Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 12-Nov-2019 | Report No: PIDISDSA26430
BASIC INFORMATION

A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nepal</td>
<td>P163418</td>
<td>Nepal Urban Governance and Infrastructure Project</td>
<td></td>
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<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<tbody>
<tr>
<td>SOUTH ASIA</td>
<td>06-Nov-2019</td>
<td>20-Jan-2020</td>
<td>Urban, Resilience and Land</td>
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</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Nepal</td>
<td>Ministry of Urban Development</td>
</tr>
</tbody>
</table>

Proposed Development Objective(s)

The Project Development Objective is to strengthen the institutional and fiscal capacities of participating ULLs for strategic municipal infrastructure and service delivery.

Components

Urban Development Grants (UDG) for strategic municipal infrastructure and service delivery
Institutional strengthening of the participating ULLs
Project management and coordination

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total Project Cost</td>
<td>164.44</td>
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<tr>
<td>Total Financing</td>
<td>164.44</td>
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<tr>
<td>of which IBRD/IDA</td>
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<tr>
<td>Financing Gap</td>
<td>0.00</td>
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</table>

DETAILS

World Bank Group Financing

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>International Development Association (IDA)</td>
<td>150.00</td>
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<tr>
<td>IDA Credit</td>
<td>150.00</td>
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</table>
B. Introduction and Context

Country Context

1. **Over the past decade, Nepal's economy has performed reasonably well.** Real gross domestic product (GDP) growth averaged 4.9 percent (at market prices) over FY10-FY19, and inflation has been in single digits for most of the past decade. Poverty declined significantly from 15 percent in 2010 to 9.3 percent in 2018, although vulnerability remains high. Fiscal balances remained sustainable owing to strong revenue growth (17.7 percent in FY19) and modest spending. However, delays in the operationalization of the ongoing federal transition in Nepal, together with the lack of technical capacity of existing staff, have led to an underspending of the federal budget by 18.8 percent. Federalism has also exacerbated the challenges linked to weak execution of provincial budgets, which show significant levels of underspending.

2. **A new government, backed by an unprecedented majority in Parliament, has recently completed one and half years.** Nepal has undergone a process of radical reform of its intergovernmental institutional and fiscal structure with the introduction of a new federal constitution in 2015. The new constitution—the country’s single most comprehensive political reform in terms of decentralization—established a three-tiered government system comprising the federal government, seven provincial governments, and 753 local governments, for which new legislation, institutions and administrative procedures are being formalized. Elections were successfully held at all three levels of the government in 2017-18, marking a protracted-but-successful conclusion of a political transition that began with the signing of the Comprehensive Peace Agreement in November 2006. Concurrently, the Government of Nepal (GoN) has also completed a restructuring that rationalizes the pre-existing 31 ministries to 18 and has streamlined their roles in accordance with the functional responsibilities outlined in the

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1 Given good agricultural production and the existing peg to the Indian Rupee, inflation in FY2019 (4.5 percent) remained below target (5.5 percent) according to data released by the Central Bureau of Statistics (consisting of a revision of the FY2018 growth rate coupled with the preliminary estimate for FY2019)
2 The applied international poverty line is at the US$3.20 per person per day
3 Almost 10 million people or close to 32 percent of the population are estimated to live between US$1.90 and US$3.20 a day (2018). The worst floods in decades in Nepal contributed to the slowdown in growth from its peak of 7.9 percent in FY17 to an estimated 6.3 percent in FY18.
4 Out of all local governments, 293 are urban local governments that are further categorized into 6 metropolitan, 11 sub-metropolitan and 276 urban municipalities based on a criterion comprising population, fiscal and infrastructure indicators.
constitution. The restructuring is expected to result in improved outreach and service delivery in the medium term but is likely to take time before becoming fully operational. At the federal level, GoN has enacted multiple important laws, policies, and regulations in line with the new constitution, including Intergovernmental Fiscal Arrangement Act (IFAA), National Natural Resources and Fiscal Commission Act (NNRFCA), Local Government Operations Act (LGOA), and Civil Service Readjustment Act (CSRA)\(^5\).

