

**STATUS OF PROJECTS IN EXECUTION – FY07**  
**SOPE**  
**NEPAL**

**Operations Policy and Country Services**  
**OCTOBER 10, 2007**



## Introduction

The Status of Projects in Execution (SOPE) Report for FY07 provides information on all IBRD/IDA projects that were active as of June 30, 2007. The World Bank has issued a SOPE Report every year as an internal communication to the Board of Executive Directors. In accordance with the Bank's revised disclosure policy, since FY02, the SOPE Report is available to the public.

The report is intended to bridge the gap in information available to the public between the Project Appraisal Document or Program Document, disclosed after the Bank approves a project, and the Implementation Completion Report, disclosed after the project closes.

In addition to the project progress description, the FY07 SOPE report<sup>1</sup> contains project level comparisons of disbursement estimates and actual disbursements, and a table showing the loan/credit/grant amount and disbursements to date.

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<sup>1</sup> Notes:

- Amounts and Graphs for loans/credits/grants 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 Operations, which provide quick-disbursing financing to support policy and institutional reforms. For these operations, funds are disbursed in one or more stages (tranches), released when the borrower complies with agreed prior actions.
- Projects which are not yet effective may not have a planned disbursement schedule and thus will not include a graph.



**Country: Nepal**

**Project Name (ID):** Power Development Project ( P043311 )

**Country:** Nepal

**Board Approval Date :** 05/22/2003

**Closing Date :** 06/30/2009

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

**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):**

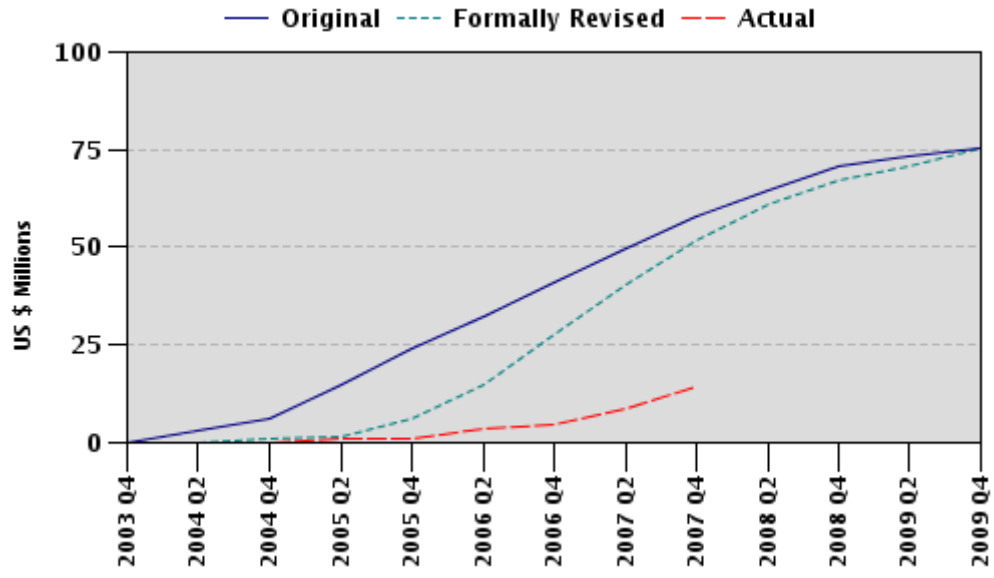
Progress towards achieving the development objectives has been mixed. With around 55% of the allocated funds for micro hydro village electrification already disbursed, and the expectation that the remaining funds would be disbursed over the next year, this component is on track in achieving its target of providing electricity access to 30,000 households in remote areas of Nepal well ahead of time. Furthermore, the physical progress in the transmission and distribution component has picked up over the past year, and it is likely that the momentum will continue over the course of the coming year. However, progress towards promoting private investments for Nepal's hydro power development has been sluggish. Although there have been significant developments in the procurement aspects of the medium sized hydro power project to be partially financed under this Project, delays in the contract negotiation process has created an uncertainty over the timing and successful implementation of this hydro power project. The team is in the process of evaluating the developments, and restructuring is being considered to address the situation.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0390	Effective	27.89	9.69	17.19	0.76
IDA-37660	Effective	55.77	4.81	50.87	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



