



## Earthquake Housing Reconstruction Project (P155969)

SOUTH ASIA | Nepal | Social, Urban, Rural and Resilience Global Practice Global Practice |  
IBRD/IDA | Investment Project Financing | FY 2015 | Seq No: 8 | ARCHIVED on 27-Jun-2019 | ISR37096 |

Implementing Agencies: Ministry of Finance, National Reconstruction Authority

### Key Dates

#### Key Project Dates

Bank Approval Date: 29-Jun-2015

Effectiveness Date: 28-Jan-2016

Planned Mid Term Review Date: 31-Aug-2018

Actual Mid-Term Review Date: 10-Aug-2018

Original Closing Date: 31-Jul-2020

Revised Closing Date: 30-Jun-2023

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

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.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Components

Name

Housing Reconstruction:(Cost \$472.50 M)  
Disaster Risk Management Systems:(Cost \$15.00 M)  
Project Implementation Support:(Cost \$12.50 M)  
Contingency Emergency Response

### Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	● Moderately Satisfactory	● Moderately Satisfactory
Overall Implementation Progress (IP)	● Moderately Satisfactory	● Moderately Satisfactory
Overall Risk Rating	● Substantial	● Substantial

### Implementation Status and Key Decisions

In addition to regular monthly reviews, the task team carries out Implementation Support Missions every six months. The last mission was carried out in February 2019. The updated status as of June 14 is follows:

Significant progress has been achieved under the Project with accelerated disbursement of second and third tranches of the housing grants and a satisfactory rate of compliance to safer reconstruction requirements. As of June 15, 2019, out of 672,318 beneficiaries enrolled into the GoN's umbrella housing reconstruction program, 91.9% have received the first tranche, 70% have received the second tranche and 54.78% have received the third tranche of the housing grant. The rate of grant disbursement is better in the districts of Dhading, Dolakha and Nuwakot covered under the original Project with 93.13%, 81.54% and 64.11% of the enrolled beneficiaries that have received first, second and third tranche respectively



With significant delay, the Project Management Unit (PMU) has signed the contract with the IT firm to develop a mobile application for the survey for the Structural Integrity Assessment (SIA) of Social Infrastructure. A questionnaire is being developed for school buildings incorporating the prevailing guidelines of Government of Nepal on school safety and for health facilities. However, actual implementation of the survey is facing substantial delays as budgetary allocation has not been made for the Central Level Project Implementation Unit (CLPIU) Education before the approval of the project restructuring to facilitate smooth implementation of the activities. Project restructuring, to include CLPIU-Education as one of the implementing entities has been signed by the World Bank whereas signing by MoF is in process.

With adoption of the new constitution, Nepal has moved from a unitary form of government to a federal structure. Disaster risk management (DRM) is a concurrent subject among all three tiers of the governments. Reconstruction is a sub-set of DRM. Under the Government of Nepal's private housing reconstruction program, important government records have been generated in soft and hard form. Implications of the NRA Act are that NRA will close on December 24, 2020; therefore, it is imperative that the NRA records are transferred to newly established Local Governments with a documentation management system as well as capacity for DRM. This activity was agreed during the Mid Term Review (MTR). NRA has submitted a concept note; the task team is of the view that the concept note should be revised to cover areas in addition to DRM, such as record management, using data for service delivery, etc. The activity is delayed; hence NRA is urged to expedite action.

Socio-technical assistance (STA) package is the major activity identified under the revised Environment and Social Management Framework (ESMF) to support vulnerable groups (disadvantaged and marginalized) in housing reconstruction and it will be implemented as a project level activity. STA package that is being designed will include mobile teams each comprising a Senior Engineer, Social Mobiliser(s) and Mobile Mason(s) to be mobilized at municipality level with dual reporting i.e. to the concerned Local Government and the Building CLPIU. Mobile teams will be mobilized in municipalities/areas where housing reconstruction is not yet complete to provide targeted support to disadvantaged and marginalized groups. Procurement of Senior Engineer is ongoing while that for Social Mobilisers and Mobile Masons is agreed. The procurement plan submitted in this regard was returned with the suggestion to recruit Social Mobilisers and Masons using Incremental Operating Cost. The activity is delayed substantially as Social Mobilisers and Mobile Masons recruitment that was expected to be completed by end of April 2019 is yet to commence. Building CLPIU has already assigned focal persons, who will take the lead in roll-out of the package.

