



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
EARTHQUAKE HOUSING RECONSTRUCTION PROJECT
(CREDIT 5706-NP ORIGINAL PROJECT AND CREDIT 6164-NP ADDITIONAL FINANCING)
APPROVED ON JUNE 29, 2015
TO
GOVERNMENT OF NEPAL

SOCIAL, URBAN, RURAL AND RESILIENCE GLOBAL PRACTICE

SOUTH ASIA

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
CEO	Chief Executive Officer
CLPIU	Central Level Project Implementation Unit
DFID	Department for International Development
DRM	Disaster Risk Management
DTCO	District Treasury Controller Office
EHRP	Earthquake Housing Reconstruction Project
ESMF	Environment and Social Management Framework
ESS	Environmental and Social Screening
FA	Financing Agreement
GA	Grant Agreement
GMALI	Grant Management and Local Infrastructure
GoN	Government of Nepal
I/NGO	International/ Non-Governmental Organization
IT	Information Technology
JICA	Japan International Cooperation Agency
LG	Local Government
MDTF	Multi Donor Trust Fund
MOFALD	Ministry of Federal Affairs and Local Government
MOUD	Ministry of Urban Development
MTR	Mid Term Review
NPR	Nepalese Rupees
NRA	National Reconstruction Authority
PA	Participation Agreement
PDO	Project Development Objective
PMU	Project Management Unit
POM	Project Operational Manner
SIA	Structural Integrity Assessment
SIDA	Structural Integrity and Damage Assessment
TA	Technical Assistance
USAID	United States Agency for International Development
VDC	Village Development Committee



BASIC DATA

Product Information

Project ID P155969	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 29-Jun-2015	Current Closing Date 30-Jun-2023

Organizations

Borrower Ministry of Finance	Responsible Agency National Reconstruction Authority
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Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to restore affected houses with multi-hazard resistant core housing units in target areas and to enhance the government's ability to improve long-term disaster resilience.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-61640	15-Dec-2017	21-Jan-2018	26-Feb-2018	30-Jun-2023	300.00	69.44	227.78
IDA-57060	29-Jun-2015	14-Aug-2015	28-Jan-2016	31-Jul-2020	200.00	199.70	2.40



Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The Project Development Objective (PDO) of the Earthquake Housing Reconstruction Project (EHRP) is “to restore affected houses with multi-hazard resistant core housing units in targeted areas and to enhance the Government’s ability to improve long-term disaster resilience.” Based on the Mid Term Review (MTR) findings and progress achieved, the PDO remains relevant and achievement of the PDO looks realistic, though work on enhancing the Government’s ability to improve long-term disaster resilience needs to be accelerated. Achievement of the PDO, therefore, was rated as Moderately Satisfactory during the MTR. Following is the status of the project:

Component 1: Housing Reconstruction

2. Significant progress has been achieved under this component with accelerated disbursement of the second and third tranches of the housing grants with a satisfactory rate of compliance with safer reconstruction requirements. As of May 4, 2019, out of 669,525 beneficiaries enrolled in the program, 99.48 percent have received the first tranche, 77.79 percent have received the second tranche, and 58.77 percent have received the third tranche of the housing grant. While the inspection regime has gained momentum, the processing time between successful inspection and tranche disbursement needs improvement. This lag is particularly higher for the third tranche payment, where 12,476 beneficiaries out of 405,979 approved beneficiaries have yet to receive the third tranche. The National Reconstruction Authority (NRA) has initiated an ‘output verification’ process through a third inspection of the completed houses verifying that reconstruction has been completed. Progress update of the 14 most affected districts is as shown in Table 1.

TABLE 1. EHRP - PROGRESS REPORT - 14 MOST AFFECTED DISTRICTS

S. No	Indicator	Beneficiaries		Indicator	Beneficiaries		Indicator	Beneficiaries
				<i>Second Tranche</i>			<i>Third Tranche</i>	
A	Total number of eligible beneficiaries	724,980	D	Applicants ¹	534,884	H	Applicants ¹	409,516
B	Beneficiaries - PA signed	669,525	E	Approved	531,209	I	Approved	405,979
A-B	PA not signed	55,455	F	Not Approved	2,339	J	Not Approved	1,962
C	First tranche recipients	666,047	G	Second tranche recipients	520,842	K	Third tranche recipients	393,503
				Reconstruction Completed			364,332	

Source: Central-level Project Implementation Unit (CLPIU)-Building, CLPIU-Grant Management and Local Infrastructure (GMALI).

Note: PA = Participation Agreement.

¹ Total number of applicants include those approved, not approved, as well as those pending review.

3. **Establishment of a dedicated Project Management Unit (PMU) and adequacy of staffing.** The NRA has established a fully dedicated PMU for the EHRP with core staffing and a separate office space. The PMU provides focused attention to achieving the EHRP’s desired results and ensures smooth project implementation, facilitation, and coordination of the project



activities. The Project Director has been delegated authority to make fiduciary decisions in the capacity of the Government of Nepal's (GoN) Joint Secretary including (a) approval of the EHRP procurement plan within the approved annual budget; and (b) authority to make the procurement decisions with regards to the EHRP as per the Public Procurement Act and Regulations. The Project Director is supported by a Deputy Project Director/Senior Divisional Engineer, Account Officer, and a range of specialist consultants. The NRA provides appropriate financial and administrative authorities over the project to the PMU for smooth implementation and timely decision making. Annual budgets for the EHRP and the related Multi Donor Trust Fund (MDTF, P162067; see paragraph 33 for details) which is supporting the housing reconstruction project are being appropriated by the NRA to the PMU, and in turn the PMU provides budget authorizations and spending guidelines to CLPIUs.

4. **Socio-technical assistance.** Although the reconstruction of private housing has picked up pace, there are still many beneficiaries who have not started the reconstruction. One of the major reasons has been noted to be lack of enough technical field staffs to provide technical assistance and social mobilizers to facilitate community mobilization and information dissemination. Several options were discussed with the NRA on providing socio-technical assistance. NRA proposes to recruit Senior Engineers, Mobile Masons and Social Mobilizers and deploy them at municipal level.

5. **Training.** A number of national and international NGOs (I/NGOs) as well as bilateral development partners are supporting training of artisans to a large extent and that of engineers that include engineers, sub-engineers, assistant sub engineers and overseers. So far over 60,000 artisans and engineers have already been trained in housing reconstruction. The engineers are responsible for providing technical assistance to the beneficiaries during housing reconstruction. However, their major responsibility is to carry out inspections at plinth and roof-band levels to check compliance with construction guidelines for reconstruction of multi-hazard resistant structures as required in the PDO. Engineering staff turnover has remained high because of growing opportunities in the private sector, difficult geographical terrain and inconsistent incentive systems. The staff turnover and changes in reconstruction guidelines and inspection guidelines necessitates training of new staff as well as refreshers for the existing teams. The World Bank task team is focusing on training of engineers by NRA so that Bank compliance requirements are continuously met, though support for training of artisans in small number will continue.

Component-2: Disaster Risk Management Systems

6. Component 2 relates to the second part of the PDO "to enhance the Government's ability to improve long-term disaster resilience." Progress on Component 2 was to be measured through two result indicators:

- i. Two-hundred (200) Government officials trained in Disaster Risk Management;
- ii. Four (4) Technical studies on disaster risk management completed.

7. Progress on Component-2 remains slow as only 29 government officials have received training and none of the studies has been conducted. The slow pace of activities has been on two accounts: (i) housing reconstruction has been prioritized; and (ii) the Government has been in transition from a unitary form of government to a federal structure, with counterparts awaiting clarity on roles and responsibilities with regards to devolved responsibilities and authorities. Further, it was felt that the results were of too small a scale to warrant diverting efforts from housing reconstruction.

B. Rationale for Restructuring

Background

8. Major changes have taken place in the governance structure of the country as well as within NRA. Therefore, the first and foremost imperative is to align the project with the new constitution, 'the grand norm', of the country. The restructuring of EHRP Original Project Credit 5706-NP and Additional Financing 6164-NP is necessary not only to align the project with the new governance structure but also to extend maximum possible support to federalism.

9. With implementation of the 2015 Constitution, a transformation has taken place in Nepal. With moving from a unitary form of government to a federal structure, the country has been divided into 7 provinces and 753 Local Governments (LG),



referred to as local level, in addition to the already-existing 77 districts. The LGs are classified as, respectively: Mahanagarपालikas (Metropolitan cities), Upa-Mahanagarपालikas (Sub Metropolitan Cities), Gaun Palikas (Rural Municipalities), and Nagar Palikas (Urban Municipalities). The Village Development Committees (VDCs) of the Ministry of Federal Affairs (MOFALD) have been abolished or converted into Wards, the lowest tier administrative unit.

10. The number of federal ministries has been reduced from 30 to 22, as a number of functions have been devolved to sub-national levels. Under the new constitution there are five lists of subjects:

- (a) Schedule-5: List of Federal Powers
- (b) Schedule-6: List of Provincial Powers
- (c) Schedule-7: List of Concurrent Powers of Federation and State
- (d) Schedule-8: List of Local Level Power
- (e) Schedule-9: List of Concurrent Powers of Federation, Provincial and Local Level

11. Disaster management is a Schedule-9 subject, whereas international relations and agreements including external aid and borrowing remain federal subjects under Schedule-5. The Prime Minister's Office, nine concerned federal ministries, provincial governments and LGs are required to play roles broadly defined in the 'Disaster Risk and Management Act, 2074 (2017)' as well as Government of Nepal (Work Division) Regulation, 2074.

Structural Changes within NRA

12. With regards to NRA, there are two ministries that were an integral part of the EHRP implementation: Ministry of Federal Affairs and Local Development (MOFALD) and the Ministry of Urban Development (MOUD). The Participation Agreements (PA) for housing grants were signed between Government of Nepal and eligible beneficiaries through VDC secretaries. However, with the abolishing of VDCs, LGs become the legal entities with whom any amendment or new PAs will need to be signed.

13. As provided in the Financing Agreement (FA) 'Para 2, Section I.A, Schedule 2' and 'Para 4, Section I.A, Schedule 2', both ministries were required to maintain implementation units at the central and district levels. As provided in the Project Operations Manual (POM), MOFALD Central Level Planning Implementation Unit (CLPIU) and District Level Project Implementation Unit (DLPIUs) were responsible for verification of beneficiaries and endorsing the lists for release of instalments to District Treasury Controller Officer (DTCO). NRA has been restructured and the CLPIUs are now brought under administrative control of NRA with changed nomenclature except for CLPIU Education. The CLPIU MOUD is now referred to as 'CLPIU-Building' whereas CLPIU-MOFALD is now referred to as 'CLPIU-Grant Management and Local Infrastructure' or CLPIU-GMALI. These changes need to be reflected in the Financing Agreement (FA).

