

**Proposed Project for Accelerating Inclusive Jobs Growth for Youth in Nepal  
Pre-Appraisal Consultations (December 17 to 21, 2018)**

**Aide Memoire**

1. During December 17 to 21, 2018, a World Bank Team<sup>1</sup> led by Jasmine Rajbhandary (Task Team Leader), and Ruchita Manghnani (Co-Task Team Leader) carried out Pre-Appraisal Consultations of the proposed *Project for Accelerating Inclusive Jobs Growth for Youth in Nepal*. This Aide Memoire (AM) summarizes the design of the Project as well as other critical agreements discussed during the consultations. The AM was discussed at the wrap-up meeting chaired by the Secretary Mr. Mahesh Prasad Dahal, Ministry of Labor, Employment and Social Security (MOLESS) on December 19, 2018, which was also attended by Mr. Harishchandra Dhakal, Under Secretary, International Economic Cooperation Coordination Division (IECCD), Ministry of Finance (MOF). A list of persons consulted is included in Annex 1. It was agreed during the wrap-up meeting that the final AM will be a public document as per the World Bank's Access to Information Policy.

**Proposed Project Scope**

2. During consultations, the Bank team agreed with the government team on the project design. Implementation arrangements have been aligned with the new federal structure of government and the Prime Minister's Employment Program (PMEP). Post mission, MOF re-confirmed their support for Component 3.

**Proposed Project Development Objective**

3. "To create quality jobs and enhance labor market outcomes, especially for youth".

**Proposed Project Components**

4. The project components are as follows:

- a. Strengthening of employment promotion systems and services
- b. Improving labor market outcomes for vulnerable youth
- c. Job creation in the private sector
- d. Capacity building, monitoring and evaluation (M&E) and project management.

5. The component financed activities remain the same as discussed and agreed during the last review and as highlighted in the Aide Memoire dated November 12, 2018. There are no changes to the project components or activities. During this consultation, a few revisions were discussed and agreed which include (i) sub component title rephrasing for component 2; (ii) clarifying that the proposed project will support the Public Works Project (PWP) orientations to PWP beneficiaries and the piloting and phased roll out of on-the job training for PWP beneficiaries; and (iii) shifting of all capacity building activities which were previously scattered across components to Component 4.

**Proposed Cost and Financing**

6. Tentatively, the proposed International Development Association (IDA) financing for the Investment Project Financing (IPF) through credit will approximately be USD150 million for the period of five years, starting from FY2019/20. The detailed costing of the components has been prepared with the estimated component allocations as follows:

- a. Component 1: USD 54 million
- b. Component 2: USD 43 million
- c. Component 3: USD 40 million
- d. Component 4: USD 13 million

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<sup>1</sup> Pre-Appraisal Team includes: Annu Rajbhandari (Environment Specialist), Anupama Shakya (Consultant), Dhruba Raj Pant (Safeguards Consultant), Jaya Sharma (Sr. Social Development Specialist), Jyoti Maya Pandey (Social Protection Specialist), Kiran Baral (Procurement Consultant), Karishma Wasti (Agriculture Specialist), Phillippe Leite (Senior Social Protection Economist), and Tara Shrestha (Program Assistant).

7. IDA financing will complement government financing for PMEP. The government has allocated approximately \$30 million for PMEP in the current fiscal year. It is expected that the government will continue to allocate similar budget annually for PMEP over the project period.

### **Proposed Institutional and Implementation Arrangements**

8. It has been agreed that an Inter-ministerial Project Steering Committee (PSC) will be established, chaired by MOLESS Secretary, to provide policy guidance and cross-sectoral coordination. The PSC would consist of senior officials from the MOF, Industry, Agriculture, Education, Youth, Tourism, other relevant agencies as noted in the steering committee of the PMEP and representatives of private sector and non-government agencies. A Project Technical Committee (PTC) with sub-committees consisting of officials and technical experts of relevant ministries/agencies as well as the private sector will also be set up to provide technical guidance to the proposed Project.

