Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 17-Jul-2018 | Report No: ISDSA22071
BASIC INFORMATION

A. Basic Project Data

Country  
Nepal

Project ID  
P149239

Project Name  
Nepal: Private Sector-Led Mini-Grid Energy Access Project

Parent Project ID (if any)

Region  
SOUTH ASIA

Estimated Appraisal Date  
24-Jul-2018

Estimated Board Date  
25-Sep-2018

Practice Area (Lead)  
Energy & Extractives

Financing Instrument  
Investment Project Financing

Borrower(s)  
Government of Nepal, Ministry of Finance

Implementing Agency  
Alternative Energy Promotion Centre (AEPC)

Proposed Development Objective(s)

The Project Development Objective (PDO) is to increase electricity delivery from renewable energy mini-grids in selected areas by mobilizing private energy service companies.

Components

Component 1: Credit Facility to support Renewable Mini-grids Subprojects
Component 2: Technical Assistance to the Mini-grid Sector, ESCOs and Partner Banks and Project Management Support

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Project Cost</td>
<td>17.21</td>
</tr>
<tr>
<td>Total Financing</td>
<td>17.21</td>
</tr>
<tr>
<td>of which IBRD/IDA</td>
<td>0.00</td>
</tr>
<tr>
<td>Financing Gap</td>
<td>0.00</td>
</tr>
</tbody>
</table>

DETAILS

Non-World Bank Group Financing

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterpart Funding</td>
<td>6.00</td>
</tr>
<tr>
<td>Borrower</td>
<td>6.00</td>
</tr>
</tbody>
</table>
### B. Introduction and Context

#### Country Context

1. Over the past decade, Nepal’s economy has performed reasonably well. Growth averaged 4.3 percent (at market prices) over 2005-15. The incidence of poverty measured against the national poverty line fell by 19 percentage points between 2003/04 and 2010/11, and in 2010/11\(^1\), 15 percent of the population was counted as poor. However, these gains remain vulnerable to shocks and setbacks, as evidenced by the 2015 earthquakes which were followed by trade disruptions resulting in GDP growth of 0.6 percent in 2016, the lowest in 14 years.

2. Data released by the Central Bureau of Statistic (consisting of a revision of the FY2017 growth rate and an updated estimate for FY2018), show that growth has been strong, despite the external shock from floods. High inflation in the past two years has moderated sharply due to moderating inflation in India and improving supply side constraints. Inflation slowed to 4.2 percent (y-o-y) in December 2017 but increased to 6 percent (y-o-y) in March 2018 owing to a sharp uptick in vegetable prices. Meanwhile, credit growth slowed in early 2018 to 16.7 percent (y/y) compared to its peak of 31.9 percent in 2017; but deposits growth continued to decline, pushing up interest rates.

---

\(^1\) Poverty data were last updated in 2010. The World Bank will be collaborating with the Central Bureau of Statistics to update national poverty estimates using the Annual Household Survey data (2013/14 – 2016/17) and prepare the next Nepal Living Standard Survey.
3. A new government, backed by a historic majority in Parliament, took up office on February 15, 2018. State governments largely mirror the coalition at the center. At the subnational level, funds, functions, and functionaries hitherto managed by the central, district, and village authorities are moving to the seven new states and 753 local governments for which new legislation, institutions, and administrative procedures are being formalized as constitutionally prescribed.

4. Considerable challenges remain in providing adequate and reliable electricity supply to the people of Nepal. Despite having rich hydropower resources for power generation, current total installed capacity in Nepal is about 1,044 MW, including generation from Nepal Electricity Authority (NEA)—state-owned utility—and independent power producers. Existing generation is not sufficient to meet the peak demand. The peak demand in 2017/18 was about 1,500 MW. Due to increased power imports from India, the supply situation in the country has improved in recent years. As such, NEA recently announced that it has abolished the declared load shedding; however, the unannounced power cuts still plague the country.

