



Completion Report

Project Number: 49202-001
Grant Number: 9180
December 2021

Nepal: Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities Project

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Asian Development Bank

Currency Equivalents

Currency unit		–	Nepalese rupee/s (NRe/NRs)	
			At Fact Finding 19 June 2015	At Project Completion 30 November 2019
NRe1.00	=		\$0.00981	\$0.00873
\$1.00	=		NRs101.95	NRs114.58

ABBREVIATIONS

ADB	–	Asian Development Bank
AEFS	–	audited entity financial statement
APFS	–	audited project financial statement
CBDRM	–	community-based disaster risk management
CLPIU	–	central-level project implementation unit
COBP	–	country operational business plan
DEAP	–	Disaster Emergency and Assistance Policy
DDR	–	due diligence report
DLPIU	–	district-level project implementation unit
DMF	–	design and monitoring framework
DRM	–	disaster risk management
DSC	–	design and supervision consultant
EARF	–	environmental assessment and review framework
EEAP	–	Earthquake Emergency Assistance Project
EMP	–	environmental management plan
FSMD	–	Financial Sector Management Division
GESI	–	gender equality and social inclusion
ICT	–	information and communication technology
JFPR	–	Japan Fund for Poverty Reduction
MOEST	–	Ministry of Education, Science and Technology
MTR	–	midterm review
NFRS	–	Nepal Financial Reporting Standard
NRA	–	National Reconstruction Authority
PCR	–	project completion report
PDNA	–	post-disaster needs assessment
SFC	–	small farmer cooperative
SFDB	–	Small Farmers Development Bank
SMC	–	school management committee
SSDP	–	School Sector Development Plan
TA	–	technical assistance
VDCs	–	village development committees

NOTES

- (i) The fiscal year (FY) of the Government of Nepal ends on 15 July. “FY” before a calendar year denotes the year in which the fiscal year ends, e.g., FY2021 ends on 15 July 2021.
- (ii) In this report, “\$” refers to United States dollars.

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BASIC DATA

A. Grant Identification

- | | | |
|----|-----------------------------------|--|
| 1. | Country | Nepal |
| 2. | Grant number and financing source | 9180 (Japan Fund for Poverty Reduction) |
| 3. | Project title | Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities Project |
| 4. | Borrower | Government of Nepal |
| 5. | Executing agency | Ministry of Finance
National Reconstruction Authority |
| 6. | Amount of grant | \$15.00 million |
| 7. | Financing modality | Emergency Assistance Grant |

B. Grant Data

- | | | |
|----|-----------------------------|-------------------|
| 1. | Fact finding | |
| | – Date started | 14 June 2015 |
| | – Date completed | 19 June 2015 |
| 2. | Grant negotiations | |
| | – Date started | 7 September 2015 |
| | – Date completed | 7 September 2015 |
| 3. | Date of Board approval | 7 October 2015 |
| 4. | Date of grant agreement | 8 December 2015 |
| 5. | Date of grant effectiveness | |
| | – In grant agreement | 7 March 2016 |
| | – Actual | 8 January 2016 |
| | – Number of extensions | None |
| 6. | Project completion date | |
| | – Appraisal | 30 September 2018 |
| | – Actual | 30 November 2019 |
| 7. | Grant closing date | |
| | – In grant agreement | 31 March 2019 |
| | – Actual | 30 November 2019 |
| | – Number of extensions | 1 |
| 8. | Financial closing date | |
| | – Actual | 18 May 2020 |

9. Disbursements

a. Dates

Initial Disbursement 29 January 2016	Final Disbursement 16 January 2020	Time Interval 47.61 months
Effective Date 8 January 2016	Actual Closing Date 18 May 2020	Time Interval 52.34 months

b. Amount (\$ million)

Category	Original Allocation (1)	Increased during Implementation (2)	Cancelled during Implementation (3)	Last Revised Allocation (4=1+2-3)	Amount Disbursed (5)	Undisbursed Balance (6 = 4-5)
Consultancy Services	0.65	(0.28)		0.37	0.21	0.16
Civil Works	6.14	1.01		7.15	7.14	0.01
Equipment and Supplies	0.56	0.00		0.56	0.34	0.22
Capacity Building and Training	1.45	(0.49)		0.96	0.65	0.31
Credit Line	5.50	0.00		5.50	5.47	0.03
Unallocated	0.70	(0.24)		0.46	0.00	0.46
Total	15.00	0.00		15.00	13.81	1.19

Note: Numbers may not sum up precisely because of rounding, () = negative.

C. Project Data

1. Project cost (\$million)

Cost	Appraisal Estimate	Actual
Foreign exchange cost		
Local currency cost	17.80	16.46
Total	17.80	16.46

2. Financing plan (\$ million)

Cost	Appraisal Estimate	Actual
Implementation cost		
Borrower financed	1.30	1.15
ADB financed	15.00	13.81
Small Farmers Development Bank	1.50	1.49
Total implementation cost	17.80	16.46

3. Cost breakdown by project component (\$ million)

Component	Appraisal Estimate	Actual
A. Base Cost		
Model disaster-resilient schools	8.10	8.62
Microcredit for livelihood restoration	7.00	7.06
Disaster risk reduction capacity building	1.90	0.78
Subtotal A	17.00	16.46
B. Contingencies	0.80	0.00
Total (A+B)	17.80	16.46

4. Project schedule

Item	Appraisal Estimate	Actual
Date of contract with consultants		
Consultants for reconstruction activities	Dec 2015	Mar 2018
Consultants for micro credit facility	Mar 2016	Nov 2016
Disaster Risk Management training provider	Mar 2016	Mar 2018
Completion of engineering designs	Sept 2016	Mar 2017
Civil works contract		
Date of first contract award	Dec 2016	June 2017
Date of last contract award	June 2017	Sept 2017
Completion of work for first batch	Sept 2017	July 2019
Completion of work for second batch	Aug-Sep 2018	Nov 2019
Training on disaster-resilient construction and disaster risk management	Sep 2018	Mar 2019
Implementation of micro credit facility		
Commencement	Feb 2016	Jul 2016
Completion	Sep 2016	Oct 2017
Training on disaster-resilient construction and disaster risk management		
Commencement	Apr 2016	Feb 2017
Completion	Sep 2018	Nov 2018

5. Project performance report ratings

Implementation Period	Single Project Rating
From 1 Jan 2016 to 31 Mar 2016	On Track
From 1 Apr 2016 to 31 Jun 2016	On Track
From 1 Jul 2016 to 31 Sep 2016	On Track
From 1 Oct 2016 to 31 Dec 2016	On Track
From 1 Jan 2017 to 31 Mar 2017	On Track
From 1 Apr 2017 to 31 Jun 2017	On Track
From 1 Jul 2017 to 31 Sep 2017	On Track
From 1 Oct 2017 to 31 Dec 2017	On Track
From 1 Jan 2018 to 31 Mar 2018	On Track
From 1 Apr 2018 to 31 Jun 2018	On Track
From 1 Jul 2018 to 31 Sep 2018	On Track
From 1 Oct 2018 to 31 Dec 2018	On Track
From 1 Jan 2019 to 31 Mar 2019	On Track
From 1 Apr 2019 to 31 Jun 2019	On Track
From 1 Jul 2019 to 31 Sep 2019	On Track
From 1 Oct 2019 to 31 Dec 2019	On Track
From 1 Jan 2020 to 31 Mar 2020	On Track
From 1 Apr 2020 to 31 Jun 2020	On Track

D. Data on Asian Development Bank Missions

Name of Mission	Date	No. of Persons	No. of Person-Days	Specialization of members
Project review 1	27 Jun–01 July 2016	1	2	f
Project review 2	1–5 Aug 2016	4	8	a, b, h, i
Project review 3	24–25 Nov 2016	1	4	f
Project review 4	22 Mar–19 Apr 2017	3	4.5	a, b, h
Project consultation	24–25 April 2017	1	2	f
Project review 5	24–25 July 2017	1	2	f
Project review 6	22–25 Oct 2017	1	4	f
Project review 7	21–22 Feb 2018	1	3	f
Midterm Review	27 Feb– 19 Apr 2018	5	18	a, f, h, i, l
Project review 8	20–22 Aug 2018	1	4	f
Project review 9	28–30 Nov 2018	1	4.5	f
Project review 10	12 Apr–24 May 2019	5	5	a, b, c, g, h
Project review 11	1–2 Jul 2019	5	8.5	a, c, h, k, m,
Project review 12	25–27 Sep 2019	1	3	f
Project review 13	1–29 Nov 2019	4	4	a, b, c, h
Project completion review (virtual)	31 Aug–8 Sept 2021	10	20	a, b, c, d, e, f, g, n, o, p

a = project officer/team leader, b = project analyst, c = senior social development officer (gender), d = senior social development officer (safeguards), e = senior environment officer, f = senior portfolio management specialist, g = associate financial control officer, h = project implementation specialist, i = project implementation coordinator, j = associate financial management officer, k = mission member from HQ, l = PMU Head, m = Senior Financing Partnerships Officer, n = associate safeguard analyst, o = operations assistant and p = PCR consultant.

I. PROJECT DESCRIPTION

1. A major earthquake hit Nepal on 25 April 2015 and a strong aftershock followed on 12 May 2015. These affected 8 million people, caused over 8,000 deaths, injured over 20,000 people, and resulted in widespread damage to private and public infrastructure. The post-disaster needs assessment (PDNA) launched on 22 May 2015 estimated the total damage at \$7.1 billion.¹ The Asian Development Bank (ADB) immediately responded to the disaster by providing: (i) an Asia Pacific Disaster Response Fund grant of \$3.0 million, approved on 27 April 2015; (ii) a loan of \$200.0 million with an attached technical assistance (TA) of \$1.5 million, approved on 24 June 2015 for the Earthquake Emergency Assistance Project (EEAP); (iii) the final tranche release of the Rural Finance Sector Development Cluster Program of \$27.8 million in August 2015; and (iv) a Japan Fund for Poverty Reduction grant of \$15.0 million for the Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities Project (the project), approved on 7 October 2015.² The project, which became effective on 8 January 2016, was to be completed by 30 September 2018. The grant was to be closed on 31 March 2019, but during implementation, the closing date was extended until 30 November 2019.

2. The earthquake and its aftershock affected 31 out of 75 districts in Nepal. Among the affected districts, 14 districts in the central and western regions with a population of 5.4 million were the most severely affected. These districts, except for Kathmandu Valley, are essentially rural and agriculture-based areas where the pre-earthquake vulnerability level was already high. They account for about 13.6% of people living below the poverty line across Nepal. The earthquake particularly affected rural livelihoods by damaging livestock, crops, and agro-based cottage industries. The earthquake caused severe disruptions to rural households' access to essential physical infrastructure, education, and social services. Affected households needed immediate access to finance to recover their livelihoods and restart income generation.

3. In line with the PDNA, the project impact was improved equity and enhanced social inclusion, and enhanced disaster preparedness and resilience of earthquake-affected communities. The outcome was livelihoods and schooling in poorer and more severely earthquake-affected communities restored with better disaster resilience. The project had three outputs: (i) schools in poorer and severely affected districts constructed or rebuilt as model disaster-resilient schools; (ii) a microcredit facility for livelihood restoration provided to members of small farmer cooperatives (SFCs); and (iii) disaster risk management capacity of the affected communities strengthened. The design and monitoring framework (DMF) is in Appendix 1.

¹ National Planning Commission. 2015. *Nepal Earthquake 2015 Post Disaster Needs Assessment*. Kathmandu.

² ADB. 2017. *Asia Pacific Disaster Response Fund: Review of Performance*. Manila; ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan and Technical Assistance Grant to Nepal for the Earthquake Emergency Assistance Project*. Manila; ADB. 2006. *Report and Recommendation of the President to the Board of Directors: Proposed Sector Development Program Cluster of Loans, Asian Development Fund Grant, and Technical Assistance Grant to Nepal for the Rural Finance Sector Development Cluster Program*. Manila; ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Administration of Grant to Nepal for the Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities Project*. Manila; ADB. 2015. *Support for Project Implementation of the Nepal Earthquake Rehabilitation and Reconstruction Program*. Manila (TA 8910).

II. DESIGN AND IMPLEMENTATION

A. Project Design and Formulation

4. The project design was relevant at the time of project appraisal and remained relevant at completion. It was aligned with the government's reconstruction strategy set out in the PDNA, which was prepared by the government in partnership with various development partners, including ADB, the European Union, Japan International Cooperation Agency, United Nations, and World Bank. The project was aligned with the ADB country partnership strategy for Nepal, 2012–2017, which promoted social protection through disaster risk management, skills development, and knowledge partnerships, and the country operations business plan for Nepal, 2017–2019.³ Furthermore, environmental sustainability was included as a thematic priority, focusing on disaster and climate change risk management.

5. The project fulfilled the eligibility criteria under ADB's *Disaster and Emergency Assistance Policy* (DEAP). An emergency assistance grant was assessed as the most relevant instrument because (i) the support was designed to provide immediate to short-term assistance to ease the transition from relief to normal development through quick support for priority recovery and reconstruction, and (ii) ongoing development programs needed to advance simultaneously so that Nepal's development objectives would be met.⁴ The project was intended to provide transitional assistance for priority rehabilitation and include microcredit for a quick transfer of resources to affected households. Project processing could not be completed within 12 weeks from the government request date for emergency assistance, in accordance with the DEAP. Project approval took 16 weeks because (i) additional time was required to obtain the Government of Japan's approval, and (ii) grant negotiations were delayed by Nepal's ongoing constitution drafting process.

6. The project design focused on innovation, future orientation, and poverty reduction. Rebuilding schools into model schools was one of the key outputs of the project.⁵ The model schools – a new initiative under the government's School Sector Development Plan (SSDP)⁶ – were to establish a prototype for possible replication in other areas. Model schools are equipped with disaster-resilient structural standards, improved learning space, science laboratories, better amenities, and information and communication technology (ICT) equipment. The output on providing concessional livelihood restoration microcredit to poor households focused on poverty reduction.⁷ Following the earthquakes, training in disaster-resilient construction and disaster risk management (DRM) to affected communities was deemed necessary to enhance the communities' resilience to future disasters. The project was also designed to supplement other

³ ADB. 2013. *Country Partnership Strategy. Nepal, 2013–2017*. Manila. ADB. 2016. *Country Operational Business Plan. Nepal, 2017–2019*. Manila.

⁴ See footnote 12 in the RRP.

⁵ This output expanded support for piloting the concept of model schools under the EEAP, which originally included the construction of at least five model schools.

⁶ SSDP, launched in 2016, is a national program supported by ADB and eight other development partners through a sector-wide approach: ADB. 2016. *Report and Recommendation of the President to the Board of Directors: Proposed Result-Based Loan and Technical Assistance Grant for Supporting the School Sector Development Plan*. Manila. The piloting of model schools is one of four outputs under SSDP. Disbursement-linked indicators applied under SSDP against this output include the establishment of 200 model schools. The selected schools prepare the masterplan and five-year implementation plan to improve the physical facilities, teaching and learning, and school governance. The program is under implementation with the likely achievement of all disbursement-linked indicators by 2022.

⁷ Concessional microfinance was justified as the income streams of affected households were disrupted, thereby preventing them from obtaining financing on non-concessional terms.

assistance provided by ADB, particularly through the EEAP.⁸

7. Although the project's DMF was appropriate with a logical results chain, some weaknesses in its indicators were identified before the midterm review (MTR). Aside from the fast-track processing of the EEAP, the concept of the model schools was still being developed at the time of project preparation. The output and outcome targets for school construction or rebuilding were based on preliminary unit cost estimates, which turned out to be significantly lower than the unit costs based on the design guidelines for model schools developed and adopted during implementation. Thus, the output targets had to be revised during the MTR (para. 9). Further, the DMF included the restoration of school enrollment rates to pre-earthquake levels for primary and secondary schools as an outcome target associated with output 1 without clarifying whether it applies to the project's model schools only or to district-level enrollment rates in general. For the purpose of evaluation, this project completion report (PCR) considered the assessment of enrollment rates only for the model schools built under the project due to attribution concerns.

