



<b>1. CPS Data</b>	
<b>Country: Nepal</b>	
<b>CAS/CPS Year:</b> FY14	<b>CAS/CPS Period:</b> FY14- FY18
<b>CLR Period:</b> FY14 – FY18	<b>Date of this review:</b> July 26, 2018

<b>2. Ratings</b>		
	<b>CLR Rating</b>	<b>IEG Rating</b>
<b>Development Outcome:</b>	<i>Moderately Satisfactory</i>	<i>Moderately Satisfactory</i>
<b>WBG Performance:</b>	<i>Good</i>	<i>Good</i>

**3. Executive Summary**

i. This review of the World Bank Group’s Completion and Learning Review (CLR) covers the period of the Country Partnership Strategy (CPS), FY14-FY18, and updated in the Performance and Learning Review (PLR) of February 21, 2017. This is the first CPS following three consecutive Interim Strategy Notes (ISN) in FY07, FY09, and FY11.

ii. Nepal is a low-income country with an average GNI per capita of \$733 (2014-2016) and a population of 28.9 million in 2016. GDP per capita growth slowed to 0.6 percent in 2016 and inflation peaked at 12 percent in 2015/2016. The IMF estimates GDP growth at 7.5 percent for 2016/2017, and 5 percent in 2017/2018. The 2016 UNDP Human Development Index ranks Nepal 144 out of 188 countries. Poverty incidence fell from 46 percent in 1996 to 15 percent in 2011; and, it has continued to fall since then according to the Systematic Country Diagnostics (SCD, 2017). From 2004 to 2011, the consumption of the bottom 40 grew twice as fast as the top 60. But, inequality across regions and ethnic groups has been a source of political upheaval. During the CPS period, the country experienced two exogenous shocks and major political transitions. Two earthquakes (April and May 2015) took 9,000 lives and destroyed or damaged assets for approximately one quarter of the country’s GDP. Trade and fuel disruptions in 2015 further impacted economic activity. After the conflicting parties signed a peace treaty in 2006, Nepal has undergone a critical political transition, which culminated in 2015 with a new constitution that veers towards federalism.

iii. The CPS was organized around two pillars (or focus areas): (i) increasing economic growth and competitiveness, and (ii) promoting inclusion and resilience. In addition, the CPS cross-cutting themes on governance, gender, and climate change, were envisaged to be integrated across operations in the two focus areas. The CPS reflected cautious optimism given the improved political environment since the national elections in 2013. The CPS program reflected well the country’s challenges, and was congruent with long term national objectives, as articulated in the 13<sup>th</sup> Periodic Plan (2014-2016) and further developed by the 14<sup>th</sup> Periodic Plan (2017-2019). The Periodic Plans focused on infrastructure, transforming the key productive sectors, human development, and effective service delivery. In line with the findings of the 2011 World Development Report on conflict and fragility, the CPS proposed to phase out short-term measures and focus more on strengthening the capacity of state institutions and making them more inclusive, to help build citizens’ trust in the state. At the PLR, significant adjustments were made in the results framework

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including increasing the objectives from seven to nine. The PLR came relatively late during the CPS period, which ended in FY18.

iv. At the beginning of the CPS period, total commitments were \$1.3 billion, with 23 operations under implementation comprising 21 Investment Project Financing (IPF) including three Additional Financing, one Development Policy Financing (DPF) and one Program for Results (PforR). During the CPS period, total new commitments reached \$2.0 billion, comprising 18 operations in the form of 13 IPFs, three Development Policy Financing and two PforRs. Overall response to the earthquake impact, mostly housing reconstruction, accounted for the largest share of new commitments at \$500 million (or 25 percent of new commitments). IDA allocation was leveraged through access to IDA's Crisis Response Window (CRW). Ten operations were approved towards the end of the CPS period (FY17-FY18), with total new commitments of \$1.34 billion. This meant that delivery of results relied primarily on active projects at the beginning of the CPS and those approved during the first two years. During the CPS period, IFC made total commitments of \$58.4 million, concentrated on trade finance and power.

v. The overall achievement of the CPS objectives is rated as **Moderately Satisfactory**. Of the nine objectives, two were achieved and seven were mostly achieved. Under Focus Area I, there was substantial progress in improving transport connectivity, increasing supply and reliability of energy, improving financial sector stability and financial inclusion, and improving the business environment for private sector investment. Under Focus Area II, the most notable achievement was the housing reconstruction after the 2015 earthquake. There was substantial progress in increasing agricultural productivity and commercialization of selected commodities, increasing access to secondary and higher education for the underprivileged groups and improving relevance of skills for gainful employment, improving quality of health and nutritional services especially for mothers and children, and reducing vulnerability for the socially excluded and marginalized groups.

vi. WBG's performance is rated as **Good**. The CPS program reflected well the country's challenges and was congruent with the government's long-term objectives as articulated in its Periodic Plans. The CPS focus areas and objectives were aligned with the WBG twin goals and had the support of a solid program of operations, ASA and trust funds, that were broadly complementary but somewhat dispersed. The CPS program was selective in focus areas and number of objectives, but less selective in terms of number of lending interventions given the limited implementation capacity in the country. At the PLR, the results framework was modified by adding two objectives and revising indicators to reflect the Bank's response to the aftermath of the 2015 earthquake and to reflect realities on the ground. The adjustments improved its overall design although some weaknesses remained. The identification of risks was adequate especially the concerns about the political economy and implementation capacity. Overall, Nepal's portfolio performance at exit compared well with the SAR and Bank-wide averages. The percentage of projects at risk remains high as the size of the portfolio continues to tax implementation capacity despite efforts at consolidation by increasing the average project size. Following the PLR, there was a significant scaling up of the lending portfolio with ten operations approved between FY17-FY18. In effect, the program consolidation promised at the CPS and PLR did not fully materialize as envisaged. Internal collaboration between the Bank and IFC was strong in electricity, finance, and business environment. Donor coordination improved during the CPS. The WBG played a leading role in earthquake reconstruction and the emerging federalism agenda. Compliance with social and environment safeguards was affected by weak implementation capacity. The Management Action Plan to address the findings of the Inspection Panel regarding the Nepal Power Development Project (closed in December 2013) is under implementation. INT substantiated three cases of corruption in the energy, transport and health projects.

vii. IEG concurs with key lessons from the CLR which are summarized as follows: (i) the important contribution of a solid knowledge base and outreach for policy reform in a difficult political environment; (ii) the need to find the right and adequate instruments that fit the fragile implementation environment; (iii) attention to selectivity not just with regard to the number of objectives but also of instruments so as to not overwhelm implementation capacity; (iv) the need for a multi-pronged approach to implementation; (v) the critical role of WBG leadership and



coordination with Development Partner community; (v) the limitation of the community managed interventions from the perspective of impact and sustainability; and (vi) the need to focus results beyond project levels.

viii. IEG adds the following lessons:

- To effectively address a country's needs after a natural disaster in a fragile environment, it is critical for the WBG to be agile and flexible, using a combination of instruments. In the case of Nepal, the WBG was flexible in responding to the challenges brought about by the earthquakes and the political disturbances. The fast response to the earthquake reconstruction needs was aided by a prompt and credible stocktaking of the impact of the earthquakes, which in turn facilitated the mobilization of resources from the development community and helped leverage Bank and IFC resources. The results framework was revised to take account of the impact of the earthquake effort on the program and supporting operations were designed to facilitate fast disbursement of project funds.
- Greater selectivity is needed in post-conflict environments to align with the limited implementation capacity and ensure sustained delivery of results. Countries that move out of a conflict situation are bound to find themselves facing the broad challenges of institution building. In the case of the Nepal experience, while there were efforts at portfolio consolidation by increasing the average project size, implementation capacity remains an issue as reflected in the high percentage of projects at risk, and could affect the results of the next CPF if it were to remain unaddressed. Going forward, it is important to further consolidate the lending portfolio as originally envisaged in the CPS and PLR to align with implementation capacity and ensure sustained results on the ground.

#### 4. Strategic Focus

Relevance of the WBG Strategy:

1. **Congruence with Country Context and Country Program.** Nepal, with a population of 28.5 million, is a low-income country with a GNI per capita of \$733. Real GDP growth slowed to 0.6 percent and inflation peaked at 12 percent in 2015/2016. The drop in the rate of economic growth resulted from the two earthquakes that hit the country in May 2015 and internal political disturbances, that affected trade with India. The IMF estimates GDP growth at 7.5 percent for 2016/2017, and 5 percent in 2017/2018. Nepal ranks 144 out of 188 countries in the 2016 UNDP Human Development Index. The rate of poverty incidence fell from 46 percent in 1996 to 15 percent in 2011; and has continued to fall since then according to the SCD. From 2004 to 2011, the consumption of the bottom 40 grew twice as fast as the top 60. The Gini coefficient was .33 in 2011. Inequality across regions and ethnic groups, however, has been a source of political upheaval. After an internal peace treaty in 2006, Nepal has been undergoing a critical political transition, which culminated in a new constitution in 2015 that emphasized federalism and shifted power away from Kathmandu. The two earthquakes (April and May 2015) took 9,000 lives and destroyed or damaged assets equal to about one quarter of Nepal's GDP, and trade and fuel disruptions associated with the issuance of a new constitution further affected trade and the economy.

2. The CPS reflected cautious optimism emanating from an improved political environment, and reflected well the country's challenges as identified from the available analytical work, the country dialogue, and extensive consultations with country stakeholders. It was congruent with the objectives and strategies articulated in Nepal's 13<sup>th</sup> Periodic Plan (2014-2016), and later confirmed and developed further in the 14<sup>th</sup> Periodic Plan (2017-2019). In both these plans there is an emphasis on infrastructure, transforming the key productive sectors, human development, and effective service delivery. In line with the findings of the 2011 World Development Report (WDR) on conflict and fragility, the CPS proposed to phase out short-term measures and focus more on strengthening the capacity of state institutions and making them more inclusive, to help build citizens' trust in the state.



3. **Relevance of Design.** The CPS objectives were aligned with country priorities and relevant to the challenges that Nepal faced. The WBG interventions were envisaged to support the achievement of the CPS objectives, with a robust program of lending, ASA products and trust fund activities, that were broadly complementary but dispersed. The WB deployed a range of lending instruments including IPF, DPF and PfoR; while appropriate this may have also taxed the limited implementation capacity of the government. The CPS noted, for instance, that the initial results from the PfoR revealed challenges in a low capacity environment. After initial difficulties, however, some of these challenges were addressed with government support and through close follow-up during implementation. The CPS also planned to build on the close collaboration with IFC through joint projects in energy, finance and agriculture and envisaged a division of labor between IFC and the Bank, with IFC focusing on private sector development and the Bank working closely with the government on policy reforms and supporting public investments. Given the large investment needs in some sectors, the CPS also envisaged close coordination with development partners. The Performance and Learning Review (PLR) of February 2017 undertook a comprehensive revision of the results framework to address the impact of the 2015 earthquakes, and considering progress on the ground. The revisions brought greater realism to the design, including alignment with the supporting program, although some shortcomings remained unaddressed. Overall, the more realistic results framework contributed to the positive delivery of results at the end of the CPS. A Joint Implementation Plan (JIP) was introduced at the PLR stage to coordinate the work of the Bank, IFC and MIGA in the electricity sector; however, the JIP has yet to demonstrate results in advancing the electricity agenda. Finally, the significant scaling up of the lending portfolio with ten operations approved between FY17-FY18, two years prior to program closure, means that more than half of new lending are not contributing to the CPS results for the period under review.

#### Selectivity

4. The CPS program was selective in the context of focus areas and number of objectives. The CPS objectives were congruent with the challenges that the country faced and in line with government priorities, and built on the WBG's comparative advantage. However, the program was less selective in terms of number of lending interventions given the limited capacity in the country to implement them. At the CPS and PLR, it was envisaged that the portfolio would be consolidated given fragmentation in the inherited portfolio which resulted in high transaction costs and diverted focus on potentially transformative interventions. However, the consolidation of the portfolio during the CPS period did not fully materialize as planned. While the average project size has increased, the total number of Bank operations has not been reduced. Between FY17-FY18, there was a significant scaling up of the lending portfolio, with 10 new operations approved amounting to \$1.34 billion in new commitments. The limited gains in portfolio consolidation is reflected in the high number of projects and commitments at risk, and could impact the results of the next CPF if it were to remain unaddressed.

#### Alignment

5. The CPS objectives were aligned with the 2013 WBG corporate goals on reducing extreme poverty and boosting shared prosperity. The two focus areas are aligned with the twin goals, and a number of objectives are focused on poverty reduction and shared prosperity directly or indirectly. That is the case, under Focus Area I, of efforts to create an environment conducive to economic activity and employment creation, including by means of expanding access to finance, electricity and rural transport. Similarly, under Focus Area II, Objective 5 focused on raising productivity and marketing capacity in agriculture, a source of livelihood for the rural poor. Objective 6 targeted access to higher education by the underprivileged. Objective 7 directed attention on skilled supported delivery to mothers from the two lowest quintiles, and Objective 8 targeted the socially excluded by engaging communities.

## 5. Development Outcome

### Overview of Achievement by Objective:

#### **Focus Area I: Increasing Economic Growth and Competitiveness**

6. Focus Area I had four objectives: (i) increased supply and reliability of energy, (ii) improved transportation connectivity, (iii) improved financial sector stability and financial inclusion, (iv) improved business regulatory environment for private sector investment.

7. **Objective 1: Increased Supply and Reliability of Electricity.** This objective was supported through lending and ASA: Kali Gandaki Hydropower Rehabilitation Project (FY14); Grid Solar and Energy Efficiency Project (FY15); Nepal India Electricity Transmission and Trade Project Rehabilitation Project (FY11), and Kabela Transmission Project (FY11). Technical Assistance (TA) included: Economic Impacts of Hydro Developments (FY17); Household Renewable Access (FY15); Hydropower Scale-up in Nepal (FY14). IFC AS included: Hydro Sector Development (FY15); and Nepal E&S Hydro (FY17.) This objective had four indicators.

- Local generation capacity rehabilitated (MW). The ICRR for the FY14 project reports that as of June 2017, 144 MW of generating capacity had been rehabilitated (in line with the target) *Achieved.*
- Local generation capacity added: The ISR (May 2018) for the FY15 project reports that the construction of the 25MW solar plant started on April 2018. Consequently, no local generation capacity has been added. *Not Achieved.*
- Additional power imports (increase from 100 MW in 2014 to 225 MW in 2018). The Restructuring Paper for the FY11 project reports that additional power imports of 160 MW from India as of 06/2018, exceeding the targeted increase of 125MW. Electricity import capacity stands now at 260 MW. *Achieved.*
- Number of load-shedding hours reduced in selected areas (hours) (from 14 hours in 2014 to 8 hours in 2018). The indicator was achieved partly through the increased imports of electricity from India, which had the support of the FY11 project. The Restructuring Paper for the FY11 project informs that load-shedding has been reduced from 14 hours per day to no load shedding in the country today. *Achieved*

8. The indicators captured well the overall objective to increase supply and reliability of electricity. This objective was *Mostly Achieved.*

9. **Objective 2: Improved transportation connectivity.** This objective, with three indicators, was supported through the Road Sector Development Project (RSDP) (FY08) and its AF (FY17); and Bridges Improvement and Maintenance Project (FY12).

