Nepal (P161596) <p>Ongoing ASAs</p> <ul style="list-style-type: none"> • GRID PASA (P176456) • Nepal Climate-Smart Agriculture Investment Plan (Deliverable under GRID PASA - P176456) • Practitioner Program in Transboundary Watershed Management in Mountain Economies (linked to P170798) • Development of Forest Accounts (Deliverable under GRID PASA - P176456) • Plastics materials flows and health care waste and Plastic waste diagnostic survey in waterways (SAWI-funded TA - Deliverable under GRID PASA - P176456) • Reducing plastic waste disposed in Nepal’s rivers draining in the Bay of Bengal (PROBLUE-funded TA Deliverable under GRID PASA - P176456) <p>Ideas for New ASAs</p> <ul style="list-style-type: none"> • Deep dive on the food-water-ag-forest nexus (co funded by the CCDR P176456 and GRID PASA P176456)

Annex 2: Summary of Changes to Original CPF Results Matrix

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
Focus Area 1: Public Institutions		
CPF Objective 1.1. Improved budget and revenue management		
<p>Indicator 1.1.1: Proportion of capital expenditure spent in the last quarter of fiscal year</p> <p>Baseline: 75% (2018)</p> <p>Target: 65% (2023)</p>	<p>Revised Indicator 1.1.1: Proportion of capital expenditure spent in the last quarter of fiscal year</p> <p>Baseline: 75% (2018)</p> <p>Target: 40% (2024)</p>	<p>The target year has been extended to 2024 but no change to the indicator. Target has been revised as there are prospects for further achievement. The indicator remains relevant for fiscal federalism transition considering the importance of capital expenditure execution in measuring the PFM capacity. The improvement in the recent laws and regulations discouraging bunching of capital expenditure is promising. In view of COVID-19, the measure for FY20 may be considered an outlier or structural break that will need to be interpreted considering the impacts of the pandemic. The pandemic has resulted in lower spending for FY20, which is likely to further skew the bunching indicators.</p>
<p>Indicator 1.1.2: Tax collections information available on real time basis at all tiers of government</p> <p>Baseline: 90% of tax collections available with a lag of two months</p> <p>Target: 90% of tax collections available on real time basis (2023)</p>	<p>Revised Indicator 1.1.2: Tax collections information available on real time basis for federal and provincial levels government</p> <p>Baseline: 90% of tax collections available with a lag of two months</p> <p>Target: 90% of tax collections available on real time basis (2024)</p>	<p>The target year is extended to 2024. The indicator remains relevant for fiscal federalism transition. However, the progress for the local governments has been limited due to the pandemic. The general plan is to optimize SuTRA to enable local governments to report on their revenues in FY21. SuTRA is under implementation by over 730 local levels at end 2020, with the remaining local levels expected to implement the system by this FY. However, it does not address the lag between local levels and wards. Considering the continuing challenges at the local levels, 90% target remains reasonable despite the extension of the target year.</p>
<p>Indicator 1.1.3: Number of states incorporating gender informed budget in their plan</p> <p>Baseline: 0 (2018)</p>	<p>Revised Indicator 1.1.3: Number of provinces incorporating gender informed budget in their plan</p>	<p>The indicator was adjusted to be more specific. The indicator remains relevant for fiscal federalism transition given the importance of</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>Target: 7 adopt gender informed aspects in the budget (2023)</p>	<p>Baseline: 0 (2018) Target: 7 adopt gender informed aspects in the budget (2024)</p>	<p>gender-informed budgeting to institutionalize inclusive development into subnational budget planning. The target remains unchanged and achievable by FY24 based on the progress made so far and work plan that have been affected by COVID-19 specifically on capacity building of SNGs. The term quantifiable is not relevant/measured in the indicator and hence omitted.</p>
<p>Indicator 1.1.4: Sub-National Government (SNG) involve citizens in budgetary process Baseline: Not established system (2018) Target: 50% of SNGs involve citizens in one or more stages of the budgetary process (2023)</p>	<p>Revised Indicator 1.1.4: Sub-National Government (SNG) involve citizens in budgetary process Baseline: Not established system (2018) Target: 50% of SNGs involve citizens in one or more stages of the budgetary process (2024)</p>	<p>Only the target year is extended to 2024. The indicator remains relevant for fiscal federalism transition given the importance of citizen engagement in PFM process at all levels of government. The target is kept the same and achievable by FY24 based on the progress made and work plan that have been affected by COVID-19 specifically on capacity building of SNGs on citizen engagement.</p>
<p>Supplementary Progress Indicators 1.1.1: Consolidated local government public expenditure data available in the public domain Baseline: No data Target: Data available (2023)</p>	<p>New Objective Level Indicator 1.1.5: Consolidated local government public expenditure data available in the public domain Baseline: No consolidated reporting of data (2018) Target: Consolidated data for all provincial and local, as well as for each province and each locality reported on an annual basis (2024)</p>	<p>The indicator is modified slightly and converted to main indicator to account for aggregated reporting for provinces and local levels and for individual SNGs. The indicator is relevant for fiscal federalism transition given the importance of financial report of subnational governments in the fiscal federal system. An information system is in operation at the provincial level that should enable reporting at the province level. SuTRA is currently being rolled out (already over 730 local levels) and should facilitate reporting for each locality by 2024. The target has been further specified along with the extension of the target year.</p>
<p>Supplementary Progress Indicator 1.1.2. State and local governments increase own source of revenue Baseline (2019): 2 percent of consolidated revenues</p>	<p>Dropped</p>	<p>Supplementary Progress Indicators that do not yield results by PLR are dropped. However, some of them have been retained as main indicators which are directly related with the stated objectives.</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
Target (2023): At least 10 percent increase (or 3 percent of consolidated revenues)		
Supplementary Progress Indicator 1.1.3. Provincial and Local government budget is prepared based on three-year MTEF Baseline: No multiyear framework (2018) Target: Provincial 80% and local 50% (2023)	Dropped	Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.
Supplementary Progress Indicator 1.1.4. A citizen engagement strategy is adopted at the federal level and provides guidance for Sub-National Government	Dropped	Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.
Focus Area 1: Public Institutions		
CPF Objective 1.2. Strengthened institutions for public sector management and service delivery		
Indicator 1.2.1. Number of districts with an electronic national population register established Baseline: 0 (2018) Target: Increase by 75 (2023)	Revised Indicator Number of Local Governments where civil events are registered online Baseline: 72 Local Governments (December 2017) Target: 753 Local Governments (2024)	Nepal's transition to federalism and the government's plan to roll out the National ID led to the revision of the plan to build the delayed development of the proposed NPR. Therefore, it is now proposed that the NPR indicator is replaced by one that measures the expansion of digitized service delivery and coverage of civil registration. The increased coverage of civil registration and associated SSA program and their interoperability with the national ID will form the basis for the integrated social registry.
Indicator 1.2.2: Percentage improvement in Effective Vaccine Management (EVM) Score Baseline: Average EVM score of 64% with 2 parameters achieving 80% (2018) Target: Average EVM Score of 80% with any 6 parameters achieving 80% (2021)	No change	Indicator 1.2.2 continues to be a sound measure of green and resilience aspects of GRID. Waste management is one of the nine criteria for the measurement of EVM score. Also, the overall score measures the strength of an effective vaccine management system, which contributes to safeguarding the health of Nepalese citizens, in supporting a robust vaccination program and building their resilience to morbidity/mortality. Therefore, no changes to Indicator 1.2.2 are