8. Considering the linkage between the project's output 1 and the EEAP's school rebuilding output, implementation arrangements similar to the EEAP's arrangements were adopted for output 1. For output 2, the Small Farmers Development Bank (SFDB) was selected as the microfinance institution since it had been the implementing agency under ADB's Rural Finance Sector Development Cluster Program (subprogram 2) and had an extensive SFC network to deliver the microcredit in the affected areas.⁹

9. Several design changes were introduced during the MTR mission conducted in March to April 2018, when the project cost could be firmed up. By that time, the following actions had been completed: the identification and selection of 14 model schools, the adoption of the *Design Guidelines for Development of Model Schools* (in November 2016), and the initial assessment of the scope of works and cost of rebuilding the schools into model schools.¹⁰ It then became apparent that the unit cost was significantly higher than assumed at appraisal when the design concept for model schools was still being developed and candidate schools were not yet identified. The selection of schools with a high number of students requiring large school buildings and the addition of hostel facilities for students from remote district areas contributed to the high unit cost.¹¹ To remain within the available grant funds, an understanding was reached with the executing agency to (i) reduce the number of model schools from 14 schools to 8, with the 6 remaining schools to be constructed under the EEAP's school rebuilding output, and (ii) provide ICT and laboratory equipment to 14 schools as envisaged at appraisal.¹²

10. For output 3, changes in the state structures in Nepal introduced in 2017 required adjustments in the delivery channel for the planned training programs. With the abolishment of village development committees (VDCs), the monitoring unit for training was changed from VDCs to SFCs. Furthermore, the training for school communities in DRM was dropped, since such

⁸ EEAP had four outputs: 1) schools rebuilt and upgraded; 2) roads and bridges rehabilitated and/or reconstructed; 3) district-level government facilities constructed and/or rebuilt; and 4) disaster preparedness and management capacities strengthened.

⁹ ADB. 2010. *Report and Recommendation of the President to the Board of Directors: Proposed Loan, Grant, and Technical Assistance Grant Nepal: Rural Finance Sector Development Cluster Program (Subprogram 2)*. Manila.

¹⁰ The development of the initial concept of model schools was supported by ADB through TA 7935-NEP: Capacity Development for School Sector Program Implementation.

¹¹ The average number of students in the eight model schools was 1,024 compared with 392 for the 154 schools rebuilt under EEAP in 2018–2019. The average unit cost of the eight model schools was \$1,013,875 compared with \$576,000 for the 154 schools under the EEAP.

¹² However, one of the six schools added to the EEAP could not be rebuilt because of design issues resulting from its location in a heritage site.

training was to be undertaken under a supporting TA (TA 8910, footnote 2) to ensure a uniform approach for DRM training across the schools under this project and those under the EEAP.¹³ As a result, the associated activity under the project's gender equality and social inclusion (GESI) action plan was dropped.

11. The above changes, together with a reallocation of grant proceeds (para. 16) and an 8-month extension of the grant closing date (para. 20), were included in the minor change approved on 2 November 2018, and the DMF was revised based on the MTR outcome.¹⁴ Overall, the changes introduced following the MTR were necessary to align with developments during implementation and enhanced the project's relevance.

B. Project Outputs

12. Out of the original five output indicators included in the DMF, the targets for four were achieved or exceeded, while one target was dropped after the change in scope following the MTR.

13. **Output 1: Schools in poorer and severely affected districts constructed or rebuilt as model disaster resilient schools.** Based on the selection criteria developed by the implementing agency, one school in each of the 14 project districts was initially selected.¹⁵ The revised output target of eight model schools was achieved. All school buildings have been constructed based on earthquake-resistant design standards and in accordance with the design guidelines. For each school, severely damaged buildings were rebuilt, and additional buildings were constructed, including hostels.¹⁶ The schools were provided with improved learning space, science laboratories, and separate toilet facilities for boys and girls and for disabled students. Ramps were built to help disabled students gain access to the school buildings and toilets. The eight schools as well as six model schools covered under the EEAP (para. 9) have been provided with ICT and laboratory equipment. Details of the school buildings are in Appendix 2.

14. **Output 2: Microcredit facility for livelihood restoration provided to members of SFCs.** A total of 16,324 borrowers in Dhading, Nuwakot and Rasuwa districts had received microcredit loans by October 2017 when the microcredit disbursement was completed, thereby exceeding the output target of 12,500 beneficiary borrowers.¹⁷ The features of the loan product are summarized in Appendix 3, Table A3.1. More than 70% of the borrowers were women. The loans, with a maximum loan size of NRs50,000, were used for livestock, vegetable cultivation, and other livelihood restoration activities. The SFCs had disbursed NRs745.3 million and recovered NRs349.8 million with an on-time recovery rate of 100% as of July 2018.¹⁸ In January 2018, SFDB started the second cycle of the microcredit facility, covering seven other project districts using the recovered loan funds from the SFCs.¹⁹ Details of the output 2 microcredit facility and the beneficiaries are in Appendix 3, Tables A3.2–A3.4.

¹³ School-based DRM related activities were included under TA 8910 through a minor change in TA scope approved on 30 November 2017.

¹⁴ ADB (Nepal Resident Mission). 2018. Request for Approval of Minor Change in Scope, Extension of the Grant Closing Date and Reallocation of Grant Proceeds. NEP: Disaster Risk Reduction and Livelihood Restoration for Earthquake Affected Communities Project. Memorandum. 2 November (internal).

¹⁵ The implementing agency considered it important to establish one model school in each of the 14 project districts to maximize the demonstration impact throughout the project area.

¹⁶ School buildings considered safe based on a visual inspection were not rebuilt; a structural assessment of these buildings was required, followed by retrofitting.

¹⁷ These three districts were severely affected districts with a high number of SFCs; Rasuwa district had one of the highest poverty incidence rates among the 14 project districts.

¹⁸ The funds allocated for microfinance were fully disbursed.

¹⁹ A total of 18,167 affected borrowers had received microcredit loans through the second cycle as of November 2019.

15. **Output 3: DRM capacity of the affected communities strengthened.** Of the three output targets, two were exceeded and one was dropped at the MTR. Of the three training activities originally planned, two were conducted under the project and the third through the supporting TA (para. 10 and footnote 2). Community-based DRM training was conducted for 42 SFCs in 7 districts with 81% of participants being women, thereby exceeding the MTR output target of 30 SFCs with at least 50% women participation. Community-based disaster-resilient construction training was conducted for 132 SFCs in all 14 project districts, exceeding the MTR output target of at least 90 SFCs. Women's participation in this training was 33%. Out of 1,619 participants, 75% completed the training program successfully, having passed the nationally recognized test. Details of the output 3 capacity building activities and the beneficiaries are in Appendix 3, Tables A3.5 and A3.6.

C. Project Costs and Financing

16. At appraisal, the project was estimated to cost \$17.8 million while the cost at completion was \$16.5 million. Although the number of schools was reduced, the cost of output 1 increased from \$7.0 million to \$8.1 million because of the high unit cost per model school (para. 9). This increase was offset by the significant reduction in the cost of consulting services under output 1 (para. 27) and the deletion of DRM training for school communities under output 3 (para. 10). To accommodate the above changes in costs, grant proceeds were reallocated and approved through a minor change (para. 11). Details of the appraised project cost, the cost at midterm, and the cost at completion are in Appendix 4, Table A4.

17. With the change in the overall project cost and adjustments in output costs, the project's financing arrangements changed slightly. Under the financing arrangement at appraisal, ADB was to finance \$15.0 million (84% of the total project cost), SFDB \$1.5 million (8%), and the government \$1.4 million (8%). At project completion, ADB financed \$13.8 million (84%), SFDB \$1.5 million (9%), and the government \$1.2 million (7%). Details of the financing arrangements at appraisal and completion are in Appendix 5, Tables A5.1-A5.2.

D. Disbursements

18. The grant proceeds were disbursed in accordance with ADB's Loan Disbursement Handbook (2017, as amended from time to time). Of the \$15.0 million grant, \$13.8 million (92%) was disbursed. The actual disbursements during the first two years exceeded the original projections resulting from the fast disbursement of the credit line. Full disbursement of the grant proceeds during the third implementation year was not achieved because of the delayed implementation of output 1. The original allocation for the credit line and the allocation for civil works, which was increased at MTR, were fully utilized, while disbursements under the other categories were lower than expected at appraisal.

19. As planned, the two implementing agencies opened an advance account for the disbursement of the grant proceeds for their respective outputs, with the SFDB operating a sub-account for disbursements under output 2. Both implementing agencies followed ADB's financial management guidelines and disbursement procedures, including statement of expenditure procedures. The advance accounts efficiently disbursed all grant proceeds. The grant account was closed on 18 May 2020, 5.5 months after the grant closing date, to enable the processing of the last withdrawal applications, the liquidation of advance amounts, and the refund of advance balances. Appendix 6 shows the projected and actual disbursements.

E. Project Schedule

20. The project could not be completed within 3 years as envisaged at appraisal. Following the MTR, the grant closing date was extended by 8 months from 31 March 2019 until 30 November 2019 through a minor change (para. 11).²⁰ With full disbursement under output 2 already achieved in October 2017, the extension was due to the delay in output 1 implementation.

21. Several factors contributed to the output 1 implementation delay. The selection of the schools and the finalization of the design guidelines were only completed in November 2016, 6 months behind the appraised schedule, after which the detailed design was initiated.²¹ The detailed design was completed faster than originally envisaged, and the construction of the last batch of schools started in September 2017, 3 months behind schedule. This 3-month delay and the subsequent delays during construction (para. 29) necessitated the extension of the implementation period. The last completed school was handed over on 13 November 2019.²²

F. Implementation Arrangements

22. The project was largely implemented following the planned implementation arrangements. Before grant effectiveness, the National Reconstruction Authority (NRA) was established on 20 December 2015, which then became the project's executing agency. The Department of Education under the Ministry of Education, Science and Technology (MOEST) was initially the implementing agency for output 1 and the associated activities under output 3, and the Financial Sector Management Division (FSMD) under the Ministry of Finance was the implementing agency for output 2 and the other output 3 activities. SFDB was the partner financial intermediary under output 2. Following the NRA's establishment, the institutional and organizational arrangements for the overall reconstruction program were firmed up in February 2016, with MOEST assuming the role of implementing agency for output 1 and the associated activities under output 3. In April 2018, NRA assumed MOEST's role as implementing agency to align administrative reporting arrangements with operational reporting arrangements.²³ The arrangements for outputs 2 and 3 remained the same throughout the implementation period.

23. For output 1, the arrangements earlier agreed for school rebuilding under the EEAP were adopted with one central-level project implementation unit (CLPIU) and 14 district-level project implementation units (DLPIUs) serving both projects. The CLPIU was responsible for overall implementation, coordination with central-level authorities, liaison with NRA (until April 2018) and ADB, recruitment of consultants, procurement of civil works contracts and equipment, implementation of the output 1 related GESI actions, financial management, and reporting to NRA and other central-level authorities as well as to ADB. The DLPIUs were responsible for coordination with district-level authorities and school management committees (SMCs) and construction supervision. The design and supervision consultant (DSC) engaged under the EEAP assisted the CLPIU with due diligence assessments, design and bid document preparation, the procurement of civil works contracts, the implementation of the GESI action plan, and financial management. The engineering advisor engaged under output 1 provided additional technical support, while the school monitoring team engaged under TA 8910 conducted intermittent

²⁰ Nonetheless, the implementation period of 48 months (4 years) was within the maximum implementation period of 4.5 years for JFPR project grants.

²¹ The consultant preparing the designs engaged under the EEAP was mobilized in November 2016. Earlier approval of the guidelines would therefore not have advanced design preparation.

²² The first completed model school was handed over on 19 February 2019.

²³ Before April 2018, MOEST's implementation unit reported directly to NRA for operational matters while remaining administratively under MOEST.

progress and quality control monitoring.²⁴

24. For output 2, the arrangements were those used under ADB's Rural Finance Sector Development Cluster Program (cluster 2). SFDB channeled the output 2 funds to SFCs for lending to its members. For output 3, FSMD, in consultation with SFDB, engaged four specialized service providers to deliver training. A national project coordinator cum rural finance specialist and a national microfinance cooperative specialist provided implementation support to FSMD and SFDB.

25. The steering arrangement was the one established for the overall reconstruction program in accordance with the NRA Act, rather than a project specific arrangement. Because of its constrained resources and the priority accorded to the reconstruction of the housing sector, which was the sector most severely affected by the earthquake, NRA delegated some of its originally envisaged responsibilities to the CLPIU and FSMD, which implemented their respective outputs independently from each other.²⁵

G. Consultant Recruitment and Procurement

26. The original procurement plan was followed for consulting services, civil works, and equipment supply. The only exception was the engagement of specialized national private sector service providers for the delivery of training programs, for which the shopping procurement procedure was adopted following ADB's approval. The selection of consultants was undertaken based on ADB's Guidelines for the Use of Consultants (2013, as amended from time to time), while the procurement of goods and works was undertaken following ADB's Procurement Guidelines (2015, as amended from time to time). The flexibility under the DEAP to expedite procurement was not adopted. With all output 1 civil works contracts awarded during the second implementation year, actual awards significantly exceeded the projection for that year.²⁶ Appendix 7 shows the annual and cumulative contract awards.

27. **Consultants and Service Providers.** The performance of the consultants and service providers is rated *satisfactory*. Consulting services supporting output 1 implementation were significantly reduced during project implementation, i.e., from 103 to 9 person-months. Of the seven originally planned individual consultant positions, only one consultant was engaged, i.e., the international engineering advisor. Four national consultants for project management, coordination, procurement and financial management, and architecture and building design were not engaged because of the support provided by the DSC (para. 23). Of the two remaining national positions, the consultant for the development of DRM-related school-based training material was not engaged as this training was undertaken through TA 8910, while the services of the ICT specialist were deemed unnecessary. In 2016, to assist with a rapid assessment of the scope of works and cost for the selected model schools based on the initial concept, the CLPIU engaged two national individual consultants, i.e., an architect and a structural engineer, with each providing 2 person-months of services.

28. The services of the two national individual consultants supporting outputs 2 and 3 were increased because of the extension of the project implementation period. The services of the microfinance cooperative specialist were increased from 8 to 14 person-months and those of the

²⁴ The TA's support for school rebuilding covered both the EEAP and the project.

²⁵ These responsibilities included consolidating reports from the implementing agencies and consolidating audited project financial statements for submission to ADB.

²⁶ The projection assumed that the output 1 civil works would be awarded during the second and third implementation year.

project coordinator cum rural finance specialist from 14 to 26 person-months.

29. **Contractors, Suppliers and Service Providers.** The performance of the contractors was *less than satisfactory*. Four civil works contracts with a total value of \$8.11 million were procured using ADB's national competitive bidding procedure and in accordance with the original procurement plan. None of the four contractors completed their contracts within the stipulated 15 months. Factors contributing to the delays on the contractors' side included (i) poor contract management, (ii) deployment of inexperienced personnel, (iii) insufficient and/or late mobilization of the work force, and (iv) the subcontracting of part of the works to small local contractors. Factors beyond the contractors' control included (i) delays in setting out the location of buildings, (ii) additional works due to site conditions not foreseen during the design, and (iii) disruptions due to legislative, provincial assembly, and local elections. The performance of the suppliers and service providers was *satisfactory*. ICT and laboratory equipment for 14 model schools with a total value of \$0.39 million equivalent was procured through four supply contracts, using ADB's shopping procedures. Four service providers were engaged using the shopping procurement method to expedite and expand training programs.

