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PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 14.2 MILLION
(US\$22 MILLION EQUIVALENT)

AND A

PROPOSED GRANT

IN THE AMOUNT OF SDR 11.7 MILLION
(US\$18 MILLION EQUIVALENT)

TO

NEPAL

FOR A

SUNAULA HAZAR DIN – COMMUNITY ACTION FOR NUTRITION PROJECT

May 29, 2012

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CURRENCY EQUIVALENTS

(Exchange Rate Effective = March 6, 2012)

Currency Unit	=	Nepalese Rupees
79.71NR	=	US\$1
US\$	=	SDR 1

FISCAL YEAR
July 16 – July 15

ABBREVIATIONS AND ACRONYMS

AIDS	Acquired Immune Deficiency Syndrome	MOAD	Ministry of Agricultural Development
ARCS	Audit Report Compliance System	MOE	Ministry of Education
BMI	Body Mass Index	MOF	Ministry of Finance
CA	Constituent Assembly	MOHP	Ministry of Health and Population
CAC	Citizen Awareness Center	MOFALD	Ministry of Federal Affairs and Local Development
CCT	Conditional Cash Transfer	NAGA	Nutrition Assessment and Gap Analysis
DAG	Dis-Advantaged Group	NCB	National Competitive Bidding
DDC	District Development Committee	NDHS	Nepal Demographic and Health Survey
DHS	Demographic and Health Survey	NFSSC	Nutrition and Food Security Steering Committee
DPMAS	District Poverty Monitoring and Analysis System	NLSS	Nepal Living Standard Survey
DTCO	District Treasury Controller Office	MSNP	Multi-Sectoral Nutrition Plan
ESRSM	Environmental and Social Risk Screening and Management	NGO	Non Government Organization
FCHV	Female Community Health Volunteer	NNG	Nepal Nutrition Group
FM	Financial Management	NPC	National Planning Commission
GAFSP	Global Agriculture and Food Security Program	OAG	Office of the Auditor General
GDP	Gross Domestic Product	OM	Operations Manual
GON	Government of Nepal	ORS	Oral Rehydration Solution
HIV	Human Immunodeficiency Virus	PAD	Project Appraisal Document
HKI	Helen Keller International	PDO	Project Development Objective
HNP	Health, Nutrition and Population	PMAS	Poverty Monitoring and Analysis System
IBRD	International Bank for Reconstruction and Development	PMT	Project Management Team
ICB	International Competitive Bidding	PCC	Project Coordination Committee
IDA	International Development Association	QA	Quality Assurance
IFA	Iron and Folic Acid	RRNI	Rapid Results for Nutrition Initiative
IOC	Incremental Operating Costs	SAFANSI	South Asia Food and Nutrition Security Initiative
IP	Indigenous People	SBA	Skilled Birth Attendant
IPR	Implementation Progress Report	SIL	Specific Investment Loan
ISN	Interim Strategy Note	SUN	Scaling Up Nutrition
IYCF	Infant and Young Child Feeding	SOE	Statement of Expenditures
KAP	Knowledge Attitudes and Practices	TA	Technical Assistance
LDO	Local Development Officer	TFR	Total Fertility Rate
LGCDP	Local Governance and Community	UNFPA	United Nations Populations Fund

	Development Program		
LNS	Lancet Nutrition Series	UNICEF	United Nations Children's Education Fund
MDG	Millennium Development Goal	USAID	United States Agency for International Development
M&E	Monitoring and Evaluation	VDC	Village Development Committee
MMR	Maternal Mortality Ratio	WFP	World Food Program
MNP	Micro Nutrient Powder	WHO	World Health Organization

Regional Vice President:	Isabel M. Guerrero
Country Director:	Ellen A. Goldstein
Sector Director:	Amit Dar (Acting)
Sector Manager:	Julie McLaughlin
Task Team Leader:	Albertus Voetberg

PAD DATA SHEET

Nepal

Nepal: Community Action for Nutrition Project (Sunaula Hazar Din) (P125359)