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

**Country:** Nepal

**Board Approval Date :** 12/11/2001

**Midterm Review Date :** 09/21/2005

**Closing Date :** 09/01/2008

**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:**

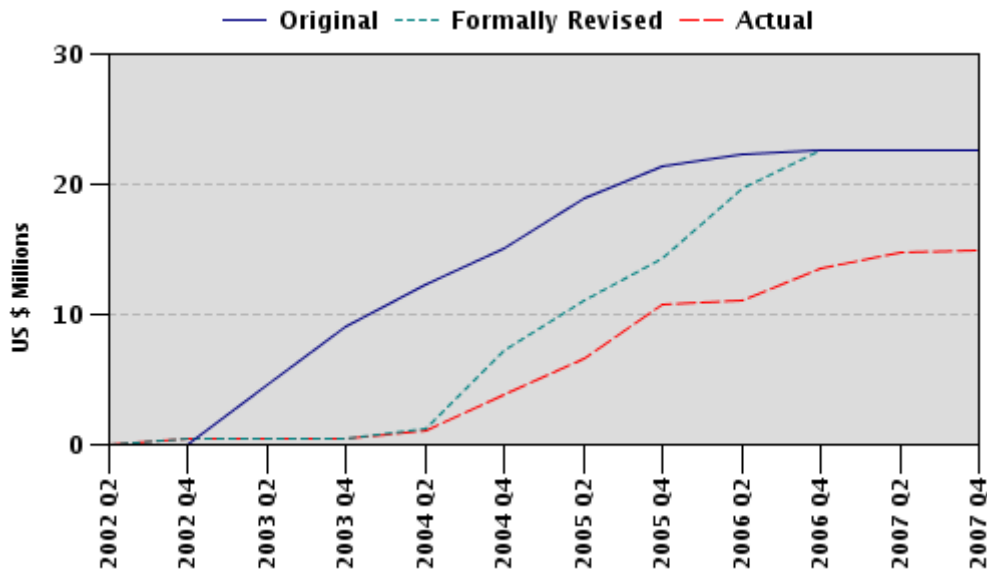
The objective is to strengthen the policy and regulatory environment in the telecommunications sector, to facilitate competition and private sector participation, and increase rural access to services by facilitating private investments and operations.

**Progress toward achieving development objective(s):**

Progress toward meeting the development objective has been substantial. Increase in rural access was achieved by meeting all the roll out milestones by the rural operator in this fiscal year for the Eastern Development Region . Moreover, project saving are being used to facilitate the roll out in other regions based on the practice and lesson learnt in the Eastern Development Region. Thus, this has led to policy gains.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-35810	Effective	26.52	14.85	9.04	2.18
JPN-29212	Closed	0.62	0.63	0.00	0.06



**Project Name (ID):** Nepal Health Sector Program Project ( 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):**

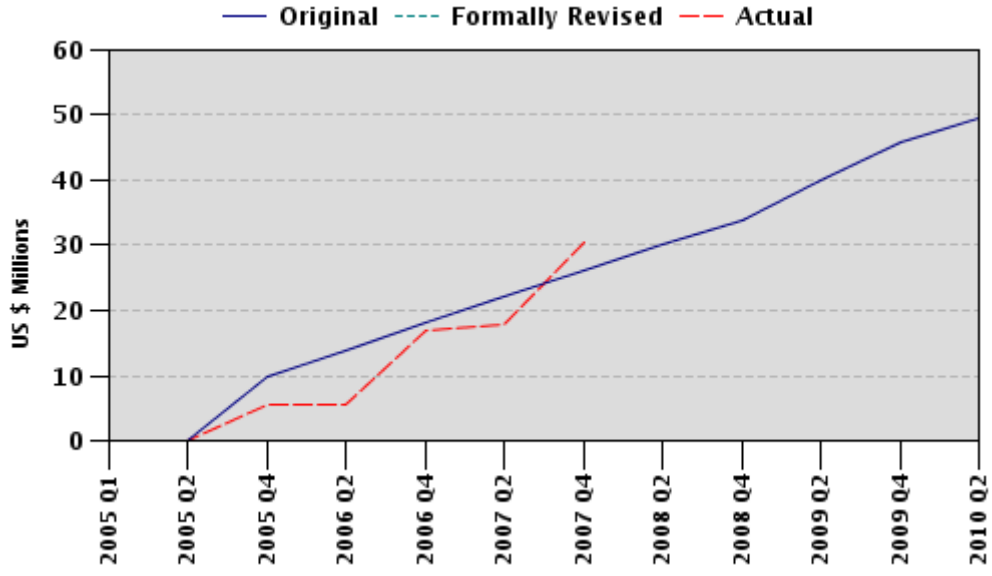
Despite the continuing political instability, the Health Sector Program has been steadily progressing towards achievement of its development objective. The sector-wide approach is gradually taking roots and there has been a steady expansion in free essential health care, i.e., reproductive health; child health; and communicable disease control, especially for the underserved. The Demographic and Health Survey Report, 2007 indicates impressive declines, during the previous five years, in infant and child mortality rates and total fertility rate, and substantial increases in immunization rate, contraceptive prevalence rate, knowledge of HIV/AIDS prevention and in skilled birth attendance. Again, there has been improvement in financial management with the audit for FY2005/06 completed on time. The planning and budgeting processes have clearly improved as indicated by the quality of the Annual Work Plan and Budget for FY2007/08. There are indications that some donors are now interested in joining the Bank and DFID in supporting the country systems approach and budget financing as under this Program.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39800	Effective	10.46	0.00	10.46	0.00
IDA-H1250	Effective	41.38	30.53	10.04	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