Safeguards

14. Under the original financing, the project team experienced difficulties due to complicated safeguard arrangements which involved developing environmental and social screening (ESS) reports of each settlement in three districts totaling to approximately 1000 ESSs and several cluster level Environment and Social Management Plans (ESMP); meanwhile the safeguard assessments carried out in the three original districts also revealed limited environmental and social impacts arising from project activities. Considering the lesson learnt in three districts (Dolakha, Nuwakot and Dhading) in terms of the feasibility and usefulness of the safeguard arrangements, plus the recent changes in governance structure, the original Environment and Social Management Framework (ESMF) has been revised with mutual agreement between the World Bank and the GoN, to make it proportionate to environment and social risks and impacts and reflect legal, regulatory and institutional regime changes. The scope of the revised ESMF excludes Community relocation, Integrated settlement development, Urban areas, Areas supported by other donor or International/National Non-Government Organisations (I/NGO) and Reconstruction of heritage/cultural sites and other physical and social infrastructure and services. Preparation of a project level ESMP has been introduced as part of the ESMF which requires review, verification and validation through the consultation with local government. A separate site specific ESMP along with an accompanying technical verification report will be prepared as needed for special cases of environmental and social issues. Priority is given to coordinate and develop linkages with other similar agencies for sharing mitigation measure costs; low cost options will be adopted, and final mitigation costs must be approved by NRA and relevant agencies. CLPIU-GMALI, NRA will then play a



coordination and linkage role with line agencies working in the sector to implement mitigation measures. Socio-technical assistance will be provided under the project to address vulnerable groups under the revised ESMF. The FA needs to be revised to reflect these simplified safeguard arrangements.

Activities under Component-2

15. Activities supporting the second part of the PDO “to enhance the Government’s ability to improve long-term disaster resilience” need to be aligned with evolving post-disaster needs. As such, the following new activities are planned under Component 2 (“Disaster Risk Management Systems”) of the project, which is aimed at supporting GoN to put in place systems to provide better disaster risk reduction, preparedness, and disaster response. Implementation of these activities entails changes to the results framework and/or project implementation arrangements to align with Nepal’s new governance structure, which will be addressed through the restructuring.

A. *Structural Integrity Assessment (SIA) of Social Infrastructure*

16. A World Bank-executed Technical Assistance (TA) on recovery and resilience of education infrastructure affected by the April 25, 2015 and May 12, 2015 earthquakes carried out a detailed Structural Integrity and Damage Assessment (SIDA) of education facilities located in the 14 most-affected districts. Over 5,000 schools comprising over 18,000 buildings were surveyed. The data collected revealed that 30 percent of the buildings were completely destroyed, another 30 percent suffered major damages and were recommended for retrofitting, while the remaining were either recommended for minor repairs or were found to be intact. The TA also prepared a prioritized investment plan for reconstruction, retrofitting, and repair of educational infrastructure. In addition to general information of damage caused, a vulnerability assessment survey was also conducted for all the public educational infrastructure in those districts.

17. The data collected has been used to develop a comprehensive web-based SIDA portal containing pictures of the structures, technical details including layouts, coordinates, and number of students, and cost estimates of repair, retrofitting, or reconstruction, whichever is applicable. The SIDA portal has been well received by and assists the GoN and development partners (Japan International Cooperation Agency [JICA] and Asian Development Bank [ADB]) to make informed decisions with regards to their interventions in school reconstruction.

18. Building upon the SIDA experience and considering disaster risks across the country, the idea of scaling up SIDA to carry out a structural integrity assessment of all the schools of the country was under discussion for two months during May-June 2018. During the MTR, carried out in August 2018, it was also agreed to widen the scope of the exercise to a manageable level to include the relevant social infrastructure; thus, health posts were also included in the scope of the proposed Structural Integrity Assessment (SIA) of Social Infrastructure. All the stakeholders, Ministry of Finance, NRA, U.K. Department for International Development (DFID) and other development partners supported the idea. During the MTR, the idea was discussed extensively among the NRA, CLPIU-Education, and the World Bank team, and it was agreed to undertake the exercise as part of EHRP, under Component 2. It was agreed that:

- (a) A structural integrity assessment of all the schools located in the remaining 63 districts will be carried out, as schools in the 14 most-affected districts have already been covered;
- (b) Public sector health facilities across the country will be surveyed;
- (c) Private schools with their own buildings will also be included;
- (d) Schools and health facilities already covered by other development partners will be excluded;
- (e) Concerned Local Governments (LGs) will be reached out to for their involvement in the process; and
- (f) Concerned ministries and departments will be kept informed.

19. This exercise will contribute to the second part of the PDO of the EHRP by enhancing the Government’s ability to improve long-term disaster resilience. This component entails the procurement of (a) five engineering firms to carry out the survey; (b) one engineering firm to provide technical guidance for the implementation, quality assurance, analysis of survey data, and development



of a disaster preparedness plan; and (c) two management information system (MIS) firms to develop a mobile application and web-based portal. The CLPIU-Education team is being assisted in the procurement and implementation of these activities by two structural engineers and one procurement and contract management consultant, whereas procurement of IT Firm to develop mobile application for survey is under processing.

B. Integration of LGs and Transfer of Data

20. The NRA was established under Act 11 of 2015 (2072) published in Extra Ordinary Gazette of Government of Nepal on December 20, 2015. Clause 3 of the Article 3 of the Act fixes the term of the Authority to five years with possibility of an extension of one year. NRA came into existence on December 25, 2015, implying that unless extended through an Act of Parliament, NRA will cease to exist on December 24, 2020. All the PAs and the inspection sheets are the GoN's technical and financial records that will not only be subject to audit but may also serve as evidence in a court of law in case of any litigation. With promulgation of the 2015 constitution, DRM has become a concurrent subject among federal, provincial and local governments. NRA has started the process of transfer of reconstruction responsibilities, especially support to vulnerable beneficiaries, to local governments.

21. Local governments were established in May 2017 whereas provincial governments were formed in January 2018. Both the sub-national governments are new phenomena and are in the process of framing laws as per their respective mandates and developing systems. With these sub-national governments being nascent, substantial input is required to ensure that the reconstruction records are not only properly transferred, both in hard and soft form, but that a system of storage and retrieval is designed.

22. With the establishment of the Palikas under the new constitution, the legal status of Village Development Committees (VDCs) has changed. However, there was no mechanism developed to transfer reconstruction-related records from VDCs, and the project is facing serious difficulty in locating almost 25 percent of the PAs in original. As a result, now enormous effort is being undertaken to retrieve copies from commercial banks that are maintaining beneficiaries' accounts. As explained in the following paragraph, if records are not transferred in a well thought out manner and well in time to the concerned tiers of government, beneficiaries, concerned authorities, and financial institutions are likely to face unsurmountable administrative problems, such as release of balance tranches to beneficiaries who will have already been paid one or two tranches at the time of closure of NRA or in cases of litigation locating PAs or inspection sheets. Therefore, to ensure that provincial governments and LGs as well as beneficiaries do not face any problems in managing necessary records and provision and receipt of services when the project closes, or the NRA Act expires, it was agreed that under EHRP Component 2, activities will be undertaken to support the integration of LGs into DRM:

- (a) Special orientation and training programs involving LG elected representatives and officials will be launched, covering all the Palikas in erstwhile 14 most-affected districts to start with. Under the proposed program, training/ orientation will be given on (i) multi-hazard resistant construction; (ii) Nepal Building Codes; and (iii) the NRA's procedural requirements;
- (b) NRA will develop a road map for transfer of necessary records, first in soft form and finally in hard form to concerned provincial governments and LGs.

23. The integration of the local governments in DRM and transfer of records will be one of the significant contributions not only to build capacities for DRM but also to strengthen the federal structure.

C. Post Disaster Economic Recovery

24. During pre-MTR consultations, the beneficiaries emphasized support for livelihood development, especially in agriculture, livestock, and tourism. The World Bank commissioned a study (August 2017) titled "Assessment of Business Development and Livelihood Enhancement in Nepal" to map the economic recovery potential in the earthquake-affected districts in both construction and non-construction sectors, with a focus on micro-entrepreneurship. The construction sector was analyzed to look at livelihood opportunities during the reconstruction phase, whereas development of other sectors was looked at to identify opportunities for entrepreneurship development for long-term sustainable livelihood opportunities. The study noted that the earthquake had a combined effect on the agriculture, manufacturing, and service sectors, thereby weakening the national economy. The gross



domestic product (GDP) growth rate of Nepal in 2015 fell from 6 percent to 3.3 percent and further to 0.4 percent in 2016 due to the earthquake, weak monsoon, and trade disruptions, though it picked up in 2017 to 7.5 percent. The study identified four sectors having potential for livelihood enhancement in the most-affected districts i.e. construction, tourism, agriculture and livestock.

25. Government of Nepal is providing a housing subsidy of NPR 300,000 per beneficiary household through EHRP whereas the actual cost of reconstruction of a housing unit could be considerably higher than the grant amount based on the house size and construction material chosen by the beneficiary. This additional cost compounded with income/productivity loss after the earthquake may have led many poor and most vulnerable households to take high interest rate loans from private lenders. As the focus had been putting families under shelter, the affected households had to forgo livelihood and income generation in favor of housing reconstruction. With housing reconstruction having picked up pace and likely to see completion in the next two to three years, the EHRP beneficiaries now feel the need for support in livelihoods enhancement and entrepreneurship development to offset their debts, at least in part, and regain lost opportunities.

26. Government of Nepal has already launched a number of initiatives under various programs, especially poverty alleviation initiatives, to reduce poverty, help people in enhancing incomes and improving livelihoods. With devolution of powers, sub-national governments have been entrusted with responsibilities not only for poverty alleviation and economic development, they have also become an integral part of managing finances related to disaster risks and responses as well as mobilizing resources.

27. One of the important lessons so far from three years of implementation is that post disaster recovery and reconstruction needs to be a wholesome package i.e. physical reconstruction and economic recovery need to go hand-in-hand. As reconstruction of private housing has gained momentum, NRA's focus is now shifting towards economic recovery, which was so far not a priority agenda. This need was realized for a number of reasons such as growing concerns from development partners and other stakeholders for increased and sustained livelihood and enterprise development, indebtedness of beneficiaries due to the loan taken to reconstruct their houses and NRA's mandate and responsibility towards recovery and rehabilitation. Upon NRA's request an assessment, first of a series of studies, for the post-earthquake economic recovery is ongoing under EHRP. Initial findings of the assessment indicate the presence of a number of actors, both governmental and non-governmental, in livelihood recovery and enterprise development. What is lacking is the consolidation of these efforts, needs assessment, identification of gaps and further facilitation and coordination with existing actors to fill the gaps. NRA's way forward on the recovery agenda thus will be guided by the final recommendation of the assessment.