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>Indicator 1.2.3: Percentage of funds disbursed to community schools in compliance with eligibility and utilization guidelines Baseline: 80% (2016) Target: 90% (2023)</p>	<p>Revised Indicator 1.2.3: Percentage of funds disbursed to community schools in compliance with eligibility and utilization guidelines Baseline: 92.63% (2016) Target: 95% (2024)</p>	<p>required from the Health, Nutrition and Population Practice side. Baseline is 80%, which was based on 2013/2014/2015 trends. However, in 2016/2017, the ineligible expenses decreased (and hence increased compliance) because of improved systems, hence the proposed change in the values of the baseline and the target, in line with revised formulation of SSDP.</p>
<p>Supplementary Progress Indicator 1.2.1. Number of births registered in Management Information System (MIS) within the first year of birth Baseline: 7,000 (2018) Target: 371,200 (2020)</p>	<p>New Objective Level Indicator 1.2.4. Number of births registered in Management Information System (MIS) within the first year of birth Baseline: 7,000 (2018) Target: 371,200 (2024)</p>	<p>The indicator has been converted to main indicator and the target year moved to 2024 to recognize the progress of the supplementary indicator and its direct contribution to the CPF Objective.</p>
<p>Supplementary Progress Indicator 1.2.2: Livestock Management Information System (MIS) established and being used at the central and local level Baseline: None Target: 1 at central level, 4 at state level</p>	<p>Revised Progress Indicator 1.2.2: Prototype for Livestock Management Information System (MIS) established for one province Baseline: None Target: 1 province (2024)</p>	<p>National-level Aid Management Information System (AMIS) already operational so the establishment of MIS at the central level would be duplication of work. Prototype for Gandaki Province under preparation. This will be rolled out to other provinces later but not within the CPF period.</p>
Focus Area 2: Private Sector-Led Jobs and Growth		
CPF Objective 2.1. Improved power generation capacity and access to electricity		
<p>Indicator 2.1.1: Additional Generation Capacity in select areas (excluding imports) Baseline: 0 (2018) Target: Increase by 63 MW (2023)</p>	<p>2.1.1: Additional Generation Capacity in select areas (excluding imports) Baseline: 0 (2018) Target: Increase by 25 MW (2024)</p>	<p>The target should be revised to 25 MW, by excluding 38 MW of Kabeli-A. This is because the World Bank financing to the Kabeli-A Project was closed and the implementing agency is seeking financing from other sources. Since the financing source is now changed, output cannot be attributed fully to IDA financing. In addition, a US\$19.3 million loan from IFC and an additional US\$19.3 million loan from the Canada Climate Change Program (CCCP) for which the IFC acted as the implementing agency were</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
		committed under the Kabeli-A Hydroelectric Project (30977) before eventually being dropped.
<p>Indicator 2.1.2: Number of people provided with new or improved electricity services in targeted areas</p> <p>Baseline: 55 (2018)</p> <p>Target: 500,000 (2023)</p>	<p>Indicator 2.1.2: Number of people provided with new or improved electricity services in targeted areas</p> <p>Baseline: 55 (2018)</p> <p>Target: 500,000 (2024)</p>	The target achievement date was revised to 2024 to align with the revised CPF end date.
<p>Indicator 2.1.3: Additional generation capacity under construction or operational</p> <p>Baseline: 0 (2018)</p> <p>Target: New construction to deliver 516 MW (2023)</p>	<p>Indicator 2.1.3: Additional generation capacity under construction or operational</p> <p>Baseline: 0 (2018)</p> <p>Target: New construction to deliver 516 MW (2024)</p>	The target achievement date was revised to 2024 to align with the revised CPF end date.
<p>Supplementary Progress Indicator</p> <p>2.1.1: Additional generation capacity supported by private sector financing</p> <p>Baseline: 0 MW (2018)</p> <p>Target: Increase by 216 MW (2020)</p>	No change	Target achieved
<p>Supplementary Progress Indicator</p> <p>2.1.2: High-voltage cross border transmission capacity</p> <p>Baseline: 0 (2018)</p> <p>Target: Increase by 500 MW (2023)</p>	No change	Target achieved
<p>Supplementary Progress Indicator</p> <p>2.1.3: Nepal Electricity Regulatory Commission (NERC) is fully functional</p> <p>Baseline: NERC Act passed and became effective in August 2017</p> <p>Target: NERC is fully operational and has issued tariff-setting guideline and one technical guideline.</p>	No change	Target achieved
	<p>New Objective Level Indicator.</p> <p>2.1.4: High-Voltage Import capacity transmission line completed</p>	<p>New Indicator to report on transmission line capacity and alignment with the GRID agenda.</p> <p>The proposed changes are still relevant to the country context, and with many hydropower plants coming into operation, Nepal needs to</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
	<p>Baseline: No high-voltage cross-border transmission capacity (2018)</p> <p>Target: 400 kV cross-border transmission line constructed to enhance power imports (2024)</p>	<p>build infrastructure to have access to the regional market. The high voltage transmission line is crucial to reduce transmission losses as well as wheel power from generation point to load centers and sell the surplus to neighboring countries. The adjustments contribute toward the opportunities for regional cooperation (the cross-border transmission line).</p>
	<p>New Objective Level Indicator.</p> <p>2.1.5: Increase access through off grid biogas-based electricity generated</p> <p>Baseline: 0 GWh/year (2018)</p> <p>Target: 3.4 GWh/year (2021)</p>	<p>New Indicator to report on renewable energy. The revised changes capture the green and clean technologies that are under IDA financing. The biogas as well as solar energy contributes towards renewable energy promotion agenda of the GRID. Similarly, off-grid and renewable resources are very important for government to reach its target of 100% electrification by year 2023.</p>
	<p>New Objective Level Indicator</p> <p>2.1.6: Increase access through renewable energy-based capacity addition to the national grid</p> <p>Baseline: 0 MW (2018)</p> <p>Target: 25 MW (2024)</p>	<p>New Indicator to report on transmission line capacity and alignment with the renewable energy promotion under the GRID agenda. The adjustments contribute toward pulling in the private sector to scale up renewable energy program (SREP biogas project).</p>
CPF Objective 2.2. Increased Transport Connectivity, Improved Maintenance, and Road Safety		
<p>Indicator 2.2.1: Percentage of bridges in good and fair condition in targeted routes</p> <p>Baseline: 75% (2018)</p> <p>Target: 85% (2023)</p>	<p>Indicator 2.2.1: Percentage of bridges in good and fair condition in targeted routes</p> <p>Baseline: 75% (2018)</p> <p>Target: 85% (2024)</p>	<p>Target year to be extended to 2024.</p>
<p>Indicator 2.2.2: Percentage of population within 2 and 4 hours of walking distance in the targeted Terai and hill districts</p> <p>Baseline: 0% (2018)</p>	<p>No change</p>	

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>Target: Increase by 4% (2019)</p>		
<p>Supplementary Progress Indicator 2.2.1: Roads constructed/upgraded in selected districts/areas Baseline: 350 km (2018) Target: 1,210 km (2019)</p>	<p>Dropped</p>	<p>The indicator is no longer needed. The target is related to Strengthening the National Rural Transport Program (P132750) that closed in January 2020.</p>
	<p>New Supplementary Progress Indicator 2.2.2: (a) Major bridge maintenance completed: Baseline: 0 m (2018) Target: 1,500 m (2021) (b) Minor bridge maintenance completed: Baseline: 0 m (2018) Target: 9,500 m (2021)</p>	<p>Supplementary Progress Indicator added to capture the achievements under the Second Additional Financing for Road Sector Development Project: P095977 (Major bridge maintenance and Minor bridge maintenance).</p>
	<p>New Supplementary Progress Indicator 2.2.3: (New). Completion of backlog bridges under construction Baseline: 0 m (2018) Target: 5,000 m (2021)</p>	<p>Supplementary Progress Indicator added to capture the achievements under the Second Bridges Improvement and Maintenance Program: P161929 (Completion of backlog bridges under construction).</p>
	<p>New Indicator 2.2.4: Periodic Maintenance of roads within the Core Road Network (New) Baseline: 0 lane-km (2020) Target: 1,700 lane-km (2024) Actual 2021 Status: 0 km</p>	<p>This indicator is included to capture the expected achievements under the Strategic Road Connectivity and Trade Improvement Project: P170409. The maintenance works are expected to help create jobs and, to that extent, mitigate the negative impact of COVID-19 on labor incomes and contribute to the economic recovery through creating demand for local materials and services. Also, the maintenance works are expected to increase the resilience of the road network and create jobs for labor and are thus in alignment with GRID platform. In addition, the focus on maintenance works is in alignment with one of</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
		the emerging lessons as identified in the PLR, that is, experience in infrastructure projects suggests the need to enhance operational and financial sustainability. Specifically, infrastructure investment projects in transport are often undermined by inadequate operations and maintenance upon project closure, which is usually linked to lack of adequate budget allocation.
	<p>New Indicator 2.2.5: Number of Kms on which the Safe Corridor Demonstration Program (SCDP) implemented (New) Baseline: 0 km (2020) Target: 95 km (2024) Actual 2021 Status: 0 km</p>	This indicator is included to capture the expected achievements under the Strategic Road Connectivity and Trade Improvement Project: P170409. Improvement of road safety is expected to reduce the road crash injuries and fatalities that disproportionately affect vulnerable population such as pedestrians and is thus in alignment with the GRID platform.
CPF Objective 2.3. Improved financial sector stability and financial inclusion		
<p>Financial Sector Stability Indicator 2.3.1: Capital fund coverage of the total insured deposits to strengthen financial system's safety net Baseline: Around 0.95 percent of the total insured deposits (2018) Target: Increase to 3 percent of the total insured deposits (2023)</p>	No change	
<p>Financial Inclusion Indicator 2.3.2: Number of targeted SMEs, agriculture producer groups and individuals with access to finance (i) SMEs Baseline: 0 (2018) Target: Additional 16,000 (2023) (ii) Agriculture Producer Groups</p>	<p>Indicator 2.3.2: Number of targeted SMEs, agriculture producer groups and individuals with access to finance (i) SMEs Baseline: 0 (2018) Target: 32,215 (2024) (ii) Agriculture Producer Groups Baseline: 0 (2018)</p>	Target for SMEs has been revised to account for progress and prospects for further achievement, and target date has been revised to 2024 to align with the revised CPF end date. Target date for the agriculture producer groups has been moved to 2024 to align with the revised CPF end date and target has been revised to 350 to account for delays owing to COVID. Target for individuals has been achieved.

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>Baseline: 0 (2018) Target: Additional 500 (2024) (iii) Individuals Baseline: 0 (2018) Target: Additional 600,000 (2023)</p>	<p>Target: 350 (2024) (iii) Individuals Baseline: 0 (2018) Target: Additional 600,000 (2023)</p>	
<p>Supplementary Progress Indicator 2.3.1. All banks continue to meet prudential norms relating to solvency (Capital Adequacy Ratio (CAR)) and liquidity position (Credit-to-Capital and Deposit Ratio) Baseline: All banks have met solvency and liquidity indicators²⁰ (2018) Target: All banks continue to meet solvency and liquidity indicators at all time or are subject to solvency action²¹ (2023)</p>	<p>2.3.1: All Class A banks continue to meet prudential norms relating to solvency (Capital Adequacy Ratio CAR) and liquidity position (Credit-to-Capital and Deposit Ratio) Baseline: All Class A banks have met solvency and liquidity indicators (2018) Target: All (Class A) banks continue to meet solvency and liquidity indicators at all time or are subject to solvency action (2024) Actual Status 2021: All Class A banks have met solvency and liquidity indicators. The industry average CAR was 13.64 against a prudential minimum requirement of 11.0 and Credit-to-Capital and Deposit Ratio was 78.55 against prudential cap of 85.0. None of the commercial banks were subject to actions under the bank resolution framework during the review period. The target has been fully achieved.</p>	<p>Redefined “All banks” as “All Class A banks”.</p>
<p>Supplementary Progress Indicator 2.3.2: Number of financial services points (branchless banking, mobile banking customers, ATMs) Baseline: 1,008 branchless banking centers, 2.66 million mobile bank customers, and 2,081 ATMs (2017) Target: Additional 150 branchless banking centers, 0.5 million mobile banking customers, and 200 ATMs per year (2023)</p>	<p>Indicator attributed to World Bank Development Policy Operation (DPO) results</p>	
<p>Supplementary Progress Indicator</p>	<p>No change</p>	

²⁰ Lack of Supervisory Information System (SIS); measured through Fourth Financial Sector Stability DPC.

²¹ All banks are subject to Bank Resolution Framework or Prompt and Corrective Action (PCA) by NRB; Operationalization of Supervisory System (SIS).