**Project Name (ID):** Rural Water Supply and Sanitation Project ( 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 toward meeting the development objective has been good. The project's demand driven and participatory approach, including community development activities, non-formal education and Health and Sanitation Education, and Women's Technical Support Services have been very effective in empowering the communities, including women, and result in strong community ownership. Sustainability studies conducted by the Board confirm that most of the communities are sustaining their efforts at operating and maintaining their schemes even after several years of completion. Batch V scheme data indicate that communities have contributed about 28% of total scheme capital costs.

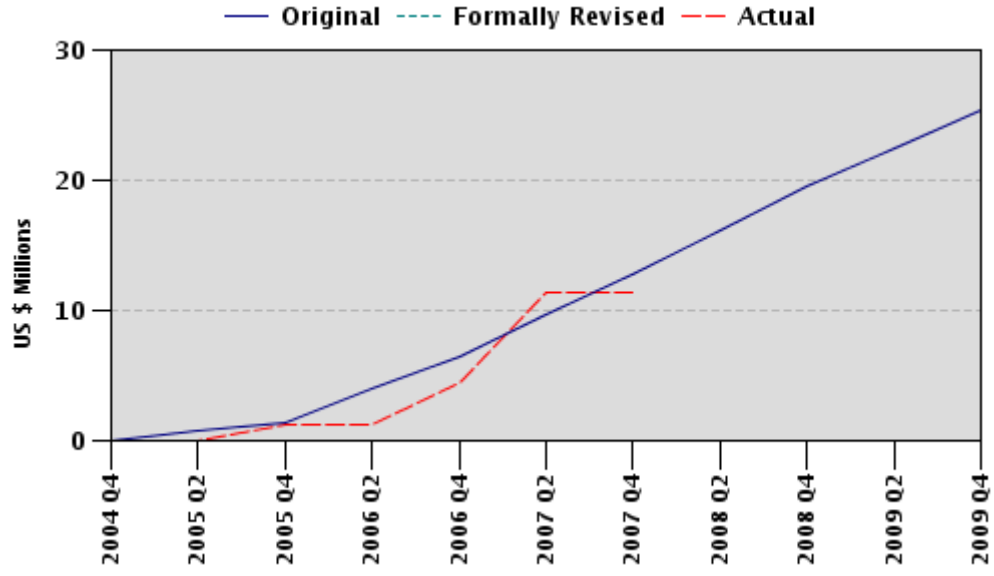
During the past few months, the Board has been working on strengthening its internal management which has resulted in considerable improvement in program implementation. Further strengthening in implementing basic planning and monitoring tools to improve its management is still required particularly given the current country situation of political instability. In addition, the institutionalization of the Board as a regular sector institution and establishment of a Rural Water Supply and Sanitation Sector Monitoring and Evaluation Unit with an operational sector M&E system continues to remain delayed. Although the liaison Ministry has set in motion the process of tabling the bill to pass the Rural Water Supply and Sanitation Fund Development Act and has moved considerably ahead, the Act could not be tabled before the Parliament session was adjourned.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-39110	Effective	25.76	11.39	14.11	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