II. DESCRIPTION OF PROPOSED CHANGES

A. Implementation Arrangements

28. With CLPIU MOUD, renamed as CLPIU Building, and CLPIU MOFALD, renamed as CLPIU GMALI, having been placed under administrative control of NRA, the Financing Agreement (FA) will be revised to reflect the changes. Further, the SIA is a massive exercise that includes structural integrity assessment of almost 23,000 schools and 4,000 health posts. The SIA is targeted to be completed by December 2019. Keeping in view time constraints and the extent of the work, the assignment requires a different set of expertise and administrative arrangements, currently available in form of the CLPIU-Education. Therefore, it is proposed to add CLPIU-Education as an implementing entity under the Project for conducting SIA.

29. In view of adoption of the federal constitution as well as internal restructuring of NRA, changes are proposed in the Financing Agreements of the Original Project IDA Credit No. 5706-NP and Additional Financing IDA Credit No. 6164-NP in Implementation Arrangements. Changes in the IDA Credit No. 5706-NP are in Annex-I and that in IDA Credit No. 6164-NP are in Annex-II.

B. Results Framework

30. The PDO level Outcome 'Enhance the Government's Ability to improve long-term disaster resilience' will remain unchanged, however the PDO level indicator is suggested to be changed as in supporting the federalization process the indicator will also cover local government elected representatives and officials:



Existing Indicator	Revised Indicator
Component-2	
Two-hundred (200) Government officials trained in Disaster Risk Management	Four Hundred (400) government officials trained in Disaster Risk Management

31. As explained in paragraph, bilateral development partners and I/NGOs have already supported training of artisans, and continue to do so, therefore EHRP is focusing its training on engineers to strengthen the inspection regime. However, support for training of artisans will continue on need basis. To reflect the scope of the training, the Intermediate level indicator for Component-1 is proposed to be revised as follows:

Existing Indicator	Revised Indicator
Component-1	
Artisans trained in multi-hazard resistant construction	Engineers and artisans trained in multi-hazard resistant construction
Current value: 75,000	Revised value: 12,000

32. As explained in paragraphs **Error! Reference source not found.** thru **Error! Reference source not found.**, structural integrity of social infrastructure will be assessed throughout the country. This will lead to developing a baseline to enhance the Government’s ability to improve long-term disaster resilience, which was originally envisioned to be done through 4 technical studies. Therefore, intermediate level indicator for Component-2 is suggested to be revised as follows:

Component-2	
Four (4) Technical studies on disaster risk management completed	Structural Integrity Assessment of Social Infrastructure carried out
Current value: 4	Revised value: 1

III. SUMMARY OF CHANGES

	Changed	Not Changed
Implementing Agency	✓	
Results Framework	✓	
Legal Covenants	✓	
Institutional Arrangements	✓	
Social Analysis	✓	
Environmental Analysis	✓	
DDO Status		✓
Project's Development Objectives		✓
Components and Cost		✓



Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓

IV. DETAILED CHANGE(S)

IMPLEMENTING AGENCY

Implementing Agency Name	Type	Action
Ministry of Urban Development	Implementing Agency	Marked for Deletion
National Reconstruction Authority	Implementing Agency	No Change
Ministry of Federal Affairs and General Administration	Implementing Agency	Marked for Deletion

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IDA-57060	Para 3, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to establish and	Complied with	Revised



	<p>maintain (subject to paragraph 3 of the Section I.A of Schedule 2 to the FA), the PMU, with membership, powers, functions and competencies acceptable to the Association.</p>		
Proposed	<p>Para 3, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to establish and maintain (subject to paragraph 3 of Section I.A of Schedule 2 to the FA), two PMUs, one for Housing Reconstruction and one for Social Infrastructure Integrity Assessment, with membership, powers, functions and competencies acceptable to the Association</p>	Unknown	
IDA-57060	<p>Para 2, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to establish and maintain two project implementing units, one within MoUD and one within MoFALD, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association.</p>	Complied with	Revised
Proposed	<p>Para 2, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to establish and maintain two project implementing units, one for Housing Reconstruction and one for Social Infrastructure Integrity Assessment, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association.</p>	Unknown	
IDA-57060	<p>Para 4, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to establish and maintain throughout the period of implementation of the Project, one or more district-level project implementation units (the "DL-PIUs"), meeting the requirements set forth in the Operations Manual.</p>	Complied with	No Change
IDA-57060	<p>Para 4, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to prepare and through each MoFALD and MoUD adopt and carry out the Project in accordance with the Operations Manual, acceptable to the Association.</p>	Complied with	Revised



Proposed	Para 4, Section I.A, Schedule 2 of the Financing Agreement. Description: Recipient to prepare and through each PMU adopt and carry out the Project in accordance with the Operations Manual, acceptable to the Association.	Unknown	
IDA-57060	Para 2. (i), Section I.D, Schedule 2 of the Financing Agreement. Description: Recipient to publicly disclose the list of such eligible household beneficiaries at the Project relevant sites by no later than fifteen (15) days before the date on which a Housing Grant is first proposed for release.	After delay complied with	No Change
IDA-57060	Para 1. (i), Section I.B, Schedule 2 of the Financing Agreement. Description: Recipient to enter into a Participation Agreement with each Participating Household Beneficiary under terms and conditions set forth in the Operations Manual before providing a Housing Grant to a Participating Household Beneficiary.	Complied with	No Change
IDA-57060	Para 3, Section I.D, Schedule 2 of the Financing Agreement. Description: Recipient shall engage the services of one or more payment service providers in accordance with criteria acceptable to the Association as set forth in the Operations Manual and conclude and implement one or more payment service agreements in form and substance satisfactory to the Association by no later than the date on which a Housing Grant is first proposed for release.	Complied with	No Change
IDA-57060	Para 8. (ii), Section I.D, Schedule 2 of the Financing Agreement. Description: Prior to the release of the second and subsequent tranches of Housing Grant, Recipient to ensure that the verification procedures are carried out in accordance with in the Operations Manual and that the proceeds of the Credit are only used to pay for Housing Grants to Participating Household Beneficiaries that have completed reconstruction of their multi-hazard resilient core housing unit, in accordance with the quality standards set forth in the Operations Manual.	After delay complied with	No Change



IDA-57060	Para 1, Section I.E, Schedule 2 of the Financing Agreement. Description: Prior to the public disclosure of the list of eligible household beneficiaries, Recipient shall establish and maintain an efficient and cost effective grievance redress mechanism, based on international experience and best practices adapted to the local context, as further described in the Operations Manual.	Complied with	No Change
IDA-57060	Para 1, Section I.F, Schedule 2 of the Financing Agreement. Description: Prior to the payment of any Housing Grant, Recipient to carry out the Project in accordance with the ESMF, the RPF, and the IPPF, and the instruments (to be) prepared thereunder (the "Safeguard Documents") and refrain from taking any action, or consenting to an action to be taken, which would prevent or interfere with the implementation of the Safeguard Documents.	Complied with	No Change
IDA-57060	Para 2, Section I.F, Schedule 2 of the Financing Agreement. Description: Recipient to refrain from releasing any Housing Grant until and unless a social and environmental screening has been carried out, in accordance with the guidelines, standards and procedures set forth in the ESMF, the RPF, and the IPPF and publicly disclose the Safeguard Documents and the related Housing Reconstruction Guidelines environmental and social safeguards checklists in local language(s) at the Project relevant sites.	Complied with	No Change
IDA-57060	Para 4, Section I.F, Schedule 2 of the Financing Agreement. Description: Recipient to: (i) maintain monitoring and evaluation protocols and record keeping procedures to supervise and assess compliance with Safeguard Documents; and (ii) report on quarterly basis on compliance with Safeguard Documents.	After delay complied with	No Change
IDA-57060	Para 6, Section I.F, Schedule 2 of the Financing Agreement. Description: With respect to any housing reconstruction activities for which technical support is provided under the Project, but the activities are	Complied with	No Change



	<p>themselves financed from sources other than the Credit, Recipient to retain sole responsibility for the design, construction, safeguards, fiduciary controls and implementation of such activities and to ensure that all activities financed, in whole or in part, out of the proceeds of the Credit are made in accordance with the Operations Manual, the Safeguards Documents, and the Financing Agreement.</p>		
IDA-57060	<p>Para 1. (i), Section I.G, Schedule 2 of the Financing Agreement. Description: Recipient to: (a) determine the occurrence of an eligible crisis or emergency; (b) prepare a component-specific operations manual; (c) identify, strengthen and maintain a coordination authority capable of carrying out the activities and responsibilities set forth in the operations manual; and (d) prepare and disclose any required safeguard document.</p>	Not yet due	No Change
IDA-57060	<p>Section IV.C, Schedule 2 of the Financing Agreement. Description: Recipient to ensure that the total amount of disbursements against achievement of outputs under the Project does not exceed the total amount of expenditures incurred by the Participating Household Beneficiary.</p>	Complied with	No Change
IDA-57060	<p>Para 1. (c), (i), Section IV.B, Schedule 2 of the Financing Agreement. Description: To access the funds allocated from time to time to Category 3, Recipient must have determined/declared an eligible crisis or emergency, identified response activities and expenditures, prepared and disclosed any required safeguard documents, identified and/or staffed a coordination authority responsible for implementation, and prepared a component-specific operations manual.</p>	Not yet due	No Change
IDA-57060	<p>Para 1. (b), Section IV.B, Schedule 2 of the Financing Agreement. Description: To access the funds allocated to Category 2, Recipient must have: (i) adopted an Operations Manual satisfactory to the Association; and (ii) adopted and published the ESMF, the RPF, and the IPPF, all in a form and substance satisfactory to the</p>	Complied with	Revised



	Association; and (iii) engaged financial management staff in MoFALD and MoUD in such number and with qualification, experience and terms of reference satisfactory to the Association.		
Proposed	Para 1. (b), Section IV.B, Schedule 2 of the Financing Agreement. Description: To access the funds allocated to Category 2, Recipient must have: (i) adopted an Operations Manual satisfactory to the Association; and (ii) adopted and published the ESMF, the RPF, and the IPPF, all in a form and substance satisfactory to the Association; and (iii) engaged financial management staff in all the CLPIUs	Unknown	
IDA-57060	Para 2. (a), Section IV.B, Schedule 2 of the Financing Agreement. Description: Notwithstanding the provisions of Section IV.A of Schedule 2, withdrawals under Category (2) shall be output-based and shall be available for withdrawal by the Recipient subject to: (i) the Association having communicated in writing to the Recipient the unit amount of each Housing Grant; (ii) such Participating Household Beneficiary having satisfactorily achieved the agreed output in the construction work of the multi-hazard resilient core housing unit, subject to the verification mechanisms provided for in paragraph 8 of Section I.D of this Schedule as further detailed in the Operations Manual; and (iii) the Association having received, through the Recipient, a satisfactory summarized version of the reports furnished by the verifiers for such works.	Complied with	No Change



Results framework

COUNTRY: Nepal

Earthquake Housing Reconstruction Project

Project Development Objectives(s)