PROJECT APPRAISAL DOCUMENT

SOUTH ASIA

SASHN

Basic Information										
Date:	29-May-2012			Sectors:	Health (25%), Primary education (25%), Sanitation (20%), Animal production (20%), Public administration- Health (10%)					
Country Director:	Ellen A. Goldstein			Themes:	Child health (30%), Nutrition and food security (20%), Population and reproductive health (20%), Other rural development (20%), Social safety nets (10%)					
Sector Manager/Director:	Julie McLaughlin/Amit Dar			EA Category:	B - Partial Assessment					
Project ID:	P125359									
Lending Instrument:	Specific Investment Loan									
Team Leader(s):	Albertus Voetberg									
Joint IFC: No										
Borrower: Ministry of Finance										
Responsible Agency: Ministry of Federal Affairs and Local Development										
Contact:	Mr Bodh Raj Niroula			Title:	Joint Secretary					
Telephone No.:	(977-1) 553-6170			Email:	nbodhraj@gmail.com					
Project Implementation Period:	Start Date: 01-Oct-2012			End Date:	31-Mar-2017					
Expected Effectiveness Date:	30-Sep-2012									
Expected Closing Date:	30-Jun-2017									
Project Financing Data(US\$M)										
<input type="checkbox"/>	Loan	<input checked="" type="checkbox"/>	Grant	<input type="checkbox"/>	Other					
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee							
Proposed term: The credit has a final maturity of 40 years including a grace period of 10 years.										
For Loans/Credits/Others										
Total Project Cost (US\$M):	40.00									
Total Bank Financing (US\$M):	40.00									
Financing Source					Amount(US\$M)					
BORROWER/RECIPIENT					0.00					
International Development Association (IDA)					40.00					
Total					40.00					
Expected Disbursements (in USD Million)										
Fiscal Year	2013	2014	2015	2016	2017	2018	0000	0000	0000	
Annual	1.50	5.50	7.50	11.50	8.00	6.00	0.00	0.00	0.00	

Cumulative	1.50	7.00	14.50	26.00	34.00	40.00	0.00	0.00	0.00
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Project Development Objective(s)

The Development Objective for the Project is to improve attitudes and practices known to improve nutritional outcomes of women of reproductive age and children under the age of 2. Changes in attitudes and practices would address the key risk factors for child malnutrition and create demand for nutrition related services and products. The supply of these services and products will be provided through existing public sector and donor-funded programs, the private sector and, to a limited extent, financed through the Project.

Components

Component Name	Cost (USD Millions)
Rapid Results for Nutrition Initiatives at the community level.	34.86
Project Management, Capacity Building, Monitoring and Evaluation.	5.14

Compliance

Policy

Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No []
Is approval for any policy waiver sought from the Board?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []

Safeguard Policies Triggered by the Project

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04		X
Forests OP/BP 4.36		X
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10	X	
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X

Legal Covenants

Name	Recurrent	Due Date	Frequency
Project Management Team			

Description of Covenant

The Recipient shall establish by not later than thirty (30) days after the signing of the Financing Agreement and thereafter maintain throughout the Project implementation, a Project Management Team with an adequate number of key professionals with skills, qualifications, experience and terms of reference satisfactory to the Association.

Name	Recurrent	Due Date	Frequency
Project Steering Committee			

Description of Covenant

The Recipient shall establish by not later than thirty (30) days after the signing of the Financing Agreement and thereafter maintain throughout the Project implementation a Project Steering Committee with functions and composition satisfactory to the Association, to be headed by a Project director.

Name	Recurrent	Due Date	Frequency
Nutrition and Food Security Steering Committees		31-Oct-2012	

Description of Covenant

The Recipient shall ensure that a district or a village will not be eligible to participate in the Project until a RRNI approval mechanism has been established in said district or village, with functions and composition satisfactory to the Association.