H. Gender Equality

30. The project was categorized as *effective gender mainstreaming* and responded to GESI issues identified at appraisal. The project addressed the post-disaster needs of girls and women and vulnerable groups and their equal access to project benefits. Output 1 addressed GESI concerns by rebuilding schools to meet universal design and accessibility standards for girl students; output 2 supported the provision of microcredit to women for livelihood restoration; and output 3 improved knowledge on earthquake-resistant construction and raised disaster risk reduction awareness among women in the affected communities.

31. The DSC GESI expert supported the implementation of the GESI action plan under output 1. Additionally, staff assigned as social safeguard focal persons within the CLPIU and DLPIUs helped to implement the action plan activities. Progress in action plan implementation was reported by the CLPIU and SFDB through their respective quarterly progress reports. GESI monitoring indicators were integrated into the monitoring system; sex and caste/ethnicity-disaggregated data, including qualitative information, were also collected. All four activities of the GESI action plan were completed and the two combined quantitative targets of the action plan and the revised DMF were achieved. Hence, the overall implementation of the GESI action plan was successful. A detailed description of the GESI action plan and its implementation is in Appendix 8.

I. Safeguards

32. At appraisal, the project was classified as category B for environmental impacts for outputs 1 and 3 and was to exclude output 2 subprojects with environmental impacts. Furthermore, the project was classified as category C for involuntary resettlement and indigenous peoples. Subproject selection criteria were formulated to avoid critical habitats and protected areas, land acquisition, involuntary resettlement impacts, and social risks. The project's environmental assessment and review framework (EARF) was aligned with that of the EEAP. The environmental safeguard performance of output 1 was satisfactory. The screening of the output 1 subprojects was undertaken based on the EARF-prescribed rapid assessment. The screening confirmed category C for environment, involuntary resettlement, and indigenous peoples impacts for all subprojects, and therefore due diligence reports (DDRs) were prepared for the model schools. The screening and assessments were undertaken, and DDRs prepared, with the assistance of

the DSC and an environmental safeguards specialist engaged under TA 8910. Considering the potential for minimal environmental adverse impacts associated with small-scale building construction, an environmental management plan (EMP) was included in the civil works contracts.²⁷ Land acquisition was not required as all new buildings were constructed within existing school premises.

33. DLPIUs undertook the environmental monitoring during construction and provided monitoring information to the CLPIU and the DSC for consolidation in the output 1 quarterly progress reports. The TA 8910 environmental safeguards specialist and the school monitoring team carried out intermittent monitoring. No significant environmental safeguards issues were encountered during implementation. However, minor noncompliance with the EMP was reported, such as inappropriate disposal of construction waste and excess spoil material, and partial compliance with some health and safety requirements.²⁸ The preparation of semi-annual monitoring reports started in mid-2018 when school construction activities had picked up. Therefore, three semi-annual monitoring reports were prepared until project completion and submitted on time to ADB. The reports adequately covered the minor environmental issues and corrective actions.

J. Monitoring and Reporting

34. Out of the 46 financial, procurement, and project execution-related covenants, 43 covenants were complied with, 2 partially complied with, and 1 not complied with (Appendix 9). One partially complied covenant relates to the establishment of a formal grievance redress mechanism as NRA's CLPIU did not establish such a mechanism. However, grievances related to output 1 were reported through the project management information system developed under TA 8910 and were addressed.²⁹ The other partially complied with covenant relates to the JFPR Communication and Visibility Guidelines as insufficient attention was given to compliance with the guidelines during project implementation. The covenant that was not complied with relates to the use of single source selection for the engagement of the international engineering advisor. Instead, the individual consultant selection method was applied.

35. The CLPIU and FSMD implemented their respective activities independently, including reporting to NRA and ADB. Both agencies consistently submitted quarterly progress reports, starting from the first quarter of 2017 by the CLPIU and from the second quarter of 2017 by the FSMD. Project completion reports were submitted to ADB by the CLPIU for output 1 and by SFDB for outputs 2 and 3. Semi-annual environmental monitoring reports for output 1 were also submitted (para. 33). The two agencies maintained the grant accounts according to the accounting standards of the government on a cash accounting basis and double-entry accounting system. The CLPIU and FSMD prepared annual financial statements, which were audited by the Auditor General of Nepal. Out of 15 audited project financial statement (APFSs), 11 were received on time and the rest were delayed by 0.3 to 2.9 months. The disclaimer opinion on SFDB's audited entity financial statement (AEFS) for FY2017 and FY2019 pertain to noncompliance with the Nepal Financial Reporting Standard, but the requirement was only introduced by the regulator, the Central Bank of Nepal, in FY2021. The FY2016 AEFS for SFDB was not received. Final

²⁷ The EMP was based on the sample EMP for small-scale infrastructure works included in the EARF (Appendix 4).

²⁸ Inappropriate disposal was corrected before completion of the contracts, while partial compliance with health and safety requirements remained an issue throughout contract execution.

²⁹ One grievance registered on 1 January 2019 related to the lack of a proper drainage system for the management of wastewater in Nilkanth model school of Dhading District. This was resolved through a variation in the contractor's contract for additional work on the management of wastewater.

APFSs have been received for all agencies and the final cumulative disbursements are consistent with the Loan and Grant Financial Information Services records.

III. EVALUATION OF PERFORMANCE

A. Relevance

36. The project design is rated *relevant*. The project responded to a government request for emergency assistance and fulfilled the eligibility criteria for an emergency grant modality, in accordance with the DEAP section of ADB's Operations Manual (para. 5).³⁰ The project was aligned with the country partnership strategy for Nepal, 2012–2017 (para. 4) and the Government of Nepal's Fourteenth Periodic Plan, FY2017–FY2019.³¹ The project was relevant at completion and beyond. The project is aligned with the government's Disaster Risk Reduction National Strategic Plan of Action, 2018–2030, which emphasizes the comprehensive approach of risk reduction in disaster management.³² The project also contributes to the ADB Strategy 2030 operational priority on building disaster resilience and environmental sustainability, by constructing or rebuilding model disaster-resilient schools and strengthening the disaster risk management capacity of affected communities (Appendix 10).³³

37. The selection of the emergency grant modality was appropriate (para. 5). The sector modality adopted for output 1 provided the flexibility for selecting model schools during implementation. In addition, the credit line for delivering microfinance under output 2 enabled the targeting of financial resources to the most affected households. Adjustments in some outcome and output indicators and targets were necessary following the finalization of the model school designs and costs as well as changes in state structures during implementation (paras. 7, 10, and 11). Revisions in scope and in the DMF were appropriate and timely following the MTR agreements and done with the required approval for a minor change (para. 11).

38. The project involved innovative features and demonstration effects, particularly the construction of model schools, which provided safe and improved facilities with disaster-resilient and gender-friendly features. The establishment of a design concept for model schools was one of the new initiatives under SSDP, launched in 2016, which was supported by several development partners including ADB and the Japan International Cooperation Agency. The project's eight model schools, together with those established concurrently under the EEAP, are the first model schools constructed in line with the Design Guidelines for Developing Model Schools, adopted in 2016 (para. 9).³⁴ The project has therefore contributed to the development of a cost-effective phased approach for upscaling the concept of model schools. It not only had an innovative feature but also a transformational impact on the government's larger school education program, thereby enhancing its relevance.

39. The project supported the crucial need to provide affected households with immediate access to finance to recover their livelihoods and restart much needed income generation after the earthquake. The loan products developed by SFDB were useful for providing essential

³⁰ The government requested ADB for emergency assistance on 15 June 2015.

³¹ National Planning Commission. *14th Periodic Plan (FY2017–FY2019)*. Kathmandu.

³² The Government of Nepal. Ministry of Home Affairs. 2018. *Disaster Risk Reduction National Strategic Plan of Action 2018 – 2030*. Kathmandu.

³³ ADB. 2019. *Strategy 2030 Operational Plans Overview*. Manila.

³⁴ The project demonstrated that because of the high investment cost for full development of model schools as per Design Guidelines, the development is to be undertaken in a phased manner based on a master plan developed as per Design Guidelines.

emergency support for many affected households.

40. As Nepal is one of the most earthquake-prone countries in the region, the project also promoted disaster resilience through awareness-building among affected poor and rural communities. The community-based DRM training and disaster-resilient construction training were integrated into the design to reduce fatalities and loss of property if similar events occur in the future. Overall, the project is assessed as *relevant*.

B. Effectiveness

41. The project is rated *effective*. Of the three outcome targets in the revised DMF, two targets were exceeded or achieved, and one was not achieved. For the first target of restoring the enrollment rates in primary and secondary schools to pre-earthquake levels, enrollment rates of the eight model schools have been assessed (para. 7). The overall enrollment rate during school year 2018–2019 for these eight schools increased by 18% compared to the pre-earthquake enrollment rate (Appendix 2, Table A2.2). For the second outcome indicator, the average real annual household income of the affected communities in 2018 exceeded the pre-disaster level (NRs2,73,000) and therefore exceeded the target. As the training for SFCs did not include the preparation of DRM plans, the target of at least 30 SFCs having prepared DRM plans was not achieved.³⁵ Using weights based on the actual costs of the three outcomes, the overall weighted achievement is 95%.³⁶ Of the four output targets after the MTR, one target was achieved while the others exceeded the targets.

42. The implementation of environmental safeguards for the construction of schools was *satisfactory* (para. 32). All four activities of the revised GESI action plan were completed and the two combined quantitative gender-related targets of the action plan and the revised DMF were achieved (Appendix 8). Hence, the overall implementation of the GESI action plan was *successful*. Out of the 17 certified trainers in community-based disaster risk management (CBDRM), 3 were women, indicating a strategic gender benefit.³⁷ The project resulted in practical gender benefits related to women's economic empowerment and gender equality in human development. A total of 12,570 women (77% against the target of 60%) were able to restore their business and livelihood activities through the project's concessional microcredit support. Women were also significantly represented in awareness campaigns on DRM, disaster-resilient construction, and CBDRM, and have built their awareness of and preparedness for future earthquakes and other disasters, thereby reducing the risk of loss of life and property.

C. Efficiency

43. The project is rated *efficient*. Being an emergency project, an overall economic analysis was not undertaken during appraisal nor during project implementation. At appraisal, it was envisaged that an economic analysis would be undertaken for the model school subprojects under the EEAP. Undertaking an economic analysis during implementation of the microcredit

³⁵ The preparation of DRM plans could not be included as the authority to prepare such plans lies with local governments as per the state restructuring implemented in 2017.

³⁶ For the overall rating, the relative weights of the three outcomes and associated outputs were considered based on their cost at completion, i.e., 52% for output 1, 43% for output 2, and 5% for output 3. Based on criticality and urgency, the outcomes on restoration of schools and livelihoods are relatively more significant for an emergency project compared with the target on DRM planning. Nonetheless, DRM capacity was still enhanced through training programs under output 3. See also Appendix 1, Table A1.2.

³⁷ After becoming certified trainers, the women committed to conducting CBDRM training among their communities and encouraging other women to become CBDRM trainers as well.

subprojects was not envisaged, considering the difficulties in assessing the economic returns of a wide range of small microfinance subprojects. During EEAP implementation, assessing the economic returns for individual school subprojects was deemed not feasible. This was also recognized during the preparation of the Disaster Resilience for Schools Project approved in 2018, for which an economic analysis of the overall project was conducted.³⁸ The project's efficiency is therefore assessed against process efficiency. The microcredit line was fully disbursed within 15 months, with the SFDB providing its cofinancing as required. The delay in the construction of the model schools, which caused the 20% delay in project implementation, was offset by the fast disbursement of the microcredit and the timely completion of the training programs. Other factors supporting the rating are the enhanced and close monitoring and supervision by ADB; the timely fielding of the MTR mission and approval of changes; the efficient disbursement of grant proceeds resulting in 92% of the proceeds being disbursed; and the timely provision of counterpart funds. Furthermore, the project's model schools, together with the EEAP model schools, were the first model schools in Nepal, thereby contributing to the development of a cost-effective phased approach for upscaling the concept of model schools.

D. Sustainability

44. The project is rated *likely sustainable*. The model schools are being taken forward under the SSDP and budget is being allocated by MOEST for the improvement in school governance as well as teaching and learning. It is therefore likely that these schools will be sustained and continue to provide educational benefits in the years to come. Commitments from the municipalities for the maintenance of the schools have been obtained through the signing of memoranda of understanding at the time of the handover of the schools to the SMCs.³⁹ Budget allocated for improving the water supply, playground development, and the painting of buildings not constructed under output 1 by three SMCs since project completion demonstrates commitment for the sustainability of the model schools. Furthermore, retrofitting of several buildings not severely damaged and therefore not rebuilt under the project is being undertaken under the Disaster Resilience for Schools Project. These post-project completion works support the continued commitment of the government and schools for the sustainability of output 1. The microcredit line has restored and enhanced the financial viability of the 16,324 beneficiaries, as attested by the near 100% repayment rate. Although DRM plans were not prepared by SFCs, their disaster risk reduction capacity has been enhanced through the 82 training events on community-based DRM and 132 training events for masons on earthquake-resilient house construction. The trained masons continue to use their skills for the construction of private houses. Similarly, SFCs have integrated DRM issues into their business plans immediately after each training.

E. Development Impact

45. Overall, the project's development impact is *satisfactory*. The project contributed to improved equity and enhanced social inclusion, and enhanced disaster preparedness and resilience. The project's model schools contributed to improved equity by gender mainstreaming. At the eight schools, girls' overall enrollment had increased by 24% by school year 2018–2019 compared to the pre-earthquake level, so that girls constituted 44% of the schools' students (Appendix 2, Tables A2.1 and A2.2). Of the borrowers benefiting from the project's microcredit, more than 75% were female borrowers and more than 50% were from ethnic minority groups,

³⁸ ADB. 2018. *Report and Recommendations of the President to the Board of Directors: Proposed Loan for the Disaster Resilience for Schools Project*. Manila.

³⁹ Commitment letters from the schools exhibit the budget allocation for the maintenance of reconstructed schools.

illustrating the social inclusiveness of the project (Appendix 3, Table A3.3). Access to microcredit helped women to revive their business and bring back the economic activities on the right track. This also protected SFCs from a liquidity crunch. Further, the project contributed to enhanced disaster preparedness and resilience of the communities. The members of SFCs who participate in disaster resilient construction gained additional skills, which they could use to generate income by engaging themselves in such construction opportunities in future. Of the participants in the training on constructing earthquake-resilient houses, 32% were females and 55% were from ethnic minority groups (Appendix 3, Table A3.5). The training in CBDRM, with 81% females and 59% ethnic minority group participation (Appendix 3, Table A3.6), helped SFCs to include DRM aspects in the preparation of their annual business plans. The project also contributed to six operational priority indicators of the ADB Strategy 2030 (Appendix 10).

F. Performance of the Borrower and the Executing Agency

46. The performance of the borrower is rated *satisfactory*. The borrower's commitment to the country's reconstruction program led by NRA remained strong throughout the project's implementation. MOF allocated timely and adequate budget for the project's implementation through the annual budget process. The performance of NRA as the executing agency is rated *satisfactory* as it effectively coordinated with central-level ministries and liaised with ADB.

47. The performance of MOEST as the initial and NRA as the successor implementing agency for output 1 was *satisfactory*. MOEST started and NRA continued implementing output 1 through the CLPIU and the DLPIUs. The CLPIU and the DLPIUs coordinated with the district and municipality-level local bodies and SMCs. The CLPIU, through the DLPIUs, was also responsible for supervising construction as well as for monitoring the implementation of the EMP and GESI action plan activities. The performance of the DLPIUs in the supervision of construction works was *less than satisfactory*, contributing to the need for rectification works and delayed contract completion.⁴⁰ The CLPIU submitted to ADB quarterly progress reports; managed the advance account and submission of withdrawal applications to ADB for replenishment under output 1; and prepared the annual project financial accounts within the prescribed timeframe and coordinated with the Auditor General for them to be audited.

