OFFICIAL DOCUMENTS

NER MDTF GRANT NUMBER TF0A4783

Nepal Earthquake Reconstruction Multi-Donor Trust Fund Grant Agreement

(Nepal Earthquake Housing Reconstruction Project)

between

NEPAL

And

INTERNATIONAL DEVELOPMENT ASSOCIATION

acting as administrator of Nepal Earthquake Reconstruction Multi-Donor Trust Fund

Dated September 22, 2017
NEPAL EARTHQUAKE RECONSTRUCTION MULTI-DONOR TRUST FUND
GRANT AGREEMENT

AGREEMENT dated September 22, 2017, entered into between: NEPAL ("Recipient"); and INTERNATIONAL DEVELOPMENT ASSOCIATION ("World Bank"), acting as administrator of grant funds (the "Grant Funds") contributed by various donors (collectively the "Donors") to the Nepal Earthquake Reconstruction Multi-Donor Trust Fund ("NER MDTF").

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions constitute an integral part of this Agreement, as defined in the Appendix.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

Article II
The Project

2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement ("Project"). To this end, the Recipient shall carry out the Project through NRA, MOFALD and MOUD as per the allocation of responsibilities set forth in the Operations Manual in accordance with the provisions of Article II of the Standard Conditions.

2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.
Article III  
The Grant

3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed ten million United States Dollars ($10,000,000) ("Grant") to assist in financing Part 1.1 of the Project.

3.02. Additional Grant Funds may be added to the Grant as contributions from the Donors to the NER MDTF are made from time to time. The World Bank shall promptly notify the Recipient of such contributions and any ensuing increase in the amount of the NER MDTF, and shall take all necessary action required on its part to modify the Grant Agreement in order to reflect the increase in available Grant proceeds.

3.03. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.

3.04. The Grant is funded out of the NER MDTF for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions, the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the NER MDTF, and the Recipient's right to withdraw the Grant Funds is subject to the availability of such funds.

Article IV  
Recipient's Representative; Addresses

4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Secretary, Ministry of Finance of the Recipient.

4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
Government of Nepal  
Singha Durbar  
Kathmandu  
Nepal

Facsimile:  
(977-1) 4211-164
4.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile:
1-202-477-6391

AGREED at Kathmandu, Nepal, as of the day and year first above written.

NEPAL

By

[Signature]
Authorized Representative

Name: Baikuntha Aryal
Title: Joint Secretary

INTERNATIONAL DEVELOPMENT ASSOCIATION, acting as administrator of the Nepal Earthquake Reconstruction Multi-Donor Trust Fund

By

[Signature]
Authorized Representative

Name: Takuya Kamata
Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to restore affected houses with multi-hazard resistant core housing units in Targeted Areas and to enhance the Recipient’s ability to improve long-term disaster resilience.

The Project consists of the following parts:

Part 1: Housing Reconstruction

1.1 Provision of Housing Grants to approximately 3,200 Participating Household Beneficiaries in Targeted Areas for the reconstruction of multi-hazard resilient core housing units.

1.2 Establishment of a program of owner-driven housing reconstruction in Targeted Areas including: (a) social, environmental and technical support mechanisms for beneficiary households; (b) training of artisans and beneficiaries; (c) communication and outreach; (d) supervision and certification of compliance with multi-hazard resistant standards and completion of multi-hazard resilient core housing units; (e) implementation of the environmental and social management framework including identified safeguard mitigation measures; and (f) development of a grievance redress mechanism.

Part 2: Disaster Risk Management Systems

Provision of support to enable the establishment of systems that provide better disaster risk reduction, preparedness, and disaster response.

Part 3: Project Implementation Support

Provision of support to MOFALD and MOUD (including the PMU, PIUs, and DL-PIUs) to strengthen their capacity to effectively procure and manage delivery systems, including monitoring and evaluation, damage assessment, beneficiary household identification, payment systems, management information system, grievance redress, and communication/outreach as set forth in the Operations Manual.