5. In Nepal, it is estimated that about 65 percent of the population has access to grid-based electricity, while about 15 percent has access to off-grid electricity services. In remote rural areas, nearly 30 percent of the population is yet to have any access. However, access to the grid does not always imply adequate and reliable availability of electricity.

6. Given the country’s difficult mountainous terrain and low electricity consumption rate, off-grid energy systems are often more practical and economic in remote rural areas; however, their success is inconsistent. Currently, about 1,700—almost all of them community owned—off-grid micro hydropower plants (MHPs) have been installed throughout the country with total installed capacity of about 30 MW. However, most of these plants are not financially and operationally sustainable.

7. To improve and sustain the off-grid electricity supply model, the Government of Nepal (GoN) has realized the need to encourage a private sector-led model with private sector management and financing. Currently, subsidy is the predominant form of support by the GoN and will remain as such for the next few years until weaned off once the commercial sustainability of the off-grid business model is established. To encourage the private sector, the GoN introduced a revised Renewable Energy Subsidy Policy (RESP) in 2016. The RESP 2016 made them eligible for mini-grid subsidies which will be reduced and eventually replaced with commercial credits. Overall, RESP 2016 has the strategy of (a) maximizing the use of renewable energy resources and technologies and service delivery; (b) supporting the growth of renewable energy market by attracting private sector, mobilizing credit, and reducing investment risks; and (c) encouraging public-private partnerships. RESP 2016 envisages private sector participation, where the private sector mobilizes capital and brings in technical skills and management competency.

---

4 Universalizing Clean Energy in Nepal; National Planning Commission; February 2018.
6 Mainly micro-hydro and solar.
To promote commercial financing and increase private sector participation in the deployment of renewable energy mini-grids, the GoN has requested the World Bank’s support to pilot the approaches that will promote financing and the deployment of renewable energy mini-grids through public-private partnership as per RESP 2016.

C. Proposed Development Objective(s)

Note to Task Teams: The PDO has been pre-populated from the datasheet for the first time for your convenience. Please keep it up to date whenever it is changed in the datasheet.

Development Objective(s) (From PAD)

9. The Project Development Objective (PDO) is to increase electricity delivery from renewable energy mini-grids in selected areas by mobilizing private energy service companies.

Key Results

10. The achievement of the PDO will be measured using the following indicators:

   (a) Electricity Generation capacity constructed or rehabilitated (3.8 MW)

   (b) People provided with new or improved electricity service (126,000 Number of people)

   (c) Capital mobilized by private companies (3.6 US$)

D. Project Description

11. The project is designed to support renewable energy mini-grids market development by introducing conditions to gradually shift from subsidized to commercial business model. The project aims to demonstrate that private sector and private capital can be mobilized in the mini-grid sector. Overall, this project is expected to mobilize funds to develop the Renewable Energy (RE) systems to provide electricity services to different types of customers – typically known as Anchor, Business and Communities (ABC) customers^7. The success of this project is expected to encourage increased private sector participation. The project consists of two components. The total cost for the proposed project is US$7.61 million.

   • Component 1: Credit Facility to Support Renewable Energy Mini-grids Subprojects;

   • Component 2: Technical Assistance to the Mini-grid Sector, Energy Service Companies

^7 Typical Anchor customers include the customers who need constant power supply and generally include telecom towers, cable TV operators, hotels. Business customers include the commercial establishment such as bakeries, agri-processing facilities, metal works etc which can adjust their demand based on the tariffs. Communities are the general households, public institutions etc. who have fixed load use pattern with typical peak during morning and evening time.
(ESCOs), and Partner Banks and project management support


12. This component will provide an approximately US$5.61 million to be intermediated by AEPC\(^8\) (as the wholesaler) through on-lending to Partner Banks (PBs) in local currency. The PBs will then on-lend long-term funds to ESCOs to finance mini-grids subprojects at a marginally commercial interest rate. ESCOs and PBs will be selected based on the agreed upon eligibility criteria. The credit facility, will be intermediated by AEPC. Of the total amount, made available under this component, USD 3.61 million will be in the form of grant and USD 2 million in the form of loan to GoN.

