

STATUS OF PROJECTS IN EXECUTION – FY05
SOPE
REGION: SOUTH ASIA
COUNTRY: NEPAL

Operations Policy and Country Services
SEPTEMBER 23, 2005



Report on the Status of Projects in Execution - FY05
Region: South Asia
Country: Nepal

Introduction

The Status of Projects in Execution (SOPE) Report for FY05 provides information on all IBRD/IDA projects that were active on and beyond June 30, 2005. Thus it bridges the gap in information available to the public between the Project Appraisal Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. Now, in accordance with the Bank's revised disclosure policy, the SOPE Report is also available to the public. By publishing this improved report, we have addressed one of the main concerns we heard from the public during disclosure consultations – that the public has very little access to information on projects while they are being implemented. Readers familiar with past reports will note that projects that closed during the fiscal year are no longer included in the SOPE, since their Implementation Completion Reports are now also disclosed.

The FY05 SOPE introduces a new element: in order to disclose project-by-project comparisons of disbursement estimates and actual disbursements, the SOPE report contains a line chart¹ showing the original estimated disbursement schedule, the latest approved revised schedule (if any) and actual disbursements for investment operations and a table showing the loan/credit/grant amount and disbursements to date.

¹ Notes:

- Amounts for Projects in currencies other than U.S. dollars may not match exactly due to exchange rate fluctuations over the life of the project.
- Disbursement graphs are not included for Development Policy Loans, which provide quick-disbursing external financing to support policy and institutional reforms. For these loans, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed conditions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus may not include a graph.

Country: Nepal

Project Name (ID): Power Development (P043311)

Country: Nepal

Board Approval Date: 05/22/2003

Closing Date: 06/30/2009

Loan/Credit/Grant Number: IDA-37660, IDA-H0390

Sector(s): Power (62%), Renewable energy (30%), Micro and SME finance (3%), Other social services (3%), Central government administration (2%)

Theme(s): Climate change (P), Rural services and infrastructure (P), Other financial and private sector development (P), Small and medium enterprise support (S), Public expenditure, financial management, and procurement (S)

Project Development Objectives:

The project development objectives are to develop Nepal's hydropower potential in an environmentally and socially sustainable manner; improve rural electricity services; and promote private participation.

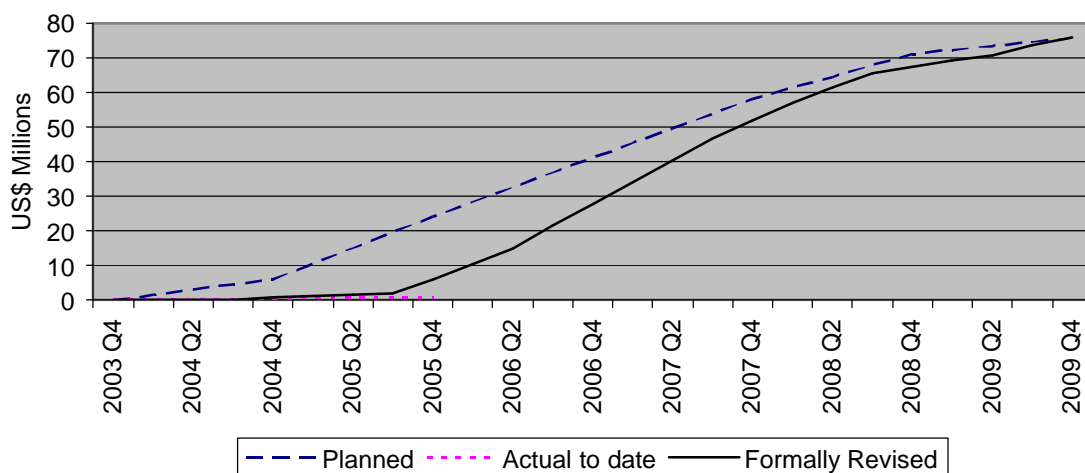
Progress toward achieving development objective(s):

Progress towards achieving project objectives in fiscal year 05 was slow because of delays in effectiveness, the current political environment in Nepal, and management and procurement issues related to the project components. However, recently, considerable progress has been made in project implementation. Notably, the administrative issues related with the Power Development Fund and the procurement issue associated with the Nepal Electricity Authority (NEA) component have been resolved. The action plan to resolve the remaining implementation issues with the NEA component has been agreed.