Part 4: Contingency Emergency Response

Providing immediate response to an Eligible Crisis or Emergency, as needed.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

At the Central level

1. The Recipient shall maintain throughout the period of implementation of the Project, the Project Management Unit, housed within the NRA, with adequate professional and administrative staff, in numbers and with qualification and experience, and under terms of reference satisfactory to the World Bank, 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 World Bank, 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 World Bank’s review and clearance, and coordination, oversight, and guidance on procurement, financial management, safeguards, monitoring and evaluation aspects of the Project.

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 World Bank, including without limitation: (a) a Project coordinator; (b) a senior-level accounts officer; (c) a finance officer; (d) a procurement officer; and (e) a safeguards specialist, to be responsible for the day-to-day planning and implementation of the Project activities within their purview, as set forth in the Operations Manual.

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 World Bank, 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.

B. Project Documents

1. 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 World Bank. The Operations Manual shall set forth:

(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;

(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 construction guidelines and milestones for measuring tranche release of Housing Grants (“Housing Reconstruction Guidelines”);

(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 World Bank’s instructions hereunder;

(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;
(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;

(f) the guidelines and arrangements for training and capacity building activities under the Project; and

(g) the plan for implementing, monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation thereto.

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 World Bank.

C. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Improved Housing Reconstruction

Provision of Housing Grants

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 World Bank, shall:

   (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) 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;
(ii) the amount of the Housing Grant to be paid on a non-reimbursable basis to such Participating Household Beneficiary, including the number and amounts of each individual tranche thereof;

(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;

(iv) the obligation and agreement of the Participating Household Beneficiary to accept random and/or unannounced physical inspection by the Recipient and/or the World Bank, in relation to the construction work; and

(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 World Bank to the Recipient that it intends to exercise any of its remedies under Section 4.02 or 4.03 of the Standard Conditions.

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 World Bank as set forth in the Operations Manual.

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 World Bank, 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”).

4. The Recipient shall exercise its rights under each Payment Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise
agree, the Recipient shall not assign, amend, abrogate or waive any Payment Agreement or any of its provisions.

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 World Bank; and
   
   (b) the criteria and provisions governing its use have been included by the Recipient in form and substance acceptable to the World Bank in an updated Operations Manual.

**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.2 of this Schedule 2.

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:

   (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

   (b) that the proceeds of the Grant 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 World Bank. Any amounts advanced for the financing for such ineligible Housing Grants shall be promptly reimbursed to the World Bank upon the World Bank’s request.

**E. Grievance Redress Mechanism**

1. The Recipient shall establish by the date on which the Recipient publicly discloses the list of eligible household beneficiaries pursuant to Section I.D.1 of this
Schedule, and maintain throughout the period of implementation of Project activities, an efficient and cost effective grievance redress mechanism acceptable to the World Bank, based on international experience and best practices adapted to the local context, as further described in the Operations Manual.

2. Without limitation to the provisions of the preceding paragraph, the grievance redress mechanism shall be established for the purpose of, *inter alia*:

   a. clarifying the entitlement of households and individuals to receive benefits from the Project as well as due process if complaints or grievance arise;
   b. implementing such grievance mechanism suitable to the local context in order to protect the Participating Household Beneficiaries;
   c. the handling of any complaints grievances, environmental impacts, arbitrary exclusion/ inclusion of households from the list of Participating Household Beneficiaries;
   d. designing and implementing an outreach program to inform participants of their rights and duties as well as on the respective procedures; and
   e. the handling of any other complaint (other than procurement) arising out of the implementation of the Project.

F. Safeguards

1. Prior to the payment of any Housing Grant, the Recipient shall:

   a. carry out the Project in accordance with the ESMF, the RPF, and the IPPF, and the instruments prepared pursuant to paragraph 2 of this sub-Section, and pursuant to the objectives, policies, procedures, and other provisions set forth therein, in a manner and substance satisfactory to the World Bank (the “Safeguard Documents”); and
   b. 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, including any amendment, suspension, waiver, and/or voidance of any provision thereof, whether in whole or in part, without the prior written concurrence of the World Bank.