48. The performance of FSMD for outputs 2 and 3 was *satisfactory*. FSMD guided the SFDB in implementing the planned activities and supervised the two consultants, i.e., the project coordinator cum rural finance specialist and a national microfinance cooperative specialist and specialized service providers engaged under output 3. FSMD submitted to ADB quarterly progress reports incorporating the reports from the SFDB; managed the advance account for expenditures under outputs 2 and 3 and submitted withdrawal applications directly to ADB for replenishment; and prepared annual project financial accounts within the prescribed timeframe and coordinated with the Auditor General for them to be audited.

49. The performance of the SFDB as the partner financial intermediary under output 2 was *satisfactory*. The SFDB ensured coordination with the SFCs and district and village-level local bodies. It also provided cofinancing for the credit line and developed loan products and their terms; supported the SFCs in the delivery of the microcredit; provided oversight on its delivery and repayment; organized the training programs; and initiated a second microfinance loan cycle using the repayments from the first cycle. Furthermore, the SFDB managed the subaccount under FSMD's advance account.

⁴⁰ DLPIUs did not always provide full-time site supervision for the model school construction sites.

G. Performance of the Asian Development Bank

50. The performance of ADB is rated *satisfactory*. In response to the earthquakes, ADB prepared the project on a fast-track basis, based on the PDNA findings to urgently start reconstruction activities. Overall administration of the grant provided by the JFPR was delegated to the Nepal Resident Mission.⁴¹ The Nepal Resident Mission also coordinated with the Partner Fund Division, Sustainable Development and Climate Change Department, during project implementation.⁴² However, the administration of outputs 2 and 3 was undertaken by staff of the Public Management, Financial Sector, and Trade Division because of the division's specific sector knowledge. ADB provided on-time concurrence to the proposed procurement of goods, services, and works as well as to variations under civil works contracts. However, ADB should have made more effort to ensure compliance with the JFPR Communication and Visibility Guidelines. Expenditures incurred were promptly reimbursed through the replenishment of the two advance accounts. ADB provided additional support for intermittent implementation monitoring of output 1 through TA 8910.

51. ADB fielded 19 missions, including the inception and review missions as well as the MTR and PCR mission. Seven missions undertaken for output 1 were combined with EEAP missions because of the linkage between the project's output 1 and the EEAP's school rebuilding component. Eleven missions were undertaken for outputs 2 and 3. The missions monitored environmental safeguards implementation, and helped to resolve implementation issues, including construction delays and quality issues as well as health and safety issues. Since the MTR was fielded when the cost of output 1 could be firmed up, it was timely for finalizing the change in scope and the extension of the implementation period.

H. Overall Assessment

52. Overall, the project is rated *successful*. The project design was *relevant* to support the government in rebuilding school sector infrastructure, restoring the livelihoods of earthquake affected communities through microcredit, and enhancing disaster resilience among communities. It provided safe and improved school facilities, promoted model schools' innovative features, and had demonstration value for the government's larger school education program. Changes in the scope were appropriate and timely to enhance the relevance of the project. The project was *effective* as two of the three outcome targets were achieved or exceeded.⁴³ Although the project's closing was extended by 8 months because of delays in the construction of schools, the project was *efficient* considering that the microcredit was disbursed within 15 months and capacity building programs were delivered on time. The project is *likely sustainable* considering that (i) the model schools are being taken forward under SSDP and commitments from the municipalities have been obtained for the maintenance of the schools; and (ii) the provision of microcredit has restored and enhanced the financial viability of beneficiaries.

⁴¹ Using \$82,127 of the incremental cost budget provided by the Government of Japan to support the grant's administration, NRM engaged a national project coordinator/ implementation specialists and project analyst for 25.7 person-months and 22.2 person-months, respectively.

⁴² The Nepal Resident Mission supported the Division's field visit mission to project sites on 1-2 July 2019.

⁴³ The investment cost associated with the two outcomes represents 95% of the total investment cost.

Overall Ratings

Criteria	Rating
Relevance	Relevant
Effectiveness	Effective
Efficiency	Efficient
Sustainability	Likely sustainable
Overall Assessment	Successful
Development impact	Satisfactory
Borrower and executing agency	Satisfactory
Performance of Asian Development Bank	Satisfactory

Source: Asian Development Bank.

IV. ISSUES, LESSONS, AND RECOMMENDATIONS

A. Issues and Lessons

53. **Guidelines on the implementation of a new concept should be firm before embarking on the project design.** Since the model school concept was still being developed, the output target determined during project preparation was based on preliminary cost estimates (para. 9). The original output target of at least 14 model schools established turned out to be unachievable and required adjustment during implementation.

54. **Subsidized microcredit is highly effective for restoring the livelihoods of disaster-affected communities.** The project has demonstrated that subsidized microfinance can be a highly effective vehicle for restoring the livelihoods of earthquake affected communities, provided there are well-functioning microfinance institutions with a proven track record in the affected areas.⁴⁴ With such institutions, a credit line can result in fast disbursement of emergency loan.

B. Recommendations

55. **Upscaling the model school concept.** Given the high investment cost for establishing model schools following the *Design Guidelines for Developing Model Schools* adopted in 2016, a phased approach to upscaling the concept may be appropriate. Municipalities could develop master plan based on the design guidelines, with provisions for facilities to be added in a phased manner. The Municipalities may adjust the design guidelines to reflect this phased approach.

56. **Safety of model schools' pre-earthquake buildings.** The model schools still include pre-earthquake buildings assessed as safe during the design phase, based on visual inspections (footnote 16). To confirm the safety of these buildings, structural assessments should be carried out and rehabilitation should be undertaken for buildings that are assessed as insufficiently safe.⁴⁵

57. **Future monitoring and further action or follow-up.** No major follow-up actions are needed. In coordination with MOEST, municipalities should conduct inspections starting 2022 to ensure that the rehabilitated school infrastructure is regularly maintained.

58. **Timing of the project performance evaluation report.** ADB's Independent Evaluation Department may prepare the project performance evaluation report in 2023. This will provide time to assess the effectiveness of the project's model schools in terms of educational outcomes based on at least three full school years following the completion of the schools in 2019.

⁴⁴ ADB. 2019. *Nepal: Microfinance for Disaster Recovery: Lessons from the 2015 Nepal Earthquake*. Kathmandu.

⁴⁵ This action is already underway for two of the project's model schools.

DESIGN AND MONITORING FRAMEWORK

Table A1.1: Design and Monitoring Framework and Achievements

Impacts the Project is Aligned with: Improved equity and enhanced social inclusion, and enhanced disaster preparedness and resilience of earthquake- affected communities (Nepal Earthquake 2015 Post Disaster Needs Assessment) ^a			
Project Results Chain	Performance Indicators with Targets		Achievements
	Original	Revised following MTR ^b	
Outcome Livelihood and schooling in poorer and more severely earthquake-affected communities restored with better disaster resilience.	<p>a. Enrollment rates in primary and secondary schools restored to pre-earthquake level (98% primary; 67% secondary) by 2018 (2015 [post-earthquake] baseline: not available).</p> <p>b. Average real annual household income of the affected communities restored up to the pre-disaster level (NRs125,000) by 2018 (2015 [post-earthquake] baseline: not available).</p> <p>c. At least 80% of the selected village development committees (VDCs) for disaster risk capacity building; developed a disaster risk management plan by 2018 (2015 baseline: not applicable).</p>	<p>a. Enrollment rates in primary and secondary schools restored to pre-earthquake level (98% primary; 67% secondary) by 2018 (2015 [post-earthquake] baseline: not available).</p> <p>b. Average real annual household income of the affected communities restored up to the pre-disaster level (NRs125,000) by 2018 (2015 [post-earthquake] baseline: not available).</p> <p>c. At least 80% of the selected Small Farmers Cooperative (SFCs) for disaster risk capacity building; developed a disaster risk management plan by 2019 (2015 baseline: not applicable).</p>	<p>Achieved: The overall enrollment rate of the eight model schools in school year 2018/2019 increased by 18% from the pre-earthquake levels.^c</p> <p>Exceeded: Average real annual household income of the affected communities in 2018 exceeded pre-disaster level (NRs273,000).</p> <p>Not achieved: The trained SFCs did not prepare disaster risk management plans.</p>
Outputs 1. Schools in poorer and severely affected districts constructed or rebuilt as model disaster-	1a. At least 14 model schools with disaster-resilient features rebuilt by 2018 (2015 baseline: not applicable)	1a. 8 model schools with disaster-resilient features rebuilt by 2019 (2015 baseline: not applicable)	Achieved: 8 model schools with disaster-resilient features rebuilt in 2019.

resilient schools			
2. Microcredit facility for livelihood restoration provided to members of SFCs	2a. Livelihood restoration microcredit provided to at least 12,500 affected borrowers (including 60% women) by 2018 (2015 baseline: not applicable)	2a. Livelihood restoration microcredit provided to at least 12,500 affected borrowers (including 60% women) by 2018 (2015 baseline: not applicable)	Exceeded: Livelihood restoration microcredit provided to 16,324 affected borrowers (including 77% women) in 2017. ^d
3. Disaster risk management capacity of affected communities strengthened	3a. Community-based disaster risk management training conducted in at least 30 VDCs by 2018, with women comprising 50% of participants (2015 baseline: not applicable)	3a. Community-based disaster risk management training conducted in at least 30 SFCs by 2019, with women comprising 50% of participants (2015 baseline: not applicable)	Exceeded: Community-based disaster risk management training conducted in 42 SFCs by 2019, with women comprising 81% of participants.
	3b. Community-based disaster- resilient construction training conducted in at least 90 VDCs by 2018 (2015 baseline: not applicable)	3b. Community-based disaster-resilient construction training conducted in at least 90 SFCs by 2019 (2015 baseline: not applicable)	Exceeded: Community-based disaster-resilient construction training conducted in 132 SFCs in 2019.
	3c. Training for school communities on disaster risk management provided in at least 30 VDCs, with girls and women comprising 50% of participants (2015 baseline: not applicable)	3c. [deleted]	

SFC = small farmers cooperatives, VDC = village development committee.

Source: Asian Development Bank.

^a Government of Nepal. National Planning Commission. 2015. *Nepal Earthquake 2015 Post Disaster Needs Assessment*. Kathmandu.

^b Revisions in the DMF following the MTR were approved through a minor change in scope.

^c As the indicator was not well-defined, the project's evaluation considered the enrollment rates of the 8 model schools which can be attributable to the project (para. 7).

^d Excludes the second cycle of microcredit provision which benefitted 18,167 affected households.

Table A1.2: Computation of overall weighted outcome achievement

Outcome Indicators	Actual Cost (\$ million)	Weight	% Achievement per outcome	Weighted outcome achievement
	a	b = a/total cost	c	d = b*c
1. Enrollment rates restored	8.62	0.52	100%	0.52
2. Average real annual household income restored	7.06	0.43	100%	0.43
3. Disaster risk capacity building plan	0.78	0.05	0%	0.00
Total	16.46	1		0.95

MODEL SCHOOLS' MAIN BUILDING FEATURES, BENEFICIARY STUDENTS AND ENROLLMENT RATES

Table A2.1: Model school's main building features and beneficiary students

District	School	Pre-earthquake classrooms remaining in use	Building facilities provided				No. of beneficiary students (2019)		
			Class-rooms	Science and/ or library rooms	Toilet blocks	Hostel			
		no.	no.	no.	no.	no. of rooms	Boys	Girls	Total
A. Constructed under Output 1									
Lalitpur	Bajrabahrahi HSS	23	11	4	3	14	492	454	946
Ramechhap	Sarada HSS	6	24		1	10	311	282	593
Dolakha	Hanumanteshw or HSS	8	24		1	10	524	448	972
Nuwakot	Tribhuvan Trishuli HSS	8	12	6	2	14	617	444	1,061
Rasuwa	Kalika Himalaya HSS	39	0	6	3	28	262	249	511
Dhading	Nil Kantha HSS	18	36		3	14	1,277	963	2,240
Makwanpur	Jana Priya HSS	14	36		2	14	628	479	1,107
Gorkha	Mahendra HSS	8	12		3	14	448	315	763
Subtotal A		124	155	16	18	118	4,559	3,634	8,193
B. Constructed under EEAP									
Okhaldhunga	Rumjatar HSS	8	20			6	369	377	746
Sindhuli	Kamala HSS	16	11	5	2	14	364	292	656
Sindhupal-chowk	Bagh Bhairab HSS	8	19	2	1		332	291	623
Kavre	Prabha HSS	0	24		2	12	339	318	657
Kavre	Sanjiwani HSS	9	30		2	14	385	387	772
Kathmandu	Janasewa HSS	18	5		2	12	471	637	1,108
Subtotal B		59	109	7	9	58	2,260	2,302	4,562
Total A + B		183	264	23	27	176	6,819	5,936	12,755

EEAP = Earthquake Emergency Assistance Project, HSS = higher secondary school, no = number.

Sources: District Level Project Implementation Units, and ERMJ JV Design and Supervision Consultant.

Table A2.2: Enrollment of students before and after earthquake in model schools

School	District	Number of students									% Change in enrollment respect to before earthquake	
		Before earthquake (2014-2015)			After earthquake (2016)			Latest (2018-2019)				
		Girls	Boys	Total	Girls	Boys	Total	Girls	Boys	Total	On 2016 ^a	On 2018-2019 ^b
A. Constructed under Output 1												
Nil Kantha HSS	Dhading	933	709	1,642	1129	844	1,973	1277	963	2,240	20%	36%
Hanumanteshwor HSS	Dolakha	432	405	837	458	451	909	524	448	972	9%	16%
Mahendra HSS	Gorkha	476	390	866	456	365	821	448	315	763	-5%	-12%
Bajrabahrahi HSS	Lalitpur	277	292	569	443	407	850	492	454	946	49%	66%
Jana Priya HSS	Makwanpur	471	346	817	470	317	787	628	479	1,107	-4%	35%
Tribhuvan Trishuli HSS	Nuwakot	450	375	825	520	427	947	617	444	1,061	15%	29%
Sarada HSS	Ramechhap	346	298	644	340	286	626	311	282	593	-3%	-8%
Kalika Himalaya HSS	Rasuwa	329	323	652	381	373	754	262	249	511	16%	-22%
Sub Total A		3,714	3,138	6,852	4,197	3,470	7,667	4,559	3,634	8,193	12%	18%
B. Constructed under EEAP												
Janasewa HSS	Kathmandu	362	363	725	428	411	839	471	637	1,108	16%	53%
Prabha HSS	Kavre	298	340	638	312	348	660	339	318	657	3%	3%
Sanjivani HSS	Kavre	245	347	592	242	245	487	385	387	772	-18%	30%
Rumjatar HSS	Okhaldhunga	387	367	754	442	389	831	369	377	746	10%	-1%
Kamala HSS	Sindhuli	290	300	590	271	287	558	364	292	656	-5%	11%
Bagh Bhairab HSS	Sindhupalchowk	158	160	318	172	180	352	332	291	623	11%	96%
Subtotal B		1740	1,877	3,617	1,867	1,860	3,727	2,260	2,302	4,562	3%	32%
Total A+B		5,454	5,015	10,469	6,064	5,330	11,394	6,819	5,936	12,755	8%	24%

EEAP = Earthquake Emergency Assistance Project, HSS = higher secondary school.

Subtotal and total represent the average figure.

Source: Education Management Information System.