The Project Development Objective (PDO) is to restore affected houses with multi-hazard resistant core housing units in target areas and to enhance the government's ability to improve long-term disaster resilience.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
Restore affected houses with multi-hazard resistant core housing units in targeted areas			
Households with resilient core housing reconstructed under the project (Number)		0.00	151,000.00
Out of which women headed households (Number)		0.00	39,260.00
Citizens made aware of earthquake resilient reconstruction (Number)		0.00	151,000.00
Enhance the Government's Ability to improve long-term disaster resilience.			
Four Hundred elected representatives and government officials given orientation on disaster risk management and housing reconstruction with transfer of project records. (Number)		0.00	400.00
Action: This indicator has been Revised	Rationale: <i>Major changes have taken place in the governance structure of the country as well as within NRA. Therefore, first and the foremost imperative is to align the project with the constitution, 'the grand norm', of the country. Therefore, the restructuring of EHRP is necessary not only to align the project with the new governance structure but also to extend maximum possible support to federalism.</i>		



Indicator Name	DLI	Baseline	End Target
		<p><i>With implementation of the 2015 Constitution, a transformation has taken place in Nepal. With moving from unitary form of government to a federal structure, the country has been divided into 7 provinces and 753 Local Governments (LG), referred to as local level in addition to existing 77 districts. The Village Development Committees (VDCs) of the Ministry of Federal Affairs (MOFALD) have been abolished or converted into Wards, the lowest tier administrative unit.</i></p> <p><i>Under the new constitution there are five lists of subjects: (i) Schedule-5 is List of Federal Powers; (ii) Schedule-6 is List of Provincial Powers; (iii) Schedule-7 is List of Concurrent Powers of Federation and State; (iv) Schedule-8: List of Local Level Power; and (v) Schedule-9 is List of Concurrent Powers of Federation, Provincial and Local Level.</i></p> <p><i>Disaster management is a Schedule-9 subject, whereas international relations and agreements including external aid and borrowing remain federal subjects. The Prime Minister's Office, nine concerned federal ministries, provincial governments and LGs are required to play roles broadly defined in the 'Disaster Risk and Management Act, 2074 (2017)' as well as Government of Nepal (Work Division) Regulation, 2074.</i></p>	

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Housing Reconstruction			
Direct project beneficiaries (Number)		0.00	649,300.00
Female beneficiaries (Percentage)		0.00	50.00
Intended beneficiaries aware of project info. and project investments (%) (Percentage)		0.00	100.00
Intended beneficiaries aware of project info. and project investments - female (Number)		0.00	39,260.00
Grievances registered related to delivery of project benefits addressed (%) (Percentage)		0.00	95.00



Indicator Name	DLI	Baseline	End Target
Grievances related to delivery of project benefits that are addressed-(number) (Number)		0.00	100,000.00
Engineers and artisans trained in multi-hazard resistant construction (Number)		9,319.00	12,000.00
Action: This indicator has been Revised	<p>Rationale: A number of national and international NGOs as well as bilateral development partners are supporting training of artisans to a large extent and that of engineers that include engineers, sub-engineers, assistant sub engineers and overseers. So far over 60,000 artisans have already been trained. The engineers are responsible for providing technical assistance to the beneficiaries during housing reconstruction. However, their major responsibility is to carry out inspections at plinth and roof-band levels to check compliance with construction guidelines for reconstruction of multi-hazard resistant structures as required in the PDO. Engineering staff turnover has remained high because growing opportunities in private sector, testing terrain and inconsistent incentive systems. The staff turnover and changes in reconstruction guidelines and inspection guidelines necessitates training of new staff as well as refreshers for the existing teams. The World Bank task team is focusing training of engineers by NRA so that Bank compliance requirements are continuously met.</p>		
Disaster Risk Management Systems (Action: This Component has been Revised)			
Structural Integrity of social infrastructure carried out across the country. (Number)		0.00	1.00
Action: This indicator has been Revised	<p>Rationale:</p> <ol style="list-style-type: none"> 1. A World Bank-executed TA on recovery and resilience of education infrastructure affected by the April 25, 2015 and May 12, 2015 earthquakes carried out a detailed Structural Integrity and Damage Assessment (SIDA) of education facilities located in 14 most-affected districts. Over 5,000 schools comprising over 18,000 buildings were surveyed. The data collected revealed that 30 percent of the buildings were completely destroyed, another 30 percent suffered major damages and were recommended for retrofitting. The data collected has been used to develop a comprehensive web-based SIDA portal containing pictures of the structures, technical details including layouts, coordinates, and number of students, and cost estimates of repair, retrofitting, or reconstruction, whichever is applicable. The SIDA portal has been well received by and assists the GoN and development partners 		

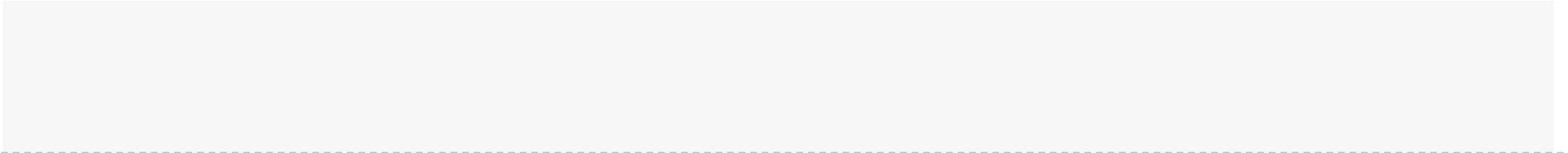


Indicator Name	DLI	Baseline	End Target
		<p><i>(Japan International Cooperation Agency [JICA] and Asian Development Bank [ADB]) to make informed decisions with regards to their interventions in school reconstruction.</i></p> <ol style="list-style-type: none"><i>2. In Nepal, the number of school buildings destroyed or damaged, identified through SIDA, establishes that had the disaster struck on a school day, the casualties would have been manifold. Keeping in view the fact that Nepal is disaster prone, it is imperative that schools building structures be given special attention, as most of the public school buildings were constructed by communities through School Management Committees (SMCs). It is clearly understood that SMCs lack technical capacities to build multi-hazard resistant buildings.</i><i>3. Building upon the SIDA experience and considering disaster risks, the idea of scaling up SIDA to carry out a structural integrity assessment of all the schools of the country was under discussion for two months during May-June 2018. During the MTR, it was agreed to widen the scope of the exercise to a manageable level to include the relevant social infrastructure; thus, health posts were also included. All the stakeholders, Ministry of Finance, NRA, U.K. Department for International Development (DFID) and other development partners supported the idea. During the MTR, the idea was discussed extensively among the NRA, CLPIU-Education, and the World Bank team, and it was agreed to keep the exercise on the priority list under Component 2 of the EHRP. It was agreed that:</i><ol style="list-style-type: none"><i>1. A structural integrity assessment of all the schools located in 63 districts will be carried out, as schools in 14 most-affected districts have already been covered;</i><i>2. Public sector health facilities across the country will be surveyed;</i><i>3. Private schools with their own buildings will also be included;</i><i>4. Schools and health facilities already covered by other development partners will be excluded;</i><i>5. Concerned LGs will be reached out for their involvement in the process; and</i><i>6. Concerned ministries and departments will be kept informed.</i><i>4. The data collected from the SIA will be used to develop a comprehensive web-based platform that will have structural vulnerability parameters for each unit of assessed social infrastructure and required intervention such as repair, retrofitting and reconstruction will be identified. This platform will be linked with the current web-based SIDA platform to develop one comprehensive web-based platform, which will assist the GoN and other concerned stakeholders in informed decision making.</i><i>5. This component will contribute to the second part of the PDO of the EHRP by enhancing the Government's ability to improve long-term disaster resilience.</i>	



The World Bank

Earthquake Housing Reconstruction Project (P155969)





Annex-I: Changes in Financing Agreement of IDA Credit No. 5706-NP signed on August 14, 2015 and Amendment of March 28, 2016

<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
1	Article 2.01 The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one hundred forty three million nine hundred thousand Special Drawing Rights (SDR 143,900,000) (variously, “Credit” and Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”)		No Change
2	Article 2.02 The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement		No Change
3	Article 2.05 The Payment Dates are June 15 and December 15 in each year		No Change
4	Article 3.01 The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1, 2 and 3 of the Project through MOFALD and MOUD as per the allocation of responsibilities set forth in the Operations Manual and Part 4 of the Project through the Coordinating Authority, all in accordance with the provisions of Article IV of the General Conditions	Article 3.01 The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1, 2 and 3 of the Project through NRA, MOFALD and MOUD as per the allocation of responsibilities set forth in the Operations Manual and Part 4 of the Project through the Coordinating Authority, all in accordance with the provisions of Article IV of the General Conditions	Article 3.01 The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1, 2, and 3 of the Project through NRA as per the allocation of responsibilities set forth in the Operations Manual and Part 4 of the Project through the Coordinating Authority, all in accordance with the provisions of Article IV of the General Conditions.
5	Part 3 of Schedule 1 (Project Description) Provision of support to MOFALD and MOUD (including the PMU, PIUs and DLPIUs) to strengthen their capacity to effectively procure and manage delivery systems, including monitoring and evaluation, damage assessment, beneficiary household identification, payment systems, management information systems,	Part 3 of Schedule 1 (Project Description) Provision of support to NRA, MOFALD and MOUD (including the PMU, PIUs and DLPIUs) to strengthen their capacity to effectively procure and manage delivery systems, including monitoring and evaluation, damage assessment,	Part 3 of Schedule 1 (Project Description) Provision of support to NRA, including the CL-PIUs and the PMU to strengthen their capacity to effectively procure and manage delivery systems, including monitoring and evaluation, damage assessment, beneficiary household identification, payment



SN	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	grievance redress and communication/outreach as set forth in the Operations Manual	beneficiary household identification, payment systems, management information system, grievance redress and communication/outreach as set forth in the Operations Manual.	systems, management information system, grievance redress, and communication/outreach as set forth in the Operations Manual.
6	<p>Paragraph 1 of Section I.A of Schedule 2 (Project Execution) The recipient shall establish by not later than August 1, 2015 and thereafter maintain throughout the period of implementation of the Project (except as may be otherwise provided in paragraph 3 of this Section), the Project Management Unit, housed within MOF, with adequate professional and administrative staff, in numbers and with qualification and experience and under terms of reference satisfactory to the Association, including a project director responsible for supervising the Project, as shall be required to provide policy guidance and coordination for and exercise general oversight of, the implementation of Project activities</p>	<p>Paragraph 1 of Section I.A of Schedule 2 (Project Execution) The Recipient shall maintain throughout the period of implementation the Project, the Project Management Unit, housed within NRA, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association, including a project director responsible for supervising the Project and qualified procurement, social, and environmental specialists with skills and qualifications, experiences and terms of reference satisfactory to the Association, as shall be required to provide policy guidance and coordination for, and exercise general oversight of, the implementation of Project activities, including preparation of an annual consolidated Procurement Plan for the Association’s review and clearance, and coordination, oversight and guidance on procurement, financial management, safeguards, monitoring and evaluation aspects of the Project.</p>	<p>Schedule 2, Section I.A, Paragraph 1 (Project Execution) The Recipient shall maintain throughout the period of implementation of the Project, the Project implementation units, namely the CLPIU-Building, CLPIU-GMALI and CLPIU-Education (collectively, the “CL-PIUs”) and the PMU, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association, including: (a) a project director responsible for supervising the Project; (b) procurement specialists; (c) financial management specialists; and (d) social and environmental specialists, for purposes of implementing the Project as per the allocation of responsibilities and budget set forth in the Operations Manual.</p>



