Early Warning System

WB-P508961

Sustainable and Inclusive Finance

Quick Facts

Countries	Nepal
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	B
Voting Date	2025-07-07
Borrower	Government of Nepal - Ministry of Finance
Sectors	Finance, Industry and Trade
Investment Type(s)	Grant, Loan
Loan Amount (USD)	$ 90.00 million
Grant Amount (USD)	$ 0.65 million
Project Cost (USD)	$ 90.65 million

Project Description

According to the Bank’s website, the objective of this project is to increase access to finance for the MSMEs contributing to jobs growth.

By expanding operations and entering new markets, MSMEs sustain and generate employment, directly contributing to economic development. By mitigating risks for lenders (via credit guarantee schemes) and improving creditworthiness visibility (via Credit Bureaus), these mechanisms increase MSME access to financing. This access empowers MSMEs to expand operations, leading to higher productivity and job creation, significantly contributing to economic development.

Component 1: Strengthening Risk Sharing Mechanisms ($85m)

Component 2: Enhancing Credit Reporting Systems ($5m)

Early Warning System Project Analysis

The environmental and social risk for the project is classified as ‘moderate’. The project's focus is on policy reforms and institutional strengthening to improve access to credit of underserved sectors and unbanked population that would be transformational for the financial inclusion, strengthen capital adequacy, establish centralized KYC platform and integrate non-bank related credit information within the country. This will involve soft activities such as providing technical assistance and capacity building. There will be no financing of civil works, thus eliminating environmental and social risks typically associated with physical infrastructure development and land acquisition. However, the project will procure computers, servers, and other IT equipment necessary for improving digital data management and solutions. The anticipated environmental risks and impacts are primarily associated with the end-of life management of this IT equipment, which could contribute to increase and mismanagement of e-waste. Moderate environmental concern is also on micro, small, and medium enterprises (MSMEs) with new technologies/works which may not fully consider the natural and social environment. The main social risks include inadvertent exclusion of individuals or agencies during policy reform and institutional framework to design access to credit and banking facilities. The credit facility may not fully engage, disclose information, and consider eligible MSMEs and women-owned businesses from accessing credit.

Investment Description

- World Bank (WB)

IDA Credit: US$ 90.00 million

Trust Funds (Grand amount): US$ 0.65 million

Contact Information

World Bank

Sabin Raj Shrestha
Senior Financial Sector Specialist

Tatsiana Kliatskova
Senior Financial Sector Economist

Borrower/Client/Recipient

Financial Sector Management and Credit Coordination Division of MOF
Narayan Risal
Joint Secretray
nrisal@mof.gov.np

Implementing Agencies

Credit Information Centre Limited
Anil Chandra Adhikary
CEO
anil@cib.org.np

Deposit and Credit Guarantee Fund
Ramesh Ghimire
CEO
rameshghimiremire@dcgf.gov.np

ACCESS TO INFORMATION

To submit an information request for project information, you will have to create an account to access the Access to Information request form. You can learn more about this process at: https://www.worldbank.org/en/access-to-information/request-submission

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Bank Documents

- Concept Project Information Document (PID) (English)