MICROCREDIT FACILITY AND CAPACITY BUILDING

A. Output 2: Microcredit Facility to Small Farmer Cooperative members for Livelihood Restoration

1. In consultation with the SFCs, the SFDB developed a specific loan product for disbursing output 2 microcredit funds. This loan product was developed to (i) revive livelihoods and business through purchase of livestock, equipment, and seeds; repair equipment and restart enterprises, and (ii) buy construction material for house repairs. The features of the loan product are summarized in Table A3.1.

Table A3.1: Loan Product Features

Grace period	6 months
Loan payment	Interest –monthly; Principal –quarterly in ten installments
Interest rate	5 percentage per year
Loan size	Maximum NPs50,000
Loan period	3 years

Source: Government PCR.

2. SFDB provided 16,324 loans using the output 2 credit line proceeds (first cycle loans) in the three priority districts of Dhading, Nuwakot and Rasuwa. Using the repayments from the first cycle loans, SFDB initiated the second cycle of loans in seven districts (Sindupalchowk, Kavreplanchowk, Kathmandu, Lalitpur, Bhaktapur, Dolakha and Ramechhap). As of end November 2019, a total of 18,167 number of loans were provided through the first and second cycle (Table A3.2).

Table A3.2: Loan Utilization by Main Purpose (as of Nov. 2019)

SN	District	SFCs (No)	Outreach by Loan Purpose (No)			
			Vegetable	Livestock	Others	Total
First cycle loans						
1	Dhading	38	3,526	5,562	4,842	13,930
2	Nuwakot	11	514	514	595	1,623
3	Rasuwa	3	301	301	169	771
	Subtotal A	52	4,341	6,377	5,606	16,324
Second cycle loans						
4	Bhaktapur	1	68	42	29	139
5	Sindhupalchowk	4	40	159	36	235
6	Lalitpur	1	58	36	25	119
7	Kathmandu	1	0	0	30	30
8	Kavrepalanchok	9	191	525	418	1,134
9	Dolakha	2	111	5	18	134
10	Ramechhap	2	39	1	12	52
	Subtotal B	20	507	768	568	1,843
	Total (A + B)	72	4,848	7,145	6,174	18,167
	% of Total		27%	39%	34%	100

No = number, SFC = small farmers' cooperatives, SN = symbol number.

Source: Government PCR.

3. The above table indicates that the largest number of loans was utilized for livestock rearing followed by others, i.e., mainly small enterprises recovery/ establishment. Because of the relatively large number of SFCs in Dhading district, the number of loans in this district is the highest among the 10 districts where loans were provided.

4. More than 75% of the borrowers were female borrowers (Table A3.3). As Dalits and Janajati groups were more affected, priority was given to these ethnic groups. Therefore, 52% of the total borrowers were Dalits and Janajati borrowers.

Table A3.3: Loan Utilization by Borrowers' Gender and Ethnicity (as of November 2019)

SN	District	SFC (No)	Outreach by Gender (person)			Outreach by Ethnic Group (person)			
			F	M	Total	D	J	O	Total
First cycle loans									
1	Dhading	38	10,726	3,204	13,930	6,079	1,226	6,625	13,930
2	Nuwakot	11	1250	373	1623	743	110	770	1623
3	Rasuwa	3	548	223	771	336	168	267	771
Subtotal A		52	12,524	3,800	16,324	7,158	1,504	7,662	16,324
Second cycle loans									
4	Bhaktapur	1	131	8	139	14	33	92	139
5	Sindhupalchok	4	166	69	235	13	71	151	235
6	Lalitpur	1	110	9	119	0	95	24	119
7	Kathmandu	1	29	1	30	0	25	5	30
8	Kavreplanchok	9	848	286	1134	71	374	689	1,134
9	Dolakha	2	99	35	134	15	41	78	134
10	Ramechhap	2	37	15	52	5	14	33	52
Subtotal B		20	1,420	423	1,843	118	653	1,072	1,843
Total (A + B)		72	13,944	4,223	18,167	7,276	2,157	8,734	18,167
% of Total			77	23	100	40	12	48	100

D = dalit, F= females, J = janajati, M = males, O = others (Brahmin, Chhetri and others), SFC = small farmers' cooperatives, SN = symbol number.

Source: Government PCR.

5. In terms of loan amount disbursed, more than 75% was disbursed to female borrowers while more than 50% was disbursed to Dalit and Janati borrowers, see Table A3.4.

Table A3.4: Disbursed Loan Amount by Gender and Ethnicity (as of November 2019)

SN	District	SFC (No)	Disbursement by gender (NRs '000)			Disbursement by ethnicity (NRs '000)			
			F	M	Total	D	J	O	Total
First cycle loans									
1	Dhading	38	493,788	156,628	650,415	54,678	277,225	318,513	650,415
2	Nuwakot	11	57,104	17,892	74,996	4,633	33,620	36,743	74,996
3	Rasuwa	3	24,754	10,535	35,289	7,234	15,039	13,016	35,289
	Subtotal A	52	575,646	185,055	760,700	66,545	325,884	368,272	760,700
Second cycle loans									
4	Bhaktapur	1	6,450	400	6,850	700	1,625	4,525	6,850
5	Sindhupalchowk	4	7,900	3,485	11,385	690	3,440	7,255	11,385
6	Lalitpur	1	5,500	450	5,950	-	4,750	1,200	5,950
7	Kathmandu	1	1,400	50	1,450	-	1,200	250	1,450
8	Kavreplanchowk	9	31,674	12,195	43,869	2,276	13,656	27,937	43,869
9	Dolakha	2	4,850	1,755	6,605	755	1,960	3,890	6,605
10	Ramechhap	2	1,140	450	1,590	190	690	710	1,590
	Subtotal B	20	20	58,914	18,785	77,699	4,611	27,321	45,767
	Total	72	634,559	203,841	838,399	71,155	353,205	414,039	838,400
	% of Total		76	24	100	9	42	49	100

D = dalit, F = females, J = janajati, M = males, No = number, NRs = nepalese rupees, O = others (Brahmin, Chhetri and others), SFC = small farmers' cooperatives, SN = symbol number.

Source: Government PCR.

B. Strengthen Disaster Risk Management Capacity

6. **Training in constructing earthquake resilience houses.** In collaboration with the Department of Urban Development and Building Construction and the Council for Technical Education and Vocational Training (CTEVT) and other technical institutions, training in constructing earthquake resilience houses for SFC members was conducted in 11 earthquake affected districts (Gorkha, Makawanpur, Dhading, Rasuwa, Nuwakot, Kathmandu, Bhaktapur, Kavre, Sindhupalchok, Dolakha, and Ramechhap). The on-the-job training modality was applied where training participants constructed a model house for a member in their community. Details of the participants are given in Table A3.5. The table shows that a total of 132 events were conducted and 1,558 people were trained (68% males, 32% females; 46% Janajati, 9% Dalit and 45% others).

7. The first training was conducted by the Balaju School of Engineering and Technology (BSET) under CTEVT. Among 380 admitted trainees, 367 trainees (211 males and 156 females) completed the training, and 337 trainees (193 males and 144 females) took the skills test of the National Skills Testing Board (Table A3.5). A second training was conducted with 200 admitted trainees. Of the admitted trainees, 190 trainees (140 males and 50 females) completed the training, and 169 trainees (132 males and 37 females) took the skills test (Table A3.5). About 75% of the trainees passed the National Skills Testing Board test.

8. In addition, the Training Center Nepal trained 1,001 trainees (716 males and 285 females). All trainees completed the training (Table A3.5). Seventy-two model houses complying with the standards of the National Reconstruction Authority were built during the training. About 80% of the trainees passed the National Skills Testing Board test.

Table A3.5: Disaster Resilient Construction Training

SN	Types Assignment	Events	Participants by Gender			Participants by Ethnicity			
			M	F	Total	D	J	O	Total
1	BSET (first assignment)	19	201	166	367	145	30	192	367
2	BSET (second assignment)	10	143	47	190	89	6	95	190
3	Training center Nepal	100	716	285	1,001	481	112	408	1,001
Total		132	1,060	498	1,558	715	148	695	1,558
% of Total			68	32	100	46	9	45	100

BSET = Balaju School of Engineering and Technology, D = dalit, F = females, J = janajati, M = males, O = others (Brahmin, Chhetri and others).

Source: Government PCR.

Besides the above training, training in smokeless stove making and training in improved cooking stove (ICS) was conducted; a total of 40 members participated in these trainings.

9. **Training in community-based disaster risk reduction and management.** SFDB conducted 82 community-based disaster risk reduction and management (CBDRM) training events for SFC members and the other community members (Table A3.6). A total of 13,666 persons participated in the training events (19% males, 81% females; 6% Dalits, 53% Janajati, and 41% others).

10. A training-of trainers (ToT) program on CBDRM was organized for SFDB and SFC staff. A total of 18 participants (15 males and 3 females) joined the program and 17 (14 males and 3 females) were certified as the trainers to roll-out the training in the communities. Furthermore, SFDB incorporated CBDRM training on financial literacy, business planning, cooperative management, and others. During the annual business plan formulation process, SFCs and other partner cooperatives are asked to incorporate DRM in their activities.

Table A3.6: Number of participants in CBDRM training events

SN	Small Farmer Cooperatives	Districts	Events	Participants' Details						
				M	F	Total	D	J	O	Total
1	ToT CBDRM	Kathmandu	1	15	3	18	0	3	15	18
2	Orientation	Dhading and Kavre	1	45	59	104	4	54	46	104
3	CBDRM & Business plan training	Rasuwa	1	13	7	20	0	9	11	20
4	CBDRM and financial literacy	Kathmandu	15	1,407	4,419	5,826	406	2,718	2,702	5,826
5	CBDRM and financial literacy	Area Office Gajuri	15	678	5,526	6,204	301	3,710	2,193	6,204
6	CBDRM and financial literacy conducted by 8 field trainers	Sindhupal-chowk, Dhading, Ramechhap Nuwakot	48	374	1,071	1,445	90	764	591	1,445
7	Workshop on Rural Enterprise	Kathmandu	1	41	8	49	0	5	44	49
Total			82	2,573	11,093	13,666	801	7,263	5,602	13,666
% of Total				19	81	100	6	53	41	100

CBDRM = community-based disaster risk reduction and management, D = dalit, F = females, J = janajati, M = males, O = others (Brahmin, Chhetri and others), ToT = Training of Trainers.

Source: Government PCR.

PROJECT COST AT APPRAISAL, MIDTERM AND ACTUAL

Table A4: Project cost at appraisal, midterm and actual (\$ thousand)

	At Appraisal		At MTR		At Completion	
	Amount	% of Base Cost	Amount	% of Base Cost	Amount	% of Base Cost
Investment Cost						
Output 1						
Civil Works	6,973	40.9	8,127	46.9	8,111	49.4
Equipment and Supplies	646	3.8	646	3.7	386	2.4
Consulting Services	505	3.0	263	1.5	102	0.6
Output 2						
Credit Line	7,000	41.1	7,000	40.4	7,060	42.1
Output 3						
Capacity Building	1,700	10.0	1,120	6.5	756	4.6
Consulting Services	228	1.3	161	0.9	143	0.9
Base Cost (A)	17,052	100	17,317	100	16,460	100
Contingencies						
Physical	442	2.6	538	3.1	-	-
Price	362	2.1	-	-	-	-
Subtotal (B)	804	4.7	538	3.1	-	-
Total (A + B)	17,856		17,855		16,460	

MTR = midterm review.

Notes: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimated and actual figures.

PROJECT COST BY FINANCIER

Table A5.1: Project Cost at Appraisal by Financier (\$ thousand)

	ADB/ JFPR		SFDB		GON		Total
	Amount	%	Amount	%	Amount	%	Amount
Investment Cost							
Civil Works	6,136	88	-	-	837	12	6,973
Equipment and Supplies	562	87	-	-	84	13	646
Credit Line	5,500	79.5	1,500	21	-	-	7,000
Capacity Building	1,453	85.5	-	-	247	14.50	1,700
Consulting Services	645	88	-	-	88	12	733
Subtotal (A)	14,296	84	1,500	9	1,256	7	17,052
Contingencies							
Physical	387	88	-	-	55	12.00	442
Price	317	88	-	-	45	12.00	362
Subtotal (B)	704	88	-	-	100	12.00	804
Total (A + B)	15,000	84	1,500	8	1,356	8	17,856

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, GON = Government of Nepal, SFDB = Small Farmers Development Bank.

Notes: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimated and actual figures.

Table A5.2: Project Cost at Completion by Financier (\$ thousand)

	ADB/ JFPR		SFDB		GON		Total
	Amount	%	Amount	%	Amount	%	Amount
Investment Cost							
Civil Works	7,138	88	-	-	973	12	8,111
Equipment and Supplies	336	87	-	-	50	13	386
Credit Line	5,467	79	1,453	21	-	-	6,962
Capacity Building	646	85.5	-	-	110	14.5	756
Consulting Services	216	88	-	-	29	12	245
Subtotal (A)	13,803	84	1,453	9	1,162	7	16,460
Contingencies							
Physical	-	-	-	-	-	-	-
Price	-	-	-	-	-	-	-
Subtotal (B)	-	-	-	-	-	-	-
Total (A + B)	13,805	84	1,453	9	1,162	7	16,460

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, GON = Government of Nepal, SFDB = Small Farmers Development Bank.

Notes: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimated and actual figures.

DISBURSEMENT OF GRANT PROCEEDS

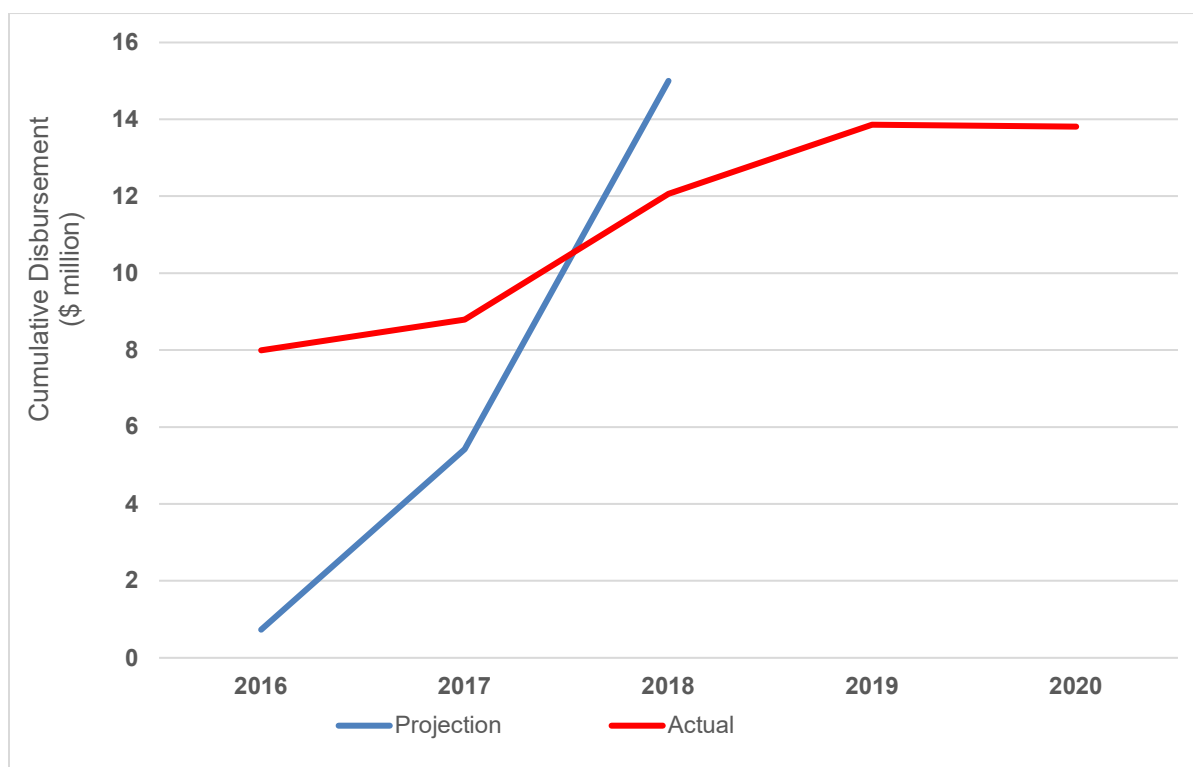
Table A6: Annual and Cumulative Disbursement of Grant Proceeds
(\$ million)

Year	Annual Disbursement		Cumulative Disbursement	
	Amount	% of Total	Amount	% of Total
2016	8.00	57.95	8.00	57.95
2017	0.79	5.76	8.79	63.71
2018	3.27	23.67	12.06	87.38
2019	1.79	13.00	13.86	100.38
2020	-0.05	-0.38	13.81	100
Total	13.81	100		

Notes: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimated and actual figures.