Given the recent progress, we expect that the achievement of the project objectives would be back on track in fiscal year 06.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-37660	Effective	53.70	0.30	53.40	0.00
IDA-H0390	Effective	26.85	0.59	26.26	0.00



Project Name (ID): Road Maintenance and Development (P045052)

Country: Nepal

Board Approval Date: 11/23/1999

Midterm Review Date: 11/11/2002

Closing Date: 12/31/2006

Loan/Credit/Grant Number: IDA-32930, IDA-Q1180

Sector(s): Roads and highways (55%), Central government administration (30%), Other social services (14%), Law and justice (1%)

Theme(s): Rural services and infrastructure (P), Municipal governance and institution building (S), Rural markets (S)

Project Development Objectives:

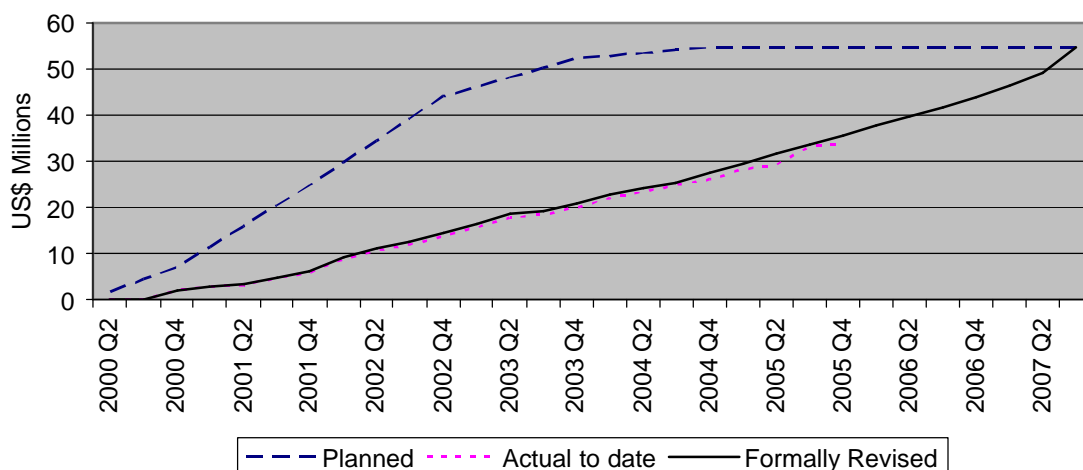
The development objective is to provide sustainable and efficient road service on the Strategic Road Network.

Progress toward achieving development objective(s):

Based on the present status of the project, the development objective is considered achievable. The Institutional Strengthening Program is on track in its work in modernization of Department of Roads (DOR) and working on ways forward for improved service delivery in various DOR core and supporting functions. In addition, The Ministry of Physical Planning and Works within the current Medium Term Expenditure Framework has supported DOR in implementing three-year road investment programs. The Roads Board is charged with generating adequate funds, over time, for maintenance from road user charges and other services. In the current FY, the Board has an allocated fund of over NRs. 430 million, but disbursement of these funds is substantially lacking because of the delays in timely decision making by the Board and failure to comply with reporting requirement by the Road Agencies. As agreed with the HMGN an IDA study team will carry out a performance assessment of the Board in July 2005 in order to assess these problems.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-32930	Effective	58.51	33.73	22.54	0.00
IDA-Q1180	Closed	1.50	0.00	0.00	1.50



Project Name (ID): Telecommunications Sector Reform (P050671)

Country: Nepal

Board Approval Date: 12/11/2001

Closing Date: 09/01/2007

Loan/Credit/Grant Number: IDA-35810, JPN-29212

Sector(s): Telecommunications (55%), Central government administration (45%)

Theme(s): Regulation and competition policy (P), Other financial and private sector development (P), Rural services and infrastructure (P), Infrastructure services for private sector development (S)

Project Development Objectives:

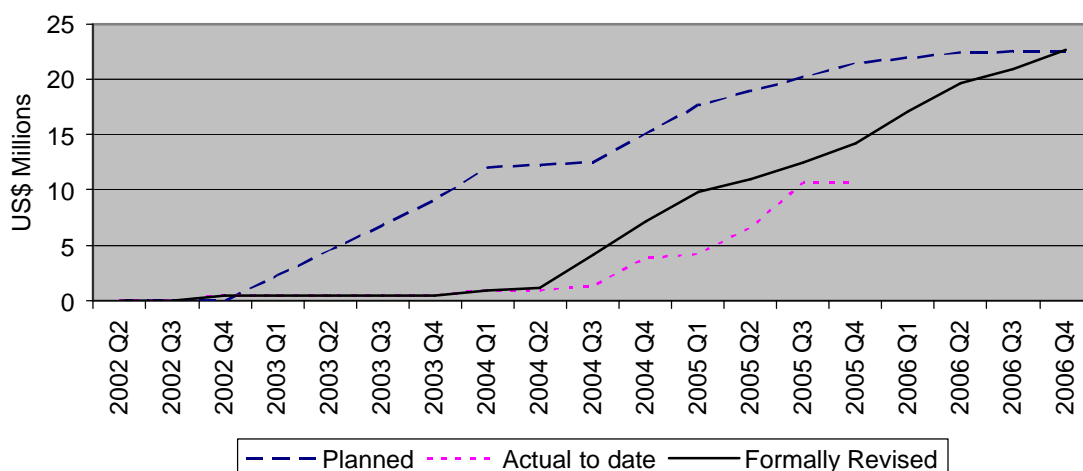
The objective is to strengthen the policy and regulatory environment in the telecommunications sector, to facilitate competition and private sector participation, and increase rural access to services by facilitating private investments and operations.

Progress toward achieving development objective(s):

The project objectives are being achieved. The Nepal Telecommunications Authority has issued a rural operator license to provide service in the Eastern Development Region and progress has been made in meeting network rollout obligations despite the difficult security situation. Progress has also been made in the development of a new interconnection and price cap regime.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35810	Effective	25.53	10.67	15.03	0.00
JPN-29212	Closed	0.62	0.63	0.00	0.06



Project Name (ID): Health Sector Program (P040613)

Country: Nepal

Board Approval Date: 09/09/2004

Closing Date: 01/15/2010

Loan/Credit/Grant Number: IDA-39800, IDA-H1250

Sector(s): Health (86%), Central government administration (12%), Compulsory health finance (1%), Sub-national government administration (1%)

Theme(s): Health system performance (P), Population and reproductive health (S), Other communicable diseases (S), Child health (S), Administrative and civil service reform (S)

Project Development Objectives:

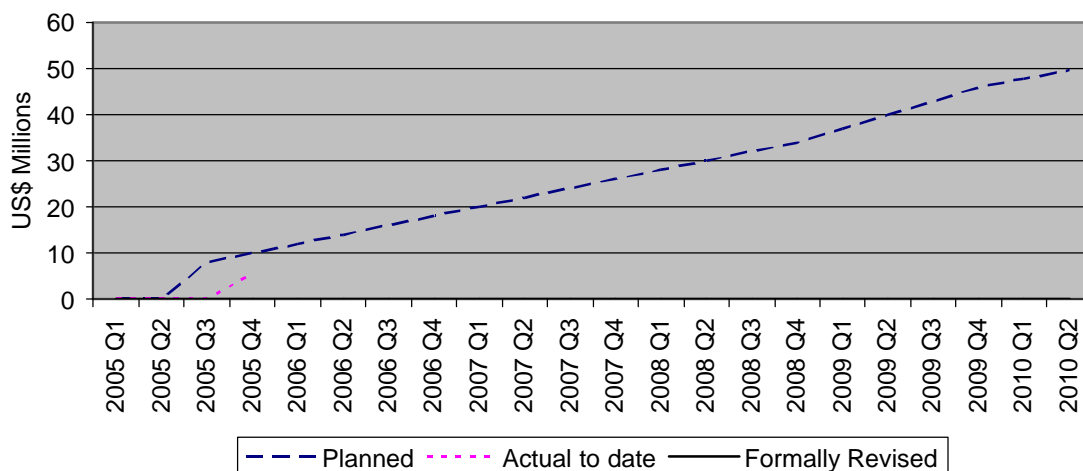
To expand access to, and increase the use of, essential health care services, especially by underserved populations.

