



Financial sector stability DPC2 (P133777)

SOUTH ASIA | Nepal | Finance & Markets Global Practice |
IBRD/IDA | Development Policy Lending | FY 2015 | Seq No: 1 | ARCHIVED on 30-Nov-2015 | ISR21592 |

Implementing Agencies:

Key Dates

Key Project Dates

Bank Approval Date: 29-Jun-2015

Effectiveness Date: 30-Sep-2015

Planned Mid Term Review Date: --

Actual Mid-Term Review Date: --

Original Closing Date: 31-Dec-2015

Revised Closing Date: 31-Dec-2015

Program Development Objectives

Program Development Objective (from Program Document)

The development objectives of the proposed credit are to support the financial sector medium-term reform program initiated by the Nepalese authorities to reduce the vulnerability of the banking sector and increase its transparency. Although this operation was designed prior to the April 2015 earthquake, the magnitude of the devastation that ensued, as well as the heightened vulnerabilities of the financial sector as a result of the disaster, have resulted in an additional objective which is to provide the GoN with much needed short term financial support to expedite and scale up relief and recovery efforts while mitigating new emerging financial sector weaknesses and allowing it to play its role in the broader post-disaster recovery effort.

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	--	● Satisfactory
Overall Implementation Progress (IP)	--	● Satisfactory
Overall Risk Rating	--	● Moderate

Implementation Status and Key Decisions

This credit was approved by the Bank Board on June 29, 2015. The agreement was signed on August 14, 2015 and the credit became effective on September 30, 2015.

The credit (US\$ 100 million SDR equivalent) was disbursed on November 20, 2015.



Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	--	● Substantial
Macroeconomic	● Low	--	● Low
Sector Strategies and Policies	● Moderate	--	● Moderate
Technical Design of Project or Program	● Moderate	--	● Moderate
Institutional Capacity for Implementation and Sustainability	● Substantial	--	● Substantial
Fiduciary	● Substantial	--	● Substantial
Environment and Social	● Substantial	--	● Substantial
Stakeholders	● Substantial	--	● Substantial
Other	--	--	--
Overall	● Moderate	--	● Moderate

Results

Results Indicators

► RBB meets CAR statutory requirements at the end of the DPC series (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.60	--	10.34	10.00
Date	15-Jul-2014	--	15-Jul-2015	15-Jul-2017



► NBL meets statutory CAR requirement at the end of the DPC series (Percentage, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	5.26	--	7.80	10.00
Date	15-Jul-2014	--	15-Jul-2015	15-Jul-2017

Overall Comments

All Prior Actions had been complied with before submission of the operation to the Board

The objectives of reducing the vulnerabilities of the Nepalese banking system and increasing its transparency are on track to be achieved by the end of the DPC series, and DPC2 helps in achieving this result by focusing on the following four key pillars / policy areas:

1. First pillar: Enhancing financial sector development
2. Second pillar: Restructuring and consolidating the financial system
3. Third pillar: Strengthening the legal and regulatory framework for crisis management, banking supervision and payment systems
4. Fourth pillar: Enhancing the governance and transparency of the banking system

The specific results for each of the Prior Action and policy areas continue to be monitored, but their targets are supposed to be achieved at the end of the DPC series, not at the closing of DPC2.

Data on Financial Performance

Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	Disbursed
P133777	IDA-57010	Effective	XDR	72.00	72.00	0.00	72.00	0.00	100%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P133777	IDA-57010	Effective	29-Jun-2015	14-Aug-2015	30-Sep-2015	31-Dec-2015	31-Dec-2015

Tranches

Restructuring History

There has been no restructuring to date.

Related Operations



P156960-Nepal Third Financial Sector Stability Credit DPC3