SN	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
7	<p>Paragraph 2 of Section I.A of Schedule 2</p> <p>The Recipient shall establish by not later than August 1, 2015 and thereafter maintain throughout the period of implementation of Project, two project implementation units (the “PIUs”), one within MOUD and one within MOFALD, for purposes of implementing the Project as per the allocation of responsibilities and budget set forth in the Operations Manual with adequate professional and administrative staff, in numbers and with qualification and experience and under terms of reference satisfactory to the Association, including without limitation: (i) Project Coordinator, (ii) a senior-level account officer, (iii) a finance officer; (iv) a procurement officer; and (v) a safeguards specialist to be responsible for the day-to-day planning and implementation of Project activities within their purview, as set forth in the Operations Manual</p>		<p>Paragraph 2, Section I.A of Schedule 2</p> <p>In each District in which the Project is implemented, the Recipient shall maintain throughout the period of implementation of the Project, one or more district-level project implementation units (the “DL-PIUs”), meeting the requirements set forth in the Operations Manual, including with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association, and responsible for, <i>inter alia</i>: (a) providing close technical support to, and supervision of, the implementation of the Project in such District; (b) approval of annual work plans for such District; and (c) monitoring, supervising and reporting to the PMU and CL-PIUs on the progress achieved in carrying out the activities within such District.</p>
8	<p>Paragraph 3 of Section I.A. of Schedule 2</p> <p>(a) Upon the establishment of the Reconstruction Agency, the Recipient and the Association may agree in writing to transfer the guidance and oversight responsibilities of the PMU to such agency in a manner satisfactory to the Association. (b) In addition, in the event that, at any time during Project implementation, the Recipient proposes that the Reconstruction Agency also be vested with additional responsibilities under the Project, such as implementation , procurement and/or financial management, then (i) the Recipient</p>	<p>Paragraph 3 of Section 1.A. of Schedule 2 to the Financing Agreement shall be deleted in its entirety and the subsequent paragraphs renumbered accordingly</p>	<p>Paragraph 3, Section I.A of Schedule 2</p> <p>The Recipient, through NRA, shall cause the Local Governments to assist in the implementation of the Project, including the carrying out of communication and outreach activities, and first-tier grievance redress in accordance with the provisions of the Operations Manual.</p>



SN	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	shall provide the Association with such information as the Association may reasonably request to assess the capacity of the Reconstruction Agency to undertake such additional responsibilities, and (ii) subject to satisfactory assessment thereof, the Association and the Recipient may agree in writing (including, if required, an amendment to this Agreement) to reflect the transfer of such additional responsibilities.		
9	Paragraph 4 of Section I.A of Schedule 2 In each district in which the Project is implemented, the Recipient shall establish, by the earlier of September 1, 2015 or the first date on which the Recipient proposes to make a Housing Grant in such District and thereafter maintain throughout the period of implementation of the Project, one or more district level implementation units (the “DL-PIUs”) meeting the requirements set forth in the Operations Manual, including with adequate professional and administrative staff, in numbers and with qualifications and experience and under terms of reference satisfactory to the Association, and responsible for, <i>inter alia</i> : (i) providing close technical support to, and supervision of, the implementation of Part 1 of the Project in such District; (ii) approval of annual work plans for such District; and (iii) monitoring, supervising and reporting to the PIUs on the progress achieved in carrying out the activities within such District.		Paragraph 4, Section I.A, of Schedule 2 Changed to Paragraph 2 of Section I.A of Schedule 2
10	Paragraph 5 of Section I.A. of Schedule 2 The Recipient, through MOFALD, shall cause VDCs and Municipalities to: (i) assist in the implementation and outreach activities, assistance and inspection, and first-tier grievance redress and (ii) provide promptly as needed, the		Please see Paragraph 3 of Section 1.A. of Schedule 2



SN	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	funds, facilities, services and other resources required for the Project, all in accordance with the provisions of the Operations Manual.		
11	Paragraph 1 of Section I.B of Schedule 2 The recipient shall prepare and through each of MOFALD and MOUD adopt, by the earlier of August 15, 2015...	The recipient shall prepare and through each of NRA, MOFALD and MOUD adopt, by the earlier of August 15, 2015....	Paragraph 1, Schedule 2, Section I.B The Recipient shall, through NRA, including the CL-PIUs as applicable, carry out the Project in accordance with, the Operations Manual. The Operations Manual shall set forth:
	(i) the institutional arrangement for the implementation of the Project, including: (a) eligibility criteria, methodology and procedural standards for the selection of Participating Household Beneficiaries; (b) terms and conditions of the Housing Grants, including criteria for determining and the amount of each tranche, and the format of the participation agreement which each Participating Household Beneficiary must sign with the Recipient, through MOFALD, prior to receiving any Housing Grant; (c) management information systems, verification protocols, financial management duties and disbursements, monitoring and evaluation systems, grievance redress mechanisms, and payment reconciliation protocols; (d) governance and accountability setups and operating mechanisms, including independent operational audits and third-party monitoring; and (e) selection and coordination mechanisms of Payment Service		(ii) the institutional arrangement for the implementation of the Project, including: (i) eligibility criteria, methodology and procedural standards for the selection of Participating Household Beneficiaries; (ii) terms and conditions of the Housing Grants, including criteria for determining and the amount of each tranche, and the format of the Participation Agreement which each Participating Household Beneficiary must sign with each Local Government, prior to receiving any Housing Grant; (iii) management information systems, verification protocols, financial management duties and disbursements, monitoring and evaluation systems, grievance redress mechanisms, and payment reconciliation protocols; (iv) governance and accountability setups and operating mechanisms,



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	Providers and the required terms of agreement to be entered into between each Payment Service Provider and the Recipient ;		including independent operational audits and third-party monitoring; and (v) selection and coordination mechanisms of Payment Service Providers and the required terms of agreement to be entered into between the Recipient, through NRA and each Payment Service Provider;
	Paragraph 1 of Part-D of Section I of Schedule 2: For purposes of carrying out Part 1 of the Project, the Recipient shall determine, by no later than fifteen (15) days before the date on which the Recipient first proposes to release a Housing Grant, the list of Participating Household Beneficiaries, which shall comprise those eligible households: (a) in the Targeted Areas; (b) whose houses meet the guidelines, selection and prioritization criteria set out in the Operations Manual for financing of construction/reconstruction out of the proceeds of the Credit; and (c) who have entered into a Participation Agreement. The Recipient shall at all times maintain, and shall provide to the Association, at its request, the list of Participating Household Beneficiaries.		Removed
12	Paragraph 2 of Section I.D of Schedule 2 (Project Execution) Upon the determination of the household beneficiaries eligible to participate in the Project, the Recipient, through MOFALD, shall ...		Paragraph 1, Section I.D, Schedule 2 Upon the determination of the household beneficiaries eligible to participate in the Project, the Recipient, through NRA shall:
14	Paragraph 7 of Section I.D of Schedule 2 The Recipient shall release the first tranche of each Participating Household Beneficiary's Housing		Paragraph 6, Section I.D Schedule 2 The Recipient shall release the first tranche of each Participating Household



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	Grant upon the Participating Household Beneficiary's signing of the Participation Agreement in accordance with Section I.D.2 of this Schedule.		Beneficiary's Housing Grant upon the Participating Household Beneficiary's signing of the Participation Agreement in accordance with Section I.D.1 of this Schedule 2.
15	Paragraph 8 of Section I.D of Schedule 2 (Project Execution) Prior to the release to a Participating Household Beneficiary of the second and subsequent tranches of such Participating Household Beneficiary's Housing Grant, the Recipient through MOFALD shall ensure that: ...	Paragraph 8 of Section I.D of Schedule 2 (Project Execution) Prior to the release to a Participating Household Beneficiary of the second and subsequent tranches of such Participating Household Beneficiary's Housing Grant, the Recipient, through NRA and MOFALD shall ensure that: ...	Paragraph 7, Section I.D, Schedule 2 (Project Execution) Prior to the release to a Participating Household Beneficiary of the second and subsequent tranches of such Participating Household Beneficiary's Housing Grant, the Recipient shall ensure that: ...
17	Section II.A of Schedule 2 The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provision of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar trimester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report		Section II.A Schedule 2 The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators set forth in the Operations Manual. Each Project Report shall cover the period of each Fiscal Quadrimester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
18	Paragraph 2 of Section II. B of Schedule 2 Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each fiscal trimester, interim unaudited financial reports for the Project covering the trimester, in form and substance satisfactory to the Association.		Paragraph 2, Section II.B of Schedule 2 Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each Fiscal Quadrimester, interim unaudited financial reports for the Project covering



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
			the Fiscal Quadrimester, in form and substance satisfactory to the Association.
19	<p>Paragraph 2 (a) of Section IV B of Schedule 2</p> <p>Except at the Association may otherwise agree in writing, withdrawals under Category (2) shall be output-based and shall be available for withdrawal by the Recipient subject to: (i) the Association having communicated in writing to the Recipient the unit amount of each Housing Grant; (ii) such Participating Household Beneficiary having satisfactorily achieved the agreed output in the construction work of the multi-hazard resilient core housing unit, subject to the verification mechanisms provided for in paragraph 8 of Section I.D of this Schedule as further detailed in the Operations Manual ...</p>		<p>Paragraph 2(a) of Section IV.B of Schedule 2</p> <p>Except as the Association may otherwise agree in writing, withdrawals under Category (2) shall be output-based and shall be available for withdrawal by the Recipient subject to: (i) the Association having communicated in writing to the Recipient the unit amount of each Housing Grant; (ii) such Participating Household Beneficiary having satisfactorily achieved the agreed output in the construction work of the multi-hazard resilient core housing unit, subject to the verification mechanisms provided for in paragraph 7 of Section I.D of this Schedule as further detailed in the Operations Manual; and (iii) the Association having received, through the Recipient, a satisfactory summarized version of the reports furnished by the verifiers for such works;</p>
16	<p>Paragraph 3 of Section IV B of Schedule 2</p> <p>The Closing Date is July 31, 2020</p>		<p>Paragraph 3 of Section IV B of Schedule 2</p> <p>The Closing Date is June 30, 2023</p>