- Percentage increase in population with access to all season road within 20 minutes of walking distance in targeted districts (from 8 percent in 2014 to 14 percent in 2018). The ICRR for the FY08 project reports that 15 percent of the population in targeted districts had access to an all-season road as August 2017. *Achieved.*
- Decrease in journey times from the targeted areas to key economic centers (from 4 hours in 2014 to 2.6 hours in 2018). The ICRR for the FY08 project reports that the journey time in project areas to key economic centers decreased from 4 hours in 2014 to 1.2 hours as of August 2017. It also reports reduction in travel time for key social centers to 1.9 hours. *Achieved.*
- Percentage of bridges in good and fair condition in targeted routes (from 53 percent in 2014 to 75 percent in 2018). The ICRR for the FY12 project reports that 81.2 percentage of bridges were in good and fair condition as of January 2018. *Achieved.*



10. The three indicators are all project level indicators. Given the broader scope of the objective, as formulated, the CLR could have informed about the potential for scaling and/or the link with National Programs underway, as identified in the Periodic Plans of the government. On balance, this objective was *Achieved*.

11. **Objective 3: Improved financial sector stability and increased financial inclusion.** This objective was supported through the Financial Sector Stability DPC series 3 (FY17); and through ASA including the Financial Sector Assessment Program (FY15), jointly with the IMF (FY15); Financial Sector Support TA (FY14); Problem Bank Resolution TA (FY14); AgriFin-Nirham Utthan Bank TA (FY15.) IFC also contributed to this objective through several Advisory Services including: Nidhan Bank Project (FY11), Nepal Payment System Regulatory Reform (FY11), Nepal SME Banking ASA (FY14) SA-SME Banking (FY16). This objective had two indicators.

- State-owned banks are either Capital Adequacy Ratio (CAR) compliant or under Prompt Collective Actions (PCA). Information provided by the Country Team from the Nepal Central Bank and respective Bank's websites indicate that the CAR for the Nepal Bank Limited was 16.4 percent and for the Rastriya Baniljya Bank was 11.42 percent, both above the 10 percent target, as of February 2018. All other banks remain compliant above 10 percent, for the same date. Regarding PCA, the Special Inspections Program included 22 Class A banks covering 74 percent of Class A banks assets, above the target of 50 percent. *Achieved*.
- Individuals and micro enterprises reached with financial services (increase from 2.3 million (of which 1.5 million female) in 2014 to 2.5 million (of which 1.6 million female) in 2018). The CLR reports that three million individuals and micro-enterprises had access to financial services and 215,000 microloans outstanding, of which 80 percent went to females, with IFC support. Additional information from the Nepal Central Bank reports that as of December 2017, the membership in the micro finance institutions was 2.5 million, up from 1.6 million in July 2014. Information available from IFC documents show contribution to 163, 217 loans to micro-enterprises. *Mostly Achieved*.

12. The IMF's 2017 Article IV for Nepal notes overall improvements in the financial sector indicators (including CAR), but highlights the inadequacy of these indicators to measure financial sector stability, and calls for continued implementation of the recommendations in the Financial Sector Assessment Program (FSAP) carried jointly with the Bank. Advances have been made in financial inclusion. On balance, this Objective was *Mostly Achieved*.

13. **Objective 4: Improved business regulatory environment for private sector investment.** This objective was supported through following IFC operations: Kabelin (FY15); InfraV-UT1 (FY12); InfraV-UKamali (FY15) InfraV-KTCPL (FY15); Priotech (FY14), and Fairfiled-KTM (FY14); Regulatory Reform Project (FY11.) IFC also supported this objective through AS including the following: Nepal Investment Climate Reform Program (FY13); Regulatory Reform Project (FY11); ICRP-Public Private Dialogue (FY10); and, South Asia Regional Integration in Trade and Investment (FY12). Bank ASA included: Enhancing Business Climate in Nepal (FY16). This objective had three indicators.

- \$100 million in new private investment supported or mobilized in priority sectors. The CLR reports that \$38 million were invested in long term finance from nine IFC projects. Based on available information from IFC project documents, \$37.5 million were mobilized through nine IFC projects in the following sectors: electric power (\$28.8 million), agriculture and forestry (\$1 million), and accommodation and tourism services (\$7.7 million). *Partially Achieved*
- Compliance cost savings (CCS) from investment climate interventions. The CLR reports that direct compliance was achieved through various IFC operations. Based on information from individual IFC interventions, the compliance cost savings were \$15.04 million (against the target of \$18.5 million). *Mostly Achieved*
- Additional number of formally registered business increased. IFC documentation provides an estimate of 196,775 as of June 2017 (above the target of 13,400). *Achieved*



14. The CLR points to improvements in the Global Competitiveness ranking from 105 in 2013/2014 to 98 in 2017/2018. The CLR also refers to positive contributions in opening a business. The improvements in Global Competitiveness ranking have been driven by the macroeconomic situation, not the quality of the business environment, which did not improve from 2013 to 2018, according to the Doing Business Reports for 2013 and 2018. However, comparing DB2014 to DB2018, it has become easier to open a business in Nepal, mostly because of lower fees, in line with the reduction in compliance costs as reported in the second indicator. Overall, the IFC work helped facilitate registration, which is having an impact on the number of newly registered firms. On balance, Objective 4 was *Mostly Achieved*.

15. Focus Area 1 was **Moderately Satisfactory**. Of the four objectives, one was Achieved and three were Mostly Achieved. There was substantial progress in improving transportation connectivity in selected areas, increasing supply and reliability through imports from India and refurbishing existing capacity. The stability of the financial sector improved, and gains on financial inclusion have been made. The business regulatory environment has improved, contributing to increased formal enterprise registration.

### **Focus Area II: Promoting Inclusion and Resilience**

16. Focus Area II had five objectives: (i) increased agricultural productivity and commercialization, (ii) increased equitable access to education and improved relevance of skills development, (iii) increases to and quality of health and nutrition services, (iv) reduced vulnerability of the socially excluded, marginalized, and economically vulnerable population, and (v) improved infrastructure in areas affected by the 2015 earthquakes

17. **Objective 5: Increased agricultural productivity and commercialization.** This objective was supported through the Agriculture Commercialization and Trade Project (FY09), Modernization of Rani Jamara Kulariya Irrigation Scheme Project—phase 1(FY12) and its Additional Financing (FY18). Bank ASA support included Sources of Growth in Agriculture (FY16). IFC also supported this objective through Promoting Climate Resilient Agriculture Project (FY13). This objective had three indicators:

- Productivity of selected high value commodities (tomato, milk and sugarcane): Tomato is expected to increase from 52.85 mt/ha to 66.06 mt/ha; milk from 978 liter/year and cow to 2,250 liter/year and cow; and sugarcane from 39.5 mt/ha to 47 mt/ha. The CPS and PLR did not provide baseline and target years. Per the February 2018 ISR for the FY09 project, tomato production was 91.58 mt/ha as of January 2018, and milk production increased to 3,113 liters of milk per cow as of January 2018. Additional information from the team indicates that sugarcane productivity increased to 88 mt/ha among lead farmers, as of 2016. Information beyond lead farmers is not available. *Mostly Achieved*.
- Increased area under irrigation farming (from 15,817 ha in 2014 to 26,800 ha. in 2018). The ICR and the ICRR for the FY12 operation do not report on this indicator. The Country Team reports that, based on the Project Trimester Report (The Modernization of Rani Jamara Kulariya Irrigation Scheme Project and its additional financing) 28,942 hectares are under irrigation, 18,312 from the main Phase of the Rani Jamara Kulariya Project and 10,630 from additional financing. *Achieved*.
- Increase in selected high value agricultural commodities sold (ginger and milk): Ginger is expected to increase from 930 t/year to 1302 t/year and milk from 9,598, ltr/year to 13,437ltr/year. Information from the Agriculture Commercialization and Trade Project shows that as of February 2018, the quantities sold were: for ginger, 1,620t/year and for milk 16,704 liter/year. *Achieved*.

18. Two indicators have been achieved or mostly achieved. The indicators were set at project level without specifying or indicating how to reach the broader development objective sought under the CPS. On balance, this Objective was *Mostly Achieved*.



19. **Objective 6: Increased equitable access to education and improved relevance of skills development.** This objective was supported through the School Reform Project (FY10); the Higher Education Reforms Project (FY15); and Enhanced Vocation and Training Project (FY11). ASA support included Nepal Education Studies (FY14). This objective had four indicators.

- Net Enrollment rate in secondary education. As of June 2018 ISR for the FY10 project, net enrollment rate in secondary education was 43.9 percent for males and 43.2 percent for females, above the targets of 40 percent and 39.5 percent for males and females respectively. *Achieved*
- Number of under-privileged enrolled in higher secondary and bachelors program The CLR reports that 8,410 underprivileged were enrolled in higher and bachelors program. Per the latest ISR information from the FY11 and FY15 projects, IEG estimates that 22,700 underprivileged students were enrolled as of June 2018, above the CPS target of 23,000 students. *Achieved*
- Number of students graduating annually from tertiary accredited institutions The CLR reports that 3,586 students graduating as of December 2017 based on data from the government's Education and Management Information System, compared to the target of 5,000 in 2018. The supporting Higher Education Reforms Project does not report on this indicator and no information is available on how the Bank contributed to this indicator. *Not Verified*.
- Percentage of graduates from supported programs gainfully employed at least for six months after completion of the short-term training. The ICRR for the Enhanced Vocational Education and Training Project reports that the percentage slightly increased from 68 percent in 2014 to 70.3 in June 2017. It also reports that, according to the project's tracer study, which tracked graduates 3 to 18 months after completion of training, 87.5 percent were employed as of 2016. *Achieved*.

20. On balance, this objective was *Mostly Achieved*.

21. **Objective 7: Improved access to and quality of health and nutrition services.** This objective was supported through the Second HNP and HIV AIDS Project (FY10); Rural Water Supply and Sanitation Improvement Project (FY14); Community Action for Nutrition Project (FY11); Nutrition Policy Dialogue II TA (FY14) and Nutrition Policy Dialogue III TA (FY15). This objective had three indicators.

- Percentage of births delivered by skilled birth attendants in the poorest two quintiles. Per the Nepal Demographic and Health Survey 2016 Final Report, 34 percent and 48 percent of births were delivered by skilled professionals, for the lowest and the second lowest quintiles, respectively. The targets were 23.7 percent and 30 percent, respectively. *Achieved*
- Percentage (15 percent) of children 6-24 months of age who consume a minimum acceptable diet in the most disadvantaged Village Development Committees (VDCs) of the 15 project districts. The ICR and the ICRR for the Community Action for Nutrition Project report that 15 percent of children 6-24 months of age consumed a minimum acceptable diet in several selected VDCs. *Achieved*
- New households with access to safe drinking water, new VDCs that are open defecation free (ODF) and new public latrines added in selected areas. The CLR reports that by October 2017 around 56,500 new households had access to safe drinking water, against a target of 100,000. The latest ISR (June 2018) for the FY14 project reports 435,000 people had access to safe drinking water. The ISR does not report on households. IEG estimates that around 95,000 new households have access to safe drinking water, using the average number of 4.6 people per household per the 2016 Health Survey. The number of VDCs declared ODF increased to 106 in June 2018, slightly below the target of 140. The number of improved latrines increased from to 122 as of June 2018, below the target of 130. *Mostly Achieved*.

22. On balance, Objective 7 was *Mostly Achieved*.





23. **Objective 8: Reduced vulnerability of the socially excluded, marginalized, and economically vulnerable population.** This objective was supported through the Poverty Alleviation Fund Project (PAF- II) (FY08); Social Protection Study (FY15); and Safety and Net Building TA (FY18). This objective had two indicators.

- Number of marginalized household supported with productive assets in targeted areas - Around 830,000 marginalized households benefited from improved infrastructure and income generation activities (versus the target 575,000), as of April 2018. *Achieved.*
- Percentage of households in the targeted communities with income increase of at least 15% against a baseline income in 2007. The latest ISR (April 2018) for the FY08 project reports an estimated-68 percent of the beneficiary households have increased their incomes by at least 15 percent (against a target of 70 percent) as of April 2018. *Mostly Achieved.*

24. Objective 8 was *Mostly Achieved.*

25. **Objective 9: Improved infrastructure in areas affected by the 2015 earthquakes.** This objective, with one indicator, was supported through the Earthquake Housing and Reconstruction (EHRP) Project (FY15) and its two additional financings (FY18).

- Additional number of households with multi-hazard resilient feature reconstructed by end FY18. As of May 2018, an estimated 53,568 households had their houses reconstructed with multi-hazard resilient features. of which 13,928 were women headed households (versus the target of 40,000 of which 10,390 female headed households). *Achieved*

26. This objective was *Achieved.*

27. On balance, Focus Area II is rated Moderately Satisfactory. Of the five objectives, four were rated mostly achieved and one achieved. Notable achievement was the housing reconstruction after the 2015 earthquakes. Gains have been made in agriculture productivity and commercialization for selected commodities, although some of these gains are at the pilot level. Skilled-attended birth delivery has improved for women in the two lowest quintiles. Secondary education enrollment has improved, and the percentage of graduates with jobs after completing training has increased. Progress has been made in reducing the vulnerability of the socially excluded and marginalized.

Overall Assessment and Rating

28. The overall achievement of the CPS objectives is rated as **Moderately Satisfactory**. Of the nine objectives, two were achieved and seven were mostly achieved. Under Focus Area I, there was substantial progress in improving transport connectivity, increasing supply and reliability of energy, improving financial sector stability and financial inclusion, and improving the business environment for private sector investment. Under Focus Area II, the most notable achievement was the reconstruction of housing after the 2015 earthquake. There was substantial progress in increasing agricultural productivity and commercialization of selected commodities, increasing access to education for the underprivileged groups and improving relevance of skills for gainful employment, improving to quality of health and nutritional services especially for mothers and children, and reducing vulnerability for the socially excluded and marginalized groups.