2. Without limitation of the provision of paragraph 1 above, the Recipient shall refrain from releasing any Housing Grant for the implementation of Project activities, until and unless:

   a. The Recipient, through MOFALD, has:
      i. carried out a social and environmental screening thereof, in accordance with the guidelines, standards and procedures set forth in the ESMF, the RPF, and the IPPF; and
      ii. produced the respective screening report and the environmental and social safeguards checklists included in the Housing Reconstruction Guidelines;

   b. If the screening reports so requires, the necessary environmental and social assessments and management plans, resettlement action plans (if any), and/or indigenous peoples development plans (“Safeguards Documents”), as the case may be, has/have been prepared pursuant to the ESMF, the
RPF, and the IPPF in a manner and substance satisfactory to the World Bank; and

(c) The foregoing Safeguard Documents, the related Housing Reconstruction Guidelines environmental, and social safeguards checklists have been publicly disclosed by the Recipient in local language(s) at the Project relevant sites, at least fifteen (15) days prior to the releasing of the respective Housing Grants.

(d) The Recipient shall, by no later than forty-five (45) days after the end of each calendar semester, furnish to the World Bank, for its records and public disclosure, a compilation of all the social and environmental screening reports prepared by the Recipient, through MOFALD, pursuant to paragraph 2(a) above during such calendar semester.

(e) Throughout the period of Project implementation, the Recipient shall:
   (i) maintain monitoring and evaluation protocols and record keeping procedures acceptable to the World Bank and adequate to enable the Recipient as well as the World Bank, to supervise and assess, on an ongoing basis, the implementation of/compliance with the Safeguards Documents, as well as the achievement of the objectives thereof; and
   (ii) furnish to the World Bank semi-annual reports on the general compliance with the Safeguard Documents, the social and environmental impact of Project activities, and the results of the mitigation or benefit-enhancing measures applied thereto, during the period preceding the date of each such report.

(f) For the avoidance of doubt, only those households so listed as Participating Household Beneficiaries in accordance with the Operations Manual and receiving Housing Grants out of the proceeds of the Grant shall be deemed part of the Project.

(g) With respect to any housing reconstruction activities for which technical support is provided under the Project, but the housing reconstruction activities are themselves financed from sources other than the Grant, the Recipient shall retain sole responsibility for the design, construction, safeguards, fiduciary controls and implementation of such activities. The Recipient shall ensure that all reconstruction activities financed, in whole or in part, out of the proceeds of the Grant shall be made in accordance with the Operations Manual, the Safeguards Documents, and the provisions of this Agreement.
G. Donor Visibility and Visit

1. The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor’s support for the Project.

2. For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank’s request, enable the representatives of the Donors to visit any part of the Recipient’s territory for purposes related to the Project.

Section II. Project Monitoring, Reporting and Evaluation

A. Documents; Records

In addition and without limitation to the obligations set forth in Section 2.05 of the Standard Conditions, the Recipient shall ensure that:

(a) all records evidencing expenditures under the Project are retained for seven (7) years and six (6) months after the Closing Date, such records to include: (i) this Agreement, all addenda thereof, and any amendments thereto; (ii) the Recipient’s financial and narrative progress reports submitted to the World Bank; (iii) the Recipient’s financial information related to the Grant, including audit reports, invoices and payroll records; (iv) the Recipient’s implementation documentation (including sub-agreements, procurement files, contracts, purchase orders); and (v) the corresponding supporting evidence referred to in Section 3.04 of the Standard Conditions; and

(b) the representatives of the World Bank are: (i) able to examine all records referred to above in paragraph (a); (ii) provided all such information concerning such records as they may from time to time reasonably request; and (iii) able to disclose such records and information to the Donors.