Progress toward achieving development objective(s):

The project is only five months old. It is too early for significant progress towards achieving project development objectives. Initial project actions are on track and to that extent progress towards achieving project's development objectives is proceeding according to plan.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39800	Effective	10.07	0.00	10.07	0.00
IDA-H1250	Effective	39.83	5.60	34.34	0.00



Project Name (ID): Second Rural Water Supply and Sanitation (P071285)
Country: Nepal
Board Approval Date: 06/01/2004
Closing Date: 08/31/2009
Loan/Credit/Grant Number: IDA-39110
Sector(s): Water supply (90%), Sanitation (5%), Health (5%)
Theme(s): Rural services and infrastructure (P), Participation and civic engagement (S), Gender (S), Other human development (S), Pollution management and environmental health (S)

Project Development Objectives:

The Project has two objectives: (i) to improve sector institutional performance and mainstream "the Board" approach in the Government's system, and (ii) to support communities to form inclusive local water supply and sanitation user groups that can plan, implement, and operate drinking water and sanitation infrastructure that delivers sustainable health, hygiene, and productivity benefits to rural households.

Progress toward achieving development objective(s):

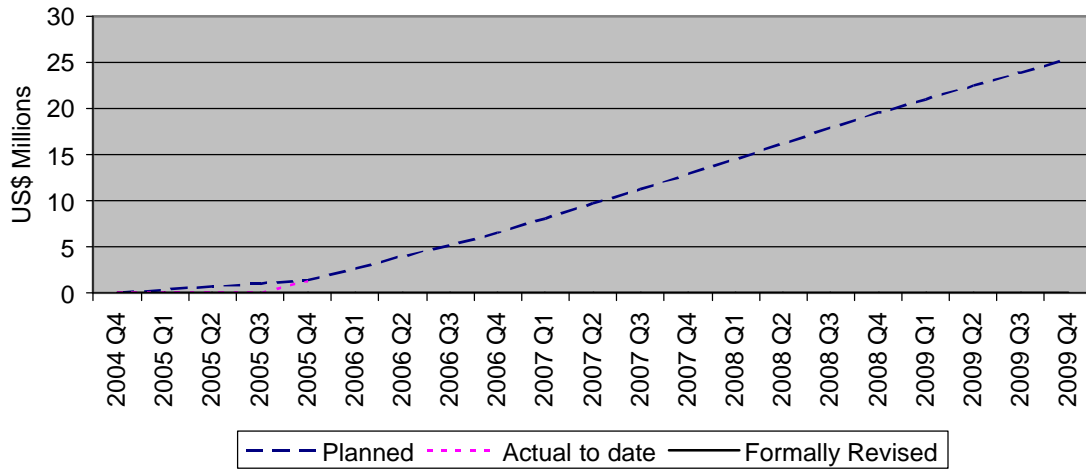
Progress towards achievement of the first objective is encouraging, as the RWSS national policy 2004 issued by the Ministry of Physical Planning and Works (MPPW) already outlines the adoption of integrated Rural Water Supply & Sanitation (RWSS) service delivery with participation and ownership of the users groups in planning, construction, and O&M. However, to fully mainstream this approach, it is crucial to ensure that this national policy is adopted for all projects implemented in the sector regardless of sources of funding. If MPPW completes the sector M&E system and leads the coordination and monitoring of the sector, including all projects implemented by the sector stakeholders, the first objective would likely be achieved by the end of the project.

The second objective is also likely to be achieved. Despite some delays in the implementation of Batch V (first batch in RWSSP II), results show that community mobilization and social capital development is taking place; households are building and using sanitary latrines; water and sanitation user groups/committees are being formed, and O&M funds are being mobilized. Although there are some implementation issues raised by the Board, Support Organizations (SOs), and Service Agencies (SAs), the Board is committed to learn from experience and develop action plans and implement them to improve internal management, relationships with SO/SA, and avoid delays in future batches.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39110	Effective	24.81	1.30	23.55	0.00

Status of Projects in Execution - FY05



Project Name (ID): Financial Sector Technical Assistance (P071291)

Country: Nepal

Board Approval Date: 12/19/2002

Closing Date: 06/30/2007

Loan/Credit/Grant Number: DFID-50593, IDA-37270, IDA-Q1830, IDA-Q1831

Sector(s): Banking (98%), Vocational training (1%), Media (1%)

Theme(s): State enterprise/bank restructuring and privatization (P), Regulation and competition policy (P), Standards and financial reporting (P), Corporate governance (S)

Project Development Objectives:

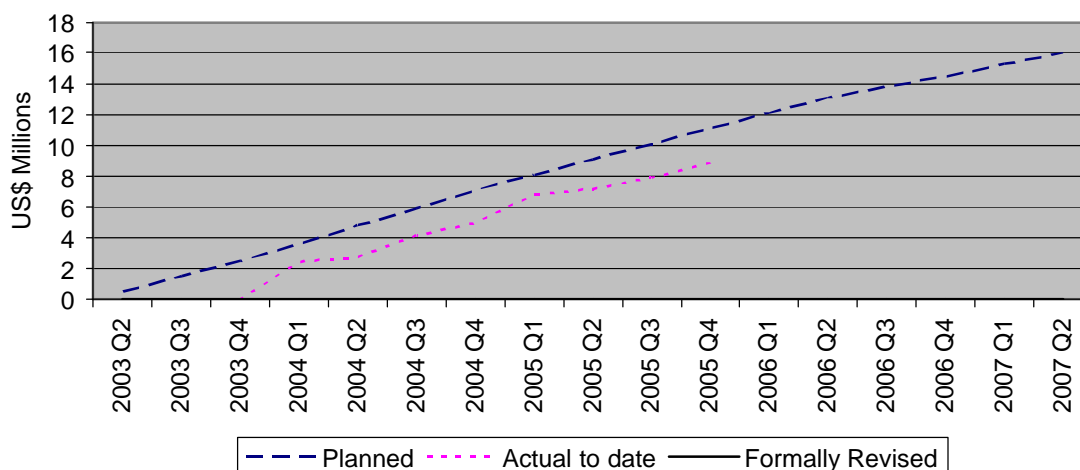
The objective is to strengthen the financial sector in order to bring about macroeconomic stability and promote private-sector-led economic growth.

Progress toward achieving development objective(s):

Progress is being made towards achieving the project's objectives. The on-going technical assistance for re-engineering of the Central Bank has yielded some progress in their auditing and accounting standard, computerization process and legislative framework to regulate banks and financial institutions. However, supervision remains weak and a team of international bank examiners are being hired (under phase II of financial sector reforms) to enhance their capacity. Notable progress has been witnessed in the restructuring of two public domain banks, i.e. they have turned around into a profitable operation, excessive workforce significantly reduced, financial disclosure standard improved, credit appraisal process enhanced and a new IT platform in the process of being installed. Debt recovery efforts continue to face the biggest challenge as large willful defaulters use weak court systems to resist loan repayments. Credit Information Center and Debt Recovery Tribunal are functional but require further technical assistance to enhance enforcement capacity. Reforms are now widely discussed in public due to a strong media interest and the quality of financial journalism has improved.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
DFID-50593	Effective	12.41	5.26	7.08	0.00
IDA-37270	Effective	18.09	8.84	9.23	0.00
IDA-Q1830	Closed	0.55	0.00	0.00	0.55
IDA-Q1831	Closed	0.60	0.00	0.00	0.60



Project Name (ID): Education for All (P074633)

Country: Nepal

Board Approval Date: 07/08/2004

Closing Date: 01/31/2010

Loan/Credit/Grant Number: IDA-39560

Sector(s): Primary education (70%), Pre-primary education (10%), Adult literacy/non-formal education (10%), Sub-national government administration (5%), Other social services (5%)

Theme(s): Education for all (P), Gender (S), Indigenous peoples (S), Participation and civic engagement (S), Rural services and infrastructure (S)

Project Development Objectives:

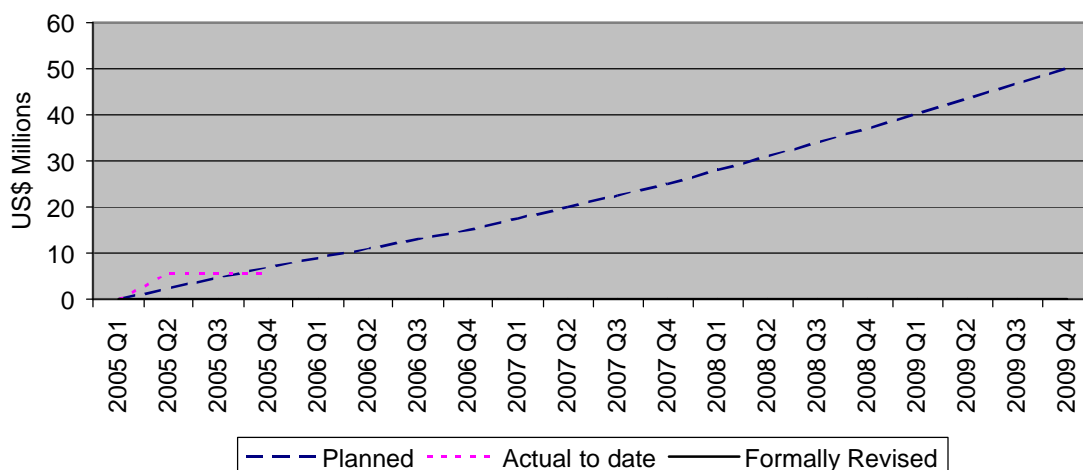
The project's long-term development objective is to improve access to and benefit from basic and primary education for children, especially girls and children from disadvantaged groups, and from literacy programs for poor adults.