Figure A6: Projected and Actual Annual and Cumulative Disbursements



Source: Asian Development Bank estimated and actual figures.

CONTRACT AWARDS OF GRANT PROCEEDS

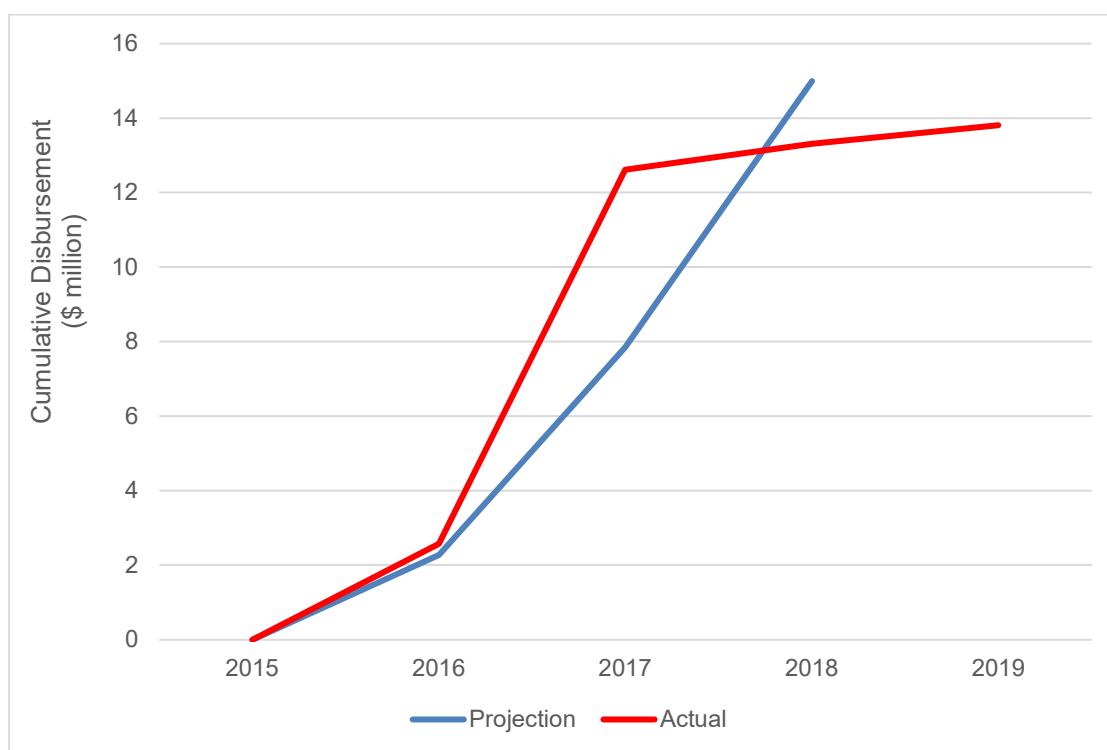
Table A7: Projected and Actual Annual and Cumulative Contract Awards (\$ million)

Year	Annual Contract Awards		Cumulative Contract Awards	
	Amount	% of Total	Amount	% of Total
2015	0.00			
2016	2.57	18.6	2.57	18.6
2017	10.04	72.8	12.61	91.4
2018	0.70	5.1	13.31	96.4
2019	0.49	3.6	13.81	100.0
Total				

Notes: Total may not add correctly due to rounding off.

Source: Asian Development Bank estimated and actual figures.

Figure A7: Projected and Actual Cumulative Contract Awards of ADB Grant Proceeds (\$ million)



Source: Asian Development Bank estimated and actual figures.

GENDER EQUALITY AND SOCIAL INCLUSION ACTION PLAN IMPLEMENTATION AND ACHIEVEMENTS

A. Introduction

1. Nepal was struck by a major earthquake on 25 April 2015 and the subsequent aftershock on 12 May 2015. The disasters affected eight million people, caused more than 8,000 deaths, injured more than 20,000 people, and resulted in widespread damage to private and public infrastructure. The post-disaster needs assessment (PDNA) launched on 22 May 2015 estimated the total damages at \$7.1 billion.¹

2. ADB responded swiftly to the earthquakes by providing: (i) an Asia Pacific Disaster Response Fund grant of \$3 million approved on 27 April 2015; and (ii) Loan 3260-NEP of \$200 million and attached technical assistance (TA8910) for \$1.5 million for the Earthquake Emergency Assistance Project (EEAP), approved on 24 June 2015.² These were followed by (iii) the final tranche release of the Rural Finance Sector Development Cluster Program for \$30 million in July 2015; and (iv) the subject Grant for Disaster Risk Reduction and Livelihood Restoration for Earthquake-Affected Communities (the project) approved for \$15 million on 7 October 2015. The grant became effective on 8 January 2016. The project was scheduled to be completed on 30 September 2018, with the grant set to be closed on 31 March 2019. During implementation, the closing date was extended to 30 November 2019.

3. The project impact was to improve equity and enhance social inclusion, disaster preparedness, and resilience of earthquake-affected communities aligned with the PDNA. The outcome of the project was to restore livelihood and schooling in poorer and more severely earthquake-affected communities with better disaster resilience. The project had three outputs: (i) construct or rebuild model disaster-resilient schools in poorer and severely affected districts; (ii) provide microcredit facility to Small Farmer Cooperative (SFC) members for their livelihood restoration; and (iii) strengthen disaster risk management (DRM) capacity of affected communities. The project was categorized *effective gender mainstreaming* (EGM), and a gender equality and social inclusion (GESI) action plan (AP) was prepared.

B. Gender Equality and Social Inclusion Issues

4. Women, men, girls, and boys experienced disaster impacts differently. Women and girls were disproportionately affected since pre-existing gender inequalities and violence were exacerbated during disasters and crises. According to the 2011 census, the 14 districts most affected by the earthquake included about 2,710,239 women (50.5% of the total population), of whom 26.5% were household heads, 1.5% had disabilities, and 28% were girls aged 14 years and below. In the Gorkha district, the epicenter of the earthquake, the ratio of households headed by women was 33% and about 55% of casualties identified were females. According to UN estimates outlined in the Flash Appeal, about 3.2 million women were among the population affected by the disaster, of whom 525,000 were of reproductive age, 126,000 were pregnant, and around 40,000 were at immediate risk of gender-based violence.³ Key GESI issues were displacement, overcrowded centers for the internally displaced, lack of privacy, lack of lighting, limited and unsegregated toilets and washing facilities, lack of mobility, and increase in sexual violence

¹ National Planning Commission. 2015. Nepal Earthquake 2015 Post Disaster Needs Assessment.

² ADB. 2015. *Support for Project Implementation of the Nepal Earthquake Rehabilitation and Reconstruction Program*. Manila (TA 8910).

³ United Nations. 2015. UN Office for the Coordination of Humanitarian Affairs. 2015. Nepal: Flash Appeal for Response to the Nepal Earthquake.

against women and girls.⁴ Many women—particularly the disabled, elderly, and heads of households—were at greater risk of being overlooked when accessing relief and recovery assistance and clearing rubbles, and repairing their homes. Time poverty was another aspect because gender norms tend to intensify in times of emergency, which undermined women’s ability to seek livelihood opportunities. Many women lacked or had lost legal documentation (e.g., proof of citizenship) and could not access humanitarian assistance and support.

C. Gender Equality and Social Inclusion Features

5. The GESI AP included five key activities including (i) build safe, model schools in large district headquarters schools (e.g., Year 1-12 senior secondary schools) that serve as a disaster-resilient model as well as community disaster risk management learning facilities having women, girl and disable friendly features; (ii) train school staff as emergency responders; (iii) provide concessional microcredit to approximately 12,500 affected households targeting more women to restore properties, microenterprises, livestock, agricultural activities, and other means of livelihood damaged by the earthquake; and cover essential expenses, such as food, during the recovering period; (iv) implement extensive awareness campaign to improve knowledge on earthquake-resistant construction, and disaster risk reduction awareness building and planning ensuring participation of women, girls and vulnerable groups, and (v) include sex-, caste- and ethnicity disaggregated indicators in the monitoring system and collect data. During the MTR, a decision was taken to delete action (ii) as the model schools were included under the TA 8910 program for preparing school-based DRM plans. The AP’s key activities were therefore reduced to four activities. The design and monitoring framework (DMF) includes two GESI-related quantitative targets.

D. Implementation, Monitoring, Reporting Arrangements

6. Before grant effectiveness, the National Reconstruction Authority (NRA) was established, i.e., on 20 December 2015, which then became the project’s executing agency. The Department of Education under the Ministry of Education, Science and Technology (MOEST) was initially the implementing agency for output 1 as well as associated activities under output 3 while the Financial Sector Management Division (FSMD) under the Ministry of Finance was the implementing agency for outputs 2 and the other output 3 activities. SFDB was the partner financial intermediary under output 2. Following NRA’s establishment, institutional and organizational arrangements for the overall reconstruction program were firmed up in February 2016 and MOEST assumed the role of the implementing agency for output 1 and the associated activities under output 3. The arrangements for outputs 2 and 3 remained the same throughout the implementation period.

E. Gender Equality and Social Inclusion Achievements

7. All four activities of the MTR revised GESI AP were completed and the two (100%) combined quantitative gender-related targets in the MTR revised DMF were achieved. The following is a summary of the practical and strategic gender benefits of these achievements:

(i) Women’s economic empowerment

Practical gender benefits

⁴ ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Loan to the Government of Nepal for the Earthquake Emergency Assistance Project*. Summary Poverty Reduction and Social Strategy (accessible from the list of documents in Appendix 2). Manila.

Box 1: Concessional microcredit an effective approach to empower women economically

As part of the concessional microcredit loan provided by Disaster Risk Reduction and Livelihood Restoration for Earthquake - Affected Communities project, I accessed NRs50,000 (USD.430) as loan and bought a buffalo. The best part of the loan was that it had a minimum interest rate of only 5%. Had I to take loans from the community, I had to pay 14-15% interest rate, which was unimaginable. The loan developed my self-confidence and has taught me to do something on my own to become financially independent. I earn approximately NRs5000 (USD.43) a month as a profit from the buffalo milk. My income has helped to support the school fees of my children and more importantly for my personal use. I wished more such loan schemes would come in my community to benefit poor women like me.

Tara Khatiwada

Kalleri Small Farmers Agriculture Cooperative Limited.

Galchi rural municipality, Dhading district.

- Out of the total 16,324 affected families supported with first cycle concessional microcredit (NRs50,000/per family), 12,570 (77% against the target of 60%) were the direct beneficiaries (loanees) and were women. Access to microcredit helped women to revive their business and bring back the economic activities on the right track after the shocks. This also protected Small Farmers Cooperatives (SFCs) from a liquidity crunch. The loan was utilized for livestock rearing by 39% families, and small enterprises like vegetable farming by 26% families in which women farmers were heavily involved. A story related to this is that of Tara Khatiwada (Box1), where she shares how the concessional microcredit helped her to become economically independent.

(ii) Gender equality in human development*Practical gender benefits*

- A total of 129 batches of training on disaster resilient construction (earthquake resistance houses) were conducted for small farmer cooperatives (SFCs), where a total of 1,619 people participated, of whom 1,098 (67%) were men and 521(33%) were women; 737 were from Janajatis (46%) and 155 (10%) represented Dalits.
- Likewise, a total of 82 batches of training on community-based disaster risk reduction and management (CBDRM) were conducted for 82 SFCs and other community members where a total of 13,666 participated, of whom 2,573 (19%) were men and 11,093 (81% against the target of 50% women) were women, 7,263 were from Janajatis (53%) and 801 were from Dalits (6%).
- School infrastructures (sex-segregated and disable friendly toilets, ramps) also addressed practical needs of women, girls and disabled that provided enabling learning environment to them.

8. It was a new experience and opportunity for members of SFCs to participate in disaster resilient construction, where they gained additional new skills, which they (including 521-33% women) could use to generate income by engaging themselves in such construction opportunities in future. Likewise, the CBDRM training, provided knowledge and skills to participants (including 11,093-81% women) to better respond disaster in their communities from a gender responsive way.

(iii) Gender equality in decision-making and leadership*Strategic gender benefits:*

- A Training of Trainers (ToT) on CBDRM was organized for 18 SFDB and SFC staff (15 men and 3 women), where 17 (14 men and 3 women) were certified as the trainers to roll-

out the training in the communities.

9. Usually, women as CBDRM trainers in the community are very rare. The ToT of CBDRM developed women as certified trainers to roll out CBDRM trainings in the communities. It further institutionalized the CBDRM session in the financial literacy programs of the SFDB. After becoming certified trainers, the women expressed that they would support in conducting CBDRM trainings in their communities and also encourage other women from the communities to become CBDRM trainers like them. A story related to this is in Box 2. They also stated that, the community would also perceive them respectfully with the new skill they had.

Box 2: The community-based disaster risk management (CBDRM) training of trainers (ToT) made me a trainer for CBDRM

The CBDRM, ToT made me aware of the basic preparations that we need to be aware of prior to disaster and the actions needed for post disaster. The ToT, build my confidence to become a trainer of CBDRM. The main achievement of this training was that we incorporated a session of CBDRM in all our financial literacy program training packages of Small Farmers Development Bank (SFDB). This provided an opportunity to disseminate knowledge and skills on CBDRM to all participants for the financial literacy programs of SFDB. It has been institutionalized in our financial literacy classes which also proves the sustainability of disseminating the knowledge of CBDRM to SFC members. As a Senior Officer, I have been conducting the CBDRM sessions in all financial literacy programs of SFDB and I also look forward to conduct CBDRM trainings in the communities as a trainer.