B. Project Reports; Completion Report

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar trimester, and shall be furnished to the World Bank not later than forty-five (45) days after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following, namely that the Housing Grant is disbursed in tranches upon compliance certification.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six (6) months after the Closing Date. In order to assist the Recipient in preparing the Completion Report, the Recipient shall employ consultants whose qualifications, experience and terms of reference are acceptable to the World Bank.

C. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank 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 World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

Section III. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
### B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.

2. Notwithstanding the provisions of Part A of this Section:

   (a) Except as the World Bank may otherwise agree in writing, withdrawals under Category (1) shall be output-based and shall be available for withdrawal by the Recipient subject to: (i) the World Bank 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 1.D of this Schedule as further detailed in the Operations Manual; and (iii) the World Bank having received, through the Recipient, a satisfactory summarized version of the reports furnished by the verifiers for such works;

   (b) The World Bank shall, at its sole discretion, withhold the amount allocated to any Housing Grant if the World Bank determines that such Housing Grant was paid to Participating Household Beneficiaries whose housing units are deemed incomplete and/or of substandard quality.

3. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 31, 2020.
C. Other Undertakings

The Recipient shall 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 under Part 1.1 of the Project.
APPENDIX

Section I. Definitions


2. “Category” means a category set forth in the table in Section III of Schedule 2 to this Agreement.

3. “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 resulting in adverse impacts on the livelihood of the affected person.

4. “District” means an administrative sub-division of the Recipient within which one or more Participating Household Beneficiaries reside.

5. “DL-PIUs” means the district-level project implementation units to be established by the Recipient in accordance with Section I.A.3 of Schedule 2 to this Agreement.

6. “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.

7. “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.

8. “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 World Bank, and such term includes any annexes or schedules to such framework.

10. "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 discrimination and better outreach to women, children, and other vulnerable groups.

11. "Housing Grant" means a grant made by the Recipient to a Participating Household Beneficiary from the proceeds of the Grant for the owner-driven construction and rehabilitation of such beneficiary's house under 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 World Bank, including those set forth in Section I.D of Schedule 2 to this Agreement. "Housing Grants" means more than one such Housing Grant.

12. "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.

13. "Indigenous Peoples" means any distinct, vulnerable, social and cultural group within the territory of the Recipient, that: (a) self-identifies as such and claims, and is recognized by others as, having a distinguishable cultural identity; (b) has collective attachment to geographically distinct habitats or ancestral territories in the Project area, and to the natural resources in these habitat and territories; (c) has customary cultural, economic, social and political institutions that are separate from those of the dominant society and culture; (d) has an indigenous language, often different from the official language of the Recipient; and/or (e) as defined under the National Foundation for Upliftment of Indigenous Peoples/Nationalities Act, 2058 (2001).

14. "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 World Bank, and such term includes any annexes or schedules to such framework.

15. “MOFALD” means the Recipient’s Ministry of Federal Affairs and Local Development, or any successor thereto.


17. “Municipality” means a rural municipality, 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 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.

18. “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 Recipient’s Earthquake emergency reconstruction program.

19. “Operations Manual” means the Recipient’s manual acceptable to the World Bank, dated January 2016, guiding implementation of the Project and meeting the requirements set out in paragraph 1 of Section I.B of Schedule 2 to this Agreement.

20. “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.

21. “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 World Bank 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.

22. “Payment Agreement” means any of the agreements referred to in Section I.D.4 of Schedule 2 to this Agreement.

23. “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.
24. "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.

25. "PMU" means the project management unit to be established by the Recipient in accordance with Section I.A.1 of Schedule 2 to this Agreement.

26. "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 World Bank, and such term includes any annexes or schedules to such framework.

27. "Safeguard Documents" means, collectively, the ESMF, the IPPF, the RPF, and each plan or plans (to be) prepared thereunder.


29. "Targeted Areas" means the areas in the Recipient’s territory affected by the Earthquake and selected by the Recipient and the World Bank to participate in the Project in accordance with criteria and procedures set forth in the Operations Manual.