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

**Country:** Nepal

**Board Approval Date :** 12/19/2002

**Midterm Review Date :** 12/26/2006

**Closing Date :** 12/31/2008

**Loan/Credit/Grant Number :** IDA-Q1830, IDA-37270, IDA-Q1831, DF50593

**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):**

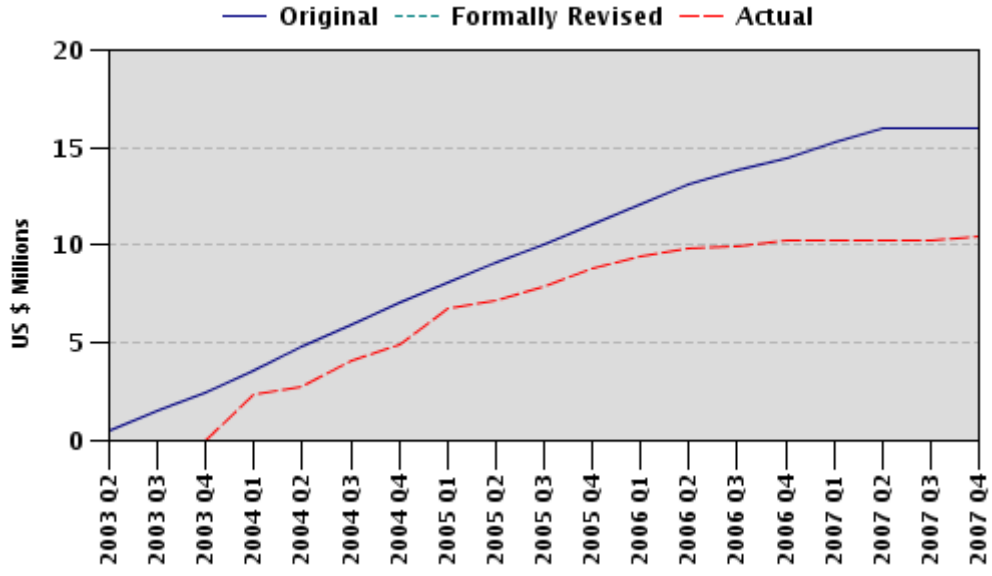
Progress toward meeting the development objective has been good. The project has been successful in turning around the two large ailing public banks and preparing them for the next steps of restructuring; i.e., sale to strategic investors. Given that the privatization process is expected to take longer than envisaged, the external management team would continue to manage these two banks until the point of sale. Additional funding requirement was met through reallocations in June 2007. For the Nepal Rastra Bank to improve its monitoring and regulatory functions, installation of a modern information technology platform has been given high priority. The scope and cost for computerization was under-estimated in the start of this project (and a follow-on project) - hence additional support has been arranged through reallocation. The level of project support to Credit Information Centre Ltd and Debt Recovery Tribunal has been very limited although it is playing an ever increasing role in reducing Non-Performing Loans and enhancing access to financial services. The funding for these components is now provided also through reallocation. The quality and outreach of financial journalism has improved significantly during the period under review.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-Q1830	Closed	0.55	0.00	0.00	0.55
IDA-37270	Effective	18.79	10.52	7.86	0.00
IDA-Q1831	Closed	0.60	0.00	0.00	0.60
DF50593	Closed	13.75	6.73	6.24	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



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

**Country:** Nepal

**Board Approval Date :** 07/08/2004

**Midterm Review Date :** 05/04/2007

**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):**

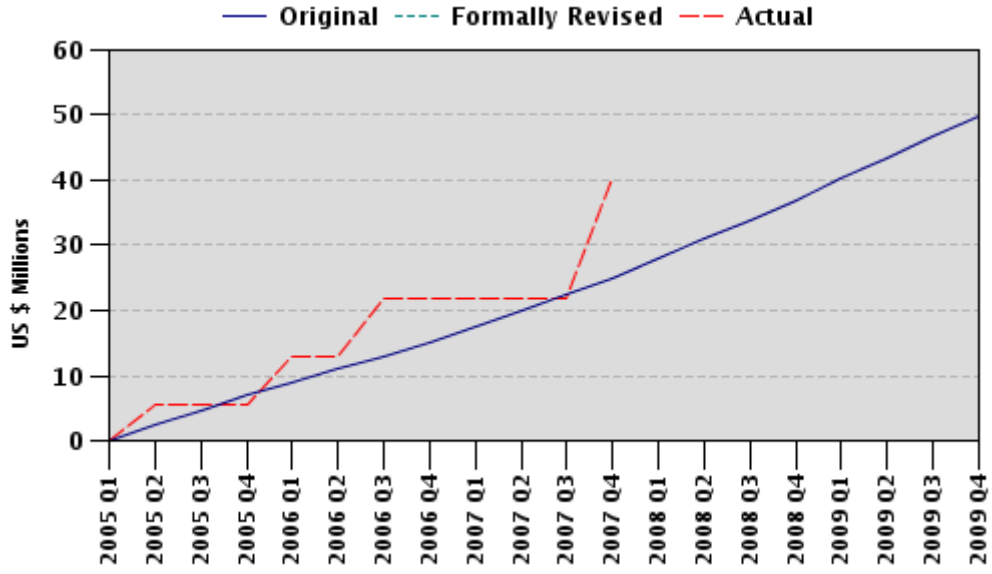
Progress toward meeting the development objective has been good as indicated by the: (a) increase in the net enrolment ratio from 84.4% to 87.4%; (b) increase in the survival rate to grade 5 from 76 % to 80.3%; (c) transfer of 3,342 schools to community management; (d) opening of textbook production and distribution to the private sector; (e) increase in the share of grants in non-salary costs from 8% to 70% exceeding the target of 60%; and (f) introduction of accreditation of schools which will stimulate schools to improve quality and efficiency.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-39560	Effective	52.29	40.44	11.24	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