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>2.3.3: Long-term financing as percent of total loan portfolio and financial deepening measured by total market capitalization</p> <p>Baseline: Long-term finance (NPR 353 billion) accounts for 16.5% of total loan portfolio of the banking sector, and total market capitalization of Nepal Stock Exchange is NPR 1,857 billion (2017).</p> <p>Target: Long-term finance to grow by 15% per year and total market capitalization increases by 7% per year (2023).</p>		
CPF Objective 2.4. Improved regulatory environment for competitiveness		
<p>Indicator 1. Time needed to meet regulatory requirements for import/export and transit activities</p> <p>Baseline: 61 hours (2018)</p> <p>Target: 55 hours (2023)</p>	No change	The target has been achieved.
<p>Indicator 2. Tourism spending in targeted destination</p> <p>Baseline: US\$53 per day (2018)</p> <p>Target: US\$64 per day (2022)</p>	Dropped	<p>Visitor arrivals declined by 80% in 2020. Lockdown and travel restrictions were imposed from March 2020 due to the COVID-19 pandemic. International tourist arrivals for the rest of the year remained at zero level due to this. Hence, the indicator ‘Tourism Spending per day per tourist in US\$’ is not applicable for 2020. A total of 230,085 international visitors came to Nepal in 2020, which was a decline of 80% compared to the previous year. As the tourist numbers dried up after travel restrictions from March 2020, annual visitor spending figure would not be applicable for comparison.</p> <p>The indicator is proposed to be dropped due to the following:</p> <p>(a) The COVID-19 pandemic has had a disproportionate impact on the tourism sector globally and hit very hard the domestic tourism industry, which will take a while to recover.</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
		(b) Due to the very severe impact of the COVID-19 pandemic on the tourism sector, the IFC project The Nepal Market Creation for Tourism (602476) was dropped. The World Bank's linked STENPA Project was also dropped.
Supplementary Progress Indicator 2.4.1: Border crossing time at selected border posts reduced Baseline: 2.30 days (2018) Target: 1.50 days (2022)		
Supplementary Progress Indicator 2.4.2: Improved measurement and evidence in key agri-business regulatory framework	Dropped	Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.
CPF Objective 2.5. Improved income opportunities		
Indicator 2.5.1: Number of farmers/producer groups increase in sales of value-added products/income in selected value chains Baseline: 0 (2018) Target: Additional 4,590 (of which female 45%) (2023)	Indicator 2.5.1: Number of farmers/producer groups increase in sales of value-added products/income in selected value chains Baseline: 0 (2018) Target: Additional 3,290 (of which female 45%) (2024)	Target revised to 3,290 to account for the implementation time lost due to COVID for the livestock project. Target year to be extended to 2024 to harmonize target end date although both projects close in 2023.
Indicator 2.5.2: Sales of value-added products/income of targeted producer groups in selected value chains Baseline: 0% (2018) Target: Increase by 25% (2023)	Indicator 2.5.2: Sales of value-added products/income of targeted producer groups in selected value chains Baseline: 0% (2018) Target: Increase by 25% (2024)	Target year extended to 2024.
Indicator 2.5.3: Percent of additional people employed Baseline: 0% (2018) Target: Increase by 70% (2023)	Indicator 2.5.3: Percent of additional people employed Baseline: 0% (2018) Target: Increase by 70% (2024)	Target year extended to 2024.
Supplementary Progress Indicator	New Objective Level Indicator 2.5.4	Supplementary Progress Indicator converted to main indicator as it contributes directly to the

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>2.5.1: Share of female and disadvantaged youth completing market relevant short-term training program Baseline: 50% (2018) Target: 65% (2023)</p>	<p>Share of female and disadvantaged youth completing market relevant short-term training program Baseline: 50% (2018) Target: 65% (2024)</p>	<p><i>CPF Objective 2.5: Improve income opportunities</i> and also reports on inclusive development supported by the CPF. More so, it tracks the inclusion of marginalized population for each cohort trained under the project annually.</p>
CPF Objective 2.6. Increased Access to Digital Services (NEW OBJECTIVE)		
	<p>New Indicator Indicator 2.6.1. Population with access to the internet (as % of population) Baseline (2018): 65% Target (2024): 85%</p>	<p>New indicator and objective added to respond to the Government’s Strategy for Digital Development in Nepal. Access to affordable internet services will underpin the attainment of inclusive and resilient development, by promoting wider access to services, information, and markets for all irrespective of location or socioeconomic development status. It will also form the basis for an inclusive digital economy, supporting the delivery of various public and private services online while also expanding the market for digital entrepreneurs and businesses The Government has also prioritized improving internet access through various public policies, including through investments in broadband infrastructure. This will be a critical element of building back better by leveraging digital technologies.</p>
Focus Area 3: Inclusion and Resilience		
CPF Objective 3.1. Improved equity in access to quality education		
<p>Equity in Access Indicator 3.1.1: Number of out-of-school children brought to schools or learning centers in most disadvantaged districts (basic grade level 1–8) Baseline: 88,875 out-of-school children ages 5–16 (of which female 49%) (2017) Target: 20% reduction from baseline (of which female 50%) (2023)</p>	<p>No change</p>	

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>Indicator 3.1.2: Number of students enrolled in higher education institutions Baseline: 48 students Target: 1,200 students per year (of which female 45%)</p>	<p>Indicator 3.1.2: Number of students enrolled in higher education institutions Baseline: 48 students Target: 1,200 students per year (of which female 45%) (2024)</p>	<p>Target year to be extended to 2024.</p>
<p>Indicator 3.1.3: Retention rate of poor students to grade 12 in community schools in selected districts Baseline: 0% (2018) Target: Increase by 50% (of which female 45%) (2023)</p>	<p>New Indicator 3.1.3 Percentage of poor students with at least a GPA of 1.6 in 2077 SEE exam Baseline: n.a. (2018) Target: 70% (2024)</p>	<p>This indicator was restructured to adjust for delay in implementation of pro-poor targeted scholarships (PPTS) and pro-poor scholarships (PPSs) (Year 2 result) by one year since students who receive the scholarship in Grade 9 in Year 3 would not reach Grade 12 by Year 5. Hence, the focus was changed to Grade 10 and the grade point average (GPA) that allows students in Grade 11. Since the SEE are delayed, this indicator will be further revised in the upcoming Joint Review Meeting (JRM) to change the month/year of SEE.</p>
<p>Supplementary Progress Indicator 3.1.1: Poverty targeted support extended to Grades 9–12 students in targeted districts Baseline: 25 districts (2017) Target: 77 districts (2022)</p>	<p>Dropped</p>	<p>Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.</p>
<p>Supplementary Progress Indicator 3.1.2: Number of higher education institutions with (HEI) specific autonomous academic programs initiated Baseline: 2 Target: 25 HEI-specific autonomous academic programs initiated (2023)</p>	<p>New Objective Level Indicator 3.1.4: Number of higher education institutions with (HEI) specific autonomous academic programs initiated Baseline: 2 Target: 25 HEI-specific autonomous academic programs initiated (2024)</p>	<p>Converted to main indicator. Target year extended to 2024.</p>
<p>CPF Objective 3.2. Improved access to services and support for the well-being of the vulnerable groups</p>		
<p>Indicator 3.2.1: Number of households have access to water and sanitation services in targeted districts/state Baseline: 518,258 (2018)</p>	<p>No change</p>	

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
Target: 1,182,000 (of which female 49%) (2022)		
Indicator 3.2.2: Percentage of children with minimum acceptable diet for 6–23 months in targeted districts Baseline: Data not available (2018) Target: 8% over baseline (2023)	Indicator 3.2.2: Children aged 6–23 months, in targeted districts, with minimum acceptable diet (Percentage) Baseline: 18% (2018) Target: 8% over baseline (2024)	Baseline updated and target year moved to 2024. The baseline was reported recently, and the initiatives regarding this indicator are under implementation in the field. However, the progress measurement which was scheduled for the end of this calendar year has been postponed due to COVID-19-induced lockdown which has restricted field movements.
Indicator 3.2.3. Number of Gender Based Violence (GBV) survivors have access to justice and support Baseline: 300 GBV survivors/year (2018) Target: 11,000 survivors/year (2023)	No change	
Supplementary Progress Indicator 3.2.1: Number of people with access to improved private health services in targeted State/districts Baseline: 0 (of which female) (2017) Target: Increase by 750,000 (2023)	Dropped	No health engagement in IFC portfolio
Supplementary Progress Indicator 3.2.2: Number of pregnant and lactating mothers receiving improved nutrition services and products in targeted areas/state Baseline: 0 (2018) Target: Increase by 30,000 (2023)	New Objective Level Indicator 3.2.4: Number of pregnant and lactating mothers receiving improved nutrition services and products in targeted areas/state Baseline: 0 (2018) Target: Increase by 30,000 (2024)	Supplementary Progress Indicator converted to main indicator as it contributes directly to the CPF Objective 3.2 and target year extended to 2024.
CPF Objective 3.3. Increased resilience to health shocks, natural disasters, and climate change		
Indicator 3.3.1: Number of eligible beneficiaries who have access to social security allowance program in selected districts Baseline: 2.3 million (of which 1.5 million female) (2018) Target: 2.9 million (of which 1.9 million female) (2023)	Indicator 3.3.1: Number of eligible beneficiaries who have access to social security allowance program in selected districts Baseline: 2.3 million (of which 1.5 million female) (2018) Target: 2.9 million (of which 1.9 million female) (2024)	Target year extended to 2024

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
<p>Indicator 3.3.2: Accuracy and timeliness of weather and flood forecasts and early warning dissemination</p> <p>Baseline: 0.49 (24-hour period) (2017)</p> <p>Target: 0.55 (24-hour period) (2023)</p>	<p>Indicator 3.3.2: Accuracy and timeliness of weather and flood forecasts and early warning dissemination</p> <p>Baseline: 0.49 (24-hour period) (2017)</p> <p>Target: 0.55 (24-hour period) (2024)</p>	<p>Department of Hydrology Meteorology (DHM) has updated the methodology to determine skill score for the accuracy of weather forecast since the beginning of the CPF period. Although DHM's capacity to generate accurate and timely weather forecasts and disseminate to at-risk communities has significantly improved, this has not been reflected in the skill score. Fully functional state-of-the-art technologies established through the Building Resilience to Climate Related Hazards project are likely to improve the skill score in coming years. Therefore, end target revised, and year extended to 2024.</p>
<p>Indicator 3.3.3: Adoption of disaster risk financing and insurance schemes</p> <p>Baseline: 0% (2017)</p> <p>Target: Increase by 30% (2023)</p>	<p>Indicator 3.3.3: Adoption of disaster risk financing and insurance schemes</p> <p>Baseline: 0 (2017)</p> <p>Target: 1 Increase (2024)</p>	<p>Baseline and target revised to make the indicator output oriented. Target year extended to 2024</p>
	<p>New Indicator 3.3.4: Nepal has activated its public Health Emergency Operations Centre or a coordination mechanism for health shock</p> <p>Baseline: No (2020)</p> <p>Target: Yes (2024)</p>	<p>New indicator introduced to measure availability of a coordination mechanism within Ministry of Health and Population to respond appropriately to health shock.</p>
	<p>New Indicator 3.3.5: A Health Response Action Plan is approved and adopted</p> <p>Baseline: No (2020)</p> <p>Target: Yes (2024)</p>	<p>New indicator introduced to measure availability of an approved plan of action to address the health shock.</p>
<p>Supplementary Progress Indicator</p> <p>3.3.1: Number of additional households adopt hazard resistant construction practices</p> <p>Baseline: 50,000 (2017)</p> <p>Target: 650,000 (2023)</p>	<p>Dropped</p>	<p>Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.</p>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
Supplementary Progress Indicator 3.3.2: Expanded disaster preparedness and response capacities at national and local levels Baseline: 0% (2017) Target: Increase by 30% (2023)	Dropped	Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.
Supplementary Progress Indicator 3.3.3: Number of river basin management plans for hard infrastructure (i.e. hydropower, roads) Baseline: 0 (2017) Target: 4 additional plans (2023)	Dropped	Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.
CPF Objective 3.4. Improved adoption of sustainable natural resource management		
Indicator 3.4.1: Increase in number of farmers adopting climate smart agricultural practices in targeted districts/States Baseline: 0 (2017) Target: Additional 116,800 farmers (of which female 45%) (2023)	Indicator 3.4.1: Increase in number of farmers adopting climate smart agricultural practices in targeted districts/States Baseline: 0 (2017) Target: Additional 116,800 farmers (of which female 45%) (2024)	
Indicator 3.4.2: Net Decrease in greenhouse gas emissions from deforestation and forest degradation Baseline: 0 (2017) Target: 9 million tons of CO ₂ reduced (2023)	Indicator 3.4.2: Net Decrease in greenhouse gas emissions from deforestation and forest degradation Baseline: 0 (2017) Target: 9 million tons of CO ₂ reduced (2024)	Target year extended to 2024
Supplementary Progress Indicator 3.4.1: Increase in area provided with improved irrigation service in targeted areas Baseline: 0 (2017) Target: Additional 11,000 ha (2023)	Dropped	Supplementary Progress Indicator that does not yield results by PLR dropped unless there is a strong rationale to retain it as a main indicator.
Supplementary Progress Indicator 3.4.2: Number of sub-national land use/spatial plans governing sustainable natural resources use Baseline: 0 (2017) Target: 2 subnational land use/spatial plans ((2023)	New Main Indicator 3.4.3: Number of sub-national land use/spatial plans governing sustainable natural resources use Baseline: 0 (2017)	The Supplementary Progress Indicator is converted to main indicator as it contributes to <i>CPF Objective 3.4 Improved adoption of sustainable natural resource management.</i>

