

 Early Warning System

ADB-59512-001

Nepal Digital Transformation-FMRF



Quick Facts

Countries	Nepal
Financial Institutions	Asian Development Bank (ADB)
Status	Proposed
Bank Risk Rating	B
Borrower	Government of Nepal - Ministry of Communication and Information Technology
Sectors	Communications, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	\$ 40.00 million
Project Cost (USD)	\$ 90.00 million



Project Description

According to the Bank's website, the Nepal Digital Transformation Project aims to improve delivery and increase the use of inclusive and high-impact services for citizens and businesses by strengthening digital public infrastructure (DPI) and modernizing priority government services. The Project will enhance trust, resilience, and interoperability of Nepal's digital ecosystem through investments in secure data infrastructure, core DPI, and the digitalization of high-impact services.

The Project, led by the World Bank under the Full Mutual Reliance Framework (FMRF), will be cofinanced by the World Bank and the Asian Development Bank (ADB) [as trail lender] and will be the first FMRF project in Nepal. The total Project is estimated to cost \$90 million, of which a loan of \$50 million will be financed by the World Bank and a loan of \$40 million will be financed from ADB's concessional ordinary capital resources. The World Bank's extensive experience in Nepal's digital sector makes this collaboration with World Bank as lead and ADB as trail lender particularly valuable for the digital development in the country, as it would enhance coordination and strengthen policy dialogue among the many stakeholders involved. This Project is aligned with the Reforms to Accelerate Investment and Scale Employment (RAISE) Program, an FMRF project in which ADB is the lead lender, which is in advanced preparation for Board consideration in 2026. The RAISE Program includes targeted support for strengthening the country's cybersecurity and data protection legislative and regulatory frameworks and capabilities that directly complement and reinforce this Project's objectives.



Early Warning System Project Analysis

The project will support on activities such as upgradation of data hosting centers (the Integrated Data Management Center (IDMC) in Singha Durbar and in Hetauda), building Digital Public Infrastructures(DPIs) and reinforcing the trusted ecosystem (cybersecurity and data protection).The potential environmental, health, and safety (EHS) risks include during upgradation of existing government data center (DC) and disaster recovery site, installation of IT hardware and software equipments for system upgradation and new system establishment and to operationalize these system at NCSC, DONIDCR ,NOC and SOC. These activities generates dust, noise, and vibration which may cause temporary disruptions/disturbances to nearby areas/communities. However, in this project, there will not be any infrastructure investment in remote and mountainous areas and also there will be no major civil works. These risks are expected to be site-specific, short-term, and reversible with appropriate mitigation measures. Additionally, the project poses risks related to the management and disposal of electronic waste (e-waste) generated from decommissioning old equipment, including unused electronic devices, batteries, cables, fibers, and other outdated components. Improper handling or disposal of these materials could result in environmental contamination, particularly from electronic appliances and substances. Similarly, the project may pose health and safety risks to workers. These include potential fire hazards in data centers, which house high-powered electrical equipment and flammable materials. Tasks such as installing cables and infrastructure at heights increase the risk of falls and accidents. Additionally, the use of backup generators during power outages may contribute to noise pollution and air emissions, impacting local air quality and creating noise disturbances. The identified risks and impacts are manageable with the implementation of appropriate mitigation measures during both the construction and operational phases of the project. Therefore, the environmental risk of the project is retained as Moderate.

The social risks of digital public infrastructure (DPI) initiatives are multifaceted. They include gender exclusion, threats to privacy, cultural resistance, vulnerability of marginalized ethnic groups, cybersecurity, gender-based violence, and eroded public trust. Women, people with disabilities, ethnic and religious minorities, and those in remote areas are at higher risk of exclusion due to lower rates of ID possession, digital literacy, and internet and device access. As digital services expand, risks of cybercrime, online scams, and online harassment may increase, especially for women, children, endanger ethnicity and the elderly. Work on developing the integrated social protection system increases the risks that eligible households especially in remote areas are missed due to limited awareness, access barriers, or weak data quality, and could generate an increase in grievances related to exclusion and inclusion errors. These risks are heightened for Dalits, Janajati/Indigenous Peoples, women-headed households, persons with disabilities, and elderly populations, who face compounded access and information constraints. Similarly, the pilot on land record digitization will have to be closely monitored during implementation for any impact on communal and traditional land tenure arrangements. Womens rights to land (e.g., joint titling, inheritance) can be impacted if the digitization process reflects existing biases in source records or if workflows do not explicitly enforce joint ownership and equitable documentation Technical assistance on policy development including data classification framework, cloud first policy, cloud migration strategy, digital IDs, and government-wide cloud operating and business model has the potential to cause downstream social impacts and harms; including disagreements amongst stakeholder groups on data sharing and privacy standards and the potential for redundancies and loss of public sector jobs. Lack of adequate consultation and grievance redress mechanisms can exacerbate risks, especially for affected and vulnerable populations. Therefore, at appraisal stage, the social risk is assessed as Moderate, although this may be increased to Substantial during implementation.



Investment Description

- Asian Development Bank (ADB)

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Contact Information

No contacts available at the time of disclosure.

ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



Bank Documents

- [Nepal Digital Transformation Project: Environmental and Social Commitment Plan](#)
- [Nepal Digital Transformation Project: Environmental and Social Review Summary](#)
- [Nepal Digital Transformation Project: Stakeholder Engagement Plan](#)