### Sectoral and Institutional Context

3. **Nepal is the least urbanized but fastest urbanizing country in South Asia.** Approximately 26 percent\(^6\) of the country's population lives in urban areas and the annual urban population growth rate (about 6 percent) is significantly higher than the regional average (3-4 percent). Urban areas in Nepal suffer from critical municipal infrastructure deficits, constraining their ability to deliver services to their residents and undermining their ability to tap into their economic growth potential. These deficits include (i) inadequate, unsafe and poor quality municipal road networks\(^7\); (ii) inadequate and poor drainage systems that have worsened the impact of floods; (iii) limited access and poor quality of drinking water supply; (iv) high septic tank dependency for waste water management without proper design and maintenance which is leading to widespread ground water pollution and (v) inadequate infrastructure for solid waste treatment and safe disposal, often resulting in open-dumping alongside roads and rivers (see details in Annex 3). It is particularly important to note that, due to a legacy of weak LG systems and heavy reliance on community-based User Committees (UCs) for infrastructure development, Nepalese cities and towns suffer from a relative deficiency of urban service networks, and for some key urban services, vital aspects of the overall service-delivery chain have never been adequately tackled.

4. **In the context of the introduction of the new constitution, urban local level (ULLs) are emerging incrementally as autonomous local service delivery institutions under the new federalist state structure.** The new constitution has assigned a range of sector functions and responsibilities to each of the three spheres of government, some of which are exclusive to the local levels, while others are shared with the upper tiers of government (e.g., education, health services, disaster management). The constitution envisions a significantly expanded role for local levels\(^8\) as public service providers, including increased responsibility for delivering basic services and municipal infrastructure. While there is a strongly decentralized local governance model and a relatively clear assignment of functions and powers related to municipal services, the *de facto* institutional structure is emerging only incrementally and ULLs have not yet assumed many of their *de jure* responsibilities as envisioned in the constitution and LGOA.

5. **In this context, a set of targeted interventions is required to enable ULLs in Nepal’s fast growing cities to properly assume their devolved infrastructure and service-delivery mandates.** The intervention should include: (i) dedicated fiscal resources for strategic municipal infrastructure investments in a manner that changes the local level practices for allocating resources, planning and implementing strategic municipal infrastructure projects, moving away from UCs led investment, and (ii) focused capacity development support to strengthen

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\(^5\) It defines the rules and the regulations to govern human resources redeployment across the three tiers of government. However, due to strong resistance, this Act has not been fully implemented and it may be replaced with a new legislation on the modalities of civil service management.

\(^6\) Urban population figures taken from the 2011 census and Agglomeration Index.

\(^7\) National statistics on road accidents show that there were approximately 13,582 traffic crashes in FY2012/13, and 2,541 road deaths were recorded in FY2017/18.

\(^8\) ULLs’ responsibilities include planning, infrastructure development and service delivery including water supply, drainage, solid waste management, natural and cultural heritage conservation, social welfare, land-use planning, public health, pollution control, primary education, and small and medium scale industries. ULLs have also assumed key cross-cutting functions including budget planning, FM, procurement, and revenue collection.
the ULL’s institutional systems and organizational capacity to identify, plan, finance and implement strategic municipal infrastructure projects for improved service delivery.

6. **Nepal’s high vulnerability to climate change adds mounting pressure to its already strained urban infrastructure.** Nepal ranks as the 4th most vulnerable country to climate change impacts (Climate Change Vulnerability Index, 2011) due to its complex topography and variability in climate within short distances. The number and frequency of landslides, flash floods, and droughts has increased in recent years, and erratic weather patterns projected in climate models may exacerbate the impact of these disasters in coming years\(^9\). Mean annual temperatures throughout Nepal are projected to increase between 0.5-2.0°C by the 2030s\(^{10}\), while projections show a three-fold increase in monsoon rainfall and more frequent summer floods.\(^{11}\) The risk of flooding in the river basins of the non-Himalayan region due to higher monsoon precipitation is projected to increase by as much as 14 to 40 percent by the 2030s\(^{12}\). The absence of guidelines and technical standards for good quality infrastructure decreases ULLs’ resilience to climate hazards.\(^{13}\) In a context of rapid urbanization, building resilience to climate change is crucial for the prosperity of Nepal’s urban areas. The GoN’s National Urban Development Strategy demonstrates a commitment to increasing the resilience, mitigation and adaptation of urban areas to climate change effects.