9. It has also agreed that a Project Management Unit (PMU) will be housed in MOLESS which will oversee the overall implementation of the project activities, administer day-to-day operations that include management of procurement, financial management safeguards, and monitoring and evaluation (M&E). The PMU will be led by a Project Director, the Joint Secretary within MOLESS heading the PMEP. The component managers will be the Under Secretary of the PMEP and supported by sub-component coordinators as needed. The PMU will consist of MOLESS staff and consultants financed under the Project. It was agreed that the two teams will revisit the implementation arrangements when the PMEP guideline is approved by the government.

10. At the provincial and local levels, the proposed Project will align with the PMEP institutional arrangements as appropriate. In each of the seven provinces, there will be a Provincial Project Coordinator, who will be the Under Secretary of provincial MOLESS, supported by an assistant to be financed by the Project. At the local levels, the employment Service Centers (ESCs) of each local government, will also take on responsibilities for project management, with additional personnel and resources to be financed by the Project, as needed.

11. The fund flow mechanism, particularly, from MOLESS to the Local Governments (LGs) needs to be discussed and agreed. The options will also be discussed with Natural Resources and Fiscal Commission (NRFC), and MOF. The Bank's fiduciary and safeguards assessments will further recommend the capacity needs in view of the implementation responsibilities at each level. The detailed governance structure, fund flow mechanism and implementation arrangement for the components and project will be finalized during appraisal.

### **Preparation Work**

12. The Bank team will continue working with MOLESS and its project preparation core team to work out the details of project components and activities, results framework and M&E, project cost and financing, as well as the institutional and implementation arrangements.

13. The Bank team will also carry out the institutional systems and capacity assessments on fiduciary management and safeguards. The mission discussed the requirements around environmental and social safeguards and supported MOLESS team to draft the Environmental and Social Management Framework (ESMF). MOLESS has disclosed the draft ESMF for review on Jan 13, 2019. The Bank team is also supporting MOLESS to develop the Project Procurement Strategy for Development (PPSD), which will include a procurement plan for the first 18 months of the Project. MOLESS will hold a public consultation of the ESMF before appraisal.

14. Based on the Quality Enhancement Review in November, a few minor adjustments to the component descriptions will be made which would include improving the gender aspects reflected in the Project.

15. Consultation with NRFC, Budget Division/MOF and Inter Governmental Relationship Division/MOF will be undertaken to ensure the fund flow arrangements are appropriate to the federalized structure of the country.

16. The preparation for the operations manual(s) to guide the project implementation will begin as a collaborative exercise between the Bank team and the MOLESS team. As the project and most activities are aligned with the PMEP, the PMEP guidelines will form the basis of much of the project operations manual. Given that MOLESS is committed to implement the PMEP this Fiscal Year, the Bank is already providing some technical support, particularly linked to review and design of the data systems/management needed for PMEP. This includes coordination with ILO, DFID and the Office of the Prime Minister.

**Partnerships**

17. While the World Bank team worked only with the government during this consultation period, as in the past the World Bank team continues to consult with other key Development Partners who work with MOLESS, to explore collaboration. This includes International Labor Organization, DFID, Swiss Development Cooperation, GIZ, and Helvetas.

18. **Proposed Timeline.** The Bank’s team discussed the following timeline with MOLESS for enhancing project processing:

Appraisal	January 24-31, 2019
Negotiations	February 21, 2019
Board	March 21, 2019

**Table 1: Summary of Agreed Actions**

SL	Actions	Responsibility	Agreed timeline
1	Inform the Bank of the approval of PMEP Guidelines	MOLESS	January 30, 2019
2	ESMF consultations	MOLESS/WB	January 23, 2019
3	Draft Project Procurement Strategy for Development (PPSD) and procurement plan	MOLESS/WB	January 31, 2019
4	Draft Project Operations Manual	MOLESS/WB	May 30, 2019

**List of People Met**

**Ministry of Finance**

- Mr. Harishchandra Dhakal, Under Secretary, IECCD

**Ministry of Labor, Employment and Social Security**

- Mr. Mahesh Dahal, Secretary
- Mr. Prakash Dahal, Joint Secretary, Administration, Policy, Plan and Monitoring
- Dr. Lok Nath Bhusal, Under Secretary
- Ms. Bipana Gyawali, Section Officer