Conditions

Name	Type

Description of Condition

Team Composition

Bank Staff

Name	Title	Specialization	Unit
Bigyan B. Pradhan	Sr Financial Management Specialist	Financial Management	SARFM
Maria E. Gracheva	Senior Operations Officer	Operations	SASHN
Mohammad Khalid Khan	Program Assistant	Program Assistant	SASHD
Albertus Voetberg	Lead Health Specialist	Team Lead	SASHN
Roshan Darshan Bajracharya	Senior Economist	Economic Management	SASEP
Kiran R. Baral	Senior Procurement Officer	Procurement	SARPS
Gayatri Acharya	Senior Economist	Agriculture and Sustainable Development	SASDA
Venkatesh Sundararaman	Senior Economist	Economist, Education	SASED
Afrah Alawi Al-Ahmadi	Senior Human Development Specialist	Social Protection	SASSP
Phoebe M. Folger	Operations Officer	Operations	SASHN
Tekabe Ayalew Belay	Sr Economist (Health)	Economist (Health)	SASHN
Drona Raj Ghimire	Environmental Specialist	Environmental Safeguards	SASDI
Hiramani Ghimire	Senior Governance Specialist	Governance	SASGP
Mohan Prasad Aryal	Operations Officer	Operations and Education	SASED
Silva Shrestha	Research Analyst	Water and Sanitation	SASDU
Luc Laviolette	Sr Nutrition Spec.	Nutrition	SASHN
Jasmine Rajbhandary	Social Protection Specialist	Social Protection	SASSP
Jaya Karki	Team Assistant	E T Temporary	SASHD
Shambhu Prasad Uperty	Procurement Specialist	Procurement	SARPS
Saurav Dev Bhatta	Senior Education Specialist	Education	SASED
Bandita Sijapati	Consultant	Safeguards and Governance	SASDS
Manav Bhattacharai	E T Consultant	Health	SASHN

Non Bank Staff

Name	Title	Office Phone	City		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Nepal		Districts of Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusa, Makwanpur, Sindhuli, Ramechhap; Siraha, Saptari, Sunsari, Okhaldunga, Khotang and Udayapur			

NEPAL
Sunaula Hazar Din – Community Action for Nutrition Project

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I. STRATEGIC CONTEXT

A. Country Context

1. **Nepal emerged from a prolonged internal conflict with the signing of the Comprehensive Peace Accord in November 2006, laying out a roadmap to a lasting peace and the construction of a new governance structure.** Constituent Assembly (CA) elections were peacefully held on April 10, 2008, creating the structure to draft a new constitution. Political parties are currently engaged in reaching consensus on the country's future political and administrative form. With an average annual per capita income of US\$490 (WB, 2011) the population of 26.6 million is culturally, ethnically and religiously diverse. There are three distinct eco-zones- the mountains, the hills and the *terai* plains - running north to south and five east-to-west development regions. Poverty has significantly declined from 31% in 2003/2004 to 25% in 2010/2011 and Nepal has reached its MDG 1 target related to the eradication of extreme poverty – reducing poverty by half - ahead of time (WB, 2012). Higher poverty rates exist among minorities, lower caste and certain tribal groups but inequality in consumption expenditure has declined over the last 5 years (Nepal Living Standard Survey III – NLSS III).