### C. Proposed Development Objective(s)

**Development Objective(s) (From PAD)**

The Project Development Objective is to strengthen the institutional and fiscal capacities of participating ULLs for strategic municipal infrastructure and service delivery.

**Key Results**

I. ULLs receive Urban Development Grant (UDG) allocations annually in a timely manner after Grant Access Conditions (GAC) verification.

II. Average annual UDG utilization rate (of participating ULLs) for financing strategic municipal infrastructure projects.

III. Number of strategic municipal infrastructure sub-projects identified and planned based on citizen engagement and service needs assessment.

IV. Number of people with improved urban living conditions\(^{14}\).

### D. Project Description

7. The proposed Project includes three components, as follows:

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\(^{10}\) "Intended Nationally Determined Contributions (INDC)”. Ministry of Population and Environment. Communicated to UNFCC Secretariat in February 2016.


\(^{13}\) Glacial lake outburst floods, heat waves, intensive rainfall, and landslides have impacted roads and water supply and sanitation systems. Source: "Climate Proofing Urban Development in Nepal", Presentation by the GON during Regional Dialogue on Climate Resilient Growth and Development, Thailand.

\(^{14}\) Improved urban living conditions are assessed by improvement in access to core municipal services including drinking water supply, waste water management, municipal roads and storm water drainage.
Component 1: Urban Development Grants (UDG) for strategic municipal infrastructure and service delivery (Total financing: US$ 144.44 million).

8. The component will finance Nepal’s first urban sector conditional grant (UDG) system for strategic municipal infrastructure and service delivery, as well as associated technical assistance to ULLs. The UDG allocations will be used by ULLs for implementing identified subprojects and for seeking technical assistance to identify, plan, design, and supervise subprojects, in line with the guidelines and procedures outlined in the Project Implementation Manual (PIM). UDGs will select subprojects among a menu of strategic infrastructure subprojects focusing on, inter alia, rehabilitation/improvements in municipal roads, drainage, drinking water supply and on-site sanitation sectors. The UDG allocations have been determined based on an objective and transparent allocation formula and will allow ULLs to develop their multi-year municipal investment program in year 1. In line with their constitutional mandate, ULLs will have full discretion and responsibility to (i) identify, plan and execute their municipal infrastructure investment subprojects, and (ii) submit regular financial and physical progress reports to Ministry of Urban Development (MoUD). Strategic municipal infrastructure priorities will be identified and selected by ULLs based on (i) municipal infrastructure and services gap assessment, conducted jointly with ULLs during project preparation, (ii) community engagement/participatory processes through municipal forums organized by the elected local government representatives, (iii) implementation readiness in terms of unencumbered land availability and other natural resource allocation approvals, (iv) environment and social safeguards risk assessment intended to screen out subprojects with potentially negative impacts, as per the Environment and Social Management Framework (ESMF); and (v) subject to the total UDG allocation ceiling for the respective ULLs.

Component 2: Institutional strengthening for ULL’s institutional strengthening (Total financing: US$ 10 million).

9. The component will finance urban sector institutional strengthening activities for participating ULLs to address some of the critical institutional constraints in urban management and service delivery. The component will support participating ULLs on a core set of urban management and service delivery issues including: (1) integrated urban development planning; (2) OSR mobilization; (3) municipal FM and procurement; (4) citizen engagement and gender inclusion; and (5) urban infrastructure asset management system. The activities will be provided to participating ULLs through three types of delivery modalities: (i) assistance for developing manuals, toolkits and operational systems—such as integrated urban development plans, revenue improvement action plans, asset management manuals, accounting/internal audit manual; (ii) formal learning and classroom training on core municipal governance areas; and (iii) on-the-job handholding support to ULL staff in core management functions such as FM, procurement, asset management etc. The activities will be delivered to the participating ULLs by Urban Development Support Teams (UDST) comprising a mix of international and local experts in the areas of urban management, planning, and service delivery. The UDST will be deployed by the MoUD in two regional teams (one in the eastern cluster and one in the western cluster) and will provide technical assistance and formal trainings.

Component 3: Project management and coordination (Total financing: US$ 10 million).