Progress toward achieving development objective(s):

The first year of implementation is nearing completion and progress is being made towards achieving the project's development objectives. The Sector-Wide Approach (SWAp) modality is fully understood and implemented and school block grants have also been implemented through out the country. The first monitoring report (flash report 1) has been produced, which establishes the baseline and two technical reviews by independent consultants have been completed. Financial Management Reports are being produced and overall the implementation level is expected to exceed 80%.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39560	Effective	50.34	5.60	44.88	0.00



Project Name (ID): Poverty Alleviation Fund (P081968)

Country: Nepal

Board Approval Date: 06/01/2004

Closing Date: 02/01/2009

Loan/Credit/Grant Number: IDA-H0910, IDA-Q3580

Sector(s): Primary education (26%), Roads and highways (26%), Irrigation and drainage (26%), Other social services (18%), Micro and SME finance (4%)

Theme(s): Rural services and infrastructure (P), Participation and civic engagement (P), Rural non-farm income generation (S), Social risk mitigation (S), Gender (S)

Project Development Objectives:

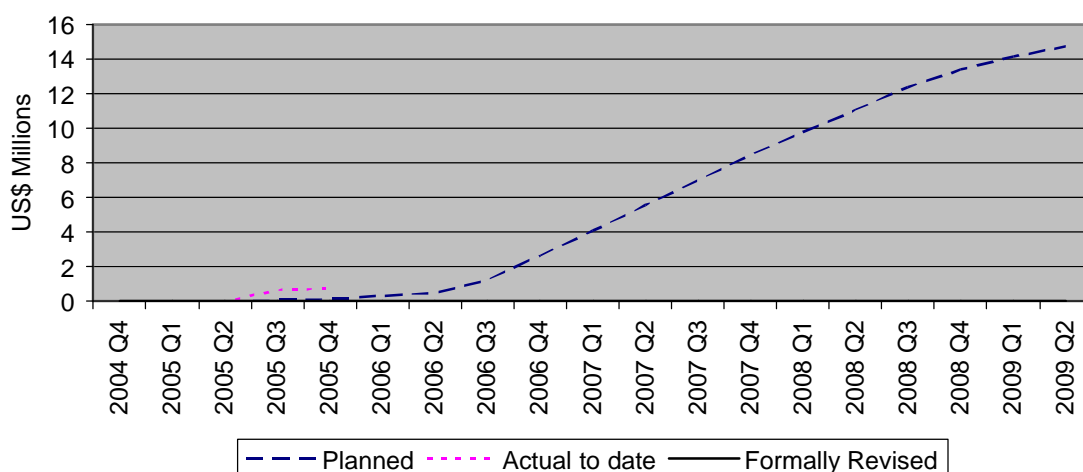
The development objective is to support the country's strategy for reaching the poor, excluded and vulnerable communities, using a pro-poor targeted approach which can be subsequently scaled up. The project is intended to provide direct and indirect benefits initially to six pilot districts by creating infrastructure, employment opportunities, enhancing the capacity of local bodies e.g., Village Development Committees and improving government efforts to better coordinate targeted support to the intended target populations.

