Early Warning System

WB-P518602

Nepal Catastrophe Bond Project

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Quick Facts

Countries	Nepal
Financial Institutions	World Bank (WB)
Status	Proposed
Bank Risk Rating	C
Voting Date	2027-01-15
Borrower	Ministry of Finance
Sectors	Climate and Environment, Finance, Humanitarian Response
Investment Type(s)	Grant
Loan Amount (USD)	$ 10.00 million
Grant Amount (USD)	$ 10.00 million
Project Cost (USD)	$ 20.00 million

Project Description

According to the World Bank disclosure statement, the proposed operation supports the design, structuring, and issuance of a three-year parametric catastrophe (CAT) bond for Nepal, strengthening the country's financial resilience by providing protection against losses from major earthquakes. With a total financing of US$20 million -- covering the risk transfer premium and transaction costs -- the World Bank acts as intermediary between the Government of Nepal and international capital markets, with payouts triggered by pre-defined physical parameters such as earthquake magnitude and ground shaking levels rather than actual loss assessments. Depending on the severity of the event, the bond could provide coverage of approximately US$80 million for a 1-in-20-year earthquake up to US$190 million for a 1-in-100-year event, addressing a critical gap in Nepal's existing disaster risk financing framework by providing rapid, fully collateralized liquidity for low-frequency, high-severity catastrophic earthquakes.

Investment Description

- World Bank (WB)

Contact Information

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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

ACCOUNTABILITY MECHANISM OF THE WORLD BANK

The World Bank Inspection Panel is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by a World Bank-financed project. If you submit a complaint to the Inspection Panel, they may investigate to assess whether the World Bank is following its own policies and procedures for preventing harm to people or the environment. You can contact the Inspection Panel or submit a complaint by emailing ipanel@worldbank.org. Information on how to file a complaint and a complaint request form are available at: https://www.inspectionpanel.org/how-to-file-complaint

Bank Documents

- Concept Project Information Document (PID)
- Initial Environmental and Social Review Summary (ESRS) - Nepal Catastrophe Bond Project - P518602