13. This component will mainly support the following types of subprojects led by ESCOs: (a) construction of new micro-hydro and solar hybrid\(^9\) subprojects, (b) rehabilitation and/or upgradation of existing mini-grid subprojects, and (c) the interconnection of the mini-grids with the national grid. The subprojects and their locations are being explored at this time; however, they will be part of the overall ongoing government scheme to develop micro/mini-hydro and solar subprojects in the country.

Component 2: Technical Assistance (TA) to the Mini-grid Sector, ESCOs, and Partner Banks and Project Management Support (US$2 million of SREP Grant)

14. This component will provide required TA to AEPC, ESCOs, and PBs to implement the project. AEPC will be the implementing agency for the project. The funds allocated under this component will be used in support of the following:

(a) Project management support
(b) Enhancement of AEPC’s capacity as credit wholesaler
(c) Training and capacity development
(d) Preparation of studies and key project document
(e) Support on promotional activities

E. Implementation

Project Institutional and Implementation Arrangements

---

\(^8\) AEPC has been considered as an eligible partner to implement the project as wholesaler, in partnership with the local commercial banks, having adequate profitability, capital, and quality of portfolio with sound financial indicators and experience in renewable energy lending.

\(^9\) Solar hybrid subprojects include solar-MHP subprojects, solar-battery storage subprojects, solar-wind subprojects, and solar-diesel generator subprojects, among others.
15. AEPC will have the overall responsibility for the implementation of the project (both Component 1 and Component 2). In addition, a Technical Review Committee (TRC), an independent entity consisting of industry experts, will support AEPC in making key project decisions.

16. The subprojects that are considered for the development can be broadly classified into two categories: (a) subprojects identified by AEPC, where ESCOs are solicited for development, and (b) subprojects identified by ESCOs and proposed for development. For the subprojects under category (a), AEPC will conduct a preliminary due diligence to be able to solicit proposal on a competitive basis from the potential ESCOs. Once selected and if required, ESCOs will conduct further due diligence and studies of the subproject and request loan from the PBs. For the subprojects under category (b), ESCOs will be responsible for selecting the subprojects on their own, and after completing the necessary studies, they will propose the subprojects to AEPC for further consideration. PBs will conduct credit appraisal on proposed subprojects and make credit decisions.

17. The general eligibility criteria for the subprojects will be elaborated in the Project Operations Manual (POM). ESCOs will be responsible for compliance with the World Bank’s safeguards instruments for their subprojects. During the supervision, AEPC will report such compliance by ESCOs.
F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The project supports mini-grid subprojects using renewable energy based solutions such as mini-hydropower, solar and solar hybrid systems, wind energy as well as upgrading and interconnecting existing mini-grids. Project is implemented nation-wide. The precise size and locations of subprojects are not known at this stage. Most subprojects are expected to be under 1 MW capacity. Some of the mini-grids are likely to be located in relatively remote places in the mountain/hill areas, including trekking areas in the mountains of Nepal, such as Annapurna Conservation Area, Langtang National Park, Manaslu, Upper Mustang, and Everest National Park.

G. Environmental and Social Safeguards Specialists on the Team

Drona Raj Ghimire, Environmental Safeguards Specialist
Ekaterina Grigoryeva, Social Safeguards Specialist
Rekha Shreesh, Social Safeguards Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
<thead>
<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>Because the subprojects may result in adverse environmental and social risks and impacts, OP 4.01 (Environmental Assessment) is triggered. The project is categorized as FI in accordance with OP 4.01 and subprojects will involve application of relevant safeguard polices based on site-specific E&amp;S risks and impacts identified during E&amp;S assessment. In accordance with OP 4.01 provisions for projects involving FIs, the World Bank requires appropriate E&amp;S screening and assessment of all proposed subprojects and ensuring that sub-borrowers carry out appropriate ESIsAs for each subproject and prepare ESMPs that will describe the necessary mitigation measures. Before being funded by FIs, it must be verified that subprojects meet the E&amp;S requirements of appropriate national and local authorities and are consistent with OP 4.01 and</td>
</tr>
</tbody>
</table>
other applicable E&S safeguards policies of the World Bank.