Annex 2

Current CPF Outcomes and Indicators/Supplementary Progress Indicator	Proposed Changes to Outcome Indicators/Supplementary Progress Indicator	Comments on Changes
	<p>Target: 2 subnational land use/spatial plans (2023)</p>	<p>Through the REDD+ Readiness project, 50 Community Forest operational plans already have been renewed supported by the relevant DFOs. The Forests for Prosperity Project will work on provincial (2) and municipality-level land use plans (50). Team will report on this by 2023.</p>
<p>Supplementary Progress Indicator 3.4.2: Additional ha of degraded forest rehabilitated Baseline: 0 (2018) Target: Additional 10,000 ha (2023)</p>	<p>New Main Indicator 3.4.4: Additional ha of degraded forest rehabilitated Baseline: 0 (2018) Target: Additional 10,000 ha (2023) Actual 2020 Status: Assessment to be completed in 2023</p>	<p>The Supplementary Progress Indicator is converted to main indicator as it contributes to <i>CPF Objective 3.4 Improved adoption of sustainable natural resource management</i>. The Forests for Prosperity Project will work on the rehabilitation of degraded forests and report on this by 2023.</p>

Annex 3: Nepal Summary of Progress toward CPF Objectives

Progress in Achieving Nepal CPF Outcome Areas

The table below showcases where WBG stands at the PLR toward achieving the objectives laid out in the CPF. Targets for nine out of eleven CPF objectives are on track whereas two are off track.

Objectives	Status	Remarks
Focus Area 1: Public Institutions		
CPF Objective 1.1. Improved budget and revenue management	On track	
Indicator 1: Proportion of capital expenditure spent in the last quarter of fiscal year	On track	Indicator target has been revised to account for scope for further progress.
Indicator 2: Tax collections information available on real time basis for federal and provincial government	Achieved	Target met for provincial and federal government.
Indicator 3: Number of provinces incorporating gender informed budget in their plan	On track	Target expected to be achieved in FY22 based on the progress made and work plan, subject to situation allowed by COVID-19.
Indicator 4: Sub-National Government (SNG) involve citizens in budgetary process	On track	Target is achievable by FY24 based on the progress made and work plan, subject to situation allowed by COVID-19.
Indicator 5: Consolidated local government public expenditure data available in the public domain (New)	On track	Target is achievable by FY24 based on the progress made and work plan, subject to situation allowed by COVID-19.
CPF Objective 1.2. Strengthened institutions for public sector management and service delivery	On track	
Indicator 1: Number of Local Governments where civil events are registered online.	Off track	Indicator was revised to make it relevant. Although achievement so far is approximately 30%, This is likely to be achieved albeit with delays.
Indicator 2: Percentage improvement in Effective Vaccine Management (EVM) Score	Achieved	
Indicator 3: Percentage of funds disbursed to community schools in compliance with eligibility and utilization guidelines	On track	Target is likely to be achieved, with approximately 40% progress toward target.
Indicator 4: Number of births registered in Management Information System (MIS) within the first year of birth (New)	On track	Target is likely to be achieved, with approximately 93% progress toward target.

Annex 3

Objectives	Status	Remarks
<i>Focus Area 2: Private Sector-Led Jobs and Growth</i>		
CPF Objective 2.1. Improved power generation capacity and access to electricity	On track	
Indicator 1: Additional Generation Capacity in select areas (excluding imports)	Off track	Approximately 47% progress toward target.
Indicator 2: Number of people provided with new or improved electricity services in targeted areas	On track	Achievement so far is approximately 4%. The target is likely to be achieved with contribution from ongoing engagements.
Indicator 3: Additional generation capacity under construction or operational	On track	Target is likely to be achieved. 61% progress toward target.
Indicator 4: High-Voltage Import capacity transmission line completed (New)	Achieved	
Indicator 5: Increase access through off grid biogas-based electricity generated (New)	Achieved	
Indicator 6: Increase access through renewable energy-based capacity addition to the national grid (New)	On track	Target is likely to be achieved. 47% progress toward target achieved.
CPF Objective 2.2. Increased transport connectivity	On track	
Indicator 1: Percentage of bridges in good and fair condition in targeted routes.	On track	
Indicator 2: Percentage of population within 2 and 4 hours of walking distance in the targeted Terai and hill districts	Achieved	
Indicator 3: Periodic Maintenance of roads within the Core Road Network (New)	On track	New indicator, target expected to be achieved by 2024
Indicator 4: Number of Kms on which the Safe Corridor Demonstration Program (SCDP) implemented (New)	On track	New indicator, target expected to be achieved by 2024
CPF Objective 2.3. Improved financial sector stability and financial inclusion	On track	
Financial Sector Stability: Indicator 1: Capital fund coverage of the total insured deposits to strengthen financial system's safety net	On track	Target is likely to be achieved. 87% progress toward target.
Financial Inclusion: Indicator 2: Number of targeted SMEs, agriculture producer groups and individuals have access to finance	On track	

Annex 3

Objectives	Status	Remarks
CPF Objective 2.4. Improved regulatory environment for competitiveness	On track	
Indicator 1: Time needed to meet regulatory requirements for import/export and transit activities	Achieved	
Indicator 2: Tourism spending in targeted destination	Dropped	
CPF Objective 2.5. Improved income opportunities	Off Track	
Indicator 1: Number of farmers/producer groups increase in sales of value-added products/income in selected value chains	Off track	Indicator to remain on watch as additional information/data are yet to be updated
Indicator 2: Sales of value-added products/income of targeted producer groups in selected value chains	Off track	Indicator to remain on watch as assessment of progress ongoing
Indicator 3: Percent of additional people employed	Achieved	
Indicator 4: Share of female and disadvantaged youth completing market relevant short-term training program (New)	On track	New indicator, target expected to be achieved by 2024
CPF Objective 2.6. Increased Access of Digital Services	On track	
Indicator 2.6.1: Population with access to the internet (as % of population) (New)	On track	New indicator, target expected to be achieved by 2024
Focus Area 3: Inclusion and Resilience		
CPF Objective 3.1. Improved equity in access to quality education	On track	
Indicator 1: Number of out-of-school children brought to schools or learning centers in most disadvantaged districts (basic grade level 1–8)	Achieved	
Indicator 2: Number of students enrolled in higher education institutions	On track	Target is likely to be achieved. 54% progress toward target.
Indicator 3: Percentage of poor students with at least a GPA of 1.6 in 2077 Secondary	Achieved	
Indicator 4: Number of higher education institutions with (HEI) specific autonomous academic programs initiated (New)	On track	Target is likely to be achieved. 56% progress toward target.
CPF Objective 3.2. Improved access to services and support for the well-being of the vulnerable groups	On track	
Indicator 1: Number of households have access to water and sanitation services in targeted districts/state	On track	
Indicator 2: Children aged 6–23 months, in targeted districts, with minimum acceptable diet (Percentage)	On track	

Annex 3

Objectives	Status	Remarks
Indicator 3: Number of Gender Based Violence (GBV) survivors have access to justice and support	Achieved	
Indicator 4: Number of pregnant and lactating mothers receiving improved nutrition services and products in targeted areas/state (New)	On track	New indicator, target expected to be achieved by 2024
CPF Objective 3.3. Increased resilience to health shocks, natural disasters, and climate change	On track	
Indicator 1: Number of eligible beneficiaries who have access to social security allowance program in selected districts	Achieved	
Indicator 2: Accuracy and timeliness of weather and flood forecasts and early warning dissemination	On track	The indicator revised to make the target realistic.
Indicator 3: Adoption of disaster risk financing and insurance schemes	On track	Indicator revised.
Indicator 4 (New): Nepal has activated its public Health Emergency Operations Centre or a coordination mechanism for health shock	Achieved	
Indicator 5 (New): A Health Response Action Plan is approved and adopted	Achieved	
CPF Objective 3.4. Improved adoption of sustainable natural resource management	Off track	
Indicator 1: Increase in number of farmers adopting climate-smart agricultural practices in targeted districts/States	Off track	Certain variables (gender-disaggregated data) that illuminate indicator progress are under assessment.
Indicator 2: Net Decrease in greenhouse gas emissions from deforestation and forest degradation	Off track	
Indicator 3 Number of sub-national land use/spatial plans governing sustainable natural resources use (New)	On track	New indicator, target expected to be achieved by 2024
Indicator 4 Additional ha of degraded forest rehabilitated (New)	On track	New indicator, target expected to be achieved by 2024

Note:

Achieved - 100% achieved.

On track: Good progress toward the target.

Off track: Limited progress toward the target.