**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-H2580, 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):**

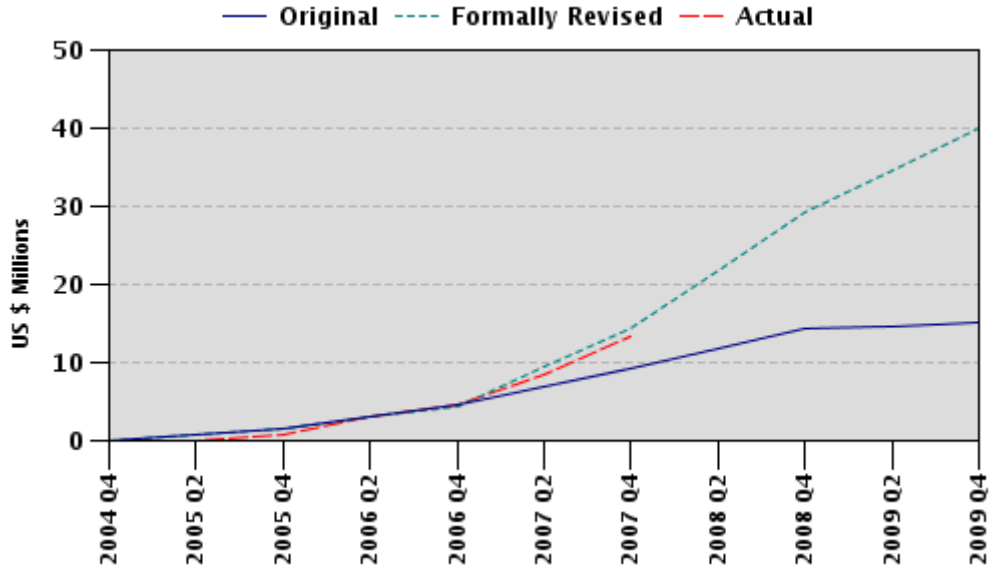
The project is on track to achieve its development objectives of improving access to infrastructure and income generating investments by poor rural communities. Benefits have gone almost exclusively to the poor and are well targeted on excluded groups. Results so far show that Dalits, Janjatis and women are actively participating in decision-making processes on the prioritization of their needs and implementation of their sub-projects. The level of ownership perceived by the communities is reflected in their willingness to contribute 20% (2% from other sources, 78% Poverty Alleviation Fund) toward the costs of sub-projects.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0910	Effective	15.31	11.32	3.75	0.00
IDA-H2580	Effective	25.61	2.00	23.61	0.00
IDA-Q3580	Closed	0.44	0.00	0.00	0.44