In order to facilitate coherent implementation of the above processes, AEPC has prepared an Environmental and Social Management Framework (ESMF), which also incorporates RPF, VCDP, Citizen Engagement, and a GRM. The ESMF includes the E&S screening process, categorization/determining risk level of subprojects (High, Medium, or Low) and detail the applicable requirements in line with the World Bank safeguard polices and relevant good international practices, to ensure that adequate ESIs, ESMPs, and other necessary instruments are prepared and implemented for all subprojects.

<table>
<thead>
<tr>
<th>Performance Standards for Private Sector Activities</th>
<th>OP/BP 4.03</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Habitats</td>
<td>OP/BP 4.04</td>
<td>Yes</td>
</tr>
<tr>
<td>Forests</td>
<td>OP/BP 4.36</td>
<td>No</td>
</tr>
<tr>
<td>Pest Management</td>
<td>OP 4.09</td>
<td>No</td>
</tr>
<tr>
<td>Physical Cultural Resources</td>
<td>OP/BP 4.11</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Some subprojects are likely to be located in the protected areas and/or sensitive critical or natural habitats. This may include critical habitats (defined in accordance with best international practice on biodiversity conservation). ESMF includes provisions for screening and risk mitigation measures for such impacts. As a risk mitigation measure, the project will explicitly exclude subprojects with significant adverse impacts on ecologically sensitive areas.

This policy is not triggered as its scope of application is specific to the following types of impacts on forests (a) projects that have or may have impacts on the health and quality of forests; (b) projects that affect the rights and welfare of people and their level of dependence upon or interaction with forests; and (c) projects that aim to bring about changes in the management, protection, or utilization of natural forests or plantations, whether they are publicly, privately, or communally owned. Such specific impacts are not currently expected in this project and may only be known once specific ESIs are completed for subprojects. Other types of impacts on forests can be addressed under OP/BP4.04 and are expected to be present in the project.

Project does not envisage use of pesticide.

Subprojects may have impacts on cultural heritage. Specific impacts may only be known once specific
<table>
<thead>
<tr>
<th>Topic</th>
<th>Triggered</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>Yes</td>
<td>ESIAs are completed for subprojects. As a risk mitigation measure, the project will explicitly exclude subprojects with significant adverse impacts on cultural heritage (through subproject selection criteria). ESMF includes provisions for screening and risk mitigation measures for such impacts.</td>
</tr>
</tbody>
</table>
| Involuntary Resettlement OP/BP 4.12        | Yes       | There may be IP communities collectively attached to the subprojects’ area. Thus OP 4.10 on Indigenous Peoples is triggered. Since exact location and associated socials risks and impacts of subprojects are not known at this stage, Vulnerable Community Development Framework (VCDF) as a part of ESMF has been prepared. VCDF will guide planning approaches on indigenous peoples (and vulnerable groups) and interventions under the subproject. Proposed project activities may cause land taking, which might not always be done on willing-seller willing-buyer basis. Thus OP/BP 4.12 on involuntary resettlement is triggered. Most of the subprojects are likely to require small amount of land and thus have moderate social impacts. Subprojects that involve large-scale resettlement resulting from potential land acquisition would not be considered for financing through subproject selection criteria in order to avoid the possibilities of significant resettlement impacts that may make the project’s impacts consistent with WB category A. Since subproject sites for mini-grid systems are not identified during project preparation, a Resettlement Policy Framework (RPF) as part of ESMF has been prepared by AEPC and disclosed before project appraisal. Based on the RPF guidance, each subproject will be screened, and if Resettlement Action Plans (RAPs) are found to be necessary, these will be prepared by ESCOs, cleared by the World Bank (where subprojects involving resettlement are categorized as high risk in line with ESMF and first medium risk project if involving this aspect), disclosed, consulted upon, and implemented before the commencement any works, in accordance with the World Bank OP 4.12. The RAP will also include among others an entitlement matrix, stakeholder engagement and communication strategy and GRM. A grievance mechanism for
affected communities will also be prepared and implemented by ESCOs for subprojects they implement.