Progress toward achieving development objective(s):

The project has only been effective for about six months but in the first Supervision mission in January 2005 important implementation areas of concern were reviewed and key institutional arrangements and operational rules were discussed and agreed upon. Fiduciary documents such as the environmental framework, operational manual/vulnerable peoples development plan, financial management and procurement arrangements were also reviewed in detail. PAF management had created the necessary institutional structures and had recruited qualified and competent team of technical staff.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0910	Effective	14.74	0.75	14.02	0.00
IDA-Q3580	Closed	0.44	0.00	0.00	0.44



Project Name (ID): Community School Support (P082646)

Country: Nepal

Board Approval Date: 06/30/2003

Closing Date: 09/30/2006

Loan/Credit/Grant Number: IDA-38080

Sector(s): General education (100%)

Theme(s): Education for all (P)

Project Development Objectives:

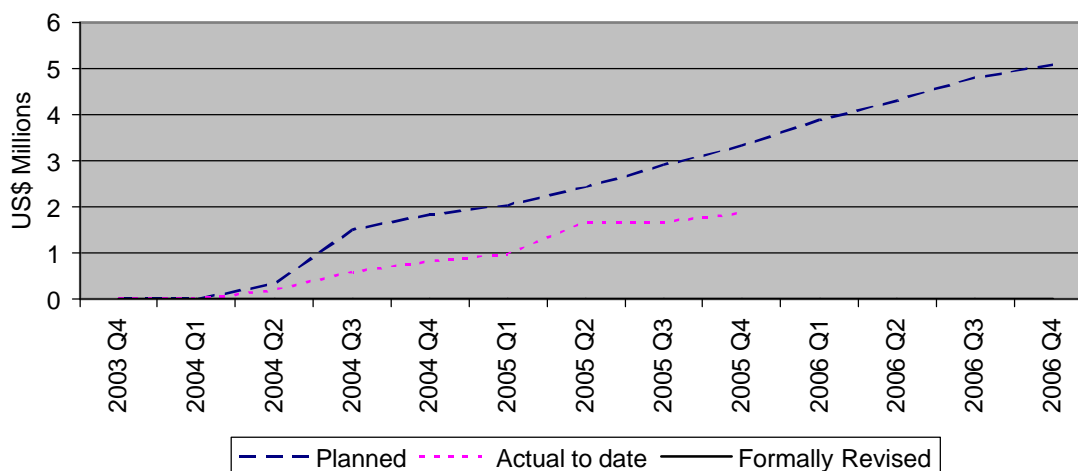
The objective is to test whether community management of schools can better contribute to enhancement of: a) participation rates, (b) quality and efficiency and (c) accountability of schools.

Progress toward achieving development objective(s):

Several key steps towards achievement of the project's objectives have been completed. The transfer of public schools to community management has been higher than the targeted with over 2000 schools having been transferred against the project target of 1,500. As planned 250 schools have been selected for project support. A baseline survey of community-managed schools by independent consultants have been completed and a network of community-managed schools - Community School National Network - was established.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38080	Effective	5.25	1.87	3.41	0.00



Project Name (ID): Rural Access Improvement and Decentralization (P083923)

Country: Nepal

Board Approval Date: 06/21/2005

Closing Date: 12/31/2010

Loan/Credit/Grant Number: IDA-H1710, IDA-Q3870

Sector(s): Roads and highways (100%)

Theme(s): Rural services and infrastructure (P), Decentralization (S), Other social development (S)

Project Development Objectives:

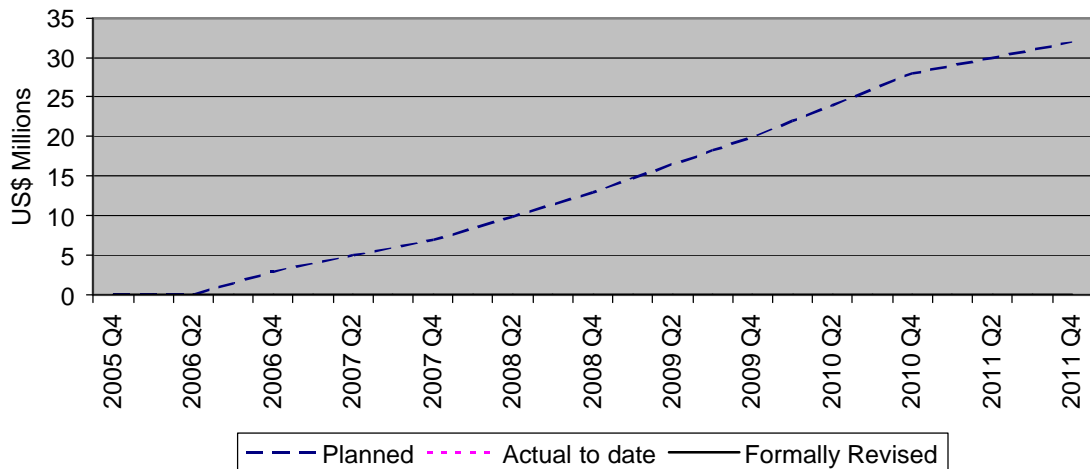
The project's development object is for residents of participating districts to utilize improved rural transport infrastructure and services and benefit from enhanced access to social services and economic opportunities.