Section I. Definitions		Section I. Definitions
1.	"Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 .	"Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2.	"Category" means a category set	"Category" means a category



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	forth in the table in Section N of Schedule 2 to this Agreement.		set forth in the table in Section IV of Schedule 2 to this Agreement.
3.	"CER Component" means Part 4 of the Project, as described in Schedule I to this Agreement.		"CER Component" means Part 4 of the Project, as described in Schedule 1 to this Agreement.
4.	"CER Operations Manual" means the immediate response mechanism operations manuals referred to in Section LG.I of Schedule 2 to this Agreement, agreed with the Association to be adopted by the Recipient for the implementation of the CER Component, in accordance with the provision of said Section.		"CER Operations Manual" means the immediate response mechanism operations manuals referred to in Section I.G.1 of Schedule 2 to this Agreement, agreed with the Association to be adopted by the Recipient for the implementation of the CER Component, in accordance with the provision of said Section.
5.	"Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 201 I (revised July 2014).		"CLPIU-Building" means the central level Project implementation unit, under the administrative control of NRA, responsible for implementation of private housing at district, municipality and village level, including provision of technical assistance and guidance to house owners directly or through third parties, and carrying out inspections to ensure compliance with construction guidelines and digitalization of data.
6.	"Coordinating Authority" means the entity or entities designated by the Recipient in the CER Operations Manual, and approved by the Association pursuant to Section LG.I of Schedule 2 to this Agreement, to be responsible for coordinating the CER Component.		"CLPIU-GMALI" means central level grant management and local infrastructure unit under the administrative control of NRA, responsible for managing environmental and social safeguards requirements of the Project.
7.	"Displaced Persons" means persons		"CLPIU-Education" means



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by (i) the involuntary taking of land, resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; or (c) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or		central Project implementation unit, under the administrative control of NRA, responsible for managing social infrastructure integrity assessment across the Recipient's territory.
8.	(ii) the involuntary restriction of access to legally designated parks and protected areas resulting in adverse impacts on the livelihood of the affected person.		"Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
9.	"District" means an administrative sub-division of the Recipient within which one or more Participating Household Beneficiaries reside.		"Coordinating Authority" means the entity or entities designated by the Recipient in the CER Operations Manual, and approved by the Association pursuant to Section I.G.1 of Schedule 2 to this Agreement, to be responsible for coordinating the CER Component.
10.	"DL-PIUs" means the district-level project implementation units to be established by the Recipient in accordance with Section I.A.4 of Schedule 2 to this Agreement.		"Displaced Persons" means persons who, on account of the execution of the Project, have experienced or would experience direct economic and social impacts caused by (i) the involuntary taking of land, resulting in: (a) relocation or loss of shelter; (b) loss of assets or access to assets; or (c) loss of income sources or means of livelihood, whether or not the affected person must move to another location; or (ii) the involuntary restriction of access to legally designated parks and protected areas



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
			resulting in adverse impacts on the livelihood of the affected person.
11.	"Earthquake" means the earthquake which occurred on the Recipient's territory on April 25, 2015, and its aftershocks, resulting in, among others, devastating loss of life, livelihoods, social services, and infrastructure.		"District" means an administrative sub-division of the Recipient within which one or more Participating Household Beneficiaries reside.
12.	"Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.		"DL-PIUs" means the district-level project implementation units to be established by the Recipient in accordance with Section I.A.2 of Schedule 2 to this Agreement.
13.	"Emergency Expenditures" means any of the eligible expenditures set forth in the CER Operations Manual, in accordance with the provision of Section LG.I of Schedule 2 to this Agreement, and required for the activities described in such manual to be financed under the CER Component.		"Earthquake" means the earthquake which occurred on the Recipient's territory on April 25, 2015, and its aftershocks, resulting in, among others, devastating loss of life, livelihoods, social services, and infrastructure.
14.	"ESMF" means the Recipient's environmental and social management framework, which includes the GESI Action Plan, to be adopted and disclosed in a form and substance satisfactory to the Association pursuant to Section I.F.1 of Schedule 2 to this Agreement, and sets forth the guiding principles, standards and procedures for screening, managing and monitoring environmental and social impacts under the Project, including those related to natural habitats, chance cultural finds, and forestry, land acquisition, Displaced Persons, and Indigenous Peoples; as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association, and		"Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Recipient, associated with a natural or man-made crisis or disaster.



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	such term includes any annexes or schedules to such framework.		
15.	"General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010.		"Emergency Expenditures" means any of the eligible expenditures set forth in the CER Operations Manual, in accordance with the provision of Section I.G.1 of Schedule 2 to this Agreement, and required for the activities described in such manual to be financed under the CER Component.
16.	"GESI Action Plan" means Gender Equality and Social Inclusion Action Plan, the action plan incorporated into, and publically disclosed with, the ESMF, setting out actions to ensure equal participation of women and men beneficiaries without discrimination and better outreach to women, children, and other vulnerable groups.		ESMF' means the Recipient's environmental and social management framework, which includes the GESI Action Plan, dated March 2016, and sets forth the guiding principles, standards and procedures for screening, managing and monitoring environmental and social impacts under the Project, including those related to natural habitats, chance cultural finds, and forestry, land acquisition, Displaced Persons, and Indigenous Peoples; as such framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association, and such term includes any annexes or schedules to such framework.
17.	"Housing Grant" means a grant made by the Recipient to a Participating Household Beneficiary from the proceeds of the Credit for the owner-driven construction and rehabilitation of such beneficiary's house under Part 1 of the Project (as described in Schedule 1 to this Agreement) in the Targeted Areas, in accordance with operating		Fiscal Quadrimester' means, each of the following four (4) month periods within the same Fiscal Year, namely on or around: (a) July 16 to November 15; (b) November 16 to March 15; and (c) March 16 to July 15.



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	procedures and terms and conditions acceptable to the Association, including those set forth in Section I.D of Schedule 2 to this Agreement. "Housing Grants" means more than one such Housing Grant.		
18.	"Housing Reconstruction Guidelines" means the technical guidelines for housing reconstruction under the Project, set out in the Operations Manual, which can be extracted for communication to Participating Household Beneficiaries, including the architectural standards, technical specifications, environmental and social safeguards standards consistent with the Safeguards Documents, and construction guidelines and milestones.		‘Fiscal Year’ means a fiscal year of the Recipient, commencing on or around July 16 of a calendar year and concluding on or around July 15 of the next following calendar year.
19.	"Incremental Operating Costs" means Project-related incremental operating costs incurred on account of implementation, management and monitoring, dissemination of Project-related information, including office equipment, equipment maintenance and repair, consumables, maintenance and repair of vehicles, vehicle rental/leasing , reasonable costs for rental of office space directly related to the Project, travel, including travel to Project sites, communication, commercial bank charges, and advertising, but excluding the salaries and benefits of the Recipient's civil servants.		“General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
20.	"Indigenous Peoples" means any distinct, vulnerable, social and cultural group within the territory of the Recipient, that: (i) self-identifies as such and claims, and is recognized by others as, having a distinguishable cultural identity; (ii) has collective attachment to geographically distinct habitats or		“GESI Action Plan” means Gender Equality and Social Inclusion Action Plan, the action plan incorporated into, and publicly disclosed with, the ESMF, setting out actions to ensure equal participation of women and men beneficiaries without



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	ancestral territories in the Project area, and to the natural resources in these habitat and territories; (iii) has customary cultural, economic, social and political institutions that are separate from those of the dominant society and culture; (iv) has an indigenous language, often different from the official language of the Recipient; and/or (v) as defined under the National Foundation for Upliftment of Indigenous Peoples/Nationalities Act, 2058 (2001).		discrimination and better outreach to women, children, and other vulnerable groups.
21.	"IPPF" means the Recipient' s indigenous peoples planning framework to be adopted and disclosed in a form and substance satisfactory to the Association pursuant to Section I.F.1 of Schedule 2 to this Agreement, setting out: (i) the mitigation, enhancement, monitoring, and institutional measures to ensure meaningful consultation with, and the informed participation of, Indigenous Peoples within the Project area who are affected by the Project, and (ii) the guidelines and procedures for the preparation of indigenous peoples development plans with the objective of avoiding cultural, social and economic adverse effects on Indigenous Peoples caused or likely to be caused by the Project, and through a process of informed consultation and participation , involving concerned Indigenous Peoples in the design and implementation of relevant Project activities so as to ensure that the benefits received by the Indigenous Peoples under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights; as such framework may be modified from		“Housing Grant” means a grant made by the Recipient to a Participating Household Beneficiary from the proceeds of the Credit for the owner-driven construction and rehabilitation of such beneficiary’s house under Part 1 of the Project (as described in Schedule 1 to this Agreement) in the Targeted Areas, in accordance with operating procedures and terms and conditions acceptable to the Association, including those set forth in Section I.D of Schedule 2 to this Agreement. “Housing Grants” means more than one such Housing Grant.



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.		
22.	"MOF" means the Recipient's Ministry of Finance, or any successor thereto.		"Housing Reconstruction Guidelines" means the technical guidelines for housing reconstruction under the Project, set out in the Operations Manual, which can be extracted for communication to Participating Household Beneficiaries, including the architectural standards, technical specifications, environmental and social safeguards standards consistent with the Safeguards Documents, and construction guidelines and milestones.
23.	"MOFALD" means the Recipient's Ministry of Federal Affairs and Local Development, or any successor thereto.		"Incremental Operating Costs" means Project-related incremental operating costs incurred on account of implementation, management and monitoring, dissemination of Project-related information, including office equipment, equipment maintenance and repair, consumables, maintenance and repair of vehicles, vehicle rental/leasing, reasonable costs for rental of office space directly related to the Project, travel, including travel to Project sites, communication, commercial bank charges, and advertising, but excluding the salaries and benefits of the Recipient's civil servants.
24.	"MOUD" means the Recipient's Ministry of Urban Development, or any successor thereto.		"Indigenous Peoples" means any distinct, vulnerable, social and cultural group within the territory of the Recipient, that: (i) self-identifies as such and



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
			claims, and is recognized by others as, having a distinguishable cultural identity; (ii) has collective attachment to geographically distinct habitats or ancestral territories in the Project area, and to the natural resources in these habitat and territories; (iii) has customary cultural, economic, social and political institutions that are separate from those of the dominant society and culture; (iv) has an indigenous language, often different from the official language of the Recipient; and/or (v) as defined under the National Foundation for Upliftment of Indigenous Peoples/Nationalities Act, 2058 (2001).
25.	<p>"Municipality" means a municipality-level administrative subdivision recently established within the Recipient's territory pursuant to the Local Self Governance Act, 2055 (1999), which term, for the purpose of this Project, only refers to those municipalities which have rural characteristics, have been identified in accordance with the Operations Manual, and within which the Participating Household Beneficiaries reside; and "Municipalities" means more than one such Municipality.</p>		<p>"IPPF" means the Recipient's indigenous peoples planning framework dated February 2016, setting out: (a) the mitigation, enhancement, monitoring, and institutional measures to ensure meaningful consultation with, and the informed participation of, Indigenous Peoples within the Project area who are affected by the Project; and (b) the guidelines and procedures for the preparation of indigenous peoples development plans with the objective of avoiding cultural, social and economic adverse effects on Indigenous Peoples caused or likely to be caused by the Project, and through a process of informed consultation and participation, involving concerned Indigenous Peoples in the</p>