<table>
<thead>
<tr>
<th>Safety of Dams OP/BP 4.37</th>
<th>No</th>
<th>Run of river mini hydropower scheme requires only small water diversion structure (or weir, less than 5 meter height) and side-intake. No dams are expected to be built or operated.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td>Yes</td>
<td>Mini-hydropower schemes will divert small quantity of water from streams, and water will be returned to the stream after power generation. Hence, in some cases, small impacts on international waterways may be incurred. Therefore, OP 7.50 (international waterways) is triggered. However, subprojects implemented under this project are a part of larger ongoing Governmental operation, such as rural electrification program under the Rural Energy Policy. Therefore, the exception to the notification requirement under paragraph 7(a) of OP 7.50 was requested to the Regional Vice President and granted on April 14, 2018.</td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td>No</td>
<td>This policy will not be applicable as any subprojects where such issues may be present will not be considered for financing / excluded during the initial E&amp;S screening of subprojects.</td>
</tr>
</tbody>
</table>

### KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

#### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   While the mini-grid construction and upgrade subprojects are expected to be relatively small in size, they may involve a wide range of environmental and social risks and impacts related to biodiversity and sensitive habitats, occupational and community health and safety, labor conditions and terms of employment, community engagement, impacts on Indigenous Peoples, vulnerable and marginalized communities, gender issues, cultural heritage impacts.

   It is expected that some of the subprojects may be located in protected or conservation areas that contain sensitive / critical natural habitats. These subprojects would require careful attention with regard to risk assessment and management measures as such areas are associated with high biodiversity values. Besides being rich in biodiversity, such areas are also geologically fragile in terms of landslides and soil erosions.

   Additionally, impacts may involve occupational health and safety, labor, and working conditions issues during construction and operation, as well as community health and safety issues, including those associated with access roads. Community health and safety may be also impact. Due to presence of migrant laborers in remote local
communities, issues of gender-based violence and other issues of interaction between workers and communities may arise. Migrant worker accommodation and working conditions can also pose issues. Impacts on cultural heritage are also identified as likely in many rural areas of Nepal where mini-grids may be located.

Interconnection activities (minor equipment installation and line connections) are not expected to have significant adverse environmental and social impacts. Key impacts include labor and occupational health and safety concerns, and some community health and safety concerns. Mini-grids for which connection options would be tested are likely to be located in rural areas, may be community or privately owned, and powered by micro-hydro and solar sources.

The project will deliver positive social benefits to rural communities in Nepal by providing rural electrification service. However, the project will be operating in areas where the overwhelming majority of the beneficiaries may be underserved, vulnerable, and marginalized. It is expected that there would be vulnerable communities meeting World Bank definition of Indigenous Peoples present in many of the potential subproject areas, thus requiring free, prior, and informed consultation and engagement leading to broad community support of the subprojects. The construction of mini-grids may also lead to taking of land. Most of the subprojects are likely to require acquisition of small amounts of land. Since the subprojects will be owned and operated by the private sector, land transactions are expected to be predominantly willing-buyer-willing-seller or voluntary land donation. However, to ensure the subprojects do not involve risks that key project stakeholders do not have sufficient capacity to manage, large-scale resettlement impact would be excluded.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Long term cumulative E&S impacts are possible due to exiting mini-grids or development of further mini-grids in the same areas after the project is completed. These shall be assessed as part of the preparation of the ESIAs for subprojects (which will be the responsibility of ESCOs). However, AEPC will also be encouraged to conduct such cumulative impact assessment at its level so that this task and associated costs do not fall disproportionately on ESCOs.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