Objectives	CLR Rating	IEG Rating
<b>Focus Area I: Increasing Economic Growth and Competitiveness</b>	<b>Moderately Satisfactory</b>	<b>Moderately Satisfactory</b>
<i>Objective 1 Increased Supply and Reliability of Energy</i>	Mostly Achieved	Mostly Achieved
<i>Objective 2 Improved transportation connectivity</i>	Achieved	Achieved
<i>Objective 3 Improved Financial Sector Stability and Financial Inclusion</i>	Mostly Achieved	Mostly Achieved



<i>Objective 4 Improved business regulatory environment for private sector investment</i>	Mostly Achieved	Mostly Achieved
<b>Focus Area II: Promoting Inclusion and Resilience</b>	<b>Moderately Satisfactory</b>	<b>Moderately Satisfactory</b>
<i>Objective 5 Increased Agricultural Productivity and Commercialization</i>	Achieved	Mostly Achieved
<i>Objective 6 Increased Equitable Access to Education and Improved Relevance of Skills Development</i>	Mostly Achieved	Mostly Achieved
<i>Objective 7 Increased Access to and Quality of Health and Nutrition Services</i>	Partially Achieved	Mostly Achieved
<i>Objective 8 Reduced Vulnerability of the Socially Excluded, Marginalized, and Economically Vulnerable Population.</i>	Mostly Achieved	Mostly Achieved
<i>Objective 9 Improved infrastructure in areas affected by the 2015 earthquakes.</i>	Achieved	Achieved

## 6. WBG Performance

### Lending and Investments

29. At the beginning of the CPS period, total commitments were \$1.3 billion, with 23 operations comprising 21 Investment Project Financing (IPF) including three Additional Financing, one Development Policy Financing (DPF) and one Program for Results (PforR). During the CPS period, total new commitments reached \$2.0 billion, with 18 operations in the form of 13 IPFs, three DPFs and two PforRs. The largest share of new financing went to earthquake reconstruction (25 percent) and to finance and macroeconomic support jointly (20 percent), followed by education (16 percent), health and social protection (16 percent), and transport (8 percent). IDA allocation was leveraged through access to IDA's Crisis Response Window (CRW) in support of earthquake reconstruction. Ten operations were approved towards the end of the CPS period (FY17-FY18) with total new commitments of \$1.34 billion. This meant that delivery of results relied primarily on active projects at the beginning of the CPS and those approved during the first two years. At the beginning of the CPS, there were 21 trust funded activities for \$251.8 million. The bulk of the resources were concentrated in seven operations in education (48 percent), agriculture (18 percent), and climate change and environment (12 percent). During the CPS period, 15 trust fund activities were approved for \$106 million. Trust Funds approved during the CPS were concentrated in six operations, in education (59 percent), power (9.4 percent); earthquake reconstruction (9.4 percent); and road safety (7 percent). Trust Funds in education, agriculture, climate change and public financial management were well integrated with the CPS program. Efforts at consolidating the TF portfolio have reduced the number of non-core operations.

30. During the CPS period, Nepal's portfolio at exit showed mixed results compared to the SAR and Bank-wide averages. By number of projects, IEG validated fourteen ICRs and rated twelve (or 86 percent) as Moderately Satisfactory or better on development outcomes, compared to SAR (79 percent) and Bank-wide (75 percent). By commitment volume, Nepal performed less well (or 82 percent) compared to SAR (89 percent) and Bank-wide (86 percent) averages. The percentage of completed projects with moderate or lower risk to development outcome was 56 percent for Nepal compared to the average rating for SAR (45 percent) and the Bank (43.4 percent.)

31. During the CPS period, the active portfolio shows a high percentage of projects and commitments at risk which may reflect implementation difficulties with the rapid scaling up of the number of projects in the context of institutional capacity constraints. The percentage of projects at risk was 46.7 percent, higher than SAR (23.6 percent) and the Bank (23.7 percent) averages. The percentage of commitments at risk was also significantly higher at 47.6 percent compared to the averages for SAR (20.9 percent) and the Bank (22.1 percent). The high percentage of projects at risk reflects a difficult implementation environment and the limited gains at program consolidation. According to the CLR, the Bank tackled these implementation roadblocks through joint portfolio



reviews, capacity building of implementing agencies, and use of Disbursement Linked Indicators (DLI) and output-based disbursements, such as in the Earthquake Housing Reconstruction Project. These efforts may have contributed to the positive disbursement ratio and ratings at exit. For instance, the ICRR for the School Reform Project notes that the introduction of Incentive-Linked-Indicators and Disbursement-Linked-Indicators helped in advancing project implementation. During the CPS period the average disbursement ratio for investment projects was 20.9 percent, higher than the averages for SAR (17 percent) and the Bank (18.6 percent).

32. At the start of the CPS period, IFC had net commitments of \$92.9 million, of which 81 percent were in the financial sector, followed by the energy sector (11 percent), and investment fund (8 percent). The financial sector commitments were mainly in trade finance. During the CPS period, IFC made total commitments of \$58.4 million, of which 59 percent were in trade finance, power sector (30 percent), tourism (8 percent), and agribusiness (3 percent). For the commitments in the energy sector, \$8.5 million were cancelled, while a hydropower project with \$19.3 million of IFC commitments has stalled. The financial sector investments were mainly in short term trade finance.

33. During the CPS period, IEG validated one Expanded Project Supervision Report (XPSR) covering an IFC investment in a microfinance institution. The IEG XPSR Evaluative Note assigned the project a Highly Successful rating for development outcome considering the performance of the microfinance institution under a very challenging environment in Nepal. The project combined effective reach to both urban and rural poor, which are preponderantly women, with a healthy and sustainable commercial rate of return.

34. There were no MIGA supported projects during the CPS period.

#### Analytic and Advisory Activities and Services (ASA)

35. The ASA work supported the CPS/PLR agenda and informed the development of the country program going forward. It also served as an important instrument in the dialogue with government on policy as well as in the implementation of priority agenda. The CPS organized the ASA program around advocacy to prepare future operations, quality to support the on-going program, and advice to government on specific requests. The CLR emphasized the work in support of the policy dialogue on key reform areas and to deepen sector knowledge. The Bank delivered 40 ASA pieces during the CPS period, including 13 for economic and sector work (ESW) and 27 technical assistance (TA). The actual delivery was broadly in line with the planned ASA program both in the CPS and the PLR. A set of Policy Notes was prepared to support the dialogue on investment, infrastructure and inclusion with the new government and to inform the preparation of the CPS. A Country Economic Memorandum (FY17) has informed the dialogue with government on the challenges going forward and grounded the preparation of the 2017 SCD. ASA work has been used to prepare the scaling-up of hydro development and the Fast Track Initiative on transport. The ASA work on the financial sector, such as the FSAP (FY15) and TA to banks, has aided the design and implementation of the Financial Sector DPC support, and continues to inform the financial sector agenda going forward. ASA work on governance and fiscal issues, such as Public Expenditure and Financial Accountability Assessment (PEFA)-II (FY16) has informed the preparation of the Fiscal Reform DPC (FY18) and the strengthening of the fiscal institutions. The core ASA work is available in the WBG Repository.

36. During the CPS period, IFC approved 22 advisory services (AS) projects amounting to \$28.6 million, of which 49 percent supported the energy sector, and provided advice to financial institutions (44 percent), and promoted public private partnership (PPP) opportunities (5 percent). The AS in the energy sector focused on hydropower projects, including ensuring adherence to environmental and social standards and identifying potential energy projects, while the AS in the financial sector mainly supported SME finance as well as to help improve the financial infrastructure. Eight AS projects – seven in the financial sector and one PPP for a hotel - amounting to about 10 percent of total amount were put on hold or terminated for various reasons, including lack of commitment from new management of beneficiary institutions and merger of AS projects.

37. During the CPS period, IEG validated one Project Completion Report (PCR) for IFC advisory services. The IEG Evaluative Note assigned a Mostly Unsuccessful rating for development



effectiveness to a project that supported the sustainable energy financing capacity of a financial institution. The financial institution supported by the AS project was acquired by another FI and it was unclear whether the project outcomes were sustained.

#### Results Framework

38. The results framework reflected well the links between country development goals and the CPS program objectives and WBG interventions. The original design showed some weaknesses in the results chain which were addressed at PLR. For instance, indicators in energy did not reflect well the program, or were not attributable to the program, as in transport. One objective combined two substantially different engagements, one on the financial sector and other in the business environment. The PLR made substantial adjustments in the results framework to take into account the response to the earthquakes that hit the country in 2015, the political transition, design concerns, and the implementation challenges due to capacity constraints. Two new objectives were introduced, including one to reflect the contribution to the reconstruction of housing after the two earthquakes that hit the country in 2015, and the second to sharpen the focus on improving the business environment. Links to external connectivity in the transport objective were dropped because work on linking to India was affected by political disturbances. Overall, the results framework became more realistic, and the quality improved contributing to the positive delivery of results at the end of the CPS. The quality of the RF still remained somewhat uneven. On electricity, the relationship between objective, indicators, and supporting program was well balanced and realistic. The same was the case for education, health and nutrition, earthquake reconstruction, and financial stability. However, in transport, social inclusion, and agriculture, there was a disconnect between the objectives, pitched at a high level, and the indicators reflecting pilot project interventions. No scaling up efforts were developed in these cases, or any indication on how the projects would be scaled to broader CPS objectives and national programs. For some of the interventions, it was also difficult to measure the indicators, and/or the information was not easily available. This was the case for financial inclusion, business environment, and education.

#### Partnerships and Development Partner Coordination

39. IEG's 2014 IEG "World Bank Group Assistance to Fragile and Conflict- Affected Low-Income States, had noted difficulties in donor coordination in Nepal, and the CPS highlighted the high fragmentation of donor portfolios, including the WBG's, and a lack of cooperation among donors. Significant progress in coordinating with other Development Partners was made during the CPS, and it is quite solid today in areas such as earthquake reconstruction. The Bank led the Development Partner community in responding to the reconstruction needs after the earthquake. It prepared the Earthquake Post Disaster Needs Assessment (July,2015) taking stock of the impact of the earthquakes and the reconstruction needs by sector. Thus, the international community responded to support reconstruction after the earthquakes, with pledges of around \$4 billion. The Bank supported the creation of the Housing Reconstruction Multi-Donor Trust Fund. The Bank has maintained a strong relationship with the IMF around the DPC operations, the joint preparation of FSAP and fiscal issues. Cooperation has also been strong around education, with the support of Trust Fund resources, for \$185 million. The Bank has been a member of the International Development Partners Group, which includes Asian Development Bank, United Nations, Australia, Denmark, Finland, France, Germany, Japan, Norway, Switzerland, United Kingdom, and United States. The World Bank with Swiss Development Group lead the Federalism Working Group.

#### Safeguards and Fiduciary Issues

40. Of the fourteen operations that were closed and validated by IEG during the CPS period, twelve triggered environmental and social safeguard policies in the transport, education, agriculture, health, social protection, water, energy and social development practices. The ICRs and the ICRRs point to the lack of in-country capacity and inadequate staffing as impacting negatively safeguards performance. The CLR further points to sector complexities, political economy, instability in the country and the 2015 earthquake as increasing the costs of coordination, which affected decision making and implementation. Overall safeguards compliance generally received a satisfactory rating at project completion, although impact mitigation measures were not always explicit. A request for



investigation was registered by the Inspection Panel (IP) in November 2013 for alleged harm during the implementation of the closed Nepal Power Development Project (2013). The request had been submitted by the representatives of affected communities with Indigenous Peoples, in July of 2013. In its final report, the IP found the WB partly in noncompliance with the applicable policies. In response, the Bank prepared an action plan which is still under implementation. A second request for investigation by the LGBTI community was submitted to the Inspection Panel in September 2013 for alleged discrimination during consultations for the ongoing Enhanced Vocational Education and Training Project (2018). The request was not registered because management had already acted to resolve the issue.

41. During the CPS period, INT substantiated three cases and is currently investigating a case. The substantiated cases included one in the energy sector, Nepal-India Electricity Transmission and Trade Project, wherein allegations of corruption and fraud were substantiated; one in the Transport sector, Project for Strengthening the National Rural Transportation Program (SNRTP), wherein allegations of rent-seeking were substantiated; and one in the Health sector (the case was focused on Bangladesh but the subject firm was fraudulent while bidding in a contract in the Nepal Health sector). The ongoing case is in the Industrial and Trade sector. Separately, during FY14-18, 30 complaints were documented in INT databases, the major clusters included: seven in the Agriculture sector, seven in the Health, Nutrition and Population sector, four in Transport & ICT, and three each that were Energy sector and Water sector-related.

#### Ownership and Flexibility

42. The CPS was aligned with the government's long-term national objectives as articulated in the Periodic Plans. In preparation for the CPS, the World Bank consulted with a broad range of stakeholders including representatives from government, political parties, civil society and development partners among others. The CPS noted that broad based consultation was important given the political situation at that time to obtain alignment with development priorities. The CLR reports that changes in national leadership (five prime ministers from 2013 to 2018) have made it difficult to implement projects and sustain dialogue with government on critical policy issues. Recent ICRRs (e.g. Emergency Towns, Road Sector, Second HNP and HIV/AIDS projects) confirm that changes at the top did affect implementation. The political changes have also affected the pace of implementation of the policy agenda, and professional bureaucracy has played a critical role in sustaining it. The Bank demonstrated flexibility during implementation. After the earthquakes and based on a needs assessment, the Bank prepared and approved the Earthquake Housing and Reconstruction Project (FY15) for \$500 million which accounted for the largest share in new commitments. IFC also responded to the earthquake reconstruction needs by adjusting credit financing and directing financial resources to enable economic recovery. The recent adoption of a new constitution is posing additional challenges and the Bank has committed to help in making federalism work. The Bank also showed flexibility by significantly adjusting the results framework at the PLR stage.

#### WBG Internal Cooperation

43. There was strong internal collaboration between the Bank and IFC, with clear division of labor. The contributions of both the Bank and IFC were reflected in the results framework. At the PLR, internal collaboration between the Bank, IFC and MIGA to support Objective 1 was reflected under a Joint Implementation Plan (JIP) in electricity production and distribution. The Bank and IFC financed Kabeli-A, a 37.6 MW hydropower project (FY15), which is under implementation. However, Upper Trishuli 1, which was included in the JIP and was expected to attract the largest single-project foreign direct investment into Nepal has experienced implementation delays. The CLR reports that the corresponding Power Purchase Agreement (PPP) for the project has been signed in January 2018.