B. Sectoral and Institutional Context

2. **Nepal's health indicators have shown rapid and impressive improvements over the last 10 years.** The country is on track to reach the MDG targets related to Infant Mortality Rate, Maternal Mortality Ratio and HIV/AIDS. However, anticipated diminishing returns from investments in on-going programs will slow down the progress unless additional interventions are put in place. The Ministry of Health and Population, together with development partners and other stakeholders are working closely through a Sector-wide Approach to keep Nepal on track to reach these health related MDG targets by scaling up selected programs and putting in place new initiatives. The proportion of deliveries attended by the skilled birth providers over the last five years has nearly doubled, from 19% in 2006 to 36% in 2011 (DHS). The Maternal Mortality Ratio (MMR) declined significantly from 530 per 100,000 live births in 1996 to 281 in 2006 (DHS 2006), a trend consistent with the data from 2009 which showed an MMR of 229 per 100,000 live births (Maternal Mortality and Morbidity Survey, 2009). The Total Fertility Rate has declined from 3.1 (2006) to 2.6 (2011) and the percentage of children fully immunized against major preventable illness increased from 83.5% (DHS 2006) to 87% (DHS 2011). From 2006 to 2011, the under five mortality has declined from 61 (DHS 2006) to 54 (DHS 2011) per 1,000 live births but the neonatal mortality has remained the same and the pace of improvement in post neonatal and infant mortality has slowed down. The prevalence of HIV in Nepal is below 0.5%, the treatment success rate for tuberculosis treatment has increased to over 84% and only a single death due to malaria has been reported during the first and second trimesters of FY 2010/11. Significant progress has been seen in reducing micronutrient deficiencies over the past decade and consistent semi-annual Vitamin A supplementation to children 6-59 months covers >90% of children. Similarly, the household consumption of adequately iodized salt has risen to almost 80% and the iron and folic acid supplementation and de-worming during pregnancy has made progress (NDHS 2011).

3. **In contrast to these improvements in health indicators, Nepal is not on track to reach the MDG 1c target – to reduce the rate of malnutrition by half - and has a very high**

rate of child malnutrition with 46.7% of children under five being stunted, 15.1% being wasted and 36.3% being underweight (NLSS III, 2010/11). Although there is a declining trend compared to the rates 5 years ago, these rates are still alarmingly high. The economic costs of malnutrition are very high – an estimated 2-3% of GPD (US\$250 to 375 million) is lost every year in Nepal due to vitamin and mineral deficiencies alone. Improving nutrition contributes to productivity, economic development, and poverty reduction by improving physical work capacity, cognitive development, school performance, and by reducing disease and mortality. The window of opportunity for improving nutrition is small – the 1000 days from the first day of pregnancy through the first two years of life. The damage to physical growth, brain development, and human capital formation that occurs during this period due to inadequate nutrition is extensive and largely irreversible. The main focus in Nepal in improving nutrition therefore is to accelerate the reduction of child malnutrition. Interventions must therefore focus on the risk factors that influence nutritional outcomes during this critical period.

4. In general, for an individual woman or child, the basic causes of maternal and child malnutrition are: insufficient intake and absorption of nutrients, and excessive energy expenditure. The risk factors for *insufficient intake of nutrients* include: poor economic and social access to food, lack of knowledge about the nutritious value of foods and which foods are required at specific times (e.g. pregnancy, young children), poor feeding practices for children, gender dynamics that dictate that women should eat last and least, cultural beliefs about eating down during pregnancy and the need to limit weight gain to avoid having large babies and thus increase the risk of complicated delivery, smoking during pregnancy and indoor air pollution during pregnancy which reduce the capacity of blood to carry oxygen to body tissues. Similarly, insufficient weight gain before and during pregnancy and adolescent pregnancies limit the availability of nutrients to the foetus, because the mother and foetus are competing for nutrients. The risk factors for *insufficient absorption of nutrients* include: poor hygiene and environmental sanitation that cause diarrhea and other infections that limit the gut's ability to absorb nutrients, the presence in the diet of certain “anti-nutrients” such as phytates which bind with iron and limit its absorption in the body and infections with parasites (e.g. helminths) that compete with the host's body for nutrients. The risk factors for *excessive energy expenditure* relate to the metabolic rate increases caused by infections, and excessive physical workloads of women before and during pregnancy.

5. In Nepal, these risk factors for young child malnutrition emerge at an early stage in the life-cycle. Almost one in five (18.2%) women of reproductive age in Nepal has chronic energy deficiency (Body Mass Index <18.5)¹, compromising the additional energy requirements during pregnancy. There is significant cultural and family pressure to marry and give birth at an early age in Nepal. The median age at first birth has remained constant around 20 years of age over the 2001, 2006 and 2011 Nepal Demographic and Health Surveys, evidence that social and cultural attitudes regarding early childbearing continue to be prevalent. It is estimated that some 12 to 16% of children in Nepal are born with a low birth weight. Other prevalent risk factors include anemia among pregnant women, excessive physical workloads, indoor air pollution and smoking during pregnancy, poor hygienic practices and, related, frequent episodes of illnesses such as diarrhea.