In consideration of "no project" alternative, while the subprojects’ construction and operation are expected to have a number of identifiable environmental and social (E&S) risks, it is also seeking to bring positive outcomes for local livelihoods of communities and also represent a more sustainable and cleaner power source based on renewable energy in places where other sources of energy are not easily available.

In consideration of other / alternative energy sources, the project is a renewable energy project and thus presents positive environmental externalities compared to diesel-based generation or burning of fossil fuels. The proposed project will bring in positive environmental impact, not only by avoiding greenhouse gas emissions but also by reducing local air pollution emissions. An estimated total of 324,520 tons of carbon dioxide (CO2) emissions will be avoided over 20 years. This will lead to reduction in local pollution from the use of diesel, kerosene, candles and biomass (firewood) that are currently used in these areas as primary sources of energy.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The project is categorized as FI in accordance with OP 4.01 and subprojects will involve application of relevant safeguard polices based on site-specific E&S risks and impacts identified during E&S assessment of subprojects. In accordance with OP 4.01 provisions for projects involving FIs, the World Bank requires appropriate E&S screening and assessment of all proposed subprojects and ensuring that sub-borrowers carry out appropriate ESIAIs for each
subproject and prepare ESMPs that will describe the necessary mitigation measures. Before being funded by FIs, it must be verified that subprojects meet the E&S requirements of appropriate national and local authorities and are consistent with OP 4.01 and other applicable E&S safeguards policies of the World Bank.

Alternative Energy Promotion Centre (AEPC) is the apex government body under the Ministry of Energy and Water Resources and Irrigation established to promote the use of rural/renewable energy technology to meet the energy needs in Nepal. AEPC will be the main project implementing agency and play a key role in the processes of E&S risk management in the context of proposed institutional arrangements. AEPC will supervise investment of the World Bank funds through a financial intermediation model where AEPC channels financing to Energy Service Companies (ESCOs) and interconnection subproject owners for design, construction, and operation of mini-grid subprojects/mini-grid interconnections through several local Partner Banks (PBs) in the form of subsidized loans with a marginally commercial interest rate.

Managing E&S risks and impacts for this multilevel project means that AEPC, the PBs, and ESCOs shall develop and maintain adequate systems, procedures, and capacity for identifying, managing, and monitoring risks and impacts commensurate with the types, scope, and nature of subprojects financed. The system must stipulate clear responsibilities and accountabilities of all key stakeholders in this process, including legal requirements. In this scenario, the AEPC is the key stakeholder responsible for overseeing the entire process of screening and assessment of environmental and social risks and impacts and ensuring that all relevant parties are fulfilling their responsibilities.

Overall, The Government of Nepal (GoN) has a well-established legal framework for environmental assessment of development projects. In FI projects, capacity of all key stakeholders is paramount for adequately managing the risks. AEPC has developed internal capacity for E&S risk screening and overseeing the process as detailed in the ESMF. Currently, AEPC has on its team three E&S experts who are responsible for preparation and execution of the ESMF, RPF, and VCDF provisions. AEPC will take the primary responsibility for conducting initial E&S screening and make decision on subproject eligibility, determining subproject E&S risk category, review of E&S instruments for subprojects, and oversight of the monitoring process. ESCOs will be subject to E&S eligibility criteria of having adequate capacity for carrying out environmental and social assessment and implementing mitigation measures. ESCOs will be responsible for conducting E&S assessment and implementing mitigation measures, while PBs will be responsible for integrating E&S aspects into their credit risk due diligence and incorporating adequate E&S covenants into agreements with ESCOs and interconnection subproject owners. PBs will take active part in ensuring the E&S risks are adequately managed and gradually built capacity to work with ESCOs on these aspects.