#### Risk Identification and Mitigation

44. The risks identified by the CPS covered political, economy (external), fragility, governance, capacity and engagement issues. They fitted well the situation at the time. The PLR reassessment rated the overall risk for the overall program as Substantial, and on Political and Governance and



Institutional Capacity for Implementation and Sustainability as High. The Bank managed the political risks to the policy agenda, especially in the area of finance, through the DPC series to help gradually generate and solidify consensus on the reform agenda. Strong cooperation with the IMF and DFID helped mitigate the political risk on the policy agenda. Extensive TA was also provided. To mitigate capacity and engagement risks, the Bank undertook periodic portfolio reviews, capacity building efforts, and use of DLIs and output-based indicators may have contributed to improved disbursement ratios and quality at exit ratings. Notably, the risk from natural disasters such as earthquakes was not considered in the CPS. However, when the risk materialized, the WBG responded in a timely and substantive manner.

#### Overall Assessment and Rating

45. WBG's performance is rated as **Good**.

#### Design

46. The CPS program reflected well the country's challenges and was congruent with the government's long-term objectives as articulated in the government's Periodic Plans. The CPS focus areas and objectives were aligned with the WBG twin goals and had the support of a solid program of operations, ASA and trust funds, that were broadly complementary but somewhat dispersed. The CPS program was selective in focus areas and number of objectives but less selective in terms of number of lending interventions given the limited implementation capacity in the country.

#### Implementation

47. At the PLR, the results framework was modified by adding two objectives and revising indicators to reflect the Banks' response to the aftermath of the 2015 earthquake and to reflect realities on the ground, and improved its design although some weaknesses remained. The identification of risks was adequate especially the concerns about the political economy and implementation capacity. Overall, Nepal's portfolio performance at exit compared well with respect to the SAR and Bank-wide averages in terms of number of projects rated Moderately Satisfactory or better. The percentage of projects at risk remains high as the size of the portfolio continues to tax implementation capacity despite efforts at consolidation by increasing the average project size. Following the PLR, there was a significant scaling up of the lending portfolio with ten operations approved between FY17-FY18. In effect, the program consolidation promised at the CPS and PLR did not fully take place as envisaged. The identification of risks was adequate especially the concerns about politics and implementation capacity. Internal collaboration between the Bank and IFC was strong and reflected in electricity, finance, and business environment. Donor coordination improved during the CPS. The WBG has played a leading role in earthquake reconstruction and the emerging federalism agenda. Compliance with social and environment safeguards was affected by a difficult implementation and weak capacity, further tested by the impact of the earthquakes. The Management Action Plan (MAP) to address the findings of the Inspection Panel regarding the Nepal Power Development Project (closed in December 2013) is under implementation. INT substantiated three cases of corruption in the energy, transport and health projects.

### **7. Assessment of CLR Completion Report**

48. The CLR followed the joint OPCS/IEG guidelines in reporting and in rating the program and WBG performance. It reported on the objectives and indicators as per the Performance and Learning Review. Overall the sources of information were clear, but in some cases, they were not, thus making it cumbersome to determine the contribution of the program, as in financial inclusion, and business environment. The CLR is candid in discussing pertinent and relevant issues, like selectivity, and the need to target objectives above the project level. The lessons that the CLR draws are relevant. The CLR could have discussed two issues. First, the reasons and possible consequences of the late preparation of the PLR, two and a half years after the CPS went to the Board. Second, the CLR could have explained in greater detail the impact on the program of the two earthquakes and political



disruptions in 2015, including project reprogramming, and the rather comprehensive changes in the results framework at the time of the PLR.

## **8. Findings and Lessons**

49. The CLR draws lessons in the following areas: (i) the use of the knowledge base and outreach for policy reform in a difficult political environment; (ii) the need to find the right and adequate instruments that fit the implementation environment; (iii) the attention to selectivity not just with regard to the number of objectives but also of instruments so as to not overwhelm implementation capacity; the need for a multi-pronged approach to implementation; (iv) WBG leadership and coordination with DP community; (v) the limitation of the community managed interventions from the perspective of impact and sustainability; and (vi) the need to focus results beyond project levels.

50. IEG adds the following lessons:

- To effectively address a country's needs after a natural disaster in a fragile environment, it is critical for the WBG to be agile and flexible, using a combination of instruments. In the case of Nepal, the WBG was flexible in responding to the challenges brought about by the earthquakes and the political disturbances. The fast response to the earthquake reconstruction needs was aided by a prompt and credible stocktaking of the impact of the earthquakes, which in turn facilitated the mobilization of resources from the development community and helped leverage Bank and IFC resources. The results framework was revised to take account of the impact of the earthquake effort on the program and supporting operations were designed to facilitate fast disbursement of project funds.
- Greater selectivity is needed in post-conflict environments to align with the limited implementation capacity and ensure sustained delivery of results. Countries that move out of a conflict situation are bound to find themselves facing the broad challenges of institution building. In the case of the Nepal experience, while there were efforts at portfolio consolidation by increasing the average project size, implementation capacity remains an issue as reflected in the high percentage of projects at risk, and could affect the results of the next CPF if it were to remain unaddressed. Going forward, it is important to further consolidate the lending portfolio as originally envisaged in the CPS and PLR to align with implementation capacity and ensure sustained results on the ground.





**Annex Table 1: Summary of Achievements of CPS Objectives – Nepal**

**Annex Table 2: Planned and Actual Lending for Nepal, FY14-FY18**

**Annex Table 3: Analytical and Advisory Work for Nepal, FY14-FY18**

**Annex Table 4: Trust Funds Active for Nepal, FY14-FY18**

**Annex Table 5: IEG Project Ratings for Nepal, FY14-FY18**

**Annex Table 6: IEG Project Ratings for Nepal and Comparators, FY14-18**

**Annex Table 7: Portfolio Status for Nepal and Comparators, FY14-18**

**Annex Table 8: Disbursement Ratio for Nepal, FY14-FY18**

**Annex Table 9: Net Disbursement and Charges for Nepal, FY14-FY17**

**Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid for Nepal**

**Annex Table 11: Economic and Social Indicators for Nepal, FY14-FY18**

**Annex Table 12: List of IFC Investments in Nepal**

**Annex Table 13: List of IFC Advisory Services in Nepal**

**Annex Table 14: IFC net commitment activity in Nepal, FY14 - FY17**

**Annex Table 15: List of Active MIGA Activities in Nepal, 2014-2018**





**Annex Table 1: Summary of Achievements of CPS Objectives – Nepal**

	CAS FY14-FY18: Focus Area I: <i>Increasing Economic Growth and Competitiveness</i>	Actual Results	IEG Comments
<b>Major Outcome Measures</b>	<b>1. CPS Objective: Increased supply and reliability of electricity</b>		
	<b>Indicator 1: Local generation capacity rehabilitated:</b> Baseline: 0 MW (2014) Target: 144 MW (2018)	The Kali Gandaki A Hydropower Plan Rehabilitation Project (P132289, FY14) supported this indicator. <a href="#">IEG ICRR: MU</a> reports that 144 MW of hydropower generation capacity were rehabilitated under the project, as of June 2017. <b>Achieved</b>	Before the PLR this Objective was: <i>“Increased supply of electricity, including import, and improved access to reliable and affordable electricity within Nepal”</i> and possessed two indicators: <i>Indicator 1: Power Generation Capacity added or rehabilitated (MW)</i> , with two baselines and targets for Local Capacity and for Power Imports; and <i>Indicator 2: Length of transmission and distribution system added or rehabilitated</i> Baseline: 0km Target: 600km new and rehabilitated
	<b>Indicator 2: Local generation capacity added:</b> Baseline: 0 MW (2014) Target: 25 MW (2018)	The Grid Solar and Energy Efficiency Project (P146344, FY15), supported this indicator. The November 2017 <a href="#">ISR: MS</a> reports that the contract agreement was signed for supply and installation of 25MW grid connected solar PV plant. The latest <a href="#">ISR: MS</a> (May 2018) reports that the construction of the 25MW solar plant started on April 2018. Consequently, the ISR reported no progress in the generation capacity of renewable energy constructed. <b>Not Achieved</b>	
	<b>Indicator 3: Additional power imports:</b> Baseline: 100 MW (2014) Target: 225 MW (2018)	The Nepal India Electricity Transmission and Trade Project (P115767, FY11) supported this indicator. The <a href="#">latest ISR: MS</a> (June 2018) reports that, as of January 2018, 700 GWh were imported from India to Nepal. The Project Restructuring Paper reports that additional power imports of 160 MW from India as of 06/2018, exceeding the targeted increase of 125MW. <b>Achieved</b>	
	<b>Indicator 4: Number of load-shedding hours reduced in selected areas (hours):</b> Baseline: 14 hours (2014) Target: 8 hours (2018)	The Kali Gandaki A Hydropower Plan Rehabilitation Project (P132289, FY14), the Grid Solar and Energy Efficiency Project (P146344, FY15, <a href="#">PAD</a> ), the Kabeli-A Transmission Project (P112893, FY11, latest <a href="#">ISR: MU</a> , April 2017), the Kabeli-A Hydro Electric Project (P122406, FY15), jointly financed by the IFC project 30977 (FY15) and the Nepal India Electricity Transmission and Trade Project (P115767, FY11, <a href="#">PAD</a> ) supported this indicator as they aimed to address load shedding issues in the country.	
Only the <a href="#">ICR: MU</a> of the Kali Gandaki A Hydropower Plan Rehabilitation Project (P132289, FY14) reports that the plant comprises about 20%			



	CAS FY14-FY18: Focus Area I: <i>Increasing Economic Growth and Competitiveness</i>	Actual Results	IEG Comments
		<p>Information provided by the Country Team, using data from the Nepal Electricity Authority, reports that the load-shedding hours reduced in major cities like Kathmandu and connecting districts from 14 hours to 0 hours in 2017 and that improvement in supply is due to electricity imports of 160 MW from India (through the Nepal India Electricity Transmission and Trade Project (P115767, FY11). The <a href="#">Project Restructuring Paper</a> of the Nepal India Electricity Transmission and Trade Project Rehabilitation Project (P115767, FY11) informs that load-shedding has been reduced from 14 hours per day to no load shedding in the country today. <b>Achieved</b></p>	<p>of the total generation capacity of the country and that its contribution in reducing load shedding is very significant. <a href="#">IEG ICRR: MU</a> does not report data for shedding hours.</p>
<b>2. CPS Objective: Improved transportation connectivity</b>			
	<p><b>Indicator 1: Percentage increase in population with access to all season road within 20 minutes of walking distance in targeted districts:</b> Baseline: 8% (2014) Target: 14% (2018)</p>	<p>The Road Sector Development Project (P095977, FY08) and its additional financing operations supported this indicator. IEG <a href="#">ICRR: MS</a> reports that the share of rural population with access to an all-season road increased from 7.6% to 15% as of August 2017. <b>Achieved</b></p>	<p>These three indicators were added at PLR stage.  The original indicators were: <i>Indicator 1: Number of district headquarters connected with all-season roads DP</i> Baseline: 59 Target: 65 and <i>Indicator 2: Average time from ship readiness to unload to final destination for an imported container, on Kolkata- Birgunj-Kathmandu Corridor:</i> Baseline: 22 days Target: 18 days</p>
	<p><b>Indicator 2: Decrease in journey times from the targeted areas to key economic centers:</b> Baseline: 4 hours (2014) Target: 2.6 hours (2018)</p>	<p>The Road Sector Development Project (P095977, FY08) and its additional financing operations also supported this indicator. IEG <a href="#">ICRR: MS</a> reports that the journey time, in project areas, to key economic centers and to key social services centers decreased from 4h to 1.2h and to 1.9h, respectively, as of August 2017. <b>Achieved</b></p>	
	<p><b>Indicator 3: Percentage of bridges in good and fair condition in targeted routes:</b> Baseline: 53% (2014) Target: 75% (2018)</p>	<p>The Bridges Improvement and Maintenance Project (P125495, FY12) supported this indicator. Management <a href="#">ICR: S</a> reports that the share of improved condition (good or fair) of bridges on the target group increased from 53% to 81.2% as of July 2017. <b>Achieved</b></p>	



CAS FY14-FY18: Focus Area I: <i>Increasing Economic Growth and Competitiveness</i>	Actual Results	IEG Comments
<b>3. CPS Objective: Improved financial sector stability and increased financial inclusion</b>		
<p><b>Indicator 1: State-owned banks are either Capital Adequacy Ratio (CAR) compliant or under Prompt Collective Actions (PCA):</b>  <b>CAR:</b>            NBL: Baseline: -0.49%; Target: 10%            RBB: Baseline: 3.33%; Target: 10%            Other Banks &gt;10%; Target: &gt;10%</p> <p><b>PCA:</b>            Baseline: No inspections; Target: 50% of Assets in Class A Bank</p>	<p>The Third Financial Sector Stability Credit (P156960, FY17) supported this indicator. The <a href="#">Program Document</a> indicates that:</p> <p><b>CAR:</b></p> <ul style="list-style-type: none"> <li>- Nepal Bank Limited (NPL): CAR was 11.4% as of mid-July 2016</li> <li>- Rastriya Banijya Bank (RBB): CAR was 11.2% as of mid-July 2016</li> <li>- CAR for commercial banks has improved to 12.2% by FY2016 and that all banks meet the minimum of 10%</li> </ul> <p>Additional data (as of mid-January 2018) from the NNL and respective Banks' websites provided by the Country Team, indicates that:</p> <ul style="list-style-type: none"> <li>- Nepal Bank Limited (NPL): CAR was 16.41%</li> <li>- Rastriya Banijya Bank (RBB): CAR was 11.42%</li> <li>- CAR for commercial banks were:               <ul style="list-style-type: none"> <li>- A class banks: 14.22%</li> <li>- B class banks: 20.44%</li> <li>- C class banks: 21.9%</li> <li>- Overall banks: 15.40%</li> </ul> </li> </ul> <p><b>PCA:</b> Information provided by the Country Team indicates that Special Inspections Program were carried out on 54 financial institutions covering 64% banking sectors assets which included 22 Class A banks covering 74% Class A banks assets. It also reports that, at present, 9 Financial Institutions (FIs) are under PCA while 7 FIs are in the process of resolution.</p> <p><b>Achieved</b></p>	<p>Before the PLR, the indicator was:  <i>State-owned banks (NBL and RBB) recapitalized as per prudential norms and NBL privatized.</i></p> <p>The baselines and targets for NBL and RBB were the same and the indicator had another baseline and target:  <i>GoN ownership of NBL: 30% GoN ownership of NBL: 0%</i></p> <p>Before the PLR, the baseline and target for PCA were presented as a distinct indicator.</p>
<p><b>Indicator 2: Individuals and micro enterprises reached with financial services:</b></p> <p>Baseline: Micro enterprise and individual 2.3 million</p>	<p>The IFC Advisory Service (AS) Nidhan Bank project (580627, FY11) supported this Indicator by providing the Bank with advisory services to expand its operations to the clients with micro-finance and related financial services. The FY2017-Q2 AS <a href="#">Supervision Report</a> indicates that the number of micro-loans</p>	<p>Before the PLR indicator, baseline and target were also included for SMEs:  <i>Baseline: 43,900 (5,286 female owned)</i>  <i>Target: 51,300 (6,300 female-owned).</i></p>