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
			design and implementation of relevant Project activities so as to ensure that the benefits received by the Indigenous Peoples under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights; as such framework may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.
26.	"Operations Manual" means the Recipient's manual, acceptable to the Association, guiding implementation of the Project and meeting the requirements set out in paragraph 1 of Section LB of Schedule 2 to this Agreement.		"Local Government" or "Municipality" means a rural municipality, urban municipality, sub-metropolitan city and metropolitan city-local level, as recently constituted within the Recipient's territory pursuant to the Constitution of Nepal, 2015, which term, for the purpose of this Project, only refers to those municipalities which have been identified in accordance with the Operations Manual, and within which the Participating Household Beneficiaries reside; and "Local Governments" or "Municipalities" means more than one such Local Government or Municipality.
27.	"Participation Agreement" means each agreement to be entered into between the Recipient through MOFALD and a Participating Household Beneficiary, setting out the terms and conditions for the provision of a Housing Grant, meeting the criteria set forth in paragraph 2 of Section I.D of Schedule 2 to this Agreement.		"NRA" means the Recipient's National Reconstruction Authority established pursuant to the Recipient's Reconstruction of Earthquake Affected Structures Act, 2015 (2072), which is charged with the general oversight and overall supervision and coordination of the



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
			Recipient's Earthquake emergency reconstruction program.
28.	"Participating Household Beneficiary" means a family or individual residing in the Targeted Areas and eligible to receive a Housing Grant in accordance with criteria acceptable to the Association as set forth in the Operations Manual and which has entered into a Participation Agreement with the Recipient governing his/her participation in the Project; and "Participating Household Beneficiaries" means, collectively, all such families and individuals.		"Operations Manual" means the Recipient's manual, acceptable to the Association, guiding implementation of the Project and meeting the requirements set out in paragraph 1 of Section I.B of Schedule 2 to this Agreement.
29.	"Payment Agreement" means any of the agreements referred to in Section I.D.4 of Schedule 2 to this Agreement.		"Participation Agreement" means each agreement to be entered into between each Local Government and each Participating Household Beneficiary, setting out the terms and conditions for the provision of a Housing Grant, meeting the criteria set forth in paragraph 1 of Section I.D of Schedule 2 to this Agreement.
30.	"Payment Service Provider" means any bank or financial institution, including a microfinance institution, or any other entity having the capacity to provide the services and comply with the obligations described in the Payment Agreement.		"Participating Household Beneficiary" means a family or individual residing in the Targeted Areas and eligible to receive a Housing Grant in accordance with criteria acceptable to the Association as set forth in the Operations Manual and which has entered into a Participation Agreement with the Recipient governing his/her participation in the Project; and "Participating Household Beneficiaries" means, collectively, all such families and individuals.
31.	"PMU" means the project management unit to be established		"Payment Agreement" means any of the agreements referred



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	by the Recipient in accordance with Section I.A.1 of Schedule 2 to this Agreement.		to in Section I.D.3 of Schedule 2 to this Agreement.
32.	"PIUs" means the project implementation units to be established by the Recipient in accordance with Section I.A.2 of Schedule 2 to this Agreement.		"Payment Service Provider" means any bank or financial institution, including a microfinance institution, or any other entity having the capacity to provide the services and comply with the obligations described in the Payment Agreement.
33.	"Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).		"PMU" means the project management unit established under NRA and to be maintained in accordance with Section I.A.1 of Schedule 2 to this Agreement.
34.	"Procurement Plan" means the Recipient's procurement plan for the Project, dated June 17, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.		"Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
35.	"Public Procurement Act" means the Recipient's Public Procurement Act, 2063 (2007).		"Procurement Plan" means the Recipient's procurement plan for the Project, dated June 17, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
36.	"Reconstruction Agency" means the agency to be established by the Recipient and to be charged with the general oversight and overall supervision and coordination of the		"Provincial Government" means the government at provincial level in the Recipient's territory, as described under Article 56(3)



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	Recipient's post-Earthquake reconstruction and rehabilitation efforts.		of the Recipient's Constitution of 2015.
37.	"RPF" means the Project Implementing Entity's resettlement policy framework, to be adopted and disclosed in a form and substance satisfactory to the Association pursuant to Section I.F.1 of Schedule 2 to this Agreement, for compensation, resettlement, and rehabilitation of Displaced Persons and setting forth the guidelines, principles and procedures for preparation of resettlement action plans identifying Displaced Persons on account of implementation of Project activities, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redressal, monitoring and reporting requirements; as such framework may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.		"Public Procurement Act" means the Recipient's Public Procurement Act, 2063 (2007).
38.	"Safeguard Documents" means, collectively, the ESMF, the IPPF, the RPF, and each plan or plans (to be) prepared thereunder.		"RPF" means the Project Implementing Entity's resettlement policy framework, dated February 2016, for compensation, resettlement, and rehabilitation of Displaced Persons and setting forth the guidelines, principles and procedures for preparation of resettlement action plans identifying Displaced Persons on account of implementation



<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
			of Project activities, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redressal, monitoring and reporting requirements; as such framework may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.
39.	"Targeted Areas" means the areas in the Recipient's territory affected by the Earthquake and selected by the Recipient and the Association to participate in the Project in accordance with criteria and procedures set forth in the Operations Manual.		"Safeguard Documents" means, collectively, the ESMF, the IPPF, the RPF, and each plan or plans (to be) prepared thereunder.
40.	"Training and Workshops" means reasonable and necessary costs of training related to the implementation of the Project, including the fees owed to educational and other institutions that provide training, costs related to attendance and organization of conferences, seminars, study tours and workshops, and the trainees' cost of travel, boarding, lodging and per diem allowances.		"Targeted Areas" means the areas in the Recipient's territory affected by the Earthquake and selected by the Recipient and the Association to participate in the Project in accordance with criteria and procedures set forth in the Operations Manual.
41.	"VDC" means Village Development Committee, a village-level administrative subdivision established within the Recipient's territory pursuant to the Local Self Governance Act, 2055 (1999) within		"Training and Workshops" means reasonable and necessary costs of training and orientation of the project staff, artisans and beneficiaries related to the implementation



The World Bank

Earthquake Housing Reconstruction Project (P155969)

<i>SN</i>	<i>Original Financing Agreement (August 14, 2015)</i>	<i>March 28, 2016 Amendment</i>	<i>Amended and Restated FA (May 2, 2019)</i>
	which the Participating Household Beneficiaries reside.		of the Project, including the fees owed to educational and other institutions that provide training, costs related to attendance and organization of conferences, seminars, study tours and workshops, and the trainees' cost of travel, boarding, lodging and per diem allowances within and



Annex-II: Changes in Financing Agreement of IDA Credit No. 6164-NP and amendment to IDA Credit No. 5706-NP signed on signed on January 21, 2018