Urmila Khanal
Senior Officer, Small Farmer Agriculture Cooperative limited, Hetauda

Disaster Risk Reduction and Livelihood Restoration of Earthquake Affected Communities (DRRLREAC) Project GESI AP Achievement matrix

Activities	Achievements	Assessment
A. Output 1: Schools in poorer and severely affected districts constructed or rebuilt as model disaster resilient schools		
Activity 1. Build safe, model schools in large district headquarters schools (e.g., Year 1-12 senior secondary schools) that serve as a disaster resilient model as well as community disaster risk management learning facilities. <ul style="list-style-type: none"> Engineered school-premises rebuilt meeting universal design and accessibility standards. Needs of girls and DAGs addressed in site selection for schools. Sex-segregated toilets and access to water for teachers and students built according to accessibility standards. 	<ul style="list-style-type: none"> Out of the total of 14 model schools selected for construction under the project, eight schools were constructed as per the revised DMF recommended by the project MTR and subsequent change of scope approved in November 2018.¹ These schools were constructed in 8 districts: Lalitpur, Ramechhap, Dolakha, Nuwakot, Rasuwa, Dhading, Makwanpur and Gorkha. The total students enrolled in these schools were 8,193, of whom 3,634 (44.35%) were girls. All 14 schools were designed based on the international best-practice and safety standards; the schools benefitted 12,755 students with 6,819 (53.46%) girl students.² Ethnically, larger portion (50.35%) of students were from Janajati group, followed by Brahmin/Chhetri with 35.59% and Dalit with 12.46%. The students from the Muslim group were the least in number with 0.15% and OBC with 1.29%. Needs of girls and disadvantaged groups were addressed during the design and site selection of the school buildings. <ul style="list-style-type: none"> Sex- segregated 238 toilets (M- 104 and F-134) and 219 urinals (M- 132 and F- 87)—with water supply for teachers and students were built following accessibility standards in all schools. Ramps were built to facilitate access of students with physical disability to school buildings and toilets 	Activity 1 completed

¹ The principal reason for this reduction was the higher unit cost than considered during project preparation when only preliminary damage assessments and cost estimates were available, the schools were not yet identified, and the *Design Guidelines for Developing Model Schools in Nepal* (Design Guidelines) were not yet finalized. The selection of schools with a high number of students requiring large physical facilities as well as the provision of hostel facilities contributed to the high unit cost. During the project's midterm review (MTR) conducted in February – April 2018, it was therefore agreed to (i) reduce the target for rebuilding schools to model schools to 8 schools with the rebuilding of the remaining 6 schools earlier selected for inclusion under output 1 to be undertaken through EEAP; and (ii) equip all 14 selected schools with ICT and laboratory equipment. With this arrangement, the original target of 14 schools rebuilt as model schools remained preserved.

² The 14 model schools offer education in all grades, from early childhood development to senior high school that serve as disaster resilient model as well as community disaster risk management learning facility. The project supported the full construction of 8 schools with ICT and laboratory equipment support and provided partial support, i.e., ICT and laboratory equipment, for the other 6 model schools constructed under EEAP.

Activities	Achievements	Assessment																												
B. Output 2: Microcredit facility for livelihood restoration provided to small farmer cooperative (SFC) members																														
Activity 2. Provide concessional microcredit to approximately 12,500 affected households to restore damages from the earthquake and finance to (i) restore microenterprise; (ii) restore livestock, agricultural activities, and other means of livelihood; and (iii) cover essential expenses during the recovering period such as food. Target 1: <ul style="list-style-type: none">At least 60% borrowers of SFC financed loan will be women in the areas of project support.Sex, caste- and ethnicity disaggregated data of loan borrowers recorded and included in progress reports.	<ul style="list-style-type: none">16,324 earthquake affected families (against the target of 12,500 families) were provided with first cycle concessional microcredit (NRs50,000/family), which helped them to revive their businesses, bring back their economic activities to the right track after the shocks and also protect SFCs from a liquidity crunch.Of the total affected persons who received the loan, 12,570 (77%)—against the target of 60%—were women.Substantial number of families (39%) utilized the loan for livestock rearing and more than one-fourth (26%) families utilized the loan for small enterprises like vegetable farming which helped them to restore their livelihoods.Sex, caste and ethnicity data on loan borrowers were recorded and included in the progress reports. 42% Janajatis, 9% Dalits and 48% from others (Brahmin, Chhetris and others) were among the loan borrowers.	Activity 2 completed																												
Aligned with DMF Output 2a. Livelihood restoration microcredit provided to at least 12,500 affected borrowers (including 60% women).		Target 1 achieved																												
C. Output 3: Disaster risk management capacity of the affected communities strengthened																														
Activity 3. Implement extensive awareness campaign to improve knowledge on earthquake resistant construction, and disaster risk reduction awareness building and planning Target 2: <ul style="list-style-type: none">At least 50% are women from the community to participate in training on (i) disaster resilient construction, and (ii) disaster risk management and planning.	<ul style="list-style-type: none">The training events on disaster resilient construction and disaster risk management and planning had a total of 15,285 participants, of whom 11,614 (76%) were women. <table><tr><th>Training</th><th>number of trainings</th><th>Men</th><th>Women</th><th>Janajati</th><th>Dalit</th><th>Total</th></tr><tr><td>Disaster resilient construction</td><td>129 for 129 SFCs</td><td>1,098</td><td>521</td><td>737</td><td>155</td><td>1,619</td></tr><tr><td>Disaster risk management and planning</td><td>82 for 82 SFCs and others in communities</td><td>2,573</td><td>11,093</td><td>7,263</td><td>801</td><td>13,666</td></tr><tr><td>TOTAL</td><td></td><td>3,671 (24%)</td><td>11,614 (76%)</td><td>8,000 (52%)</td><td>956 (6%)</td><td>15,285</td></tr></table>	Training	number of trainings	Men	Women	Janajati	Dalit	Total	Disaster resilient construction	129 for 129 SFCs	1,098	521	737	155	1,619	Disaster risk management and planning	82 for 82 SFCs and others in communities	2,573	11,093	7,263	801	13,666	TOTAL		3,671 (24%)	11,614 (76%)	8,000 (52%)	956 (6%)	15,285	Activity 3 completed Target 2 achieved
Training	number of trainings	Men	Women	Janajati	Dalit	Total																								
Disaster resilient construction	129 for 129 SFCs	1,098	521	737	155	1,619																								
Disaster risk management and planning	82 for 82 SFCs and others in communities	2,573	11,093	7,263	801	13,666																								
TOTAL		3,671 (24%)	11,614 (76%)	8,000 (52%)	956 (6%)	15,285																								

Activities	Achievements	Assessment
Aligned with DMF Output 3a. Community-based disaster risk management training conducted in at least 30 SFCs by 2019, with women comprising 50% of participants. ³	<ul style="list-style-type: none"> – A Training of Trainers (ToT) on CBDRM was organized for SFDB and SFC staff with 18 participants (15 males and 3 females), of whom 17 (14 males and 3 females) were certified as trainers to roll-out the training in the communities. – The trainings were conducted in 7 districts: Kathmandu, Dhading, Kavre, Rasuwa, Sindhupalchok, Ramechap and Nuwakot. 	
Activity 4. Include sex-, caste- and ethnicity disaggregated indicators in monitoring system and collect data. <ul style="list-style-type: none"> – Collect and analyze sex, caste- and ethnicity disaggregated data and information at center and district levels and relevant information/data included in quarterly progress reports. 	Indicators disaggregated by sex, caste and ethnicity were included in the monitoring system and data collected accordingly. <ul style="list-style-type: none"> – The GESI AP monitoring system (established at the center and district levels, collected data disaggregated by sex, caste and ethnicity on students and labor used in schools every month. The system also collected data on constructed separate toilets and urinals for boys, girls and students with disabilities. – Collected data were included in GESI AP quarterly progress reports. – GESI Management Plan (GMP) with activities/budget including time schedule for monitoring was also practiced. 	Activity 4 completed
Overall GESI AP Assessment: Successful ⁴		

CBDRM = community-based disaster risk management, DAG = disadvantaged group, DMF = design and monitoring framework, DRR = disaster risk reduction, JFPR = Japan Fund for Poverty Reduction, MTR = midterm review, OBC = other backward caste, SFC = small farmer cooperative, SFDB = Small Farmer Development Bank, SMC = school management committee, ToT = training of trainers.

Source: Asian Development Bank.

³ The original DMF Output 3a was community-based disaster risk management training conducted in at least 30 VDCs by 2018, with women comprising 50% of participants. This output was revised during the project's MTR while the DMF Output 3c was dropped. This output included training for school communities on disaster risk management provided in at least 30 VDCs, with girls and women comprising 50% of participants. Accordingly, DMF Output 3c is excluded in this assessment of the GESI AP achievements.

⁴ All four activities were completed, and two quantitative targets achieved.

F. Challenges

10. No major challenges were foreseen during the planning and implementation level of the project with regards to its GESI action plan implementation as all four activities and two quantitative targets of the GESI action plan were achieved. However, some challenges remained. The concessional loan amount to earthquake affected families being NRs50,000 (\$430) limited their scope to expand their livelihood activities beyond small income generating activities.

G. Conclusions and lessons

11. Overall, the GESI action plan was successful with all four activities and two quantitative targets achieved. Some good lessons that can be learnt and replicated by ADB and other development organizations are Microcredit concessional loans to poor women in post disaster situation can really be helpful to restore their livelihoods, build their confidence and support them in becoming economically independent. The subsidized loan with minimal 5% interest rate is very helpful for women to pay back easily as in the local market the interest rate is very high up to 14% to 15% and if they cannot repay on time, they are charged up to 17% to 18%. The loan amount could be increased up to NRs100,000 (\$862) so that women could opt to larger livelihood income generating initiatives and gain more income. Likewise, would be more convenient for the loanees if the loan payment duration could be extended to a period of 6 months than on a quarterly basis.

STATUS OF COMPLIANCE WITH COVENANTS IN GRANT AND PROJECT AGREEMENTS

	Covenant	Status of Compliance
Grant Agreement		
Reference section	Article IV	
4.02	<p>(a) The Recipient shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of this Grant Agreement as well as on the use of the procedures for imprest fund[s] and statement of expenditures and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the end of each related fiscal year, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.</p> <p>(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the</p>	<p>(a) Complied.</p> <p>All annual audited project financial statements (APFS) were received from FYE2016 to FYE 2020 from the two implementing agencies and the SFDB. Out of 15 APFS received, 11 were submitted on time and the remaining submitted with a delay between 0.3 to 2.9 months; the auditors issued unqualified or clean opinion for all APFS. The final APFS included specific opinions on the use of funds, advance account, and SOE procedures. The final reports were reconciled with ADB's LFIS. There were no management letter (ML) issues reported on MOEST's APFS. For MOF, the auditor reported that the project financial statements were not prepared in the format prescribed by OAG and some prior year's issues remained partially settled mostly on observations related to the project outputs and activities, with one unsettled observation on the increase in number of trainings from 90 to 130 with no approval. For SFDB, one observation was raised on the unreconciled balance of NRs238,017 but SFDB has agreed to bear the cost.</p> <p>(b) Complied.</p>

	Covenant	Status of Compliance
	<p>auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.</p> <p>(c) The Recipient shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and the Recipient's financial affairs where they relate to the Project with the auditors appointed pursuant to subsection (a)(iii) hereinabove and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of the Recipient, unless the Recipient shall otherwise agree.</p>	(c) Complied.
4.03	The Recipient shall enable ADB's representatives to inspect the Project, the Goods and Works, and any relevant records and documents.	Complied.
4.04	The Recipient shall take all actions which shall be necessary on its part to enable SFDB to perform its obligations under the Project Agreement and shall not take or permit any action which would interfere with the performance of such obligations.	Complied.
4.05	<p>(a) The Recipient shall exercise its rights under the Subsidiary Loan Agreement in such a manner as to protect the interests of the Recipient and ADB and to accomplish the purposes of the Grant.</p> <p>(b) No rights or obligations under the Subsidiary Loan Agreement shall be assigned, amended, or waived without the prior concurrence of ADB.</p>	Complied.
	Schedule 3	
3	<p>Goods and Works - Except as ADB may otherwise agree, Goods and Works shall only be procured on the basis of the methods of procurement set forth below:</p> <p>(a) National Competitive Bidding; and</p> <p>(b) Shopping.</p>	Complied.
4	The methods of procurement are subject to, among other things, the detailed arrangements and threshold values set forth in the Procurement Plan. The Recipient may only modify the methods of procurement or threshold values with the prior agreement of ADB, and modifications must be set out in updates to the Procurement Plan.	Complied.
5	National Competitive Bidding - The Recipient and ADB shall ensure that, prior to the commencement of any procurement activity under national competitive bidding, the Recipient's national competitive bidding procedures are consistent with the Procurement Guidelines. Any modifications or clarifications to such procedures agreed between the Recipient and ADB shall be set out in the Procurement Plan. Any subsequent change to the agreed modifications and clarifications shall become effective only after approval of such change by the Recipient and ADB.	Complied.

	Covenant	Status of Compliance
6	Conditions for Award of the Contract - The Recipient shall not award any Works contract for a Subproject which involves environmental impacts until the EA has: (a) obtained the final approval of the IEE from the concerned sector agency for IEEs; and (b) incorporated the relevant provisions from the EMP into the Works contract.	Complied. Although school subprojects were assessed as category C for environment in accordance with the EARF, EMPs for small-scale civil works were incorporated in the works contracts as a precautionary measure.
7	The Recipient shall not award any Works contract involving involuntary resettlement impacts for a Subproject until the EA has prepared and submitted to ADB the final RP for such Subproject based on the Subproject's detailed design and obtained ADB's clearance of such RP.	Complied.
8	Consulting Services - The Recipient shall apply the following method for selecting and engaging the specified Consulting Services, in accordance with, among other things, the procedures set forth in the Procurement Plan: Single Source Selection for Engineer Advisor –Earthquake resistant building design for DOE.	Not complied. Individual consultant selection method adopted.
9	The Recipient shall recruit the individual consultants for microfinance cooperative specialist, project manager, school project coordinator, project coordinator/rural finance specialist, training specialist for model schools, ICT specialist for model schools and procurement and financial management specialist, all in accordance with procedures acceptable to ADB for recruiting individual consultants.	Complied.
10	Industrial or Intellectual Property Rights - (a) The Recipient shall ensure that all Goods and Works procured (including without limitation all computer hardware, software and systems, whether separately procured or incorporated within other goods and services procured) do not violate or infringe any industrial property or intellectual property right or claim of any third party; (b) The Recipient shall ensure that all contracts for the procurement of Goods and Works contain appropriate representations, warranties and, if appropriate, indemnities from the contractor or supplier with respect to the matters referred to in subparagraph (a) of this paragraph.	Complied.
11	The Recipient shall ensure that all ADB-financed contracts with consultants contain appropriate representations, warranties and, if appropriate, indemnities from the consultants to ensure that the consulting services provided do not violate or infringe any industrial property or intellectual property right or claim of any third party.	Complied.
12	ADB's Review of Procurement Decisions - Contracts for Consulting Services shall be subject to prior review by ADB, unless otherwise agreed between the Recipient and ADB and set forth in the Procurement Plan.	Complied.

	Covenant	Status of Compliance
Reference para.	Schedule 4	
1	Implementation Arrangements - The Recipient and the EA shall ensure that the Project is implemented in accordance with the detailed arrangements set forth in the PAM. Any subsequent change to the PAM shall become effective only after approval of such change by the Recipient and ADB. In the event of any discrepancy between the PAM and this Grant Agreement, the provisions of this Grant Agreement shall prevail.	Complied.
2	Counterpart Support - The Recipient shall make available adequate and timely budgetary allocations of the required counterpart funds in respect of the Project, including for (i) land acquisition and resettlement costs, and (ii) taxes and duties. The Recipient shall meet any financing shortfall to ensure that the Project and the Subprojects are fully implemented.	Complied.
3	Subproject Selection Criteria – The Recipient shall ensure, or cause the EA to ensure, that the subprojects are selected and approved in accordance with the selection and approval criteria set out in the PAM. The EA shall retain Subproject's appraisal files throughout Project implementation period.	Complied.
4	Environment - The Recipient shall ensure, or cause the EA to ensure, that the preparation, design, construction, implementation, operation and decommissioning of each Subproject comply with (a) all applicable laws and regulations of the Recipient relating to environment, health, and safety; (b) the Environmental Safeguards; (c) the EARF; and (d) all measures and requirements set forth in the respective IEE and EMP, and any corrective or preventative actions set forth in a Safeguards Monitoring Report.	Complied. Although school subprojects were assessed as Category C for environment in accordance with the EARF, EMPs for small-scale civil works were incorporated in the works contracts as a precautionary measure.
5	Land Acquisition and Involuntary Resettlement - The Recipient shall ensure, or cause the EA to ensure, that the Project and any of the Subprojects shall not result in involuntary resettlement impacts or involuntary restrictions on land use or access to legally designated parks and protected areas.	Complied.
6	Human and Financial Resources to Implement Safeguards Requirements - The Recipient shall make available, or cause the EA to make available, necessary budgetary and human resources to fully implement the EMPs.	Complied.
7	Safeguards – Related Provisions in Bidding Documents and Works Contracts - The Recipient shall ensure, or cause the EA to ensure, that all bidding documents and contracts for Works contain provisions that require contractors to: (a) comply with the measures and requirements relevant to the contractor set forth in the relevant IEE and EMP (to the extent they concern impacts on affected people during construction), and any corrective or preventative actions set out in a Safeguards Monitoring Report; (b) make available a budget for all such	Complied.