	<b>CAS FY14-FY18: Focus Area I: Increasing Economic Growth and Competitiveness</b>	<b>Actual Results</b>	<b>IEG Comments</b>
	<p>(of which 1.5 million female) (2014) Target: Micro enterprise and individual 2.5 million (of which 1.6 million female) (2018)</p>	<p>increased from 84,931 to 163.217 and that the value of micro-loans increased from USD 20.8 million to USD 67.5 million. No more recent document was available to verify that, as reported in the CLR, 215,397 microloans outstanding, of which, 80 percent (172,318) are female borrowers were approved.</p> <p>The IFC also provided financial sector advisory engagements to, among others, foster the development of e-payments and mobile banking through:</p> <ul style="list-style-type: none"> <li>- The Nepal Payment Systems Regulatory Reform AS, 586887, FY11, see AS <a href="#">Completion Report</a> that reports that during the project implementation, FY11-14, about 559,000 mobile banking/branchless banking accounts were opened by Banks and Financial Institutions)</li> <li>- The TA to M. Nepal on Launching of Mobile Money Initiative and Agent Network Development (596407, FY12, see IFC 2013 <a href="#">Mobile Money Scoping Report</a> for Nepal)</li> <li>- The Nepal SME Banking AS (599173, FY14, see AS <a href="#">Completion Report</a> ) that supported the dissemination of sectoral knowledge on SME banking</li> <li>- The SA -SME Banking AS (600409, FY16, no supervision document found)</li> </ul> <p>As reported in the CLR and confirmed by the Country Team, 2.9 million individuals and microenterprises have access to financial services through mobile banking, of which at least 1.67 million are female.</p> <p>The December 2017 Banking and Financial Statistics Report of the Nepal Rastra Bank reports that the number of borrowers from microfinance financial institutions increased from 1,102,132 in mid-July 2014 to 1,675,562 in mid-December 2017 and that the total number of members increased from 1,612,430 to 2,519,778 in the same timeframe.</p> <p>Based on the review of the projects” document which permitted to verify that</p>	<p>The December 2017 Banking and Financial Statistics Report of the Nepal Rastra Bank reports that the number of mobile banking customers reached 2,986,669 people as of mid-December 2007.</p>



	CAS FY14-FY18: Focus Area I: <i>Increasing Economic Growth and Competitiveness</i>	Actual Results	IEG Comments																														
		163,217 micro-loans were supported by IFC during the period. <b>Mostly Achieved</b>																															
<b>4. CPS Objective: Improved business regulatory environment for private sector investment</b>																																	
	<p><b>Indicator 1: \$100 million in new private investment supported or mobilized in priority sectors:</b> Baseline: 0 (2014) Target: \$100 million (2018)</p>	<p>The CLR reports that, through IFC investment projects, USD 38 million were invested in long-term finance. Additional information provided by the Country Team reports the contribution of 9 IFC long-term finance (LTF) projects to this indicator (see IEG comment).</p> <p>These projects were approved for the following sectors (as per IFC primary sector classification): Electric Power (USD 28.8 million), Agriculture and Forestry (USD 1 million), Accommodation and Tourism Services (USD 7.7 million). <b>Partially Achieved</b></p>	<p>The contributing IFC operations are:</p> <table border="1"> <thead> <tr> <th>Project ID</th> <th>Project Name</th> <th>IFC Total Financing (in USD million)</th> </tr> </thead> <tbody> <tr> <td>30977</td> <td>Kabelim FY15</td> <td>19.3</td> </tr> <tr> <td>31797</td> <td>InfraV-UT1, FY12</td> <td>1.0</td> </tr> <tr> <td>32353</td> <td>InfraV-UMP, FY14</td> <td>2.0</td> </tr> <tr> <td>35355</td> <td>InfraV-UKarnali, FY15</td> <td>4.0</td> </tr> <tr> <td>35356</td> <td>InfraV-KTCPL, FY15</td> <td>1.0</td> </tr> <tr> <td>35408</td> <td>InfraV-MTCPL, FY15</td> <td>1.5</td> </tr> <tr> <td>33069</td> <td>Probiotech, FY14</td> <td>1.0</td> </tr> <tr> <td>35111</td> <td>Fairfield-KTM, FY14</td> <td>6.0</td> </tr> <tr> <td>38208</td> <td>HCR, FY17</td> <td>1.7</td> </tr> </tbody> </table>	Project ID	Project Name	IFC Total Financing (in USD million)	30977	Kabelim FY15	19.3	31797	InfraV-UT1, FY12	1.0	32353	InfraV-UMP, FY14	2.0	35355	InfraV-UKarnali, FY15	4.0	35356	InfraV-KTCPL, FY15	1.0	35408	InfraV-MTCPL, FY15	1.5	33069	Probiotech, FY14	1.0	35111	Fairfield-KTM, FY14	6.0	38208	HCR, FY17	1.7
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	<p><b>Indicator 2: Compliance cost savings (CCS) from investment climate interventions:</b> Baseline: US\$0 million (2014) Target: US\$18.5 million (2018)</p>	<p>The CLR reports that direct compliance cost savings were achieved through various IFC operations:</p> <ul style="list-style-type: none"> <li>- USD 24 million through the <i>Nepal Investment Climate Reform Program</i>: the <a href="#">AS completion report</a> of the Investment Climate for Industry project (593787, FY13) indicates that, as of November 2017, it was too early to measure the impact of automation on business processes but that CCS of about USD 474,000 were expected (project end target is June 2018).</li> <li>- USD 6.3 million from the <i>Regulatory Reform Project</i> (575068, FY11): the <a href="#">AS Completion Report</a> indicates that the new</li> </ul>																															



	<b>CAS FY14-FY18: Focus Area I: Increasing Economic Growth and Competitiveness</b>	<b>Actual Results</b>	<b>IEG Comments</b>
		<p>on-line business registration system led to annual CCS of about USD 6.5 million as of December 2017.</p> <p>- USD 8.5 million from the ICRP- Public Private Dialogue project (575070, FY10): the <a href="#">AS Completion Report</a> indicates direct CCS of USD 8.54 million as of June 2015. It also reports that CCS were expected to increase to USD 10 million post completion</p> <p>- USD 9.5 million from the South Asia Regional Integration in Trade and Investment (577807, FY12) for which no IFC supervision/completion document was available in WBG systems.</p> <p>As per the review of the reported IFC documents, about USD 15.5 million CC were saved thanks to IFC investment climate interventions. <b>Mostly Achieved</b></p>	
	<p><b>Indicator 3: Additional number of formally registered business increased:</b> Baseline: 10,123 (2014) Target: 13,400 (2018)</p>	<p>The Regulatory Reform Project (575068, FY11) supported this indicator. The <a href="#">AS Completion Report</a> indicates that the number of formally registered businesses increased from 10,123 (2014) to 196,775 as of June 2017. <b>Achieved</b></p>	<p>This indicator was added at PLR stage.</p>
	<b>CAS FY14-FY18: Focus Area II: Promoting Inclusion and Increasing Resilience</b>	<b>Actual Results</b>	<b>IEG Comments</b>
	<b>5. CPS Objective: Increased agricultural productivity and commercialization</b>		
<b>Major Outcome Measures</b>	<p><b>Indicator 1: Productivity of selected high value commodities increased:</b></p> <p>Tomato: Baseline: 52.85 mt/ha; Target: 66.06 mt/ha</p> <p>Milk: Baseline: 978 liter/year and cow; Target: 2,250 liter/year and cow</p>	<p>The Agriculture Commercialization and Trade Project (P087140, FY09) supported productivity increase for tomatoes and milk. The latest project's <a href="#">ISR: MS</a> (February 2018) reports that:</p> <ul style="list-style-type: none"> <li>- tomato production increased from 51.8 mt/ha to 91.56 mt/ha and that</li> <li>- milk production increased from 2,381 liters to 3,113 liters as of January 2018 (as reported in the CLR, the ISR measurement is different than the CLR's).</li> </ul>	<p>Before the PLR, this Pillar was named "Increasing inclusive growth and opportunities for prosperity".</p> <p>Before the PLR the baseline and target for tomatoes were <i>Tomato: Baseline: 84t/ha; Target: 110t/ha</i></p> <p>Before the PLR, this indicator also comprised baseline/ target for poultry.</p>





	<b>CAS FY14-FY18: Focus Area II: Promoting Inclusion and Increasing Resilience</b>	<b>Actual Results</b>	<b>IEG Comments</b>
	Sugarcane: Baseline: 39.5 mt/ha; Target: 47 mt/ha	The IFC Promoting Climate Resilient Agriculture Project (588487, FY13) supported sugarcane productivity increases. Sugarcane productivity increased to 88 mt/ha among lead farmers, as of 2016. Information beyond lead farmers is not available. <b>Mostly Achieved</b>	
	<b>Indicator 2: Increased area under irrigation farming:</b> Baseline: Irrigated area 15,817 (2014) Target: 26,800 (2018)	The Modernization of Rani Jamara Kulariya Irrigation Scheme Project – Phase 1 (P118179, FY12) and its additional financing supported this indicator. <a href="#">ICR: MS</a> and IEG <a href="#">ICRR: S</a> reports do not report information related to the area under irrigation farming. Information from the Project Trimester Progress Report 2017/18 reported by the Country Team indicates that 28,942 ha are under irrigation (18,312 ha from the main phase of the project and 10,630 from the additional financing). <b>Achieved</b>	At PLR stage, one indicator was taken out: <i>Indicator 2: Percentage increase in the cropping intensity</i> Baseline: 1.68 Target: 2.20  Phase 2 of the Modernization of Rani Jamara Kulariya Irrigation Scheme Project (P158364) was approved in March 2018.
	<b>Indicator 3: Increase in selected high value agricultural commodities sold (annual):</b> Ginger: Baseline: 930 t/year; Target: 1302 t/year Milk: Baseline: 9,598, ltr/year; Target: 13,437ltr/year	The Agriculture Commercialization and Trade Project (P087140, FY09) supported this indicator. The latest project's <a href="#">ISR: MS</a> (February 2018) reports the following volume increase in commodities sold, as of January 2018: - Ginger: from 930 t/year to 1,620 t/year - Milk: from 9,598 liter/year to 16,704 liter/year <b>Achieved</b>	Before the PLR, this indicator was as follows: <i>Indicator 4: Annual smallholder production marketed:</i> <i>Ginger:</i> Baseline: 2,288 mt/year; Target: 2,324 mt/year <i>Milk:</i> Baseline: 5,122,260, ltr/year; Target: 5,170,520 ltr/year
	<b>6. CPS Objective: Increased equitable access to education and improved relevance of skills development</b>		
	<b>Indicator 1: Net Enrollment rate in secondary education:</b>  Baseline: Target: Male: 30.9% Male: Female: 40% 30.3% Female: 39.5%	The School Sector Reform Program (P113441, FY10) supports this indicator. The December 2017 <a href="#">ISR: S</a> reports that net enrollment rate in secondary grades (9-12) increased from 21% (September 2009) to 43.90%, as of November 2017 and reports a 99% gender parity index in enrolment for secondary education. This rate is higher than the information reported in the CLR (male net enrollment rate of 39% and 38.6% for female), based on national information from the	Before the PLR, this objective was called “ <i>More equitable access to education and skills development, of higher quality and relevance</i> ”.  At PLR stage, baselines and targets for net enrolment rate for the Poorest and Second Poorest Quintiles were taken out.



	<b>CAS FY14-FY18: Focus Area II: Promoting Inclusion and Increasing Resilience</b>	<b>Actual Results</b>	<b>IEG Comments</b>
		Consolidated Flash Report 2016-2017 of the Department of Education. <b>Achieved</b>	Data from the WDI reports that net school enrollment in secondary education was about 54.4% in 2016 (and 55.8% for girls).
	<p><b>Indicator 2: Number of under-privileged enrolled in higher secondary and bachelors program:</b>            Baseline: 14,100 (2014)            Target: 23,000 (2018)</p>	<p>The Higher Education Reforms Project (P147010, FY15) supported this indicator. The June 2018 <a href="#">ISR: S</a> reports:</p> <ul style="list-style-type: none"> <li>- 858 underprivileged students (from bottom two poorest welfare quintiles) at the higher secondary level (HSL) science stream</li> <li>- 4,674 students at the Bachelor's level supported</li> </ul> <p>In total, as of May 2018, 5,532 under-privileged were enrolled in higher secondary and bachelor programs.</p> <p>The Enhanced Vocational Education and Training Project (P104015, FY11) also supported this indicator. IEG <a href="#">ICRR: S</a> reports that the project supported, through scholarship, 4,883 poor students from disadvantaged groups and laggings regions to attend technical school leaving certification (TLSC) or diploma programs., as of June 2017, from a baseline of 1,814 in 2014, and a net increase of 3,069 students.</p> <p>The increase in student enrolled during the CPS, under both programs, was 8,601. Taking into account the baseline of 14,100, by 2018, 22,701 under-privileged students enrolled in higher education and bachelor programs, above the 23,000 target.  <b>Achieved</b></p>	<p>At PLR stage, the following indicator was taken out:  <i>Number of students graduating annually from tertiary accredited institutions:</i>            Baseline: 2,000            Target: 5,000</p> <p>The baseline data could not be verified.</p> <p>The Enhanced Vocational Education and Training Project (P163018) Phase 2 was approved in FY18. Its first <a href="#">ISR: S</a> (December 2017) does not report progress yet.</p>
	<p><b>Indicator 3: Number of students graduating annually from tertiary accredited institutions:</b>            Baseline: 2,000 (2014)            Target: 5,000 (2018)</p>	<p>This indicator is supported by the Higher Education Reforms Project (P147010, FY15). The June 2018 <a href="#">ISR: S</a> does not report this indicator.</p> <p>The CLR reported 3,586 students graduating annually from accredited institutions. The Country Team specified that this data is not reported in the ISR but that it is reported in Education Management Information System (EMIS) reports.  <b>Partially Achieved</b></p>	