Detailed Indicator Status Update

Current CPF Outcomes and Indicators	Milestones	Status	Milestones Comments
Focus Area 1: Public Institutions			
CPF Objective 1.1. Improved budget and revenue management			
<p>Indicator 1.1.1: Proportion of capital expenditure spent in the last quarter of fiscal year</p> <p>Baseline: 75% (2018)</p> <p>Target: 40% (2024)</p> <p>Actual 2020 Status: 44.9%</p>		On track	Indicator 1.1.1 target has been revised as there is scope for further progress within the CPF period.
<p>Indicator 1.1.2: Tax collections information available on real time basis for federal and provincial government</p> <p>Baseline: 90% of tax collections available with a lag of two months</p> <p>Target: 90% of tax collections available on real time basis (2024)</p> <p>Actual 2020 Status: Target met for provincial (100%) and federal government (100%).</p>		Achieved	Indicator 1.1.2 is on track for federal and provincial governments. It is challenging at the local levels, especially due to the pandemic. Local levels have been dropped from the equation.
<p>Indicator 1.1.3: Number of provinces incorporating gender informed budget in their plan</p> <p>Baseline: 0 (2018)</p> <p>Target: 7 adopt gender informed aspects in the budget (2024)</p> <p>Actual 2020 Status: Target of 7 expected to be achieved in FY22 based on the progress made and</p>		On track	Indicator 1.1.3 remains relevant. Further progress needs to be monitored.

Annex 3

work plan, subject to situation allowed by COVID-19.			
<p>Indicator 1.1.4: Sub-National Government (SNG) involve citizens in budgetary process</p> <p>Baseline: Not established system (2018)</p> <p>Target: 50% of SNG involve citizens in one or more stages of the budgetary process (2024).</p> <p>Actual 2020 Status: Estimated that least 700 SNGs (92% of total SNGs - 753 Local + 7 Provincial) involve citizens in one or more stages of the budgetary process, which is yet to be validated through survey planned by MoFAGA.</p>		On track	Indicator 1.1.4 remains relevant and achievable by FY24 based on the progress made and work plan, subject to situation allowed by COVID-19 specifically on planned survey and capacity building of SNGs.
<p>Indicator 1.1.5: Consolidated local government public expenditure data available in the public domain</p> <p>Baseline (2018): No consolidated reporting of data</p> <p>Target (2024): Consolidated data for all provincial and local, as well as for each province and each locality reported on an annual basis</p> <p>Actual 2020 Status: An information system is in operation at the provincial level that should enable reporting at the province level. SuTRA is currently being rolled out (already over 730 local levels) and should facilitate reporting for each locality by 2024.</p>		On track	Supplementary Progress Indicator 1.1.1 is on track and is expected to be achievable by FY24. <i>It has been converted to main indicator.</i>
CPF Objective 1.2. Strengthened institutions for public sector management and service delivery			

Annex 3

<p>Indicator 1.2.1: Number of Local Governments where civil events are registered online</p> <p>Baseline: 72 local governments (December 2017)</p> <p>Target: 753 Local Governments</p> <p>Actual 2020 Status: 227 local governments</p>		<p>Off track</p>	<p>Indicator 1.2.1 was revised and replaced by number of local levels where civil events are registered online. The baseline is 72 local levels (December 2017), the status is 227 local levels, and the target is all 753 local levels.</p>
<p>Indicator 1.2.2: Percentage improvement in Effective Vaccine Management (EVM) Score</p> <p>Baseline: Average EVM score of 64% with 2 parameters achieving 80% (2018)</p> <p>Target: Average EVM score of 80% with any 6 parameters achieving 80% (2023)</p> <p>Actual 2020 Status: Average EVM Score 82.2% with 7 parameters achieving 80% (EVM Survey 2021)</p>	<p>Supplementary Progress Indicator: 1.2.2 Prototype for Livestock Management Information System (MIS) established for one province</p> <p>Baseline: None</p> <p>Target: 1 Province</p> <p>Actual 2020 Status: Prototype for Gandaki Province under preparation.</p>	<p>On track</p>	<p>Indicator 1.2.2 has been achieved. Supplementary Progress Indicator 1.2.2 was revised as national-level AMIS already operational so the establishment of MIS at the central level would be duplication of work. Prototype for Gandaki Province under preparation. This will be rolled out to other provinces later but not within the CPF period. This is likely to be achieved. It is retained under Supplementary Progress Indicator as this is part of the broader engagement on MIS that will spill over beyond the current CPF period.</p>
<p>Indicator 1.2.3: Percentage of funds disbursed to community schools in compliance with eligibility and utilization guidelines</p> <p>Baseline: 92.63% (2016)</p> <p>Target: 95% (2023)</p> <p>Actual 2020 Status: 93.56%</p>		<p>On track</p>	<p>Based on new available data, the baseline indicator is changed to 92.6% (2016) and the target (2023) to 95%. Using the same data, actual (2020) status is 93.56%.</p>
<p>Indicator 1.2.4: Number of births registered in Management Information System (MIS) within the first year of birth</p> <p>Baseline: 7,000 (2018)</p> <p>Target: 600,000 (2024)</p> <p>Actual Status 2021: 348,340</p>		<p>On track</p>	<p>Supplementary Progress Indicator 1.2.1 has been converted to main indicator. The project (SSPCR) has suffered from COVID-19-related delays, and the GoN has requested an extension of its closing date to achieve all milestones/results.</p>
<p>Focus Area 2: Private Sector-Led Jobs and Growth</p>			

Annex 3

CPF Objective 2.1. Improved power generation capacity and access to electricity			
<p>Indicator 2.1.1: Additional Generation Capacity in select areas (excluding imports)</p> <p>Baseline: 0 (2018)</p> <p>Target: Increase by 25 MW (2023)</p> <p>Actual 2020 Status: 11.65 MW</p>	<p>Supplementary Progress Indicator</p> <p>2.1.1: Additional generation capacity supported by private sector financing</p> <p>Baseline: 0 MW (2018)</p> <p>Target: Increase by 216 MW (2020)</p> <p>Actual 2020 Status: 316 MW</p>	<p>Off track</p>	<p>Indicator 2.1.1 progress under the Grid Solar Energy Efficiency Project (P146344) and the SREP supported extended Biogas Project (P131592). Target was revised to accommodate untimely closure of energy project.</p> <p>Supplementary Progress Indicator 2.1.1 achieved with IFC intervention.</p>
<p>Indicator 2.1.2: Number of people provided with new or improved electricity services in targeted areas</p> <p>Baseline: 55 (2018)</p> <p>Target: 500,000 (2023)</p> <p>Actual 2020 Status: 19,500</p>	<p>Supplementary Progress Indicator</p> <p>2.1.2: High-voltage cross-border transmission capacity</p> <p>Baseline: 0 (2018)</p> <p>Target: Increase by 500 MW (2023)</p> <p>Actual 2020 Status: 1,100 MW</p>	<p>On track</p>	<p>Indicator 2.1.2 partially achieved.</p> <p>Supplementary Progress Indicator 2.1.1 achieved.</p> <p>Achievements under the NIETTP (P115767), Grid Solar Energy Efficiency Project (P146344), and the SREP supported extended Biogas Project (P131592)</p>
<p>Indicator 2.1.3: Additional generation capacity under construction or operational</p> <p>Baseline: 0 (2018)</p> <p>Target: New construction to deliver 516 MW (2023)</p> <p>Actual 2020 Status: 316 MW</p>	<p>Supplementary Progress Indicator</p> <p>2.1.3: Nepal Electricity Regulatory Commission (NERC) is fully functional</p> <p>Baseline: NERC Act passed and became effective in August 2017</p> <p>Target: NERC is fully operational and has issued tariff setting guideline and one technical guideline.</p> <p>Actual 2020 Status: NERC is fully operational and has issued tariff setting guideline.</p>	<p>On track</p>	<p>Indicator 2.1.3 contributed through UT1 (P35701) and advisory support to Blue Energy Pvt. Ltd's Super Trishuli 100 MW hydropower project under the Nepal Hydro Sector Development Project (P599991). The target is likely to be achieved with an additional 221 MW in pipeline.</p>
<p>Indicator 2.1.4: High Voltage Import capacity transmission line completed (New)</p> <p>Baseline: No high-voltage cross-border transmission capacity</p> <p>Target: 400 kV cross-border (2018) transmission line constructed to enhance power imports (2024)</p> <p>Actual 2020 status: 85 km 400 kV line operational - 260 MW of electricity was imported using partially completed NIETTP. This</p>		<p>Achieved</p>	<p>New Indicator 2.1.4 progress achieved under the NIETTP (P115767), Grid Solar Energy Efficiency Project (P146344), and the SREP-supported extended Biogas Project (P131592)</p>

Annex 3

has helped improve the reliability of electricity supply in Nepal.			
<p>Indicator 2.1.5: Increase access through off grid biogas-based electricity generated (New)</p> <p>Baseline: 0 GWh/year (2018)</p> <p>Target: 3.4 GWh/year (2024)</p> <p>Actual 2020 status: 3.4 GWh/year</p>		Achieved	New Indicator 2.1.5 progress achieved under the NIETTP (P115767), Grid Solar Energy Efficiency Project (P146344), and the SREP-supported extended Biogas Project (P131592)
<p>Indicator 2.1.6: Increase access through renewable energy-based capacity addition to the national grid (New)</p> <p>Baseline: 0 MW (2018)</p> <p>Target: 25 MW (2024)</p> <p>Actual 2020 Status: 11.65 MW</p>		On track	New Indicator 2.1.6 progress achieved under the NIETTP (P115767), Grid Solar Energy Efficiency Project (P146344), and the SREP-supported extended Biogas Project (P131592)
CPF Objective 2.2. Increased transport connectivity, improved maintenance, and road safety			
<p>Indicator 2.2.1: Percentage of bridges in good and fair condition in targeted routes.</p> <p>Baseline: 75% (2018)</p> <p>Target: 85% (2024)</p> <p>Actual 2020 Status: 79.9%</p>	<p>Supplementary Progress Indicator 2.2.2 (New):</p> <p>(a) Major bridge maintenance completed:</p> <p>Baseline: 0 m</p> <p>Target: 1,500 m</p> <p>Actual 2020 Status: 1,500 m</p> <p>(b) Minor bridge maintenance completed:</p> <p>Baseline: 0 m</p> <p>Target: 9,500 m</p> <p>Actual 2020 Status: 9,500 m</p> <p>Supplementary Progress Indicator 2.2.3 (New): Completion of backlog bridges under construction</p> <p>Baseline: 0 m</p> <p>Target: 5,000 m</p> <p>Actual 2021 Status: 6,118 m</p>	On track	<p>Indicator 2.2.1 will be assessed in 2023.</p> <p>Supplementary Progress Indicator 2.2.2(a/b) achieved under the Road Sector Development AF (P095477, IDA 58650)</p> <p>Supplementary Progress Indicator 2.2.3 achieved under the Second Bridges Improvement and Maintenance Program (P161929, IDA 63170)</p>