10. This component will finance (i) operational expenses of a dedicated team established in MoUD for managing, coordinating and monitoring the implementation of the proposed Project, including due diligence, quality control and reporting to the Bank on fiduciary, environment & social safeguards and technical aspects; (ii) technical assistance to MoUD on policy, regulatory and strategic oversight functions that would enhance MoUD’s ability to support Nepal’s evolving urban sector; (iii) analytical studies and assessment, including
baseline, mid-term and end-line evaluation of the Project, as well as support to information management and monitoring system to better track, document and analyze Nepal’s urban development; and (iv) additional technical support including designing and scaling up the Project, or preparatory activities for the Bank’s follow-up urban engagement. Overall, the component will focus on supporting MoUD in coordinating Project implementation and strengthening its new policy-making role in evolving federal context.

E. Implementation

Institutional and Implementation Arrangements

11. The MoUD will be the federal level primary coordinating agency for this proposed Project and will be responsible for project management, supervision, reporting and coordination through a dedicated team established in the Department of Urban Development and Building Construction (DUDBC). The MoUD will be supported by a project management support team comprising technical, FM, procurement, environment and social safeguards, gender inclusion, monitoring and evaluation (M&E) and project management experts. The MoUD will be responsible for, inter alia: (i) managing and supervising the implementation of all three components, (ii) coordinating with participating ULLs, (iii) monitoring the implementation progress of all proposed Project activities; (iv) compliance with the policies and procedures (technical, institutional, fiduciary and safeguards) agreed between GON and the Bank, and (v) submit period progress and compliance reports to the Bank team.

12. ULLs will be the primary implementing agencies for Component 1. They will be responsible for identifying, planning, designing and implementing strategic municipal infrastructure investments. A dedicated implementation team comprising a municipal engineer, an urban planner, and a community mobilization expert will be established in each ULL. Each ULL will be assisted by a design and supervision support team, comprising technical/engineering, FM, procurement, M&E, gender and social inclusion, environment and social safeguards experts. MoUD will lead the implementation of all the activities in Components 2 and 3. A Project Implementation Manual (PIM) includes detailed implementation systems, procedures and supervision mechanisms for all proposed Project activities. The PIM will be formally adhered to by MoUD and the participating ULLs.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The Project will support a selected number of Urban Local Levels (ULLs) in two priority strategic urban clusters: in eastern-terai region (Provinces 1 and 3), and western region (Provinces 4 and 5). The eastern-terai cluster covers 9 municipalities located across the East-West highway; the western cluster covers 8 municipalities in and around Pokhara-Lekhnath. Floods are common issues in the plain Terai region, whereas landslides and soil erosion are common in the hills/ mountains. It is possible that there are community forests and agricultural wetlands within the project municipalities. Different ethnic groups are residing in different parts of the proposed project municipalities.
G. Environmental and Social Safeguards Specialists on the Team

Maya Gabriela Q. Villaluz, Environmental Specialist  
Caroline Mary Sage, Social Specialist  
Jun Zeng, Social Specialist  
Bandita Sijapati, Social Specialist

<table>
<thead>
<tr>
<th>SAFEGUARD POLICIES THAT MIGHT APPLY</th>
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</thead>
<tbody>
<tr>
<td>Safeguard Policies</td>
</tr>
<tr>
<td>-------------------------------------</td>
</tr>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
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</table>
environment, human health and safety, other social impacts, and physical cultural resources are adequately addressed.

Public consultations with various stakeholder groups (local government units, potentially affected communities, NGOs, etc.) were conducted during preparation of the ESMF.

An ESIA has been prepared for first subproject focusing on municipal road and drainage rehabilitation in Pokhara-Lekhnath, in compliance with the ESMF. It was determined that the anticipated impacts will generate manageable risks brought about by the construction activities which are short-term and reversible. The Ministry of Urban Development (MoUD) has a dedicated team at the Department of Urban Development and Building Construction (DUDBC) which will oversee compliance to the environmental and social safeguard requirements of the ULLs. Each ULL will have a dedicated implementation team who will be responsible in the day to day operations of the subprojects at the ULL level and will be assisted by an environmental specialist and a social safeguard specialist.