CAS FY14-FY18: Focus Area II: <i>Promoting Inclusion and Increasing Resilience</i>	Actual Results	IEG Comments										
<p><b>Indicator 4: Percentage of graduates from supported programs gainfully employed at least for six months after completion of the short-term training:</b> Baseline: 68% (2014) Target: 70% (2018)</p>	<p>The Enhanced Vocational Education and Training (P104015, FY11) supported this indicator. IEG <a href="#">ICRR: S</a> reports that the share of graduates from supported programs gainfully employed at least for 6 months after the completion of the training increased from 70% (August 2011) to 70.30% as of June 2017. <b>Achieved</b></p>	<p>IEG <a href="#">ICRR: S</a> also notes that the baseline figure was not relevant due to the revised working of the indicator. It also reports that, according to the project's tracer study, which tracked graduates 3 to 18 months after completion of training, 87% of the graduates were employed.</p>										
<b>7. CPS Objective: Improved access to and quality of health and nutrition services</b>												
<p><b>Indicator 1: Percentage of births delivered by skilled birth attendants in the poorest two quintiles:</b></p> <table border="0"> <tr> <td>Baseline:</td> <td>Target:</td> </tr> <tr> <td>Lowest</td> <td>Lowest 20%</td> </tr> <tr> <td>10.7%</td> <td>2<sup>nd</sup> lowest</td> </tr> <tr> <td>2<sup>nd</sup> Lowest</td> <td>30%</td> </tr> <tr> <td>23.7 %</td> <td></td> </tr> </table>	Baseline:	Target:	Lowest	Lowest 20%	10.7%	2 <sup>nd</sup> lowest	2 <sup>nd</sup> Lowest	30%	23.7 %		<p>The Second HNP and HIV/AIDS Project (P117417, FY10) supported this indicator. <a href="#">IEG: MU</a> reports that the share of births delivered by skilled attendants increased from 19% (2006) to 58% (2016) and that the ratio for the poorest income quintile increased from 8.5% (2009) to 25.5% (2012). More recent data, presented in the CLR, using the Nepal Demographic and Health Survey 2016 Final Report, indicates that 34% and 48% of births were delivered by skilled professionals for, respectively, the lowest and second lowest quintiles. <b>Achieved</b></p>	<p>Before the PLR, the objective was: <i>“Improved health and nutrition outcomes, particularly for the poor and disadvantaged”</i>.</p>
Baseline:	Target:											
Lowest	Lowest 20%											
10.7%	2 <sup>nd</sup> lowest											
2 <sup>nd</sup> Lowest	30%											
23.7 %												
<p><b>Indicator 2: Percentage of children 6-24 months of age who consume a minimum acceptable diet in the most disadvantaged VDCs of the 15 project districts:</b> Baseline: 9.3% (2014) Target: 15% (2018)</p>	<p>The Second HNP and HIV/AIDS Project (P117417, FY10) supported this indicator. <a href="#">IEG: MU</a> reports that the project provided support for the consolidation and expansion of government programs on malnutrition, including Vitamin A supplementation for children 6-24 months, as of 2016, without reporting any specific rate.</p> <p>The Community Action for Nutrition Project (P125359, FY11), also supported this indicator. IEG <a href="#">ICRR: MS</a> reports a rate of 15% of children 6-24 months of age who consume a minimum acceptable diet, as of 2017. However, 15% was far below the target of 25 % under the supporting project. <b>Achieved</b></p>	<p>Before the PLR, the baseline and target were: <i>Baseline: 11.8%</i> <i>Target: 25%</i></p> <p>At PLR stage, the following indicator was taken out: <i>Indicator 3: Proportion of people in a district enrolled in health insurance</i> <i>Baseline: 0</i> <i>Target: 10%</i></p> <p>The CLR reported a rate of 13.76% of children 6-24 months of age according to data from Nepal Sunaula Hazar Din Community Action Project Impact Evaluation Midline Report.</p>										



CAS FY14-FY18: Focus Area II: <i>Promoting Inclusion and Increasing Resilience</i>	Actual Results	IEG Comments
<p><b>Indicator 3: New households with access to safe drinking water, new Village Development Committees (VDCs) that are open defecation free (ODF) and new public latrines added in selected areas:</b></p> <p>Baseline: Drinking water: 0 (2014)            Target: Drinking water: 100,000 new households (2017)</p> <p>Sanitation: 0 VDCs (2014)            Sanitation: 140 new VDCs or about new 50,000 households (2017)</p> <p>Public latrines: 0 (2014)            New public latrines: 130</p>	<p>The Rural Water Supply and Sanitation Project (P143036, FY14) supported this indicator. The latest <a href="#">ISR: MS</a> (June 2018) reports the following information:</p> <ul style="list-style-type: none"> <li>- Drinking water: the number of people, in rural areas, provided with access to improved water sources increased from 0 to 434,969 as of June 2018. The ISR does not report on the number of households. Additional information shared by the Country Team, using data from the Management Information System of the Rural Water Supply and Sanitation Fund Development Board reports that 563,567 new households were provided with access to drinking water</li> <li>- Sanitation: the number of VCs declared ODF increased from 0 to 106 as of June 2018</li> <li>- Latrines: the number of improved latrines increased from 0 to 122 as of June 2018</li> </ul> <p><b>Mostly Achieved</b></p>	<p>Before the PLR, the following targets were reduced from:  <i>Drinking water: 177,000 new households (2017)</i>  <i>Sanitation: 240 new VDCs or about new 116,000 households (2017)</i>  <i>New public latrines: 600</i></p>
<p><b>8. CPS Objective: Reduced vulnerability of the socially excluded, marginalized, and economically vulnerable population</b></p>		
<p><b>Indicator 1: Number of marginalized household supported with productive assets in targeted areas:</b>            Baseline: 416,712 (2014)            Target: 575,000 (2018)</p>	<p>The Poverty Alleviation Fund II Project (P105860, FY08) supported this indicator. The October 2017 <a href="#">ISR: S</a> reports that 317,534 households benefited from increased access to community infrastructure, as of September 2017. It also reports that the total number of beneficiary households (from both infrastructure and income generation activities) is 825,765, which is below the data reported in the CLR (966,622).</p> <p><b>Achieved</b></p>	<p>Before the PLR, this objective was named: <i>“Improved social protection”</i></p> <p>Additional information provided by the country team indicates that 879,274 marginalized households benefitted from improved infrastructure and income generation activities. (Source: Management Information Data)</p>
<p><b>Indicator 2: Percentage of households in the targeted communities with income increase of at least 15%:</b>            Baseline: 0.5% (2014)            Target: 70% (2018)</p>	<p>The Poverty Alleviation Fund II Project (P105860, FU08) supported this indicator. The October 2017 <a href="#">ISR: S</a> reports that, as of September 2017, 68% of the beneficiary households have increased their incomes by at least 15% against the 2007 base year.</p>	<p>This indicator was added at PLR stage.</p> <p>At PLR stage two indicators were taken out:</p>



	<b>CAS FY14-FY18: Focus Area II: Promoting Inclusion and Increasing Resilience</b>	<b>Actual Results</b>	<b>IEG Comments</b>
		<b>Mostly Achieved</b>	<p><i>Indicator 2: Percentage of vulnerable people benefiting from safety net programs:</i>  <i>Baseline: 42% of poor receive SA</i>  <i>Target: 50% and</i></p> <p><i>Indicator 3: Number of payment accounts opened (disaggregated by gender):</i>  <i>Baseline: 0 (male vs female: N/A)</i>  <i>Target: 1 million (of which 0.12mn female)</i></p>
<b>9. CPS Objective: Improved infrastructure in areas affected by the 2015 earthquakes</b>			
	<p><b>Indicator 1: Additional number of households with multi-hazard resilient feature reconstructed by end FY18:</b>            Baseline: 0 (2014)            Target: 40,000 (of which 10,390 women headed households) (2018)</p>	<p>The Earthquake Housing Reconstruction Project (P155969, FY15) supported this indicator. The latest <a href="#">ISR: MS</a> (June 2018) reports that, as of May 2018, 53,568 households with resilient core housing were reconstructed under the project, of which 13,928 were women headed households.</p> <p><b>Achieved</b></p>	<p>These objective and indicator were added at PLR stage.</p>



**Annex Table 2: Planned and Actual Lending for Nepal, FY14-FY18**

Project ID	Project name	Proposed FY	Approval FY	Closing FY	Proposed IDA Amount	Proposed IDA Amount	Approved IDA Amount
Project Planned Under CPS/PLR FY14-17					CPS	PLR	
P132750	Strengthening the National Rural Transport Program	2014	2014	2020	100		100
P144474	Irrigation and Water Resource Management AF	2014	2014		50		50
P143036	Rural Water Supply and Sanitation Project	2014	2014	2020	72		72
P147010	Higher Education Reform Project	2015	2015	2020		65	65
P133777	Second Financial Sector Development Policy Credit	2015	2015	2016		100	100
Delayed	Energy Sector Development Policy Credit	2015					
P146344	Grid Solar and Energy Efficiency Project	2015	2015	2021		130	
P122406	Kabeli A Hydroelectric Project	2015	2015	2020		46	46
P155969	Earthquake Housing Reconstruction Project	2015	2015	2023		200	200
Total FY15					200-300**		
Delayed to FY19	Second Energy Sector Development Policy Credit	2016					
Delayed to FY19	Hydropower Project or IDA Partial Risk Guarantee (PRG)	2016					
Dropped	Strategic Roads Network Project	2016					
P150066	Power Sector Reform and Sustainable Hydro Dev.	2016	2016	2020		20	20
Total FY16					200-300**		
Delayed to FY19	Hydropower Project or IDA PRG	2017					
Delayed to FY19	Skills Development	2017					
Delayed to FY19	Local Roads Bridges	2017					
P156960	Financial Sector Stability DPC3	2017	2017	2018		100	100
P154548	Strengthening Systems for Social Protection and Civil Registration	2017	2017	2022		150	150
P160207	Health Sector Management Reform PforR	2017	2017	2022		150	150
P160748	School Sector Development PforR	2017	2017	2022		185	185
P157607	AF for Road Sector Development	2017	2017			55	55
Total FY17					200-300**		
Delayed to FY19	Hydropower Project or IDA PRG	2018					
Delayed	Nepal Fast Track	2018					
P160792	First Programmatic Fiscal and PFM DPC	2018	2018			100	200
Delayed to FY19	Financial Sector Stability DPC4	2018				100	
P163018	Enhanced Vocational Education and Training II	2018	2018	2023		60	60
P156797	Livestock Sector Innovation	2018	2018	2023		80	80
Delayed to FY19	Energy Sector DPC	2018				150	



P158364	Rani Jamara Kulariya Irrigation – Phase 2	2018	2018			65	66
Delayed to FY19	Second Bridges Improvement and Maintenance Program PforR	2018				150	
Delayed to FY19	Upper Trishuli 1 Hydro Project	2018				100	
P163593	AF for Earthquake Housing Reconstruction	2018	2018			200	300
Delayed to FY19	Jobs and Youth in Nepal	2018				150	
	<b>Total FY18</b>					200-300**	
	<b>Total Planned</b>					<b>1422</b>	<b>2356</b>
	<b>Unplanned Projects during the CPS Period</b>						
	<b>Total Unplanned</b>					<b>0</b>	<b>0</b>
	<b>On-going Projects during the CPS/PLR Period</b>		<b>Approval FY</b>	<b>Closing FY</b>			<b>Approved IDA Amount</b>
P129929	NP: Financial Sector DPC		2013	2014			30
P132289	Kali Gandaki Rehab		2013	2017			27
P118179	NP: Rani Jamara Kulariya Irrigation Proj		2012	2018			43
P125359	NP: Community Action for Nutrition Project		2012	2017			40
P125495	NP: Bridges Program Support		2012	2018			60
P104015	NP: Enhanced Vocational Educ & Trng		2011	2017			50
P112893	NP: Kabeli Transmission Project		2011	2017			38
P115767	NP-IN Electricity Transmission & Trade P		2011	2018			99
P120265	NP: Emerging Towns Project		2011	2017			25
P107853	NP: Rural Access (RAIDP) - AF		2010				45
P113441	NP: School Sector Reform Program		2010	2017			130
P117417	NP: Second HNP and HIV/AIDS Project		2010	2016			129
P120538	NP: Social Safety Nets Project Add Fin		2010				48
P087140	NP: Agriculture Commercialization & Trade		2009	2018			20
P113002	NP: Social Safety Nets Project		2009	2015			17
P116190	NP: Power-AF		2009				89
P095977	NP: Road Sector Development Project		2008	2020			43
P099296	NP: Irrig & Water Res Mgmt Proj		2008	2018			50
P105860	NP: PAF II		2008	2019			100
P110762	NP: Peace Support Project		2008	2014			50
P090967	NP: Second Higher Education Project		2007	2014			60
P083923	NP: Rural Access Improve. & Decentraliza		2005	2014			32
P043311	NP: POWER DEVELOPMENT PROJECT		2003	2014			76
	<b>Total On-going</b>						<b>1300</b>

Source: CPS and PLR, WB BI as of 2/8/18

\*LIR: Latest internal rating. MU: Moderately Unsatisfactory. MS: Moderately Satisfactory. S: Satisfactory. HS: Highly Satisfactory.