Annex 3

<p>Indicator 2.2.2: Percentage of population within 2 and 4 hours of walking distance in the targeted Terai and hill districts</p> <p>Baseline: 0% (2018)</p> <p>Target: Increase by 4% (2019)</p> <p>Actual 2020 Status: 12.17%</p>		<p>Achieved</p>	<p>Indicator 2.2.2 achieved. Data measured via Strengthening the National Rural Transport Program (SNRTP)</p>
<p>Indicator 2.2.3 (New): Periodic Maintenance of roads within the Core Road Network</p> <p>Baseline: 0 lane-km (2020)</p> <p>Target: 1,700 lane-km (2024)</p> <p>Actual 2021 Status: 0 km</p>		<p>On track</p>	<p>New indicator but team expects achievement of target.</p>
<p>Indicator 2.2.4 (New): Number of Kms on which the Safe Corridor Demonstration Program (SCDP) implemented</p> <p>Baseline: 0 km (2020)</p> <p>Target: 95 km (2024)</p> <p>Actual 2021 Status: 0 Km</p>		<p>On track</p>	<p>New indicator but team expects achievement of target.</p>
<p>CPF Objective 2.3. Improved financial sector stability and financial inclusion</p>			
<p>Financial Sector Stability</p> <p>Indicator 2.3.1: Capital fund coverage of the total insured deposits to strengthen financial system's safety net</p> <p>Baseline: Around 0.95% of the total insured deposits (2018)</p> <p>Target: Increase to 3% of the total insured deposits (2024)</p> <p>Actual Status 2020: 1.8% (2021)</p>	<p>Supplementary Progress Indicator</p> <p>2.3.1: All Class A banks continue to meet prudential norms relating to solvency (Capital Adequacy Ratio CAR) and liquidity position (Credit-to-Capital and Deposit Ratio)</p> <p>Baseline: All Class A banks have met solvency and liquidity indicators (2018)</p> <p>Target: All (Class A) banks continue to meet solvency and liquidity indicators at all time or are subject to solvency action (2024)</p> <p>Actual Status 2021: All Class A banks have met solvency and liquidity indicators. The industry average CAR was 13.64 against a</p>	<p>On track</p>	<p>Indicator 2.3.1 - Nepal's financial system safety net has improved over the years through capital injection (raising of paid-up capital to NPR 10 billion in 2019) into DCGF, complemented by operating income from premiums and investments. With a relatively high premium at 0.16% per year (compared to India's 0.12%) and a steady stream of earnings, DCGF is on course to meet the target set. In addition, with a formal crisis management framework in place (comprising DCGF, NRB, and MoF to provide contingency backup funding in dealing with a crisis), low level of nonperforming loans in the</p>

Annex 3

	<p>prudential minimum requirement of 11.0 and Credit-to-Capital and Deposit Ratio was 78.55 against prudential cap of 85.0. None of the commercial banks were subject to actions under the bank resolution framework during the review period. The target has been fully achieved.</p>		<p>financial system (1.84% as of March 2021, the lowest in the South Asia Region), and high loan loss provision coverage (119% as of March 2021), Nepal's financial safety net is considered fairly strong.</p> <p>Supplementary Progress Indicator 2.3.1 - All Class A banks continue to meet solvency and liquidity indicators at all times or are subject to solvency action via the Bank Resolution Framework or Prompt and Corrective Action by NRB; Operationalization of SIS.</p>
<p>Financial Inclusion Indicator 2.3.2: Number of targeted SMEs, agriculture producer groups and individuals with access to finance (i) SMEs Baseline: 0 (2018) Target: 32,215 (2024) Actual 2020 Status: 27,215 (ii) Agriculture Producer Groups Baseline: 0 (2018) Target: Additional 350 (2024) Actual 2020 Status: Assessment under progress (iii) Individuals Baseline: 0 (2018) Target: Additional 600,000 (2023) Actual 2020 Status: 2,108,720</p>	<p>Supplementary Progress Indicator 2.3.2: Number of financial services points (branchless banking, mobile banking customers, ATMs) Baseline: 1,008 branchless banking centers, 2.66 million mobile bank customers, and 2,081 ATMs (2017) Target: Additional 150 branchless banking centers, 0.5 million mobile banking customers, and 200 ATMs per year (2024) Actual Status 2021: Nepal's banking sector has 1,739 branchless banking centers (increase by 731 since 2017), 13.6 million mobile bank customers (increase by 10.9 million), and 4,300 ATMs (increase by 2,219). All annual target indicators have been fully achieved.</p>	<p>On track</p>	<p>Indicator 2.3.2 (i) on track Indicator 2.3.2 (ii) assessment under progress Indicator 2.3.2 (iii) achieved Supplementary Progress Indicator 2.3.2 - The SME access to finance indicator 2.3.2 (i) previous target is achieved and target is revised to accommodate further progress through IFC's WCS2 GIME Bank (41537), WCS NMB Nepal (41302), and NMB SME (43551) projects. The individual access to finance indicator 2.3.2 (iii) is achieved, with contribution from IFC projects, including the Nirdhan Utthan Laghubitta Bittiya Sanstha Limited (#627165) and Rural Microfinance Development Centre RMDC (#641097). Supplementary Progress Indicator 2.3.2 is attributed to World Bank DPC results.</p>
	<p>Supplementary Progress Indicator 2.3.3: Long-term financing as percent of total loan portfolio and financial deepening measured by total market capitalization Baseline: Long-term finance (NPR 353 billion) accounts for 16.5% of total loan portfolio of the</p>	<p>Achieved</p>	<p>Supplementary Progress Indicator 2.3.3 - Both target indicators have been fully met.</p>

Annex 3

	<p>banking sector and total market capitalization of Nepal Stock Exchange is NPR 1,857 billion (2017).</p> <p>Target: Long-term finance to grow by 15% per year and total market capitalization increases by 7% per year (2023)</p> <p>Actual Status 2021: Long-term finance outstanding was NPR 878 billion which is 21.8 percent of total loan portfolio indicating a growth of 148 percent since 2017. Total market capitalization stands at NPR 3,949.6 billion (as of June 24, 2021)—a growth of 112% since 2017. Both target indicators have been fully met.</p>		
CPF Objective 2.4. Improved regulatory environment for competitiveness			
<p>Indicator 2.4.1: Time needed to meet regulatory requirements for import/export and transit activities</p> <p>Baseline: 61 hours (2018)</p> <p>Target: 55 hours (2023)</p> <p>Actual 2020 Status: 54 hours (Export) and 59 hours (Import)</p>	<p>Supplementary Progress Indicator 2.4.1: Border crossing time at selected border posts reduced</p> <p>Baseline: 2.30 days (2018)</p> <p>Target: 1.50 days (2022)</p> <p>Actual 2020 Status: 0.87 day</p>	<p>Achieved</p>	<p>Indicator 2.4.1 target has been achieved.</p> <p>In Doing Business 2020, Nepal reduced to a great degree the time to import and export by opening the Integrated Check Post Birgunj at the Nepal-India border. Since then, total time and cost of border compliance remain unchanged.</p> <p>Well-built collaboration between the GoN, WBG, and implementing agencies is critical for successful implementation and achievement of results. Having a strong high-level government coordination body is key to implement cross-cutting investment climate reforms.</p> <p>According to Doing Business 2021 preliminary data (Doing Business 2021 embargoed version):</p> <ul style="list-style-type: none"> (a) Time to meet compliance (regulatory requirements) in the case of exports - 54 hours (of which, 43 hours for documentary compliance and 11 hours for border compliance) (b) Time to meet compliance (regulatory requirements) in the case of imports- 59

Annex 3

			<p>hours (of which, 48 hours for documentary compliance and 11 hours for border)</p> <p>Supplementary Progress Indicator 2.4.1 has been achieved. The data are based on average time difference between gate entry and exit time at Birgunj Integrated Check Point (ICP) for consignments except petroleum for data from August 1 to August 29, 2021, for 18,975 vehicles.</p>
CPF Objective 2.5. Improved income opportunities			
<p>Indicator 2.5.1: Number of farmers/producer groups increase in sales of value-added products/income in selected value chains</p> <p>Baseline: 0 (2018)</p> <p>Target: Additional 3,290 (of which female 45%) (2024)</p> <p>Actual 2020 Status: 320 (gender-disaggregated data under analysis)</p>		Off track	Indicator 2.5.1 is off track. Progress is limited as implementation slowed down due to COVID.
<p>Indicator 2.5.2: Sales of value-added products/income of targeted producer groups in selected value chains</p> <p>Baseline: 0% (2018)</p> <p>Target: Increase by 25% (2024)</p> <p>Actual 2020 Status: Assessment ongoing</p>		Off track	
<p>Indicator 2.5.3: Percent of additional people employed</p> <p>Baseline: 0% (2018)</p> <p>Target: Increase by 70% (2023)</p> <p>Actual 2020 Status: 75% (data are for Year 2 - FY18–FY19 of the project 2018–19)</p>		Achieved	

Annex 3

<p>New Indicator 2.5.4: Share of female and disadvantaged youth completing market relevant short-term training program Baseline: 50% (2018) Target: 65% (2024) Actual 2020 Status: 88%</p>		<p>On track</p>	<p>Supplementary Progress Indicator 2.5.1. converted to main indicator 2.5.4. The indicator measures the inclusion of marginalized population on an annual basis for each cohort until project closure in 2023. Currently, the target so far has been achieved, and it is on track to achieve the final target that will be recalibrated based on project performance at closure. It is being monitored under EVENT II.</p>
<p>CPF Objective 2.6. Increased Access to Digital Services (NEW OBJECTIVE)</p>			
<p>New Indicator Indicator 2.6.1: Population with access to the internet (as % of population) Baseline (2018): 65% Target (2024): 85%</p>		<p>On track</p>	<p>The indicator responds to the Government’s vision for digital development. It reflects the Corporate Results Indicator (People provided with access to the Internet) as a measure of inclusive access to digital services delivered through various online channels. As of 2021, and based on available global data sources, the World Bank team estimates that internet use is currently about 70 percent of the population (as of mid-2021), suggesting that the indicator is on track to be achieved. This is especially the case given the acceleration of internet adoption in the wake of the COVID-19 pandemic, when many individuals and businesses switched to online means of accessing information, services, and markets. The target is based on the ongoing market development but also reflects the (a) focus of the proposed DNA IPF on improving Nepal’s digital infrastructure, (b) support through the Fiscal DPC series to improve the policy and regulatory framework for digital connectivity, and (c) Government’s investments to improve digital connectivity in rural areas.</p>
<p>Focus Area 3: Inclusion and Resilience</p>			
<p>CPF Objective 3.1. Improved equity in access to quality education</p>			
<p>Equity in Access Indicator 3.1.1: Number of out-of-school children brought to schools or</p>		<p>Achieved</p>	<p>Indicator 3.1.1 has been achieved - 107,036 out-of-school children brought to schools or learning centers in 15 most disadvantaged districts (of which 55,476 female).</p>