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



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

**Country:** Nepal

**Board Approval Date :** 06/30/2003

**Midterm Review Date :** 05/30/2005

**Closing Date :** 09/30/2007

**Loan/Credit/Grant Number :** IDA-38080, JPN-55146

**Sector(s):** General education sector(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):**

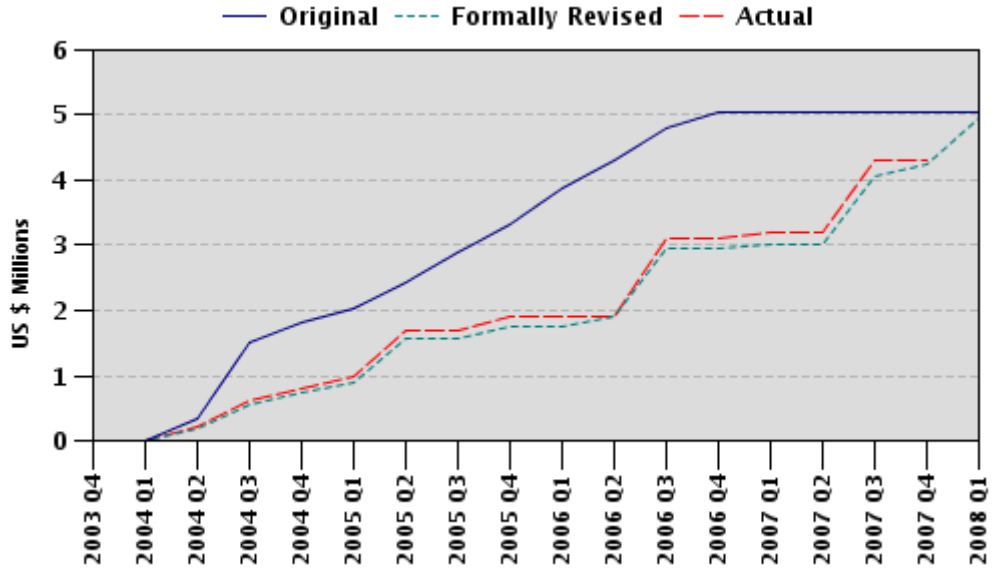
The project is making good progress toward achieving its development objective as indicated by: (a) the help the project has provided to the government to implement a radical reform in school management; (b) the preliminary results of the second round of household survey which indicate at the substantial improvement in access, especially for disadvantaged groups. For example, from April 2004 to April 2006 the percentage of out-of-school children of primary age in the service area of Community Managed Schools (CMSs) dropped from 41% to 15%, and the percentage of out-of-school girls of primary age from 42% to 15%. Similarly, percentage of out-of-school janajati and dalits dropped from 44% to 15%, and 50% to 18% respectively; (c) visible improvements in learning environment of schools triggered by transfer of schools to community management. Anecdotal evidence suggests that CMSs have been able to make achievements in the direction of quality improvement. Reported movement of students from private schools to CMSs is the strongest indication of this trend; and (d) more frequent meetings of school management committees, increased participation of parents in school affairs, increased mobilization of local resources, and introduction of the social audit.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-38080	Effective	5.46	4.33	1.00	0.00
JPN-55146	Effective	0.70	0.20	0.50	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



**Project Name (ID):** Rural Access Improve. and Decentralization ( P083923 )

**Country:** Nepal

**Board Approval Date :** 06/21/2005

**Closing Date :** 12/31/2010

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

**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 objective 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):**

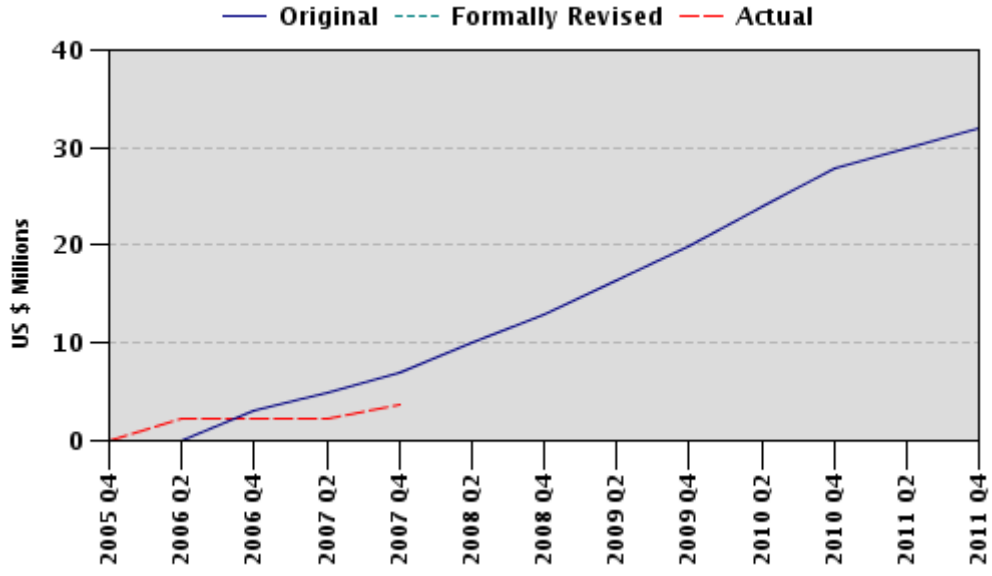
Progress towards the achievement of the development objective is substantial. Although project implementation was delayed in the first year of the project because of the political unrest leading to the April 2006 political transition, implementation has since picked up pace. Of the 55 first year contracts, 15 have been completed, and the rest have an average of 80% physical progress and 67% financial progress. Once the first year works are completed later this year, about 2.5 million people in 269 Village Development Committees will benefit from all season road access, and travel time would be reduced by 76%. In already completed roads, transport cost has been reduced and passenger fare levels have dropped from 100 Rps (via a rickshaw) to 40 Rps using motorized passenger vehicles. Community members have benefited from employment opportunities and income generation from work on project activities.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-Q3870	Closed	0.40	0.00	0.00	0.40
IDA-H1710	Effective	32.13	3.62	28.36	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