¹ Body Mass Index is defined as weight in kilograms divided by the square of height in meters. Normal weight is defined as a BMI of 19.8-26

6. Current infant and young child care practices, from immediately after birth and up to the age of 24 months, point to the next set of risk factors for child stunting. Particular problems in Nepal are low levels of early initiation of breastfeeding and the either early or late introduction of complementary feeding with a low quality complementary feeding diet. Exclusive breastfeeding rates declined between 2001 and 2006 but improved significantly between 2006 and 2011. The Lancet Nutrition Series (LNS)² calculated that quality implementation of breastfeeding and complementary feeding interventions (possibly including supplementary food) could reduce infant mortality and stunting at 12 months by 11.6% and 19.8% respectively. Delays in health care seeking behavior often results in more serious and prolonged conditions among children, taking an unnecessarily heavy toll on their nutritional status. Young children in Nepal suffer from frequent infections such as diarrhea and too often care takers do not know how to properly treat diarrhea, as witnessed by the very low rates (less than 10 per cent) of utilization of zinc with oral rehydration solution (ORS) to treat diarrhea.

7. Community – wide factors constitute risks for malnutrition that are independent from the life-cycle. The availability of an appropriate variety of food products is problematic in a number of districts, as is the accessibility in terms of the costs of food items. Poor access to safe drinking water and poor hygiene and sanitation practices contribute to the disease burden of communities with a negative impact on nutritional status, especially among children. Cultural beliefs and practices add important elements to the wide array of factors that perpetuate the intergenerational problem of malnutrition in Nepal. Also, despite improvements in female education in Nepal, the level of educational attainment is still a significant factor for malnutrition in Nepal (NLSS III, 2010/2011). There is a strong positive correlation between mothers' educational attainment and the nutritional status of her children.

8. To address the range and variety of risk factors described above requires coordinated action and resources from various sectors, agencies and actors, including communities. The Nepal Food Crisis Response program was initiated in 2008 as a response to soaring food prices and included support to public works programs, agriculture inputs and social protection. The program used the strength of community organizations to implement its programs quickly. The food security status of severely food insecure areas has considerably improved but the need to focus on nutrition remains critically important. The Nepal Multi-Sectoral Nutrition Plan (MSNP) represents Nepal's intention to address this requisite. The MSNP has recently been finalized, detailing the roles of the Ministry of Health and Population, the Ministry of Education, the Ministry of Physical Planning and Works, the Ministry of Agricultural Development, and the Ministry of Federal Affairs and Local Development, under the leadership of the National Planning Commission, in this effort. This planning framework is the result of collaboration among a wide range of stakeholders and sectors³. At the same time external development partners, through the Nepal Nutrition Group (NNG) and the Food Security Group, have improved the coordination of their interventions and analytical work. A number of

² The Lancet, "Maternal and Child Undernutrition," Special Series, January, 2008

³ The key stakeholders in Food and Nutrition Security in Nepal, besides GON, include, but are not restricted to, ADB, AusAID, DfID, EU, FAO, Hellen Keller International, IFAD, JICA, Jhpiego, the Micronutrient Initiative, Save the Children Nepal, SDC, SNV, TUFT University, UNDP, UNICEF, USAID, WFP, WHO, and The World Bank

nutrition and nutrition related projects are under preparation in parallel, the main ones being the USAID funded Suaahara Project and Feed the Future Project, the Global Agriculture and Food Security Program (GAFSP) financed Nepal Agriculture and Food Security Project and a large project by Heifer International working with small scale farmers. A list of on-going and planned projects in the area of Food and Nutrition Security in project districts is provided in Annex 9.