The total last reported expenditures (March 5, 2019) are about NPR 7,869.67 million (30.5% of the approved budget). In FY19, no budget has been allocated under MDTF. The low absorption rate is mainly due to delay in verification of beneficiaries for housing grant. The project has informed that the select financial data will be revised to reflect the correct payments/expenditures under IDA/MDTF and GoN source. The approval of MoF received to transfer of NPR 793.50 million from IDA/MDTF to GoN due to payment made to beneficiaries of Rasuwa District which was not under MDTF. Similarly, request has been made to MoF to transfer of NPR 1,245.30 million from GoN to IDA source for payment of beneficiaries in 5 districts (Rasuwa, Kavre, Sindhuli, Ramechhap and Okhaldhunga) which were earlier reported under GoN source. As per budget information, the counterpart fund appears adequate.

The project has been maintaining books of accounts as required by the Government rules and regulations. The task team reviewed payment vouchers on a sample basis and it was found to follow the financial regulations. The project needs to update necessary ledgers such as program ledger, credit/grant register, designated accounts etc. The Budgeting & Accounting Software (TABUCs) used by the cost centers needs to be implemented evenly. The reconciliation of financial data as per Accounting Software and funds released (TSA) should be done on a timely basis. As reported in the last mission, all consultancy costs in FY19 have been allocated to capital budget head only. This practice needs to be corrected in the next year's budget. As suggested in last mission, adequate insurance coverage and standard field allowances for the field staff has not been complied. Further, the beneficiary bank reconciliation and data updating (MIS) needs to be expedited. The project has finally hired a full-time financial management consultant for supporting on its financial management work.

For FY18, the internal audit of PMU was carried out with no significant observations reported. The PMU should collect and review internal audit reports of all the cost centers. In FY 19, internal audit has not been carried out. Timely completion of internal audit of all the cost centers is recommended.

There are no trimester IUFRRs reports pending. However, there are quality and timeliness issues related to IUFRRs reports. The project audit report was submitted with substantial delay. The OAG has several observations in its preliminary audit report such as delay in receiving reimbursement from IDA, duplicate grant payments, post audit verification of payments made not done, reconciliation of beneficiaries and payments made through banks have not been done, updating MIS etc.

Total disbursement is about USD 199.70 million and USD 69.44 million under IDA 5706-NP and IDA 6164-NP respectively. The total cumulative IDA disbursement is about USD 269.15 million (equivalent SDR 191.60 million) i.e. about 53.64% of the total allocated funds including Designated Accounts (DAs) advance. Most disbursements under IDA Credits are as DA advances as the beneficiary housing grants have not been documented. The Project was scheduled to submit provisional documentation by April 15, 2019 with final submission on June 15, 2019. The activity is delayed but the project has started submitting partial documentation as 8,010 records have been submitted. The funds under MDTF have been fully disbursed as Advance to the Designated Account and need to be documented to translate them into actual expenditures.

Following delegation of procurement decision authority to EHRP PMU, procurement processing has started to speed up. Regarding hiring of services of about 988 mobile masons and 250 social mobilizers by CLPIU Building, the Project and Bank teams need to discuss to find an appropriate arrangement for effective hiring of such a high number of project personnel. Another challenging and time sensitive procurement is selection of a large number of consulting firms (about 6) for the Structural Integrity Assessment (SIA) of social infrastructure, which is expected to be implemented by Education CLPIU. In this regard, the Bank has already provided Systematic Tracking of Exchanges in Procurement (STEP) training to four CLPIU staff. Since consultant selection is a time-consuming process, there is a strong need that the Education CLPIU immediately initiates the procurement planning and consultant selection process to complete the assessment within the project period. Considering the implementation status of procurement plan by EHRP PMU and CLPIUs, the procurement performance rating is retained at "Moderately Satisfactory". As a regular action, it is reiterated that: (i) road map for the post review activities is updated in STEP every month by uploading Invitation for Bid/Expression of Interest, bidding/proposal documents, evaluation reports, and contract documents; and (ii) action dates in the road map are revised/ updated for the activities for which procurement process is yet to be initiated.