<table>
<thead>
<tr>
<th>Performance Standards for Private Sector Activities OP/BP 4.03</th>
<th>No</th>
<th>Not applicable.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Natural Habitats OP/BP 4.04</strong></td>
<td>Yes</td>
<td>While the exact location of subprojects is not known, the policy has been triggered as the proposed subprojects could generate environmental impacts that may affect natural habitats directly or indirectly which would necessitate appropriate conservation and protection measures. However, the project will not cause permanent conversion of critical habitats. To ensure this, the ESMF has defined robust screening criteria that excludes subprojects that may cause the intrusion, conversion or degradation of critical natural habitats as well as the degradation and extraction of resources in natural habitats. In addition, the ESMP will include mitigating measures to ensure natural habitats that may be affected during project implementation are protected or restored to its original state.</td>
</tr>
<tr>
<td>Topic</td>
<td>Action</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------------------------</td>
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<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>While the exact location of subprojects is not yet identified, there will be no activities that will not intrude into, harvest or convert any natural forest or forest-based products. To ensure this, the ESMF has defined robust screening criteria that excludes subprojects that may involve any conversion or degradation of natural forests, or related habitat – including cutting of trees. In case trees will be affected along the Right-of-Way (ROW), the trees will be balled and transferred or if not feasible, will be replaced with at least 25 tree saplings per tree removed.</td>
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<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td>Yes</td>
<td>Anticipated impact of investments on physical cultural resources will be part of the screening criteria, depending on location and type of activities. Physical investments will be designed with attention to cultural heritage values and protection. While the exact location of investment subprojects is not yet identified, chance finds procedures is an essential part of the ESMF.</td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>Yes</td>
<td>This policy has been triggered as indigenous people may possibly be present in municipalities that are within the scope of the project. To address potential impacts on indigenous groups, the ESMF contains a Vulnerable Community Development Framework (VCDF) as a separate chapter, with a specific focus on Indigenous communities. The VCDF provides guidance on preparing Vulnerable Community Development Plans (VCDP), where a VCDP is required for sub-projects. The VCDP guides planning approaches with indigenous peoples and other vulnerable groups, including women, disabled populations, elderly and those living in poverty. These approaches include ensuring a process of free, prior and informed consultation with affected indigenous communities.</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td>Investments in municipal infrastructure could require the taking of land, resulting in the relocation or loss of shelter, loss of assets or access to assets, or could affect income or livelihood. The ESMF contains a Resettlement Policy Framework (RPF) as a separate chapter and will be the guiding document in the preparation of Resettlement Action Plans (RAP). The RPF provides guidance on land acquisition</td>
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</table>
and resettlement activities, and includes the process for confirming land title, and the different options that municipalities can follow to undertake land transfer (namely voluntary land donation, acquisition through negotiations, and through involuntary acquisition). Where voluntary land donation has taken place following PCN review and prior to appraisal, the ESMF provides guidance on undertaking due diligence to show that the land taking practices were on voluntary basis, the livelihood impacts were minor and land donors were fully consulted. The RAP includes an entitlement matrix to guide the implementation of appropriate entitlement, as well as guidance on stakeholder engagement and grievance redress. A RAP has been prepared for first subproject on municipal road and drainage rehabilitation in Pokhara-Lekhnath. The document was prepared in line with the requirements of OP4.12. The RAP provides details of project-affected persons, resettlement policy procedures, compensation rates and institutional and monitoring arrangements.

<table>
<thead>
<tr>
<th>Safety of Dams OP/BP 4.37</th>
<th>No</th>
<th>Project infrastructure does not include dam or does not depend on existing dam.</th>
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</thead>
<tbody>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>Yes</td>
<td>The policy has been triggered, as the proposed investment sub-projects could involve use of water from the Gandak, Koshi, and other rivers that are tributaries of Ganga river and are considered international waterways under the Policy. The proposed investment sub-projects are limited to rehabilitation/upgradation of existing municipal road and adjoining drainage, water supply and sanitation schemes and will not adversely change the quality or quantity of water flows to other riparians, therefore, the Project falls under the exception to the notification requirement according to paragraph 7 (a) of the Policy. To further ensure that selected drainage, water supply and on-site sanitation sub-projects do not lead to any adverse impact on the quality or quantity of water flowing to other riparians, the Project will include a screening mechanism in the Project Implementation Manual (PIM) to exclude investment sub-projects on (i) new drainage, water supply and on-site sanitation systems and/or (ii) rehabilitation and expansion,</td>
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which would change the nature of existing sub-
projs or adversely impact the quality or quantity
of international waterways. This screening condition
will also be included as a Legal Covenant in the
Financing Agreement.

