



Project Summary Information

Date of Document: May 23, 2019

Project Name	Nepal Urban Governance and Infrastructure Project
Document Code	PD000282-PSI-NPL
Country	The Federal Democratic Republic of Nepal
Sector/Subsector	Sector: Urban Sub-Sector: Municipal infrastructure (Urban Transport, Solid Waste Management, Drainage, Water Supply, and Wastewater Management)
Status of Financing	Under Preparation
Project Description	<p>In the context of rapid urbanization and ongoing fiscal federalism in Nepal, the proposed project will support Nepal's urban development through a bi-pronged approach of: (i) financing strategic infrastructure investment; and (ii) providing institutional and capacity development support to the participating Urban Local Governments (ULGs). The project consists of three components:</p> <ul style="list-style-type: none">• <u>Component 1: Municipal Infrastructure Investment.</u> Strategic infrastructure investments, including improvements in municipal roads, storm water drainage, drinking water supply, wastewater, and solid waste management.• <u>Component 2: Institutional Capacity Development.</u> Capacity building to strengthen participating ULGs as well as provincial and federal governments in strengthening their institutional capacity for improved design, supervision, operation and maintenance of municipal infrastructure investments.• <u>Component 3: Project Management, Coordination and Monitoring.</u> This will provide technical assistance to strengthen the capacity of a Project Coordination Office (PCO) and Project Implementation Units (PIUs) for managing and coordinating project activities. <p>The project will include 17 participating ULGs in the Eastern-Terai Cluster (9): <i>Birtamod, Damak, Uralabari, Sundarharaicha, Mechinagar, Itahari, Rajbiraj, Triyuga and Dhankuta</i> in Provinces 1 and 2; and the Central-Hill Cluster (8): <i>Pokhara-Lekhnath, Byas, Putalibazar, Baglung, Shuklagandki, Tansen, Ramgram and Tilottama</i> in Provinces 4 and 5.</p>

Objective	To improve core municipal infrastructure services and strengthen institutional capacity in participating ULGs.
Expected Results	The project is expected to benefit: (i) 1,568,544 residents in 17 selected ULGs through increased access to improved urban infrastructure; (ii) Municipal staff in participating ULGs through improved institutional and financial capacity to design, plan, execute, operate and maintain municipal infrastructure; and (iii) central and provincial governments, through strengthened policy, regulatory and support functions in Nepal's evolving urban sector. In the long-term, the project is expected to improve performance of ULGs in urban management and governance for sustainable urbanization, which would be achieved through multiple investments and capacity development support.
Environmental and Social Category	Category B
Environmental and Social Information	<p>The Bank has decided to use the WB's Environmental and Social Safeguard Policies (ESSP) since: (i) they are consistent with the Bank's Articles of Agreement and materially consistent with the provisions of the Bank's Environmental and Social Policy (ESP) and relevant Environmental and Social Standards; and (ii) the monitoring procedures that the WB has in place to ascertain compliance with its ESSP are appropriate for the project.</p> <p>As per the Bank's ESP, the project is proposed to be Category B, considering that the scale and nature of the impact of project activities are moderate. Categorization for the project will be reviewed and finalized following the feasibility studies and environmental and social assessments, as well as Bank team's site visits prior to appraisal.</p> <p>During project preparation, an Environmental and Social Management Framework will be developed to cover the entire scope of the project. Specific Environmental and Social Impact Assessments and Environmental and Social Management Plans will be developed for sub-projects once identified and confirmed.</p> <p>The implementation of the ESMP will be closely monitored by the WB and the Bank to assure that it remains consistent with the requirements of the WB's ESSP. The required environmental and social documentation will be disclosed on the website of the Bank and that of the WB and GoN. Communities and individuals who believe that they are adversely affected by the project may submit complaints to existing project-level</p>

	<p>grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the WB’s attention, and its Management has been given an opportunity to respond. For information on how to submit complaints to the WB’s corporate GRS, please visit: http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.</p> <p>The project team will conduct environmental and social due diligence during project preparation, including review of documents/information available, discussion/meeting with WB team and their environmental and social specialists, site visit and meeting with clients and their consultants, to support compliance with WB’s ESSP requirements.</p>																								
Cost and Financing Plan	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3"></th> <th style="text-align: right;">USD Mn</th> </tr> <tr> <th style="text-align: center;">Item</th> <th style="text-align: center;">AIIB</th> <th style="text-align: center;">IDA</th> <th style="text-align: center;">Total</th> </tr> </thead> <tbody> <tr> <td>Component 1: Municipal Infrastructure Improvement</td> <td style="text-align: center;">125</td> <td style="text-align: center;">125</td> <td style="text-align: center;">250</td> </tr> <tr> <td>Component 2: Institutional Capacity Development</td> <td style="text-align: center;">17.5</td> <td style="text-align: center;">17.5</td> <td style="text-align: center;">35</td> </tr> <tr> <td>Component 3: Project Management, Coordination and Monitoring</td> <td style="text-align: center;">7.5</td> <td style="text-align: center;">7.5</td> <td style="text-align: center;">15</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">150</td> <td style="text-align: center;">150</td> <td style="text-align: center;">300</td> </tr> </tbody> </table>				USD Mn	Item	AIIB	IDA	Total	Component 1: Municipal Infrastructure Improvement	125	125	250	Component 2: Institutional Capacity Development	17.5	17.5	35	Component 3: Project Management, Coordination and Monitoring	7.5	7.5	15	Total	150	150	300
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Borrower/Investee Company/Counterparty/Guaranteed entity	The Federal Democratic Republic of Nepal																								
Implementing Entity/Sponsor	Department of Urban Development and Building Construction (DUDBC), Ministry of Urban Development (MoUD)																								
Estimated date of loan closing	July 2026																								

Contact Points:	AiIB	World Bank	Government of Nepal	DUDBC
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Date of Concept Decision	May 21, 2019			
Estimated Date of Appraisal Decision/Estimated Date of Appraisal Decision	September 2019			
Estimated Date of Financing Approval/Estimated Date of Financing Approval	Q4 2019			

Independent Accountability Mechanism	<p>The proposed project will be jointly co-financed with the WB. The Bank has agreed that the WB's environmental and social policies and procedures will apply to this project and that it will rely on the WB determination as to whether compliance with those policies and procedures has been achieved under the project. The Bank is satisfied that those policies and procedures are consistent with the Bank's Articles of Agreement and are materially consistent with the ESP and ESSs, and that appropriate monitoring procedures are in place. The Bank has further agreed with the WB that it will rely on that institution's independent accountability mechanism, i.e., WB's GRS and independent Inspection Panel, to handle submissions relating to environmental and social issues under the project. Consequently, in accordance with the Bank's Policy on PPM, submissions to the PPM under this project will not be eligible for consideration by the PPM. For information on how to submit complaints to the WB's corporate GRS, please visit: http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service.</p>
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