The task team acknowledges that after the establishment of dedicated Project Management Unit (PMU) within NRA, project implementation has speed up to a large extent; however, the PMU still requires strengthening for smooth implementation of project activities. The team is concerned that there has not been overlap between the out-going and in-coming project directors for smooth handover and takeover of the project

responsibilities despite the issue being flagged to NRA long before. During mid-term review, PMU had agreed to finalize the list of EHRP beneficiaries by December 15, 2018, that is significantly delayed. Beneficiary compliance list is not yet finalized because of multiple issues associated with missing data in MIS, awaiting resolution by PMU. The issues with data management is mainly driven by the lack of proper M&E system, issues with management of MIS and enforcement by PMU. Hence, rating for Project Management is downgraded to "Moderately Unsatisfactory".

## Risks

### Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	● Substantial	● High	● Substantial
Macroeconomic	● Low	● Moderate	● Moderate
Sector Strategies and Policies	● Moderate	● Moderate	● Moderate
Technical Design of Project or Program	● Substantial	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● Substantial	● Substantial	● Substantial
Fiduciary	● High	● High	● High
Environment and Social	● Substantial	● Substantial	● Substantial
Stakeholders	● Substantial	● Substantial	● Substantial
Other	--	--	--
Overall	● Substantial	● Substantial	● Substantial

## Results

### PDO Indicators by Objectives / Outcomes

Restore affected houses with multi-hazard resistant core housing units in targeted areas				
▶Households with resilient core housing reconstructed under the project (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	53,568.00	75,500.00	151,000.00
Date	31-Jul-2015	31-May-2018	11-Jun-2019	30-Jun-2023
▲Out of which women headed households (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	13,928.00	19,630.00	39,260.00
▶Citizens made aware of earthquake resilient reconstruction (Number, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	53,568.00	75,500.00	151,000.00
Date	31-Jul-2015	31-May-2018	11-Jun-2019	30-Jun-2023

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, Custom)

	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	--	0.00	400.00
Date	31-May-2015	--	11-Jun-2019	31-Dec-2020

### Intermediate Results Indicators by Components

Housing Reconstruction				
►Direct project beneficiaries (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	230,342.00	324,650.00	649,300.00
Date	31-Jul-2015	31-May-2018	11-Jun-2019	31-Jul-2020
▲Female beneficiaries (Percentage, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	50.00	50.00	50.00
►Intended beneficiaries aware of project info. and project investments (%) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	97.39	50.00	100.00
Date	31-Jul-2015	31-May-2018	11-Jun-2019	31-Jul-2020
Comments:	40% of beneficiaries, who have already received third tranche of housing grant are assumed to be fully aware of project information and investments. With additional 96,000 beneficiaries to be covered under Additional Financing, the percentage is lesser than previous ISR.			
▲Intended beneficiaries aware of project info. and project investments - female (Number, Custom Supplement)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	13,928.00	19,630.00	39,260.00
►Grievances registered related to delivery of project benefits addressed (%) (Percentage, Custom)				



	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	92.61	98.00	95.00
Date	31-Jul-2015	31-May-2018	11-Jun-2019	31-Jul-2020
<b>▲Grievances related to delivery of project benefits that are addressed-(number) (Number, Custom Supplement)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	49,051.00	205,584.00	100,000.00
<b>▶Engineers and artisans trained in multi-hazard resistant construction (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	9,319.00	64,698.00	9,319.00	12,000.00
Date	31-Jul-2015	31-May-2018	11-Jun-2019	31-Jul-2020
Comments:	The number previously used included consolidated number of artisans trained by different entities including I/NGOs and IDA. The current number reflects artisans trained through IDA financing.			