**Project Name (ID):** Financial Sector Restructuring (Phase II) ( P084219 )

**Country:** Nepal

**Board Approval Date :** 03/09/2004

**Midterm Review Date :** 05/17/2007

**Closing Date :** 09/30/2009

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

**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):**

Progress towards meeting the development objective has been good. Operating capacity and commercial viability of two public commercial banks improved substantially - staff size reduced by almost half, Non-Performing Assets reduced from above 60% to 29% and 15% respectively, computerization covers 80% of assets and financial disclosures timely and largely complies with International Accounting Standard (IAS). Selection of the Restructuring Advisor has been put on hold pending Government's decision on timing of state divestiture.

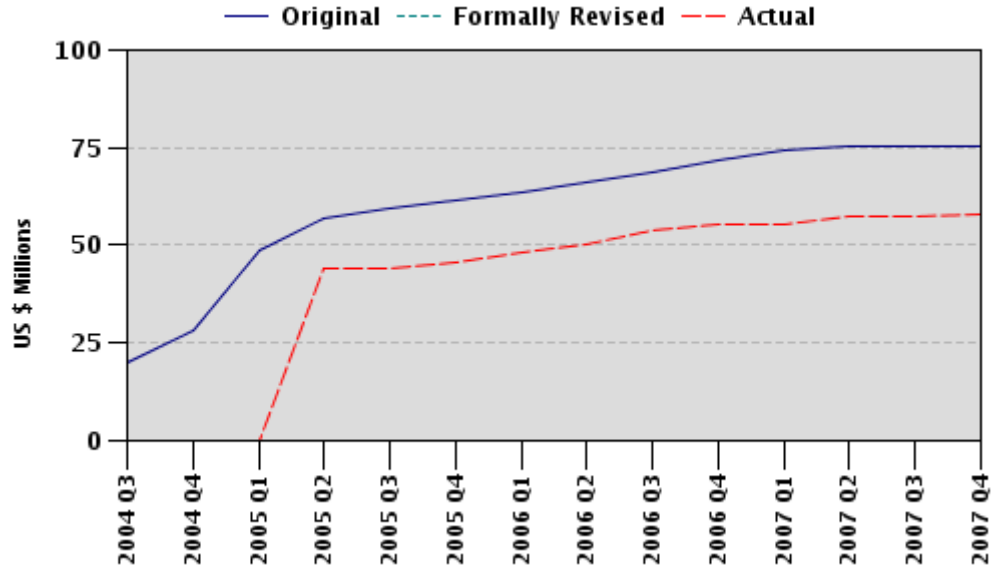
Market share of public banks in banking assets is less than 30% from more than 50% five years ago. Nepal Rastra Bank (NRB)'s supervisory function requires substantial capacity building - contract to a consulting firm hired to strengthen capacity was terminated for non-delivery and replacement is pending. Whilst NRB's accounting functions have been streamlined and many of the auditor's comments have been addressed to comply with IAS, the timeliness of disclosure is poor due to administrative delays. Implementation of a new Human Resource plan is progressing satisfactorily in key areas. Computerization of the central bank with a modern information technology (IT) platform has experienced a setback owing to IT Consultant not being able to deliver assignments that are acceptable to NRB and on time.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/ Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H0740	Effective	7.43	0.46	6.95	0.00
IDA-38640	Effective	72.14	57.73	13.56	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



**Project Name (ID):** Second Higher Education Project ( P090967 )

**Country:** Nepal

**Board Approval Date :** 02/22/2007

**Closing Date :** 01/15/2014

**Loan/Credit/Grant Number :** IDA-H2740

**Sector(s):** Tertiary education(67%), Secondary education(21%), Central government administration(6%), Other social services(6%)

**Theme(s):** Education for the knowledge economy(P), Social safety nets(S), Education for all(S), Rural services and infrastructure(S)

**Project Development Objectives:**

The Project Development Objectives are: (a) enhanced quality and relevance of higher education and research through a set of incentives for promoting effective management and financial sustainability of academic institutions; and (b) improved access for academically qualified under-privileged students, including girls, dalits and educationally disadvantaged janajati to higher education through financial assistance and enhanced capacity of higher secondary schools.