Annex 3

<p>learning centers in most disadvantaged districts (basic grade level 1–8)</p> <p>Baseline: 88,875 out-of-school children ages 5–16 (of which female 49%) (2017)</p> <p>Target: 20% reduction from baseline (of which female 50%) (2023)</p> <p>Actual 2020 Status: 68.7% percent reduction in out-of-school children in 15 most disadvantaged districts (of which 51.8% female)</p>			<p>However, COVID-19 school closures could affect the end-of-project results since out-of-school children are tenuously connected to schools and the drop-out risks are higher.</p> <p>Supplementary Progress Indicator 3.1.1 is dropped.</p>
<p>Indicator 3.1.2 Number of students enrolled in higher education institutions</p> <p>Baseline: 48 Students</p> <p>Target: 1,200 students per year (of which female 45%) (2024)</p> <p>Actual 2020 Status: 650 (needs update)</p>		On track	<p>Indicator 3.1.2. is likely to be achieved.</p> <p>Supplementary Progress Indicator 3.1.2 is likely to be achieved. 14 HEI-specific autonomous academic programs initiated as of 2020</p>
<p>Indicator 3.1.3: Percentage of poor students with at least a GPA of 1.6 in 2077 SEE exam.</p> <p>Baseline: n.a. (2018)</p> <p>Target: 70% (2023)</p> <p>Actual 2021 Status: 70%</p>		Achieved	<p>Indicator 3.1.3 is achieved. In absolute terms, 6,898 (3,858 female) students in grade 9 received the pro-poor scholarship. The progress on the indicator will be known only after SEE examination is conducted. Percentage achieved will be reconfirmed once the Disbursement-Linked Indicator (DLI) report is prepared.</p>
<p>New Indicator</p> <p>Indicator 3.1.4 Number of higher education institutions with (HEI) specific autonomous academic programs initiated</p> <p>Baseline: 2</p> <p>Target: 25 HEI-specific autonomous academic programs initiated (2024)</p>		On track	<p>Previous Supplementary Progress Indicator 3.1.2 has been converted to main indicator 3.1.4 and is likely to be achieved. 14 HEI-specific autonomous academic programs were initiated as of 2020.</p>

Annex 3

Actual 2020 Status: 14			
CPF Objective 3.2. Improved access to services and support for the well-being of the vulnerable groups			
<p>Indicator 3.2.1: Number of households have access to water and sanitation services in targeted districts/state</p> <p>Baseline: 518,258 (2018)</p> <p>Target: 1,182,000 (of which female 49%) (2024)</p> <p>Actual 2020 Status: 875,208 (49% female) households</p>		On track	<p>Indicator 3.2.1 - Progress measured under RWSSIP that closed in July 2021. Through the development of water supply schemes and intervention of sanitation and hygiene activities in rural and poor communities of Nepal, the project provided sustainable access to improved water and sanitation services to the additional 356,950 households. As of July 15, 2021, additional 193,552 households were provided with improved water points + 163,398 households achieving total sanitation (open defecation free plus safe and improved, environmentally friendly, sanitation facility). Women represent 49% of the beneficiaries, and the project target was achieved. Work will be taken up under the planned Nepal Water Governance and Infrastructure Project.</p>
<p>Indicator 3.2.2: Children aged 6–23 months, in targeted districts, with minimum acceptable diet (Percentage)</p> <p>Baseline: 18% (2018)</p> <p>Target: 8% over baseline (2024)</p> <p>Actual 2020 Status: Assessment under progress</p>		On track	<p>Indicator 3.2.2 - Baseline updated. The baseline was reported recently, and the initiatives regarding this indicator are under implementation in the field. However, the progress measurement which was scheduled for the end of this calendar year has been postponed due to COVID-19-induced lockdown which has restricted field movements.</p>
<p>Indicator 3.2.3: Number of Gender Based Violence (GBV) survivors have access to justice and support</p> <p>Baseline: 300 GBV survivors/year (2018)</p> <p>Target: 11,000 survivors/year (2023)</p> <p>Actual 2020 Status: 17,821 (support), 4,620 (legal counseling), and 929 (court representation)</p>		Achieved	<p>Indicator 3.2.3 achieved under Integrated Platform for GBV Project</p>

Annex 3

<p>Indicator 3.2.4: Number of pregnant and lactating mothers receiving improved nutrition services and products in targeted areas/state</p> <p>Baseline: 0 (2018)</p> <p>Target: Increase by 30,000 (2023)</p> <p>Actual 2020 Status: 707 (needs update)</p>		On track	Supplementary Progress Indicator 3.2.2 has been converted to main indicator 3.2.4 and will be updated later based on Health Management Information System (HMIS) data.
CPF Objective 3.3. Increased resilience to health shocks, natural disasters, and climate change			
<p>Indicator 3.3.1: Number of eligible beneficiaries who have access to social security allowance program in selected districts</p> <p>Baseline: 2.3 million (of which 1.5 million female) (2018)</p> <p>Target: 2.9 million (of which 1.9 million female) (2024)</p> <p>Actual 2020 Status: 2.96 million (of which 1.8 million female)</p>		Achieved	Indicator 3.3.1 achieved under Strengthening Systems for Social Protection and Civil Registration Project
<p>Indicator 3.3.2: Accuracy and timeliness of weather and flood forecasts and early warning dissemination</p> <p>Baseline: 0.49 (24-hour period) (2017)</p> <p>Target: 0.55 (24-hour period) (2024)</p>		On track	Indicator 3.3.2 is on track. DHM's capacity to generate accurate and timely weather forecasts and disseminate to at-risk communities has significantly improved, but this has not been reflected in skill score. Fully functional state-of-the-art technologies established through the Building Resilience to Climate Related Hazards project are likely to improve the skill score in coming years. Therefore, end target revised, and year extended to 2024.
<p>Indicator 3.3.3: Adoption of disaster risk financing and insurance schemes</p> <p>Baseline: 0 (2017)</p> <p>Target: 1 increase (2023)</p> <p>Actual 2020 Status: 0</p>		On track	Indicator 3.3.3 is on track.

Annex 3

<p>Indicator 3.3.4 (New): Nepal has activated its public Health Emergency Operations Centre or a coordination mechanism for health shock: Baseline: No (January 2020) Target: Yes (2024) Actual 2021 Status: Yes</p>		Achieved	
<p>Indicator 3.3.5 (New): A Health Response Action Plan is approved and adopted: Baseline: No (January 2020) Target: Yes (2024) Actual 2021 Status: Yes</p>		Achieved	
CPF Objective 3.4. Improved adoption of sustainable natural resource management			
<p>Indicator 3.4.1: Increase in number of farmers adopting climate-smart agricultural practices in targeted districts/States Baseline: 0 (2017) Target: Additional 84,300 farmers (of which female 45%) (2024) Actual 2020 Status: 15,222 farmers (of which female 40.1%) +12,000 farmers (of which female 43%) (IFC).</p>		Off track	For Indicator 3.4.1, IFC’s target of 10,000 farmers adopting climate-smart agricultural practices has been achieved through the Pilot Program for Climate Resilience (PPCR) Nepal (573113) Project, whereas the progress under World Bank projects is limited due to delays in implementation. As such, the target has been revised.
<p>Indicator 3.4.2: Net Decrease in greenhouse gas emissions from deforestation and forest degradation Baseline: 0 (2017) Target: 9 million tons of CO₂ reduced (2023) Actual 2020 Status: 0 (First MRV reporting period will cover June 22, 2018–December 31, 2021)</p>		Off track	

Annex 3

<p>Indicator 3.4.3 (New): Number of sub-national land use/spatial plans governing sustainable natural resources use</p> <p>Baseline: 0 (2017)</p> <p>Target: 2 subnational land use/spatial plans (2023)</p>		On track	<p>Through the REDD+ Readiness project, 50 Community Forest operational plans have already been renewed supported by the relevant DFOs. The Forests for Prosperity Project will work on provincial (2) and municipality-level land use plans (50). The team will report on this by 2023.</p>
<p>Indicator 3.4.4 (New): Additional ha of degraded forest rehabilitated</p> <p>Baseline: 0 (2018)</p> <p>Target: Additional 10,000 ha (2023)</p> <p>Actual 2020 Status: Assessment to be completed in 2023</p>		On track	<p>The Forests for Prosperity Project will work on the rehabilitation of degraded forests and report on this by 2023.</p>

Annex 4

Annex 4 (a): Updated IDA Operations for the PLR (FY19–FY24)

	IDA (US\$, millions)	Others (US\$, millions)
FY19 Commitments (as of June 30, 2021)		
Nepal: Private Sector-Led Mini-Grid Energy Access Project		7.61 (TF)
Nepal Energy Sector Development Policy Credit	100.00	
Nepal Fourth Financial Sector Stability Credit DPC4	100.00	
Second Bridges Improvement and Maintenance Program	133.00	
Food and Nutrition Security Enhancement Project		22.70 (TF)
Programmatic Fiscal and Public Financial Management Development Policy Credit (II)	100.00	
Subtotal	433.00	30.31 (TF)
FY20 Commitments		
Youth Employment Transformation Initiative Project	120.00	
Nepal Development Policy Financing with CAT DDO	50.00	
Nepal: Additional Financing for School Sector Development Program		23.96 (TF)
Second Programmatic Energy Sector Development Policy Credit	100.00	
Nepal Strategic Road Connectivity and Trade Improvement Project	100.00	200.00 (Reg) 150.00 (SUF)
Second Additional Financing Earthquake Housing Reconstruction Project	200.00	
Nepal: COVID-19 Emergency Response and Health Systems Preparedness Project	29.00	
Subtotal	599.00	23.96 (TF) 200.00 (Reg) 150.00 (SUF)
FY21 Commitments		
Nepal Urban Governance and Infrastructure Project	150.00	
Nepal Emission Reductions Program in the Terai Arc Landscape		45.00 (TF)
Rural Enterprise and Economic Development Project	80.00	
Forests for Prosperity Project		24.00 (TF)
Finance for Growth Development Policy Financing	200.00	
Nepal Programmatic Fiscal Policy for Growth, Recovery and Resilience DPC	150.00	
COVID 19 School Sector Response (GPE)		10.85 (TF)
Additional Financing for Nepal: Power Sector Reform and Sustainable Hydropower Development (PSRSHD) Project		1.00 (TF)
Additional Financing: Nepal COVID-19 Emergency Response and Health Systems Preparedness Project	75.00	
Nurturing Excellence in Higher Education Program for Results	60.00	
Subtotal	715.00	80.85 (TF)
FY22 Commitments and Indicative Pipeline		
Additional Financing for SSDP Program for Results	50.00	
Additional Financing for Nepal Health Sector Management Reform Program for Results	50.00	
Additional Financing for Emergency COVID Project	18.00	
First Nepal Green, Resilient and Inclusive Programmatic DPC	100.00	
Finance for Growth Development Policy Financing 2	150.00	