Disaster Risk Management Systems				
<b>▶Structural Integrity of social infrastructure carried out across the country. (Number, Custom)</b>				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	1.00
Date	22-Oct-2018	31-May-2018	11-Jun-2019	31-Dec-2020

## Data on Financial Performance

### Disbursements (by loan)

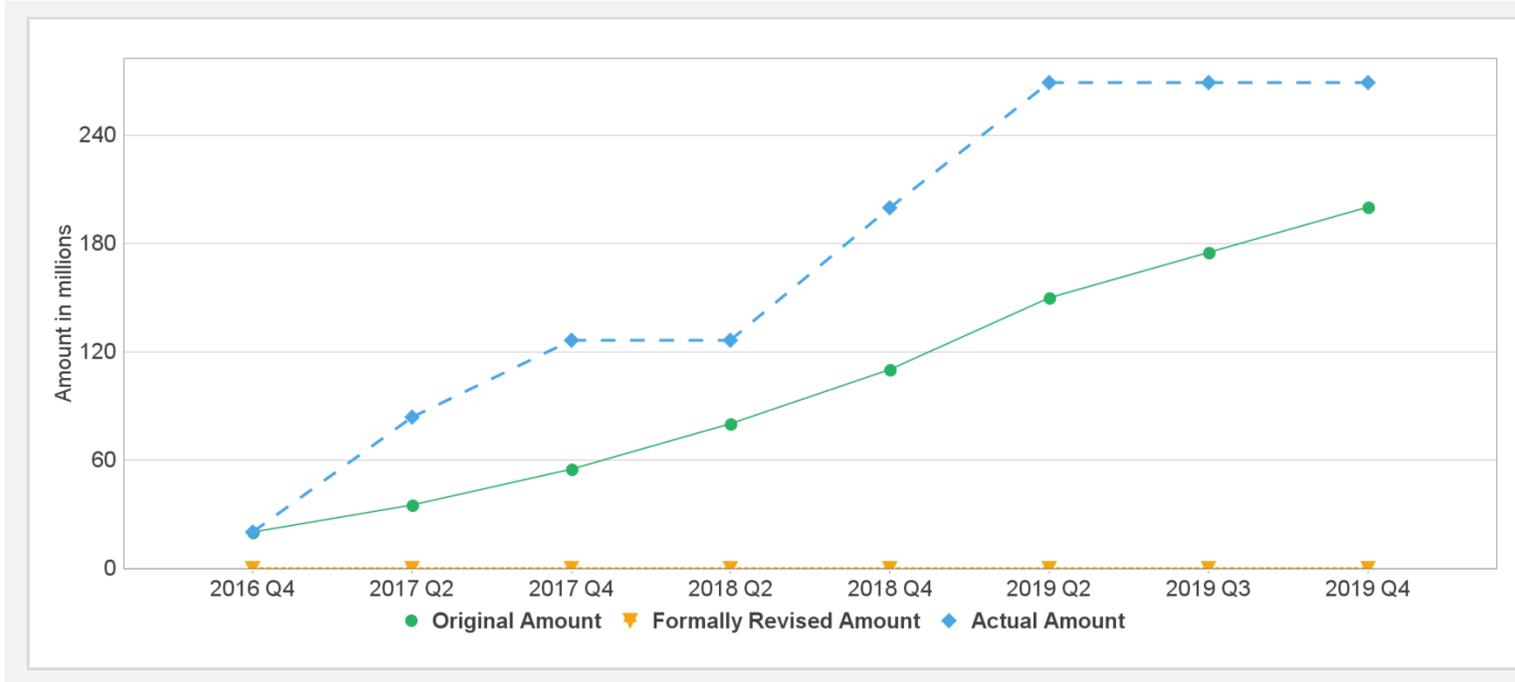
Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P155969	IDA-57060	Effective	USD	200.00	200.00	0.00	199.70	2.40	99%
P155969	IDA-61640	Effective	USD	300.00	300.00	0.00	69.44	227.78	23%

### Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P155969	IDA-57060	Effective	29-Jun-2015	14-Aug-2015	28-Jan-2016	31-Jul-2020	31-Jul-2020
P155969	IDA-61640	Effective	15-Dec-2017	21-Jan-2018	26-Feb-2018	30-Jun-2023	30-Jun-2023



### Cumulative Disbursements



### Restructuring History

Level 2 Approved on 24-Mar-2016 ,Level 2 Approved on 21-May-2019

### Related Project(s)

P161780-Nepal: AF Earthquake Housing Reconstruction Project ,P161889-Earthquake Housing Reconstruction AF ,P163178-AF Earthquake Housing Reconstruction ,P163593-NP: Additional Financing Earthquake Housing Reconstruction ,P170565-Second Additional Financing Earthquake Housing Reconstruction Project