In order to facilitate coherent implementation of the above processes, AEPC has prepared an Environmental and Social Management Framework (ESMF), which also incorporates Resettlement Policy Framework (RPF) and Vulnerable Communities Development Framework (VCDF), Citizen Engagement, and a GRM and disclosed them on July 16, 2018. The ESMF includes the E&S screening process, categorization/determining risk level of subprojects (High, Medium, or Low) and detail the applicable requirements in line with the World Bank safeguard polices and relevant good international practices, to ensure that adequate ESIA, ESMP, and other necessary instruments are prepared and implemented for all subprojects.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The project will follow World Bank’s consultation and disclosure requirements. AEPC has conducted public consultations on the ESMF, RPF, and VCDF with a wide range of stakeholders. Between June and November 2017, AEPC conducted several consultation events, including ESCOs, partner banks, conservation authorities, government
institutions and agencies. AEPC has also engaged with local communities in areas where potential subprojects may be located.

### B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02-Jul-2018</td>
<td>16-Jul-2018</td>
<td></td>
</tr>
</tbody>
</table>

"In country" Disclosure
Nepal
16-Jul-2018

Comments
The ESMF, VCDF, RPF (as a single document) have been disclosed in-country on July 16, 2018 on the website on the main implementing agency (AEPC). Link: http://www.aepc.gov.np/documents/guidelines

<table>
<thead>
<tr>
<th>Resettlement Action Plan/Framework/Policy Process</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02-Jul-2018</td>
<td>16-Jul-2018</td>
<td></td>
</tr>
</tbody>
</table>

"In country" Disclosure
Nepal
16-Jul-2018

Comments
The ESMF, VCDF, RPF (as a single document) have been disclosed in-country on July 16, 2018 on the website on the main implementing agency (AEPC). Link: http://www.aepc.gov.np/documents/guidelines

<table>
<thead>
<tr>
<th>Indigenous Peoples Development Plan/Framework</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>02-Jul-2018</td>
<td>16-Jul-2018</td>
<td></td>
</tr>
</tbody>
</table>

"In country" Disclosure
Nepal
16-Jul-2018

Comments
The ESMF, VCDF, RPF (as a single document) have been disclosed in-country on July 16, 2018 on the website on the main implementing agency (AEPC). Link: http://www.aepc.gov.np/documents/guidelines

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?
NA

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?
No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?
NA

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?
Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?
Yes

**OP/BP 4.10 - Indigenous Peoples**

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?
Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?
NA

**OP/BP 4.12 - Involuntary Resettlement**

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?
Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?
Yes
OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?
No

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?
Yes

Has the RVP approved such an exception?
Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

CONTACT POINT

World Bank
Subodh Adhikari
Energy Specialist
### Borrower/Client/Recipient

Government of Nepal, Ministry of Finance  
Mr. Shreekrishna Nepal  
Joint Secretary  
snepal40@mof.gov.np

### Implementing Agencies

Alternative Energy Promotion Centre (AEPC)  
Ram Dhital  
Executive Director  
ram.dhital@aepc.gov.np

### FOR MORE INFORMATION CONTACT

The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 473-1000  

### APPROVAL

<table>
<thead>
<tr>
<th>Task Team Leader(s):</th>
<th>Subodh Adhikari</th>
</tr>
</thead>
</table>

### Approved By

<table>
<thead>
<tr>
<th>Safeguards Advisor:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Practice Manager/Manager:</td>
<td>Demetrios Papathanasiou</td>
<td>23-Jul-2018</td>
</tr>
<tr>
<td>Country Director:</td>
<td>Faris H. Hadad-Zervos</td>
<td>26-Jul-2018</td>
</tr>
</tbody>
</table>

**Note to Task Teams:** End of system generated content, document is editable from here.