	Covenant	Status of Compliance
	environmental and social measures; (c) provide the Recipient with a written notice of any unanticipated environmental risks or impacts that arise during construction, implementation or operation of the Subproject that were not considered in the relevant IEE and EMP; and (d) adequately record the condition of roads, agricultural land and other infrastructure prior to starting to transport materials and construction.	
8	<p>Safeguards Monitoring and Reporting - The Recipient shall do the following, or shall cause the EA to do the following:</p> <p>(a) submit semi-annual Safeguards Monitoring Reports to ADB and disclose relevant information from such reports to affected persons promptly upon submission.</p> <p>(b) if any unanticipated environmental risks and impacts arise during construction, implementation or operation of the Subproject that were not considered in the relevant IEE and EMP, promptly inform ADB of the occurrence of such risks or impacts, with detailed description of the event and proposed corrective action plan; and</p> <p>(c) report any actual or potential breach of compliance with the measures and requirements set forth in the EMPs promptly after becoming aware of the breach.</p>	<p>(a) Complied. Three semi-annual environmental monitoring reports submitted and disclosed on ADB website.</p> <p>(b) and (c) Complied.</p>
9	Prohibited List of Investments - The Recipient shall ensure, or cause the EA to ensure, that no proceeds of the Grant are used to finance any activity included in the list of prohibited investment activities provided in Appendix 5 of the SPS.	Complied.
10	Labor Standards, Health and Safety - The Recipient shall ensure that the core labor standards and the Recipient's applicable laws and regulations are complied with during Project implementation. The Recipient shall include specific provisions in the bidding documents and contracts financed by ADB under the Project requiring that the contractors, among other things: (a) comply with the Recipient's applicable labor law and regulations and incorporate applicable workplace occupational safety norms; (b) do not use child labor; (c) do not discriminate workers in respect of employment and occupation; (d) do not use forced labor; and (e) allow freedom of association and effectively recognize the right to collective bargaining.	Complied.
11	Gender and Development - The Recipient shall ensure that (a) the GESI/AP is implemented in accordance with its terms; (b) adequate resources are allocated for implementation of the GESI/AP; (c) the bidding documents and contracts include relevant provisions for contractors to comply with the measures set forth in the GESI/AP; and (d) progress on implementation of the GESI/AP, including	Complied.

	Covenant	Status of Compliance
	progress toward achieving key gender outcome and output targets, are regularly monitored and reported to ADB.	
12	Governance and Anticorruption -The Recipient, the EA and the IAs shall (a) comply with ADB's Anticorruption Policy (1998, as amended to date) and acknowledge that ADB reserves the right to investigate directly, or through its agents, any alleged corrupt, fraudulent, collusive or coercive practice relating to the Project; and (b) cooperate with any such investigation and extend all necessary assistance for satisfactory completion of such investigation.	Complied.
13	The Recipient, the EA and the IAs shall ensure that the anticorruption provisions acceptable to ADB are included in all bidding documents and contracts, including provisions specifying the right of ADB to audit and examine the records and accounts of the executing and implementing agencies and all contractors, suppliers, consultants, and other service providers as they relate to the Project.	Complied.
14	Grievance Redress Mechanism - Within 6 months after the Effective Date, the Recipient shall prepare a Grievance Redress Mechanism, acceptable to ADB, and establish a special committee to receive and resolve complaints/grievances or act upon reports from stakeholders on misuse of funds and other irregularities, including grievances due to resettlement. The special committee will (a) make public of the existence of this Grievance Redress Mechanism, (b) review and address grievances of stakeholders of the Project, in relation to either the Project, any of the service providers, or any person responsible for carrying out any aspect of the Project; and (c) proactively and constructively responding to them.	Partially Complied. Grievances related to output 1 reported through the project management information system developed under TA 8910 were addressed.
15	Project Performance Monitoring System - Within 6 months after the Effective Date, the EA shall develop a web-based project performance monitoring and reporting system, which shall include functions for accounting and expenditures the rehabilitation and reconstruction program implementation, concurrent evaluation of impacts, outcomes, outputs and activities in relation to targets and milestones established for the project and the overall rehabilitation and reconstruction program for the earthquake affected areas in Nepal. The EA will prepare monitoring reports in a pre-approved uniform format for all donors, covering key aspects of the rehabilitation and reconstruction program.	Complied.
16	Grant Fund/ Donor-specific Covenants - If ADB determines that an amount of the Grant has been used in a manner inconsistent with the provisions of this Grant Agreement, the Recipient shall, upon notice by ADB to the Recipient, promptly refund such amount to ADB. Except as ADB may otherwise determine, ADB shall cancel all amounts refunded pursuant to this provision.	Complied.
17	Donor-specific covenants - The Recipient and SFDB shall comply with the Communication and Visibility Guidelines of the JFPR; and in particular, the Recipient and the SFDB shall include a JFPR and Japan Official Development Assistance	Partially Complied with. The JFPR and Japan Official Development Assistance logos were

	Covenant	Status of Compliance
	logos in all relevant Project publications and on any equipment or facility funded by JFPR.	included in one Project publication.
Project Agreement		
Reference section	Article II	
2.01	<p>(a) SFDB shall carry out the Project with due diligence and efficiency, and in conformity with sound applicable technical, financial, business, and development practices.</p> <p>(b) In the carrying out of the Project and operation of the Project facilities, SFDB shall perform all obligations set forth in the Grant Agreement to the extent that they are applicable to SFDB, and all obligations set forth in the Schedule to this Project Agreement.</p>	Complied.
2.02	SFDB shall make available, promptly as needed, the funds, facilities, services, and other resources as required, in addition to the proceeds of the Grant, for the carrying out of the Project.	Complied.
2.03	<p>(a) In the carrying out of the Project, SFDB shall employ competent and qualified consultants and contractors, acceptable to ADB, to an extent and upon terms and conditions satisfactory to ADB.</p> <p>(b) Except as ADB may otherwise agree, SFDB shall procure all items of expenditures to be financed out of the proceeds of the Grant in accordance with the provisions of Schedule 3 to the Grant Agreement. ADB may refuse to finance a contract where any such item has not been procured under procedures substantially in accordance with those agreed between the Recipient and ADB or where the terms and conditions of the contract are not satisfactory to ADB.</p>	Complied.
2.04	SFDB shall carry out the Project in accordance with plans, design standards, specifications, work schedules and construction methods acceptable to ADB. SFDB shall furnish, or cause to be furnished, to ADB, promptly after their preparation, such plans, design standards, specifications and work schedules, and any material modifications subsequently made therein, in such detail as ADB shall reasonably request.	Complied.
2.05	<p>(a) SFDB shall take out and maintain with responsible insurers, or make other arrangements satisfactory to ADB for, insurance against such risks and in such amounts as shall be consistent with sound practice.</p> <p>(b) Without limiting the generality of the foregoing, SFDB undertakes to insure, or cause to be insured, the Goods to be imported for the Project against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and for such insurance any indemnity shall be payable in a currency freely usable to replace or repair such Goods.</p>	<p>(a) Complied.</p> <p>(b) Complied.</p>

	Covenant	Status of Compliance
2.06	SFDB shall maintain, or cause to be maintained, records and accounts adequate to identify the items of expenditure financed out of the proceeds of the Grant, to disclose the use thereof in the Project, to record the progress of the Project (including the cost thereof) and to reflect, in accordance with consistently maintained sound accounting principles, its operations and financial condition.	Complied.
2.07	<p>(a) ADB and SFDB shall cooperate fully to ensure that the purposes of the Grant will be accomplished.</p> <p>(b) SFDB shall promptly inform ADB of any condition which interferes with, or threatens to interfere with, the progress of the Project, the performance of its obligations under this Project Agreement or the Subsidiary Loan Agreement, or the accomplishment of the purposes of the Grant.</p> <p>(c) ADB and SFDB shall from time to time, at the request of either party, exchange views through their representatives with regard to any matters relating to the Project, SFDB and the Grant.</p>	Complied.
2.08	<p>(a) SFDB shall furnish to ADB all such reports and information as ADB shall reasonably request concerning (i) the Grant and the expenditure of the proceeds thereof; (ii) the items of expenditure financed out of such proceeds; (iii) the Project; (iv) the administration, operations and financial condition of SFDB; and (v) any other matters relating to the purposes of the Grant.</p> <p>(b) Without limiting the generality of the foregoing, SFDB shall furnish to ADB periodic reports on the execution of the Project and on the operation and management of the Project facilities. Such reports shall be submitted in such form and in such detail and within such a period as ADB shall reasonably request, and shall indicate, among other things, progress made and problems encountered during the period under review, steps taken or proposed to be taken to remedy these problems, and proposed program of activities and expected progress during the following period.</p> <p>(c) Promptly after physical completion of the Project, but in any event not later than 3 months thereafter or such later date as ADB may agree for this purpose, SFDB shall prepare and furnish to ADB a report, in such form and in such detail as ADB shall reasonably request, on the execution and initial operation of the Project, including its cost, the performance by SFDB of its obligations under this Project Agreement and the accomplishment of the purposes of the grant.</p>	Complied.
2.09	(a) SFDB shall (i) maintain separate accounts and records for the Project; (ii) prepare annual financial statements for the Project in accordance with accounting principles acceptable to ADB; (iii) have such financial statements for the Project audited	(a) Complied. See Schedule 4.02, Article IV of the Grant Agreement.

	Covenant	Status of Compliance
	<p>annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; (iv) as part of each such audit, have the auditors prepare a report (which includes the auditors' opinion on the financial statements, use of the Grant proceeds and compliance with the financial covenants of the Grant Agreement as well as on the use of the procedures for imprest fund(s) and statement of expenditures) and a management letter (which sets out the deficiencies in the internal control of the Project that were identified in the course of the audit, if any); and (v) furnish to ADB, no later than 6 months after the close of the fiscal year to which they relate, copies of such audited financial statements, audit report and management letter, all in the English language, and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.</p> <p>(b) ADB shall disclose the annual audited financial statements for the Project and the opinion of the auditors on the financial statements within 30 days of the date of their receipt by posting them on ADB's website.</p> <p>(c) In addition to annual audited financial statements referred to in subsection (a) hereinabove, SFDB shall (i) provide its annual financial statements prepared in accordance with national accrual-based financing reporting standards acceptable to ADB; (ii) have its financial statements audited annually by independent auditors whose qualifications, experience and terms of reference are acceptable to ADB, in accordance with international standards for auditing or the national equivalent acceptable to ADB; and (iii) furnish to ADB, no later than 1 month after approval by the relevant authority, copies of such audited financial statements in the English language and such other information concerning these documents and the audit thereof as ADB shall from time to time reasonably request.</p> <p>(d) SFDB shall enable ADB, upon ADB's request, to discuss the financial statements for the Project and SFDB and its financial affairs where they relate to the Project with the auditors appointed by SFDB pursuant to subsections (a)(iii) and (c) hereinabove and shall authorize and require any representative of such auditors to participate in any such discussions requested by ADB. This is provided that such discussions shall be conducted only in the presence of an authorized officer of SFDB, unless SFDB shall otherwise agree.</p>	<p>(b) Complied.</p> <p>(c) Complied.</p>
2.10	SFDB shall enable ADB's representatives to inspect the	Complied.

	Covenant	Status of Compliance
	Project, the Goods and Works and any relevant records and documents.	
2.11	<p>(a) SFDB shall, promptly as required, take all action within its powers to maintain its corporate existence, to carry on its operations, and to acquire, maintain and renew all rights, properties, powers, privileges and franchises which are necessary in the carrying out of the Project or in the conduct of its operations.</p> <p>(b) SFDB shall at all times conduct its operations in accordance with sound applicable technical, financial, business, development and operational practices, and under the supervision of competent and experienced management and personnel.</p> <p>(c) SFDB shall at all times operate and maintain its plants, equipment and other property, and from time to time, promptly as needed, make all necessary repairs and renewals thereof, all in accordance with sound applicable technical, financial, business, development, operational and maintenance practices.</p>	Complied.
2.12	Except as ADB may otherwise agree, SFDB shall not sell, lease or otherwise dispose of any of its assets which shall be required for the efficient carrying on of its operations or the disposal of which may prejudice its ability to perform satisfactorily any of its obligations under this Project Agreement.	Complied.
2.13	Except as ADB may otherwise agree, SFDB shall apply the proceeds of the Grant to the financing of expenditures on the Project in accordance with the provisions of the Grant Agreement and this Project Agreement and shall ensure that all items of expenditures financed out of such proceeds are used exclusively in the carrying out of the Project.	Complied.
2.14	Except as ADB may otherwise agree, SFDB shall duly perform all its obligations under the Subsidiary Loan Agreement, and shall not take, or concur in, any action which would have the effect of assigning, amending, abrogating or waiving any rights or obligations of the parties under the Subsidiary Loan Agreement.	Complied.
2.15	SFDB shall promptly notify ADB of any proposal to amend, suspend or repeal any provision of its memorandum of association, which, if implemented, could adversely affect the carrying out of the Project or the operation of the Project facilities. SFDB shall afford ADB an adequate opportunity to comment on such proposal prior to taking any affirmative action thereon.	Complied.

ADB = Asian Development Bank, AP = action plan, APFS = audited project financial statement, DOE = Department of Education, EA = executing agency, EARF = environmental assessment and review framework, EMP = environmental management plan, FYE = fiscal year expenditure, GESI = gender equality and social inclusion, IA = implementing agency, ICT = information and communication technology, LFIS = loan and grant financial information services, MOEST = Ministry of Education, Science and Technology, MOF = Ministry of Finance, OAG = Office of Auditor General, PAM = Project Administration Manual, RP = resettlement plan, SFDB = Small Farmers Development Bank, SOE = statement of expenditure, SPS = safeguard policy statement.

Source: Asian Development Bank.

PROJECT CONTRIBUTION TO ADB STRATEGY 2030 OPERATIONAL PRIORITIES

OP number	OP Indicator	Project Achievements
OP 1.1.1.	People enrolled in improved education and/or training (number)	12,755 students (6,819 females, 5,936 males) enrolled in model schools with improved education facilities.
OP 1.3.1.	Infrastructure assets established or improved (number)	Constructed 155 classrooms, 16 science and/or library, 18 toilet blocks and 118 hostel rooms in model schools.
OP 1.3.2.	New financial products and services made available to the poor and vulnerable (number)	A total of 18,167 number of loans were provided through the first and second cycle. The loan was disbursed to 838,400 beneficiaries.
OP 3.2.2.	Gender-inclusive climate and disaster resilience capacity development initiatives implemented (number)	Total of 1,558 people were trained (68% males, 32% females; 46% Janajati, 9% Dalit and 45% others) in constructing earthquake resilience houses.
OP 3.2.4.	National and subnational disaster risk reduction and/or management plans supported in implementation (number)	A total of 13,666 persons participated in the training in community-based disaster risk reduction and management (19% males, 81% females; 6% Dalits, 53% Janajati, and 41% others).
OP 3.2.5.	New and existing infrastructure assets made climate and disaster resilient (number)	8 model schools with disaster-resilient features constructed.

OP=operational priority.

Source: Asian Development Bank.