\*\* Proposed total was based on a 300 assumption



**Annex Table 3: Analytical and Advisory Work for Nepal, FY14-FY18**

Proj ID	Economic and Sector Work	Fiscal year	Output Type	Practice
P156694	Understanding labor market decisions	FY18	Sector or Thematic Study/Note	Social Protection & Labor
P151901	Nepal Country Economic Memorandum	FY17	Country Economic Memorandum (CEM)	Macroeconomics, Trade and Investment
P157853	Mobility and the Middle Class	FY17	Other Poverty Study	Poverty and Equity
P147727	Sources of Growth in Agriculture	FY16	Sector or Thematic Study/Note	Agriculture
P147728	PEFA -II	FY16	Public Expenditure Financial Accountability	Governance
P157501	FY2016 Nepal Development Updates	FY16	Sector or Thematic Study/Note	Macroeconomics, Trade and Investment
P146345	Nepal FSAP	FY15	Financial Sector Assessment Program (FSAP)	Finance, Competitiveness and Innovation
P147582	Nepal ROSC A&A	FY15	Accounting and Auditing Assessment (ROSC)	Governance
P149876	Social Protection Study	FY15	Sector or Thematic Study/Note	Social Protection & Labor
P150422	DeMPA Nepal	FY15	Debt management Performance Assessment(DeMPA)	Macroeconomics, Trade and Investment
P131381	Nepal Education Studies	FY14	Sector or Thematic Study/Note	Education
P133457	Competitive Industries (CI) Diagnostic	FY14	PSD, Privatization and Industrial Policy	Trade & Competitiveness
P147471	Policy Notes for the New Government	FY14	Sector or Thematic Study/Note	Macroeconomics, Trade and Investment
Proj ID	Technical Assistance	Fiscal year	Output Type	
P148953	Nepal Trade Facilitation&Competitiveness	FY18	Technical Assistance	Transport & Digital Development
P153410	Safety Net System Building (SNSB) TA	FY18	Technical Assistance	Social Protection & Labor
P153729	Economic impacts of hydro development	FY17	Technical Assistance	Macroeconomics, Trade and Investment
P160077	Womens Enterprise Nuwakot	FY17	Technical Assistance	Agriculture
P126009	NP: DRM Country Program	FY16	Technical Assistance	Social, Urban, Rural and Resilience Global Practice
P145814	Nepal: Strengthening Budgeting Process	FY16	Technical Assistance	Macroeconomics, Trade and Investment
P150358	Nepal Fast Track: Preparing Next Steps	FY16	Technical Assistance	Transport & Digital Development
P153358	MTEF 2016 Preparation	FY16	Technical Assistance	Macroeconomics, Trade and Investment
P154536	Supporting Nepal's Trade Int. Strategy	FY16	Technical Assistance	Trade & Competitiveness
P155116	Enhancing Investment Climate in Nepal	FY16	Technical Assistance	Trade & Competitiveness
P157854	Statistical Capacity Building	FY16	Technical Assistance	Poverty and Equity
P116281	NP: Governance Reform NLTA	FY15	Technical Assistance	Governance
P132887	AgriFin-Nirdhan Utthan Bank	FY15	Technical Assistance	Finance, Competitiveness and Innovation
P144683	Household Renewable Energy Access	FY15	Technical Assistance	Energy & Extractives





P147711	Support to MTEF anchoring Three Year Pla	FY15	Technical Assistance	Macroeconomics, Trade and Investment
P149901	Nepal Nutrition Policy Dialogue III	FY15	Technical Assistance	Health, Nutrition & Population
P150557	NP Rural Water Study Dissemination	FY15	Technical Assistance	Water
P153264	Nepal #B043 Bank Resol Capacity Building	FY15	Technical Assistance	Finance, Competitiveness and Innovation
P127709	NP: Nutrition Policy Dialogue II	FY14	Technical Assistance	Health, Nutrition & Population
P130747	Nepal #10245 Problem Bank Resolution	FY14	Technical Assistance	Finance, Competitiveness and Innovation
P132703	Kathmandu Valley Urban Policy Dialogue	FY14	Technical Assistance	Social, Urban, Rural and Resilience Global Practice
P133169	Nepal Regional Trade Program	FY14	Technical Assistance	Transport & Digital Development
P133677	NLTA for Hydropower Scale-Up in Nepal	FY14	Technical Assistance	Energy & Extractives
P144053	MTEF FY 14	FY14	Technical Assistance	Macroeconomics, Trade and Investment
P145850	National Risk Assessment	FY14	Technical Assistance	Finance, Competitiveness and Innovation
P146993	NP: Financial Sector Support	FY14	Technical Assistance	Finance, Competitiveness and Innovation
P147730	Mapping Local Service Delivery	FY14	Technical Assistance	Governance

Source: WB Business Intelligence 7/10/18

\*NO RAS

**Annex Table 4: Trust Funds Active for Nepal, FY14-FY18**

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P162067	MDTF Funding for Earthquake Housing Reconstruction Project	TF A4783	2018	2021	10,000,000
P160523	Nepal - Forest Investment Plan Preparation Grant	TF A4496	2017	2019	250,000
P125198	Nepal REDD Readiness Preparation Program	TF A4169	2017	2020	5,200,000
P150066	Nepal: Power Sector Reform and Sustainable Hydropower Development (PSRSHD)	TF 18570	2016	2018	2,500,000
P155096	Integrated Platform for Gender Based Violence Prevention and Response in Nepal	TF A2450	2016	2019	500,000
	Integrated Platform for Gender Based Violence Prevention and Response in Nepal	TF A2451	2016	2019	1,300,000
P154401	Strengthening Public Financial Management II Project	TF A1065	2016	2018	3,680,000
P113441	Nepal: School Sector Reform Program	TF A0779	2016	2019	47,800,000
	Nepal: School Sector Reform Program	TF A0915	2016	2019	4,000,000
	Nepal: School Sector Reform Program	TF A0843	2016	2017	11,500,000
P153514	Strengthening Civil Society Organizations&apos; use of Social Accountability to improve PFM in Nepal 2	TF A0369	2015	2017	950,000
P149606	ROAD SAFETY SUPPORT PROJECT	TF 18701	2015	2018	7,470,000
P131592	SREP-Supported Extended Biogas Project	TF 16552	2015	2020	7,900,000



Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount
P145359	Nepal: Pro-poor Urban Regeneration Pilot	TF 15780	2014	2019	2,750,000
P145736	Adolescent Girls Employment Initiative II	TF 16296	2014	2015	580,000
P130461	Output-Based Aid for Municipal Solid Waste Management	TF 13464	2013	2017	4,288,381
P127508	Building Resilience to Climate Related Hazards	TF 13665	2013	2019	16,000,000
	Building Resilience to Climate Related Hazards	TF 13557	2013	2019	15,000,000
P128905	Nepal Agriculture and Food Security Project	TF 13719	2013	2018	46,500,000
P131860	Nepal PFM-MDTF Strengthening Civil Society Organizations&apos; use of Social Accountability to improve PFM in Nepal	TF 12485	2013	2015	800,000
P129177	Nepal: Pilot Project for Seismic School Safety in the kathmandu	TF 11452	2013	2014	1,370,000
P130089	Zoonoses Control Project (ZCP)	TF 12273	2013	2014	10,000,000
P127040	NP: Strengthening the Office of the Auditor General	TF 10455	2012	2016	2,300,000
P128744	Nepal: Making markets work for the conflict affected in Nepal	TF 11208	2012	2018	2,646,777
P125770	Strengthening PFM Systems in Nepal	TF 10452	2012	2016	4,300,000
P124088	Additional Financing to the Poverty Alleviation Fund II	TF 99274	2012	2014	10,000,000
P125331	Nepal: Human Development - Social Protection Pilot Project	TF 99288	2012	2015	1,500,000
P125891	Strengthening Institutional Capacity of the DNPWC for the Effective Management of Mountain Protected Areas	TF 99675	2012	2015	500,000
P095978	Nepal - Village Micro Hydro	TF 10684	2012	2019	654,211
P125010	Extending Mobile Applications in Asia through Social Networking - Nepal (Young Innovations Pvt. Ltd.)	TF 98342	2011	2013	73,000
P119113	Program to Promote Demand for Good Governance	TF 98650	2011	2014	1,407,000
P113441	Nepal: School Sector Reform Program	TF 98235	2011	2015	120,000,000
P125198	Nepal REDD Readiness Preparation Program	TF 94724	2010	2016	3,600,000
P090967	Second Higher Education Project	TF 93397	2009	2014	1,904,636
P095978	Nepal - Village Micro Hydro	TF 90264	2007	2017	1,957,750
P090038	Nepal - Biogas Program	TF 56440	2006	2017	7,000,000
	<b>Total</b>				<b>358,181,755</b>

Source: Client Connection as of 2/7/18

\*\* IEG Validates RETF that are 5M and above



**Annex Table 5: IEG Project Ratings for Nepal, FY14-FY18**

Exit FY	Proj ID	Project name	Total Evaluated (\$M)	IEG Outcome	IEG Risk to DO
2014	P083923	NP: Rural Access Improve. & Decentraliza	70.1	SATISFACTORY	MODERATE
2014	P090967	NP: Second Higher Education Project	63.9	SATISFACTORY	SIGNIFICANT
2014	P110762	NP: Peace Support Project	34.1	MODERATELY SATISFACTORY	NEGLIGIBLE TO LOW
2014	P129929	NP: Financial Sector DPC	30.8	SATISFACTORY	MODERATE
2014	P130089	Zoonoses Control Project*	7.4	MODERATELY SATISFACTORY	MODERATE
2015	P113002	NP: Social Safety Nets Project	53.6	MODERATELY SATISFACTORY	SIGNIFICANT
2016	P117417	NP: Second HNP and HIV/AIDS Project	124.8	MODERATELY UNSATISFACTORY	SIGNIFICANT
2017	P104015	NP: Enhanced Vocational Educ & Trng	36.6	SATISFACTORY	#
2017	P120265	NP: Emerging Towns Project	12.0	MODERATELY SATISFACTORY	SIGNIFICANT
2017	P125359	NP: Community Actionfor Nutrition Project	31.6	MODERATELY SATISFACTORY	#
2017	P132289	Kali Gandaki Rehab	4.9	MODERATELY UNSATISFACTORY	#
2017	P113441	NP: School Sector Reform Program	216.2	SATISFACTORY	MODEST
2018	P118179	NP: Rani Jamara Kulariya Irrigation Proj	34.8	SATISFACTORY	#
2018	P149606	Road Safety Activity under on RSDP roads*	10.0	SATISFACTORY	#
<b>Total</b>			<b>730.8</b>		

Source: AO Key IEG Ratings as of 7/10/18

**Annex Table 6: IEG Project Ratings for Nepal and Comparators, FY14-18**

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	RDO % Moderate or Lower Sat (\$)	RDO % Moderate or Lower Sat (No)
Nepal	730.8	14	82.2	85.7	58.0	55.6
SAR	13,681.2	109	88.6	78.9	61.2	44.7
World	87,616.8	958	85.7	75.0	50.2	41.8

Source: WB AO as of 7/10/18, IEG Calculation



**Annex Table 7: Portfolio Status for Nepal and Comparators, FY14-18**

Fiscal year	2014	2015	2016	2017	2018	Ave FY14-18
<b>Nepal</b>						
# Proj	16	20	18	18	18	18
# Proj At Risk	9	8	12	6	7	8
% Proj At Risk	56.3	40.0	66.7	33.3	38.9	46.7
Net Comm Amt	1,393.8	1,868.7	1,421.8	2,043.1	2,546.3	1,855
Comm At Risk	787.3	850.2	994.3	679.0	1,102.8	883
% Commit at Risk	56.5	45.5	69.9	33.2	43.3	47.6
<b>SAR</b>						
# Proj	190	206	215	228	231	214
# Proj At Risk	46	58	49	54	45	50
% Proj At Risk	24.2	28.2	22.8	23.7	19.5	23.6
Net Comm Amt	40,125.7	43,454.3	48,475.6	47,785.6	52,170.0	46,402
Comm At Risk	7,379.4	10,821.3	8,273.2	11,632.3	10,339.1	9,689
% Commit at Risk	18.4	24.9	17.1	24.3	19.8	20.9
<b>World</b>						
# Proj	1,386	1,402	1,398	1,459	1,486	1,426
# Proj At Risk	329	339	336	344	344	338
% Proj At Risk	23.7	24.2	24.0	23.6	23.1	23.7
Net Comm Amt	183,153.9	191,907.8	207,350.0	212,502.9	227,955.9	204,574
Comm At Risk	39,748.6	44,430.7	42,715.1	50,837.9	47,941.6	45,135
% Commit at Risk	21.7	23.2	20.6	23.9	21.0	22.1

Source: WB BI as of 7/11/18

Note: Only IBRD and IDA Agreement Type are included

**Annex Table 8: Disbursement Ratio for Nepal, FY14-FY18**

Fiscal Year	2014	2015	2016	2017	2018	Overall Result
<b>Nepal</b>						
Disbursement Ratio	28.7	22.8	15.2	26.4	12.2	20.9
Inv Disb in FY	221.0	148.0	138.3	222.3	96.1	825.7
Inv Tot Undisb Begin FY	769.2	649.9	908.1	843.1	785.5	3,955.8
<b>SAR</b>						
Disbursement Ratio	19.0	19.7	19.0	19.1	8.2	17.0
Inv Disb in FY	4,714.8	5,146.1	5,366.2	5,205.3	2,151.5	22,583.8
Inv Tot Undisb Begin FY	24,827.2	26,091.9	28,273.2	27,221.4	26,201.6	132,615.4
<b>World</b>						
Disbursement Ratio	20.8	21.8	19.5	20.5	11.1	18.6
Inv Disb in FY	20,757.7	21,853.7	21,152.9	22,129.9	12,293.8	98,188.0
Inv Tot Undisb Begin FY	99,854.3	100,344.9	108,600.3	108,175.4	110,571.7	527,546.6

\* Calculated as IBRD/IDA Disbursements in FY / Opening Undisbursed Amount at FY. Restricted to Lending Instrument Type = Investment.

Source: AO disbursement ratio table as of 2/6/18



**Annex Table 9: Net Disbursement and Charges for Nepal, FY14-FY17**

Period	Disb. Amt.	Repay Amt.	Net Amt.	Charges	Fees	Net Transfer
FY14	252,107,619.5	50,346,377.9	201,761,241.7	-	11,521,056.4	190,240,185.2
FY15	192,452,997.0	52,702,025.3	139,750,971.8	-	11,232,509.6	128,518,462.2
FY16	278,135,750.0	51,539,730.2	226,596,019.8	-	11,966,263.4	214,629,756.4
FY17	318,835,930.3	50,792,337.8	268,043,592.5	-	12,847,645.5	255,195,947.0
<b>Report Total</b>	<b>1,041,532,296.8</b>	<b>205,380,471.1</b>	<b>836,151,825.7</b>	<b>-</b>	<b>47,567,475.0</b>	<b>788,584,350.7</b>

World Bank Client Connection 2/7/18

Note: Complete FY18 data not yet available

**Annex Table 10: Total Net Disbursements of Official Development Assistance and Official Aid for Nepal**

Development Partners	2014	2015	2016
All Donors, Total	883.82	1224.78	1065.92
DAC Countries, Total	542.76	666.47	572.89
Australia	13.61	36.31	16.49
Austria	1.63	4.5	1.84
Belgium	0.22	0.98	0.32
Canada	3.06	29.09	12.41
Czech Republic	0.01	0.84	0.33
Denmark	27.31	21.48	12.89
Finland	37.54	26.82	25.93
France	-2.63	1.22	-0.33
Germany	37.26	38.87	35.02
Greece	0	0	..
Hungary	..	0	0.01
Iceland	..	0.3	..
Ireland	0.23	0.56	0.38
Italy	0.4	2.69	1.87
Japan	56.37	48.82	65.13
Korea	14.44	17.56	15.65
Luxembourg	1.61	2.38	2.81
Netherlands	0.07	9.8	0.24
New Zealand	1.19	2.9	2.9
Norway	42	61.03	30.72
Poland	0.01	0.16	0
Portugal	..	..	0
Slovak Republic	..	0.12	..
Slovenia	..	0.06	..
Spain	0.05	1.35	0.13
Sweden	3.37	9.81	1.21
Switzerland	45.32	52.66	47.73
United Kingdom	184.23	134.77	139.04
United States	75.47	161.38	160.2
Multilaterals, Total	340.53	548.43	490.71
EU Institutions	35.15	47.96	100.77
International Monetary Fund, Total	-13	35.92	-17.84