Annex 4

	IDA (US\$, millions)	Others (US\$, millions)
BBIN Regional Multi-phase Programmatic Approach (MPA) Phase I focusing on Trade Facilitation	83.00	167.00 (Reg)
Water Governance and Infrastructure Project	80.00	
Digital Nepal Acceleration Project	100.00	
Subtotal	6371.00	167.00
FY23-FY24 Indicative Pipeline		
Third Energy DPC	100.00	
Provincial and Local Roads Improvement Project	100.00	
Upper Arun Hydroelectric Project	100.00	Plan to mobilize additional resource
School Sector Transformation Program	100.00	
Unlocking Human Capital for a Prosperous Nepal	80.00	
Energy Distribution Project	100.00	
Community Resilience and Federalism	20.00	
MSME Recovery and Investment Climate Development (MRICD)	50.00	
Second Fiscal Policy for Growth, Recovery and Resilience DPC	100.00	
Post-COVID Fiscal Federalism Project	100.00	
Health Sector Reform Project (P4R)	100.00	
Social Protection Phase 2	100.00	
New Butwal (Nepal) – Gorakhpur (India) Green Energy Corridor Project (Cross Border Transmission)	100.00	
Subtotal	1150.00	

Annex 4

Annex 4 (b): Updated Key ASA Activities²² (Completed, Ongoing, and Indicative) for the CPF, FY19–FY24

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Focus Area 1. Public Institutions						
Governance	<ul style="list-style-type: none"> Promoting Inclusive Citizen Participation in Performance Audits in Nepal (P169375) Nepal Federalism Transition Support (P165942) 	<ul style="list-style-type: none"> Programmatic Federalism Support Platform (P168170) Federalism Capacity Needs Assessment (P168504) 		<ul style="list-style-type: none"> Public Expenditure and Financial Accountability Assessment^b (P175522) 	<ul style="list-style-type: none"> Subnational-Level Public Expenditure and Financial Accountability Assessment 	<ul style="list-style-type: none"> Nepal Fiscal Federalism Advisory Support Program (P175376)
Macroeconomics, Trade and Investment	<ul style="list-style-type: none"> Nepal Fiscal Federalism (Transition) (P165688) Nepal Fiscal Policy Analysis and Management Program (P157724) Support for Fiscal Management (P160712) Macro Monitoring and Analysis FY19 (P152522) Debt Reform Plan Nepal (P170679) FY18 Nepal Development Update (P165663) 	<ul style="list-style-type: none"> Macro Monitoring and Analysis FY20 (P172106) 	<ul style="list-style-type: none"> Nepal Public Expenditure Review^a (P172086) Macro Monitoring and Analysis (P174718) 	<ul style="list-style-type: none"> Nepal Macro Monitoring and Analysis FY2022 	<ul style="list-style-type: none"> Macroeconomic Monitoring 	<ul style="list-style-type: none"> Country Economic Memorandum (CEM)^a Debt Management Performance Assessment (DeMPA)^b

²² Only key activities are listed here. There are other ASA activities which are listed in Annex 1 that are under broader programmatic work or under TFs.

Annex 4

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Poverty and Equity		<ul style="list-style-type: none"> Partnership for Knowledge Based Poverty Reduction and Shared Prosperity in Nepal (P163078) 	<ul style="list-style-type: none"> Nepal Poverty Assessment 2021^a (P175443) 	<ul style="list-style-type: none"> Partnership for Knowledge Based Poverty Reduction and Shared Prosperity program - Phase II - (P174541) 		
Focus Area 2. Private Sector-Led Jobs and Growth						
Agriculture and Food		<ul style="list-style-type: none"> DIME Agriculture and Irrigation in Nepal (P154309) 	<ul style="list-style-type: none"> Nepal Climate-Smart Agriculture Investment Plan (Deliverable of P176456 - GRID Programmatic ASA) Agriculture Fertilizer Review and PER (Deliverable of P176456 - GRID Programmatic ASA) 			
Digital Development			<ul style="list-style-type: none"> Digital Development in Nepal (P171113) 	<ul style="list-style-type: none"> Digital Development for Maldives, Nepal, and Sri Lanka (P175577) 		
Education		<ul style="list-style-type: none"> Early Childhood Education Diagnostic (P169661) 			<ul style="list-style-type: none"> Accelerating Human Capital Development in the Maldives, Nepal and Sri Lanka (P177660) Teaching at the Right Level (TARL) 	

Annex 4

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Energy and Extractives	<ul style="list-style-type: none"> Developing Improved Solutions for Cooking (P149764) Infrastructure Sector Assessment Program^b (InfraSAP) (P165958) 		<ul style="list-style-type: none"> Renewable Energy Resource Mapping and Geospatial Planning (P150328) 			<ul style="list-style-type: none"> Energy Sector Reform Program in Nepal (P171183)
Environment, Natural Resources, and the Blue Economy	<ul style="list-style-type: none"> Sustainable Tourism Development and Value Creation in Nepal (P167250) 				<ul style="list-style-type: none"> GRID PASA (P176456): Forest Landscape Platform with the following analyses: <ul style="list-style-type: none"> Analysis of and options for improving the business climate for forest-based private enterprises Supporting a comprehensive biodiversity/forest offset mechanism for Nepal Development of forest accounts to inform fiscal transfers in support of Sustainable Forest Management 	

Annex 4

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Finance, Competitiveness and Innovation	<ul style="list-style-type: none"> • Policy Note on Agriculture Finance Strategy (P165645) • Policy Notes for the new Government (P166154) 	<ul style="list-style-type: none"> • Nepal FCI Policy Engagement (P168914) 		<ul style="list-style-type: none"> • Post-COVID Private Sector Recovery TA Program (PSRP) (P174486) 	<ul style="list-style-type: none"> • Follow-on advisory services on MSME finance and digital financial services (World Bank) • Sri Lanka Maldives Post Covid-19 Competitiveness Recovery (P175642)²³ 	<ul style="list-style-type: none"> • Country Private Sector Development Assessment^b
Health, Nutrition and Population		<ul style="list-style-type: none"> • Addressing Malnutrition and Investing in Early Years in Nepal in a federalized context (P168830) • Support to Government on Pandemic/Epidemic Preparation^b (P168171) 	<ul style="list-style-type: none"> • Health Financing Strategy Support (P166804) 		<ul style="list-style-type: none"> • Accelerating Human Capital Development in the Maldives, Nepal, and Sri Lanka (P177660) 	

²³ To be renamed *Maldives Nepal Sri Lanka Post Covid-19 Competitiveness Recovery (P175642)* and include Nepal.

Annex 4

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Infrastructure, PPPs, and Guarantees	<ul style="list-style-type: none"> Infrastructure Sector Assessment Program (InfraSAP)^b (P165958) 		<ul style="list-style-type: none"> Support the National Road Safety Council (NRSC) (P169402) 	<ul style="list-style-type: none"> Nepal Waterways (part of Regional activity, P171169) Nepal Regional Connectivity and Trade Facilitation Aviation (part of Regional activity, P171169) Nepal Civil Aviation (part of Regional activity, P171169) 		
Social Protection and Jobs	<ul style="list-style-type: none"> Adaptive Social Protection TA (P163514) Investing in people to close Human Capital Gap for Higher and sustainable inclusive growth (P168816) 	<ul style="list-style-type: none"> Support to Developing an Inclusive Jobs Strategy for Nepal (P163141) Advancing Social Protection II (P164003) 	<ul style="list-style-type: none"> Human Development Public Expenditure Review (P169010) 		<ul style="list-style-type: none"> Integrated Approach to Employment and Social Protection (P170572) Improve Integration of Social Protection Systems in Nepal (P168213) Accelerating Human Capital Development in the Maldives, Nepal and Sri Lanka (P177660) 	
Social Sustainability and Inclusion		<ul style="list-style-type: none"> Women’s Non-Farm Employment in Nepal (P172067) 			<ul style="list-style-type: none"> Gender, CE, and Poverty Platform 	
Transport	<ul style="list-style-type: none"> Infrastructure Sector Assessment Program (InfraSAP)^b (P165958) 				<ul style="list-style-type: none"> E-Mobility 	

Annex 4

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Water	<ul style="list-style-type: none"> Water Platform and Strategy Development (P168191) Water Platform 2.0 (P171575) 					
IFC	<ul style="list-style-type: none"> South Asia Regional Trade Facilitation Program (SARTI) Investment Policy (597407) Nepal Investment Climate for Industry (IFC) (593787) Competition in transport sector Nepal (TA) PPP in SEZs and Industrial Park (TA) 		<ul style="list-style-type: none"> Nepal Market Creation for Tourism Project (602476) (IFC) Terminated on June 30, 2021 		<ul style="list-style-type: none"> Nepal Hydro Sector Development Project (599991) 	
Focus Area 3: Inclusion and Resilience						
Resilience			<ul style="list-style-type: none"> Nepal Climate-Smart Agriculture Investment Plan (Deliverable under GRID PASA P176456) Support to Government on Pandemic/Epidemic Preparation^b (P168171) 			

Annex 4

Focus Areas	FY19 (Closed)	FY20 (Closed)	FY21(Closed)	FY22	FY23	FY24
Environment, Natural Resources and Blue Economy	<ul style="list-style-type: none"> Environmental Sector Diagnostics: Priorities for accelerating growth (P164550)^b Valuing Green Infrastructure: Case Study of Kali Gandaki Watershed in Nepal (P161596) 	<ul style="list-style-type: none"> Valuing Green Infrastructure: Case Study of Kali Gandaki Watershed in Nepal (P161596) 		<ul style="list-style-type: none"> Nepal Climate Change and Development Report^a (P176737) 	<ul style="list-style-type: none"> GRID PASA (P176456) 	
Social Sustainability and Inclusion			<ul style="list-style-type: none"> SPF: Maximizing the Development Impact of the IDA18 FCV RMR in Nepal (P171624) 			
Urban, Resilience and Land	<ul style="list-style-type: none"> Urban Governance and Federalism (P165231) 	<ul style="list-style-type: none"> Technical Assistance for Improving Municipal Solid Waste Management Services for Urban Local Governments in Nepal (P169652) 				