Progress toward achieving development objective(s):

The project was approved at the end of the reporting period and it is too early to report on substantive progress.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1710	Not Effective	30.93	0.00	30.93	0.00
IDA-Q3870	Closed	0.40	0.19	0.21	0.00



Project Name (ID): Financial Sector Restructuring (P084219)

Country: Nepal

Board Approval Date: 03/09/2004

Closing Date: 09/30/2009

Loan/Credit/Grant Number: IDA-38640, IDA-H0740

Sector(s): Banking (100%)

Theme(s): State enterprise/bank restructuring and privatization (P), Standards and financial reporting (S)

Project Development Objectives:

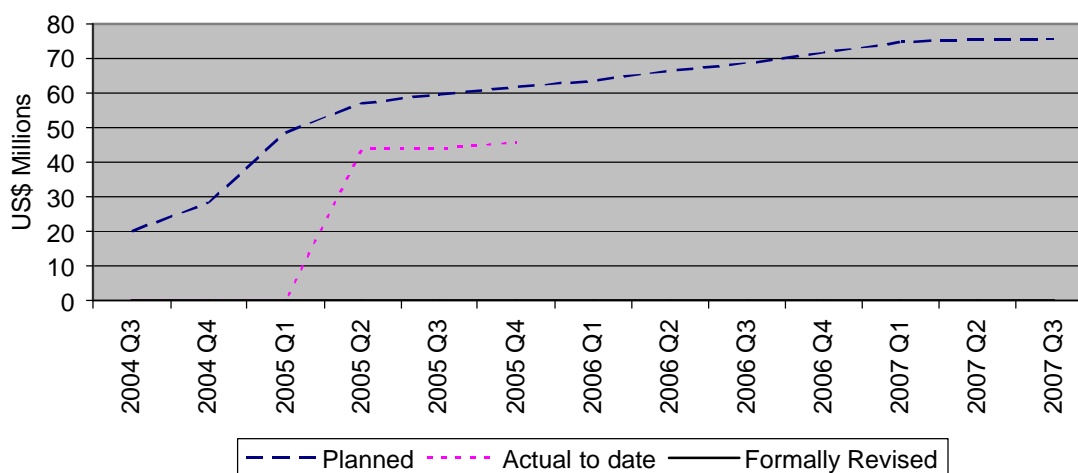
The objective of the project is to support the on-going efforts to develop a healthier financial sector in Nepal which intermediates funds more efficiently and effectively to the benefit of all segments of society and in a manner which supports private sector development, increased investment and faster growth.

Progress toward achieving development objective(s):

While still in its early stages of implementation significant progress has been noted in the operating capacity and commercial viability of the two large public domain banks being restructured. The central bank needs to effectively enforce its own legislation that could assist in preparing these banks for privatization. In order to enhance the professional status of the central bank and its capacity to oversee the development of a prudently operated financial sector, a greater focus on supervision capacity, IT up-gradation and human resource management is crucial. These are expected to be the primary focus of this TA for FY 2006.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38640	Effective	69.46	45.68	25.16	0.00
IDA-H0740	Effective	7.15	0.00	7.15	0.00



Project Name (ID): Economic Reform Technical Assistance (P093294)

Country: Nepal

Board Approval Date: 06/28/2005

Closing Date: 12/31/2008

Loan/Credit/Grant Number: IDA-H1730

Sector(s): General public administration (93%), Aviation (5%), Telecommunications (1%), Petrochemicals and fertilizers (1%)

Theme(s): Administrative and civil service reform (P), Public expenditure, financial management, and procurement (P), State enterprise/bank restructuring and privatization (S), Health system performance (S), Education for all (S)

Project Development Objectives:

The project will implement key reforms strengthening public sector capacity, improving service delivery and increase social inclusion.

Progress toward achieving development objective(s):

The project was approved at the end of June 2005 and was signed August 1st. The government has established an effective steering committee and is preparing the project operations manual.

Lending Information/Disbursement Summary (USD millions, as of June 30 2005)

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H1730	Not Effective	2.92	0.00	2.92	0.00