	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
1)	3.01 The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1, 2 and 3 of the Project through NRA , MOFALD and MOUD as per the allocation of responsibilities set forth in the Operations Manual and Part 4 of the Project through the Coordinating Authority, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this agreement.	Article IV and Schedule 2 The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts 1, 2 and 3 of the Project through NRA as per the allocation of responsibilities set forth in the Operations Manual and Part 4 of the Project through the Coordinating Authority, all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this agreement.
2)	Section II. Amendments to the Original Financing Agreement 1.Sections I.A, I.B, I.D and Section II of Schedule 2 (Project Execution) are amended to read as follows: "Section I. Implementation Arrangements A.Institutional Arrangements	<i>Deleted</i>
3)	At the central level 1.The Recipient shall maintain throughout the period of implementation of the Project, the Project Management Unit, housed within NRA, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association, including a project director responsible for supervising the Project and qualified procurement, social, and environmental specialists with skills, qualifications, experience and terms of reference satisfactory to the Association, as shall be required to provide policy guidance and coordination for, and exercise general oversight of, the implementation of Project activities, including preparation of an annual consolidated Procurement Plan for the Association's review and clearance, and coordination, oversight, and guidance on procurement, financial management, safeguards, monitoring and evaluation aspects of the Project.	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
4)	2. The Recipient shall maintain throughout the period of implementation of the Project, two project implementation units (the "PIUs"), one within MOUD and one within MOFALD, for purposes of implementing the Project as per the allocation of responsibilities and budget set forth in the Operations Manual, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association, including without limitation: (a) a project coordinator, (b) a senior-level accounts officer; (c) a finance officer; (d) a procurement officer; and (e) safeguards specialists (for MOFA LD), to be responsible for the day-to-day planning and implementation of Project activities within their purview, as set forth in the Operations Manual	<i>Deleted</i>
5)	At the district level 3. In each District in which the Project is implemented, the Recipient shall maintain throughout the period of implementation of the Project, one or more district-level project implementation units (the "DL-PIUs"), meeting the requirements set forth in the Operations Manual, including with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the Association, and responsible for, inter alia: (a) providing close technical support to, and supervision of, the implementation of the Project in such District; (b) approval of annual work plans for such District; and (c) monitoring, supervising and reporting to the PIUS on the progress achieved in carrying out the activities within such District.	<i>Deleted</i>
6)	At the Municipality/community level 4. The Recipient, through NRA, shall cause the Municipalities to assist in the implementation Of the Project, including the carrying out of communication and outreach activities, assistance and inspection, and first-tier grievance redress in accordance with the provisions of the Operations Manual.	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
7)	<p>B. Project Documents</p> <p>The Recipient shall, through NRA, MOFALD, MOUD and its relevant agencies and units (including PMU, PIUS, and DL-PIUs, as applicable), carry out the Project in accordance with, the Operations Manual, acceptable to the Association. The Operations Manual shall set forth:</p> <p>(a) the institutional arrangement for the implementation of the Project, including: (i) eligibility criteria, methodology and procedural standards for the selection of Participating Household Beneficiaries; (ii) terms and conditions of the Housing Grants, including criteria for determining and the amount Of each tranche, and the format of the participation agreement which each Participating Household Beneficiary must sign with the Recipient, through MOFALD, prior to receiving any Housing Grant; (iii) management information systems, verification protocols, financial management duties and disbursements, monitoring and evaluation systems, grievance redress mechanisms, and payment reconciliation protocols; (iv) governance and accountability setups and operating mechanisms, including independent operational audits and third party monitoring; and (v) selection and coordination mechanisms of Payment Service Providers and the required terms of agreement to be entered into between each Payment Service Provider and the Recipient;</p>	<p><i>Deleted</i></p>
8)	<p>(b) the technical guidelines for housing reconstruction under the Project which can be easily extracted for communication to Participating Household Beneficiaries, including the architectural standards, technical specifications, environmental and social safeguards standards consistent with the Safeguards Documents, and</p>	<p><i>Deleted</i></p>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
	construction guidelines and milestones for measuring tranche release of Housing Grants ("Housing Reconstruction Guidelines");	
9)	(c) the administrative, accounting, auditing, internal control, asset management, reporting, financial, procurement and disbursement(flow of funds) procedures for the Project; which procedures shall be consistent with those of this Agreement and the Association's instructions hereunder;	<i>Deleted</i>
10)	(d) the procedural Steps for the update of the Procurement Plan and an outline of the mechanism for the settlement of procurement complaints and the disclosure of critical procurement information;	<i>Deleted</i>
11)	(e) policies and procedures for data collection, public awareness and information campaigns, provision of training, and monitoring and evaluation of Project activities and their related impacts;	<i>Deleted</i>
12)	(f) the guidelines and arrangements for training and capacity building activities under the Project; and	<i>Deleted</i>
13)	(g) the plan for implementing, monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation thereto.	<i>Deleted</i>
14)	2. In the event of conflict between the provisions of the Operations Manual, on the one hand, and those of this Agreement, on the other, the provisions of this Agreement shall prevail. The Recipient shall refrain from amending, suspending, waiving, and/or voiding any provision of the Operations Manual, whether in whole or in part, without the prior written concurrence of the Association.	<i>Deleted</i>
15)	D. Improving Housing Reconstruction Provision of Housing Grants	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
16)	1. Upon the determination of the household beneficiaries eligible to participate in the Project, the Recipient, through NRA or any other entity which is acceptable to the Recipient and the Association, shall:	<i>Deleted</i>
17)	(a) publicly disclose the list of such eligible household beneficiaries at the Project relevant sites; and (b) before providing a Housing Grant to a Participating Household Beneficiary, enter into a Participation Agreement with such Participating Household Beneficiary, under terms and conditions set forth in the Operations Manual, which Participation Agreement shall provide:	<i>Deleted</i>
18)	(i) the Participating Household Beneficiary's voluntary participation in the Project and commitment to use the resources of the Housing Grant for the reconstruction of a multi-hazard resilient core housing unit, following the Housing Reconstruction Guidelines;	<i>Deleted</i>
19)	(ii) the amount of the Housing Grant to be paid on a nonreimbursable basis to such Participating Household Beneficiary, including the number and amounts of each individual tranche thereof;	<i>Deleted</i>
20)	(iii) the conditions for release of the Housing Grant to such Participating Household Beneficiary in multiple tranches upon the Participating Household Beneficiary's signing of the Participation Agreement (for the first tranche) and the satisfactory achievement of pre-agreed milestones in the construction work of the multi-hazard resilient core housing unit (for subsequent tranches), subject to the verification mechanisms provided for in the Operations Manual;	<i>Deleted</i>
21)	(iv) the obligation and agreement of the Participating Household Beneficiary to	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
	accept random and/or unannounced physical inspection by the Recipient and/or the Association, in relation to the construction work; and	
22)	(v) the Recipient's right to suspend or terminate the right of the Participating Household Beneficiary to use the proceeds of the Housing Grant, upon any failure of the Participating Household Beneficiary to perform its obligations under the Participation Agreement, or upon notice served by the Association to the Recipient that it intends to exercise any of its remedies under Section	<i>Deleted</i>
23)	Methods of Payment 2. For the payment of Housing Grants to Participating Household Beneficiaries, the Recipient shall engage the services of one or more Payment Service Providers (as hereinafter defined) in accordance with criteria acceptable to the Association as set forth in the Operations Manual.	<i>Deleted</i>
24)	3. The Recipient shall conclude, by no later than the date on which the Recipient first proposes to release a Housing Grant, and thereafter implement, one or more service agreements (each a "Payment Agreement"), in form and substance satisfactory to the Association, with a bank or financial institution, which may include a microfinance institution, or another entity having the capacity to provide the services and comply with the obligations described into the Payment Agreement, duly authorized to operate and operating in the Recipient's territory (each a "Payment Service Provider").	<i>Deleted</i>
25)	4. The Recipient shall exercise its rights under each Payment Agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit.	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
	Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Payment Agreement or any of its provisions.	
26)	5. No other method shall be used for the payment of any Housing Grant unless: (a) such alternative method has been agreed in writing with the Association; and (b) the criteria and provisions governing its use have been included by the Recipient in form and substance acceptable to the Association in an updated Operations Manual.	<i>Deleted</i>
27)	Conditions for the Release of Tranches 6. The Recipient shall release the first tranche of each Participating Household Beneficiary's Housing Grant upon the Participating Household Beneficiary's signing of the Participation Agreement in accordance with Section I.D. I of this Schedule 2.	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
28)	<p>7. Prior to the release to a Participating Household Beneficiary Of the second and subsequent tranches of such Participating Household Beneficiary's Housing Grant, the Recipient, through NRA and MOFALD, shall ensure that:</p> <p>(a) the verification procedures related to the Participating Household Beneficiary's compliance with the Housing Reconstruction Guidelines and satisfactory achievement of the pre-agreed milestones in the construction work of the multi-hazard resilient core housing unit, including the preparation of verification reports on the completion of outputs, are carried out following the procedures set forth in the Operations Manual; and</p> <p>(b) that the proceeds of the Credit are only used to pay for Housing Grants to Participating Household Beneficiaries that have completed reconstruction of their multi-hazard resilient core housing unit, in accordance with the quality standards set forth in the Operations Manual. Housing Grants paid to Participating Household Beneficiaries whose housing units are deemed incomplete and/or of substandard quality, shall be deemed ineligible for financing under the Project, except in the event of force majeure as determined by the Association. Any amounts advanced for the financing for such ineligible Housing Grants shall be promptly reimbursed to the Association upon the Association's request.</p>	<p><i>Deleted</i></p>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
29)	<p>Section II. Project Monitoring, Reporting and Evaluation</p> <p>A Project Reports</p> <p>The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of each Fiscal Quadrimester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.</p>	
30)	<p>B. Financial Management, Financial Reports and Audits</p> <p>1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.</p>	<i>Deleted</i>
31)	<p>2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty-five (45) days after the end of each Fiscal Quadrimester, interim unaudited financial reports for the Project covering the Fiscal Quadrimester, in form and substance satisfactory to the Association.</p>	<i>Deleted</i>
32)	<p>3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period."</p>	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
33)	<p>2. Section IV.B.2(a) of Schedule 2 is amended to read as follows:</p> <p>"(a) Except as the Association may otherwise agree in writing, withdrawals under Category (2) shall be output-based and shall be available for withdrawal by the Recipient subject to: (i) the Association having communicated in writing to the Recipient the unit amount of each Housing Grant; (ii) such Participating Household Beneficiary having satisfactorily achieved the agreed output in the construction work of the multi-hazard resilient core housing unit, subject to the verification mechanisms provided for in paragraph 7 of Section I.D of this Schedule as further detailed in the Operations Manual; and (iii) the Association having received, through the Recipient, a satisfactory summarized version of the reports furnished by the verifiers for such works;"</p>	<i>Deleted</i>
34)	<p>3. The new definition of the terms "Fiscal Year" and "Fiscal Quadrimester" are added as follows.</p> <p>...Fiscal Quadrimester' means, each of the following four (4) month periods within the same Fiscal Year, namely on or around: (a) July 16 to November 15; (b) November 16 to March 15; and (c) March 16 to July 15.</p> <p>'Fiscal Year' means a fiscal year of the Recipient, commencing on or around July 16 of a calendar year and concluding on or around July 15 of the next following calendar year."</p>	
35)	<p>4. The terms "ESMF" "IPPF" "Municipality", "RPF" and "Training and Workshops" in the Appendix are amended to read as follows and the definition of the term "VDC" in the Appendix is deleted in its entirety; "ESMF' means the Recipient's environmental and social management framework, which includes the GESI Action Plan, dated March 2016, and sets forth the guiding principles, standards and procedures for screening, managing and monitoring environmental and social impacts under the Project, including those related to natural habitats, chance cultural finds, and forestry, land acquisition, Displaced Persons, and Indigenous Peoples; as such</p>	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
	framework may be revised, updated or supplemented from time to time with the prior written concurrence of the Association, and such term includes any annexes or schedules to such framework.	
36)	'IPPF' means the Recipient's indigenous peoples planning framework dated February 2016, setting out: (a) the mitigation, enhancement, monitoring, and institutional measures to ensure meaningful consultation with, and the informed participation of, Indigenous Peoples within the Project area who are affected by the Project, and (b) the guidelines and procedures for the preparation of indigenous peoples development plans with the objective of avoiding cultural, social and economic adverse effects on Indigenous Peoples caused or likely to be caused by the Project, and through a process of informed consultation and participation, involving concerned Indigenous Peoples in the design and implementation of relevant Project activities so as to ensure that the benefits received by the Indigenous Peoples under the Project are in harmony with their economic, social and cultural preferences and protect their customary user rights; as such framework may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.	<i>Deleted</i>
37)	'Municipality' means a rural municipality, urban municipality, submetropolitan city and metropolitan city-local level, as recently constituted within the Recipient's territory pursuant to the Constitution of Nepal, 2015, which term, for the purpose of this Project,	<i>Deleted</i>



	<i>Additional Financing Agreement January 21, 2018</i>	<i>Amended and Restated Financing Agreement May 2, 2019</i>
	only refers to those municipalities which have been identified in accordance with the Operations Manual, and within which the Participating Household Beneficiaries reside; and "Municipalities" means more than one such Municipality.	
38)	'RPF' means the Project Implementing Entity's resettlement policy framework, dated February 2016, for compensation, resettlement, and rehabilitation of Displaced Persons and setting forth the guidelines, principles and procedures for preparation of resettlement action plans identifying Displaced Persons on account of implementation of Project activities, and setting forth the terms and conditions for providing them with resettlement assistance and/or compensation, as well as the procedures to be applied in the identification, assessment and mitigation of potential Project related social impacts, including the protocols for consultation, the processing of complaints and grievance redressal, monitoring and reporting requirements; as such framework may be modified from time to time with the prior written agreement of the Association, and such term includes any annexes or schedules to such framework.	<i>Deleted</i>
39)	"Training and Workshops" means reasonable and necessary costs of training and orientation of the project staff, artisans and beneficiaries related to the implementation of the Project, including the fees owed to educational and other institutions that provide training, costs related to attendance and organization of conferences, seminars, study tours and workshops, and the trainees' cost of travel, boarding, lodging and per diem allowances within and outside the country."	<i>Deleted</i>