**Progress toward achieving development objective(s):**

The project was not effective before the close of the reporting period.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-H2740	Not Effective	63.05	0.00	63.05	0.00



**Project Name (ID):** Economic Reform TA ( 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 sector(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 is making good progress toward meeting its development objective. A total of 19 Memoranda Of Understanding have been signed with government ministries and agencies responsible for the sub-projects (up from 11 six months ago) which focuses on strengthening capacity and improving service delivery. Despite a difficult political environment, government support is strong in project implementation.

Two sub-projects with "study" as project activity have been completed. Government advised to act on the findings of the study to reap their benefits. Most sub-projects are yet to demonstrate tangible outputs and it is too early a stage to assess impacts.

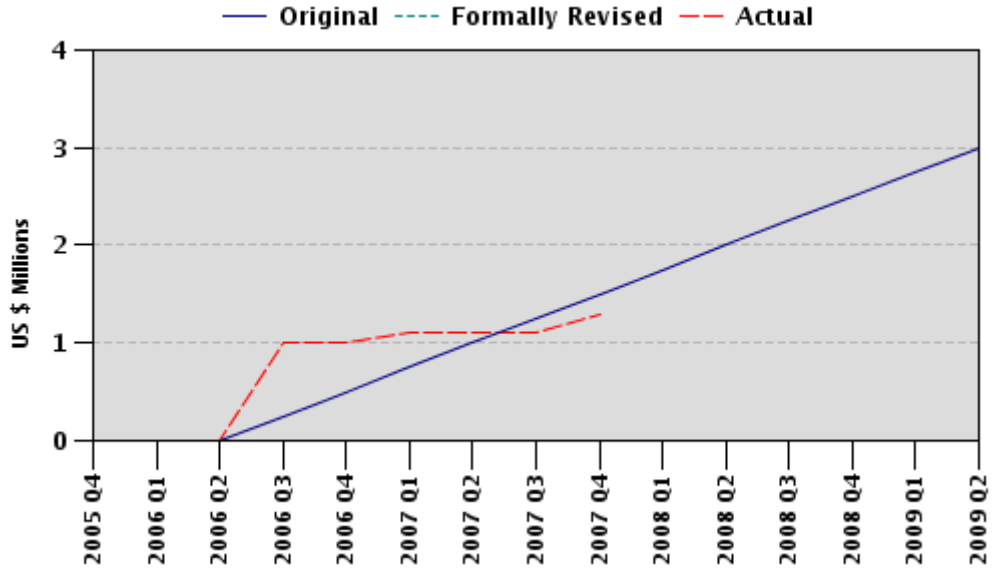
A strong monitoring and evaluation capability and process has been put in place with the assistance of a consultant. The Economic Advisory Services Unit has completed a round of site visits for every sub-project under implementation. Now that the Monitoring and Evaluation system has been put in place, it is expected that the pace of disbursements will also pick up since this was a condition for disbursement.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

<b>Loan/Credit/ Grant</b>	<b>Status</b>	<b>Amount</b>	<b>Disbursed</b>	<b>Undisbursed</b>	<b>Cancellation</b>
IDA-H1730	Effective	3.03	1.32	1.66	0.00



Status of Projects in Execution - FY07  
SOUTH ASIA REGION



**Project Name (ID):** Avian Flu ( P100342 )

**Country:** Nepal

**Board Approval Date :** 01/19/2007

**Closing Date :** 07/31/2011

**Loan/Credit/Grant Number :** IDA-H2680

**Sector(s):** General public administration sector(60%), Health(21%), Agricultural extension and research(16%), Animal production(2%), Solid waste management(1%)

**Theme(s):** Natural disaster management(P), Other communicable diseases(P), Rural services and infrastructure(P), Health system performance(S), Pollution management and environmental health(S)

**Project Development Objectives:**

The overall objectives of the Project are to minimize the threat in Nepal posed to humans by HPAI infection and other zoonotic diseases by controlling such infections among domestic poultry and to prepare for, control, and respond to an influenza epidemic and other related infectious disease emergencies in humans. These objectives will be achieved in three ways: (i) prevention; (ii) preparedness and planning; and (iii) response and containment.

**Progress toward achieving development objective(s):**

The project became effective in the latter part of the reporting period and was still in too early a stage for meaningful progress.

**Lending Information/Disbursement Summary ( USD millions, as of June 30 2007 )**

Loan/Credit/Grant	Status	Amount	Disbursed	Undisbursed	Cancellation
IDA-H2680	Effective	18.34	2.00	16.34	0.00