Development Partners	2014	2015	2016
IMF (Concessional Trust Funds)	-13	35.92	-17.84
Regional Development Banks, Total	73.13	84.99	130.05
Asian Development Bank, Total	73.13	84.99	129.83
AsDB Special Funds	73.13	84.99	129.83
Islamic Development Bank [IsDB]	..	..	0.23
United Nations, Total	39.72	41.28	44.86
International Atomic Energy Agency [IAEA]	0.67	0.38	0.43
IFAD	2.9	2.55	14.51
International Labour Organisation [ILO]	0.75	1.72	0.78
UNAIDS	0.6	0.63	0.43
UNDP	8.96	8.07	6.4
UNFPA	4.22	4.38	3.51
UNHCR	..	5.06	4.58
UNICEF	6.85	5.83	7.8
UN Peacebuilding Fund [UNPBF]	4.06	2.76	1.79
WFP	6.33	5.67	1.36
World Health Organisation [WHO]	4.38	4.24	3.27
World Bank Group, Total	170.07	273.56	188.37
World Bank, Total	170.07	273.56	188.37
International Development Association [IDA]	170.07	273.56	188.37
Other Multilateral, Total	35.46	64.72	44.49
Adaptation Fund	..	2.34	..
Climate Investment Funds [CIF]	1.29	0.94	..
Global Alliance for Vaccines and Immunization [GAVI]	13.93	29.7	16.61
Global Environment Facility [GEF]	4.99	4.9	4.78
Global Fund	13.26	18.63	15.99
Global Green Growth Institute [GGGI]	..	0.04	0.14
Nordic Development Fund [NDF]	-0.2	-0.44	-0.62
OPEC Fund for International Development [OFID]	2.2	8.59	7.59
Non-DAC Countries, Total	0.52	9.88	2.32
Azerbaijan	..	0.07	..
Bulgaria	..	0.04	..
Estonia	0.02	0.06	..
Israel	0.04	6.65	0.08
Kazakhstan	..	0.2	..
Kuwait	-0.16	-0.11	0.3
Latvia	..	0.02	..
Lithuania	..	0.02	..
Romania	0	0.06	0
Russia	..	..	0.2
Thailand	0.08	0.44	0.08
Timor-Leste	..	0.5	..
Turkey	0.33	0.55	0.25
United Arab Emirates	0.21	1.38	1.39

Source: OECD Stat, [DAC2a] as of 2/7/18

\* Data only available up to FY16



**Annex Table 11: Economic and Social Indicators for Nepal, FY14-FY18**

Series Name				Nepal	SAR	World
	2014	2015	2016	Average 2014-2016		
<b>Growth and Inflation</b>						
GDP growth (annual %)	6.0	3.3	0.4	3.2	7.1	2.7
GDP per capita growth (annual %)	4.7	2.1	(0.7)	2.0	5.7	1.5
GNI per capita, PPP (current international \$)	2,430.0	2,510.0	2,520.0	2,486.7	5,678.4	15,698.6
GNI per capita, Atlas method (current US\$) (Millions)	730.0	740.0	730.0	733.3	1,547.4	10,608.1
Inflation, consumer prices (annual %)	8.4	7.9	..		4.7	2.0
<b>Composition of GDP (%)</b>						
Agriculture, value added (% of GDP)	33.8	33.0	33.0		18.1	3.8
Industry, value added (% of GDP)	15.4	15.4	14.8		28.4	27.5
Services, etc., value added (% of GDP)	50.7	51.7	52.3		53.5	68.6
Gross fixed capital formation (% of GDP)	23.5	28.0	28.8	26.8	27.4	23.4
Gross domestic savings (% of GDP)	11.9	9.2	3.8	8.3	27.1	24.8
<b>External Accounts</b>						
Exports of goods and services (% of GDP)	11.5	11.6	9.5	10.9	19.5	29.3
Imports of goods and services (% of GDP)	40.8	41.5	39.4	40.5	23.0	28.7
Current account balance (% of GDP)	2.5	11.4	(0.8)			
External debt stocks (% of GNI)	20.5	19.1	19.7		22.9	
Total debt service (% of GNI)	1.1	1.0	1.1		3.1	
Total reserves in months of imports	8.4	12.5	10.3		7.5	13.0
<b>Fiscal Accounts <sup>1</sup></b>						
General government revenue (% of GDP)	20.4	20.8	23.4	21.5		
General government total expenditure (% of GDP)	18.8	20.1	22.0	20.3		
General government net lending/borrowing (% of GDP)	1.5	0.7	1.4	1.2		
General government gross debt (% of GDP)	28.3	25.0	27.3	26.9		
<b>Health</b>						
Life expectancy at birth, total (years)	69.5	69.9	..	69.7	68.3	71.8
Immunization, DPT (% of children ages 12-23 months)	92.0	91.0	87.0	90.0	84.9	85.4
Improved sanitation facilities (% of population with access)	44.2	45.8	..	45.0	44.6	67.3



Series Name				Nepal	SAR	World
	2014	2015	2016	Average 2014-2016		
Improved water source (% of population with access)	90.6	91.8	..	91.2	90.8	84.2
Mortality rate, infant (per 1,000 live births)	31.0	29.6	28.4	29.7	40.4	31.4
<b>Education</b>						
School enrollment, preprimary (% gross)	85.8	85.4	84.2		18.2	48.1
School enrollment, primary (% gross)	135.2	135.4	135.9	135.5	109.1	104.2
School enrollment, secondary (% gross)	66.9	67.2	69.6	67.9	64.8	76.4
<b>Population</b>						
Population, total (Millions)	28,323,241	28,656,282	28,982,771	28,654,098	1,744,138,231	7,355,447,389
Population growth (annual %)	1.2	1.2	1.1	1.2	1.3	1.2
Urban population (% of total)	18.2	18.6	19.0	18.6	33.0	53.8
<b>Poverty</b>						

Source: DDP as of 1/25/18

\*International Monetary Fund, World Economic Outlook Database, October 2017

\*\* Data only available up to FY16



**Annex Table 12: List of IFC Investments in Nepal**  
**Investments Committed in FY14-FY18**

Project ID	Cmt FY	Project Status	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
38208	2017	Active	Accommodation & Tourism Services	1,700	1,700	-	1,700	-	-	1,700	-	1,700
30977	2015	Hold	Electric Power	96,894	19,300	-	19,300	-	-	19,300	-	19,300
35111	2015	Active	Accommodation & Tourism Services	6,000	3,000	-	3,000	-	-	3,000	-	3,000
35355	2015	Closed	Electric Power	-	-	4,000	4,000	-	4,000	4,000	-	-
35356	2015	Closed	Electric Power	-	-	1,000	1,000	-	1,000	1,000	-	-
35408	2015	Closed	Electric Power	-	-	1,500	1,500	-	1,500	1,500	-	-
32353	2014	Closed	Electric Power	2,000	-	2,000	2,000	-	2,000	2,000	-	-
33069	2014	Active	Agriculture and Forestry	6,450	-	1,900	1,900	-	-	1,900	1,900	1,900
34511	2014	Active	Finance & Insurance	2,500	1,155	-	1,155	-	-	1,155	-	1,155
34794	2014	Active	Finance & Insurance	2,500	8,021	-	8,021	-	-	8,021	-	8,021
<b>Sub-Total</b>				<b>118,044</b>	<b>33,176</b>	<b>10,400</b>	<b>43,576</b>	<b>-</b>	<b>8,500</b>	<b>43,576</b>	<b>1,900</b>	<b>35,076</b>

**Investments Committed pre-FY14 but active during FY14-18**

Project ID	CMT FY	Project Status	Primary Sector Name	Project Size	Original Loan	Original Equity	Original CMT	Loan Cancel	Equity Cancel	Net Loan	Net Equity	Net Comm
29011	2012	Active	Finance & Insurance	798	-	718	718	-	-	718	718	718
31797	2012	Active	Electric Power	4,250	-	4,000	4,000	-	-	4,000	4,000	4,000
28779	2011	Active	Collective Investment Vehicles	14,300	6,700	283	6,983	-	-	6,983	283	6,983
30541	2011	Active	Finance & Insurance	-	4,099	-	4,099	-	-	4,099	-	4,099
27742	2010	Active	Finance & Insurance	255	-	255	255	-	58	255	197	197
28083	2010	Active	Electric Power	13,931	6,500	-	6,500	-	-	6,500	-	6,500
29288	2010	Active	Finance & Insurance	2,500	18,449	-	18,449	-	-	18,449	-	18,449
26084	2009	Active	Finance & Insurance	2,000	5,389	-	5,389	-	-	5,389	-	5,389
28167	2009	Active	Finance & Insurance	2,000	13,462	-	13,462	-	-	13,462	-	13,462
26083	2008	Active	Finance & Insurance	3,500	33,125	-	33,125	-	-	33,125	-	33,125
<b>Sub-Total</b>				<b>43,534</b>	<b>87,724</b>	<b>5,256</b>	<b>92,980</b>	<b>-</b>	<b>58</b>	<b>92,980</b>	<b>5,198</b>	<b>92,922</b>
<b>TOTAL</b>				<b>161,578</b>	<b>120,900</b>	<b>15,656</b>	<b>136,556</b>	<b>-</b>	<b>8,558</b>	<b>136,556</b>	<b>7,098</b>	<b>127,998</b>

Source: IFC-MIS Extract as of 12/31/17



**Annex Table 13: List of IFC Advisory Services in Nepal  
Advisory Services Approved in FY14-18**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
600688	South Asia Energy - Business Development	2018	2019	ACTIVE	CAS	411,247
600899	Knowledge Products to facilitate Power deals	2018	2018	ACTIVE	CAS	563,000
601094	Hydro MOU with MoE, Govt of Nepal	2018	2020	ACTIVE	CAS	1,805,000
602671	Nepal Agri study	2018	2018	ACTIVE	MAS	50,000
599400	Kathmandu Airport PPP	2017	2018	ACTIVE	CAS	1,357,505
600378	ESRM for the financial sector of Nepal	2017	2018	ACTIVE	ESG	322,417
601374	LOCAL EQUITY SHARING SCHEMES FOR HYDROPOWER PROJECTS IN NEPAL	2017	2017	ACTIVE	ESG	800,000
601650	Nepal SME Ventures Advisory Project	2017	2021	ACTIVE	CTT	1,240,715
601760	Nepal E&S Hydro	2017	2020	ACTIVE	ESG	5,000,000
601861	Nepal Local Shares	2017	2018	ACTIVE	ESG	409,000
599146	Scoping for PPP opportunities in Nepal	2016	2016	CLOSED	CAS	120,852
600120	Nepal SEF	2016	2017	ACTIVE	FIG	1,000,000
600409	SA Umbrella SME-Risk Banking	2016	2020	ACTIVE	FIG	7,906,000
600930	Financial Infrastructure Project (Nepal)	2016	2019	HOLD	FAM	1,060,355
601286	Post-Earthquake Support to PBIL	2016	2018	HOLD	MAS	250,000
599531	RMDC Risk Management and Microinsurance AS	2015	2017	TERMINATED	FIG	413,770
599991	Nepal Hydro Sector Development	2015	2021	ACTIVE	CAS	4,166,510
579807	Nepal SME Ventures	2014	2017	TERMINATED	CTT	503,000
599173	Nepal SME Banking	2014	2016	CLOSED	FAM	508,669
599437	TA to Himalayan Bank	2014	2015	TERMINATED	FIG	440,000
599735	Nepal Tourism	2014	2014	TERMINATED	PPP	120,000
599763	CEDBL Nepal- Women in Business	2014	2015	TERMINATED	A2F	153,541
599849	RMDC Microinsurance TA	2014	2016	TERMINATED	A2F	-
<b>Sub-Total</b>						<b>28,601,581</b>

**Advisory Services Approved pre-FY14 but active during FY14-17**

Project ID	Project Name	Impl Start FY	Impl End FY	Project Status	Primary Business Line	Total Funds, US\$
588487	PPCR- Promoting Climate Resilient Agriculture, Nepal	2013	2018	ACTIVE	MAS	2,250,000
593787	Nepal Investment Climate for Industry	2013	2017	ACTIVE	TAC	2,784,213
596407	TA to M.Nepal on Launching of Mobile Money Initiative and Agent Network Development	2013	2014	CLOSED	FIG	199,228
586887	Nepal Payment Systems Regulatory Reform	2012	2014	CLOSED	FAM	394,736
575068	Nepal ICRP Regulatory Reform	2011	2016	ACTIVE	TAC	3,652,721
576527	Nepal Poultry Supply Chain Strengthening Project	2011	2014	CLOSED	MAS	500,685
580627	As-Nirdhan Bank	2011	2017	ACTIVE	FIG	619,035
575070	Nepal Investment Climate Reform Program - Public Private Dialogue	2010	2014	ACTIVE	TAC	2,658,843
566567	Sustainable Energy Finance Nepal	2009	2014	CLOSED	FIG	628,500
<b>Sub-Total</b>						<b>13,687,961</b>
<b>TOTAL</b>						<b>42,289,542</b>

Source: IFC AS Data as of 10/15/17



**Annex Table 14: IFC net commitment activity in Nepal, FY14 - FY17**

		2014	2015	2016	2017	2018	Total
Financial Markets	Microfinance	(58,662)	-	-	-	-	<b>(58,662)</b>
	TCF (Trade and Commodity)	(1,600,000)	-	-	-	-	<b>(1,600,000)</b>
	NBFI	(350,000)	-	-	-	-	<b>(350,000)</b>
Trade Finance (TF)	GTFP	1,822,358	7,163,346	6,869,622	13,078,263	5,280,377	<b>34,213,966</b>
Agribusiness & Forestry	Primary Production & Commodity Processing	950,000	950,000	-	-	-	<b>1,900,000</b>
Manufacturing	Construction Materials	-	-	-	-	-	<b>-</b>
Tourism, Retail, Construction & Real Estates (TRP)	Tourism	-	3,000,000	-	1,700,000	<b>(250,000)</b>	4,450,000
Infrastructure	Transportation & Warehousing	(6,900,000)	-	-	-	-	<b>(6,900,000)</b>
	Electric Power	3,000,000	23,300,000	-	(8,500,000)	-	<b>17,800,000</b>
<b>TOTAL</b>		<b>(3,136,304)</b>	<b>34,413,346</b>	<b>6,869,622</b>	<b>6,278,263</b>	<b>5,030,377</b>	<b>49,455,304</b>

Source: IFC MIS as of 2/8/18

**Annex Table 15: List of Active MIGA Activities in Nepal, 2014-2018**

ID	Contract Enterprise	FY	Project Status	Sector	Investor	Max Gross Issuance
	No Active Activities in Nepal					
<b>Total</b>						<b>-</b>

Source: MIGA 2/8/18