| Projects in Disputed Areas OP/BP 7.60 | No | Project is not located in a disputed area. |

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project is expected to bring significant positive benefits for residents living in sub-project areas across the 17 ULLs. Improvement in critical infrastructure services such as roads and drainage, water supply and solid waste management will improve mobility and provide better access to services and markets, safer roads and overall a healthier and more livable environment for the growing urban populations in these municipalities. However, investments in urban infrastructure made under subprojects may have some limited negative environmental and social impacts, such as resettlement impacts from the taking of land, and community health and safety impacts. The potential environmental and social impacts are anticipated to be site-specific, temporary and manageable. No large scale, significant, or irreversible impacts are expected from the subprojects being financed. Given that subproject activities will take place in urban areas, there may be impacts to the community such as from construction noise or equipment vibrations. Indigenous people may possibly be present in municipalities which are within scope of the project. Further, there exists a risk of gender-based violence (GBV) during project construction due to possible labor influx into communities. However, due to the nature of this project, these negative impacts will not be significant and will be manageable. Mitigating measures for environmental and social impacts are included in the design features of the subprojects to make sure that net environmental and social benefits are achieved during the construction and operation phases. Since NUGIP is being prepared as a Category B project, the ESMF includes a list of ineligible investments to screen out any high-risk or potentially Category-A investment activities.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

No long-term impacts have been identified. The project will provide improved infrastructure services that will help arrest natural resources degradation in the project area. The environmental and social impact assessment and the mitigating measures in the ESMP are designed to ensure that indirect or long-term impacts will generate positive environmental and social benefits in the area.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts:

Alternative analysis will be conducted during the Feasibility Study Report (FSR) phase for each subproject including a environment and social risk screening based on baseline data. The ESIA will include the analysis of alternatives for sites and technology. Sub-projects which cause the least environmental and social impacts will be prioritised for project funding.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.
The Environmental and Social Management Framework (ESMF) has been prepared by the MoUD according to the Bank’s safeguards policies. A Resettlement Policy Framework (RPF) and Vulnerable Communities Development Framework (VCDF) were included in the ESMF, as well as guidance for conducting stakeholder engagements. Given the expected labor influx to undertake sub-projects and ensuing risks such as for Gender-Based Violence (GBV), the ESMF includes a GBV Action Plan providing guidance on managing labor influx and mitigation measures for such risks. An Environmental and Social Impact Assessment (ESIA), Resettlement Action Plan (RAP) and Environmental and Social Management Plan (ESMP) has been prepared for the first subproject, in compliance with the ESMF. Continuous capacity building activities will be conducted during project implementation to ensure satisfactory environmental and social risk management and safeguards performance during the entire project cycle of all activities. During project implementation, the MoUD with the environmental and social specialist will work closely with the environment and social safeguards staff of the ULLs to ensure adequate ESMP implementation and safeguards compliance.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

Key stakeholders include project-affected households, communities in project areas, women’s groups, indigenous communities and other vulnerable groups including women, disabled populations, elderly and those living in poverty, and local government authorities. During safeguards instruments preparation, consultations were conducted with these stakeholders with an emphasis on those directly impacted by the project, and vulnerable groups. Details of these consultations are provided in the prepared safeguards instruments.

B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
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"In country" Disclosure

Nepal

18-Oct-2019

Comments

<table>
<thead>
<tr>
<th>Resettlement Action Plan/Framework/Policy Process</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
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</table>

"In country" Disclosure
Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank | Date of submission for disclosure
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"In country" Disclosure

Nepal

18-Oct-2019

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

No

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

Yes

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

**OP/BP 4.10 - Indigenous Peoples**
Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?
NA

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

**OP 7.50 - Projects on International Waterways**

Have the other riparians been notified of the project?
No
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?
Yes
Has the RVP approved such an exception?
Yes

**The World Bank Policy on Disclosure of Information**

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes
All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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