C. Higher Level Objectives to which the Project Contributes

9. **The overarching goal of the Bank's Nepal Interim Strategy Note (ISN, Report No. 63381- NP, 2011) is to support the Government of Nepal to build a peaceful, prosperous and just Nepal.** The Project will contribute to the higher level objective of the third pillar of the ISN Promoting Access to Better Quality Service and the nutrition indicators under this pillar. The Project will also support Nepal in its efforts to reach its MDG 1c target – to reduce the rate of malnutrition by half, consistent with the World Bank's endorsement of the Framework for Action for Scaling Up Nutrition (SUN).

10. **The Project is also consistent with the World Bank's South Asia Regional Assistance Strategy (RAS) for Nutrition.** The Project will interface with all the Ministries that are participating in the delivery of the multi-sectoral plan of action, working in close coordination with the National Planning Commission and directly through the Ministry of Federal Affairs and Local Development (MOFALD). The World Bank South Asia RAS calls for inter-sectoral approaches to address nutrition within Bank operations, focusing on areas of Bank comparative advantages to better serve and support client countries to implement comprehensive programs that integrate critical nutrition-sensitive actions in multiple sectors.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

11. **The Development Objective for the Project is to improve attitudes and practices known to improve nutritional outcomes of women of reproductive age and children under the age of 2.** Changes in attitudes and practices will address the key risk factors for child malnutrition and create demand for nutrition related services and products. The supply of these services and products will be provided through existing public sector and donor-funded programs, the private sector and, to a limited extent, financed through the Project.

12. **Some of the targeted changes in practices would not necessarily result in improved nutritional outcomes during the project period** since they address risk factors whose mitigation only delivers returns – impact – over a longer period. Postponing the age of first pregnancy, keeping girls in school and child spacing are examples of such practices. The Project Development Objective indicators, therefore, do not focus on impact but on changes in those attitudes and practices known to affect nutritional outcomes. The changes the Project aims to bring about are situated in the casual pathway for malnutrition as illustrated in Annex 6.

13. **Targeted populations will choose from a “menu” of attitudes and practices to be improved that are most relevant for their specific situation.** Depending on the choice, results

at community level will include improved hygiene practices (hand-washing and use of latrines); reduced smoking during pregnancy; reduced indoor air pollution; improved safety of drinking water; continued schooling for girls; delayed age of first pregnancy until at least the age of 20; improved dietary intake and diversity during pregnancy; increased consumption of micronutrient supplements during pregnancy; improved breastfeeding practices, improved feeding practices for children aged 6 to 24 months (frequency, micronutrient intake, continued feeding during illness etc.). The complete menu of “goals” is reflected in Annex 7.

14. The Project is designed primarily to address the risk factors for chronic malnutrition although Nepal has high levels of both chronic malnutrition (stunting and micronutrient deficiencies) as well as acute malnutrition (wasting). This focus was chosen because stunting reduction is the main focus of the Government of Nepal's Multi-Sectoral Nutrition Plan to which this project is aligned. This is technically sound because chronic malnutrition limits the development potential and future productivity of three times more children in Nepal than does acute malnutrition and the effects of chronic malnutrition are severe. Various forms of chronic malnutrition are associated with at least 30% of child deaths and with significant cognitive impairment (up to 25 IQ points loss when young children's diets are deficient in iron), leading to reductions in learning ability and productivity losses in adulthood. The interventions required to address acute malnutrition, such as community and facility based management of acute malnutrition are supported in parallel through the IDA financed Second HNP and HIV/AIDS Project.

15. The focus of the Project is on the period of conception up to the age of 24 months – the First Thousand Days – since damage to physical growth, brain development, and human capital formation that occurs during this period due to inadequate nutrition is extensive and largely irreversible. Secondly, the increase in the prevalence of chronic malnutrition in Nepal is especially pronounced in the period from birth up the age of 24 months (NLSS III preliminary data).

B. Project Beneficiaries

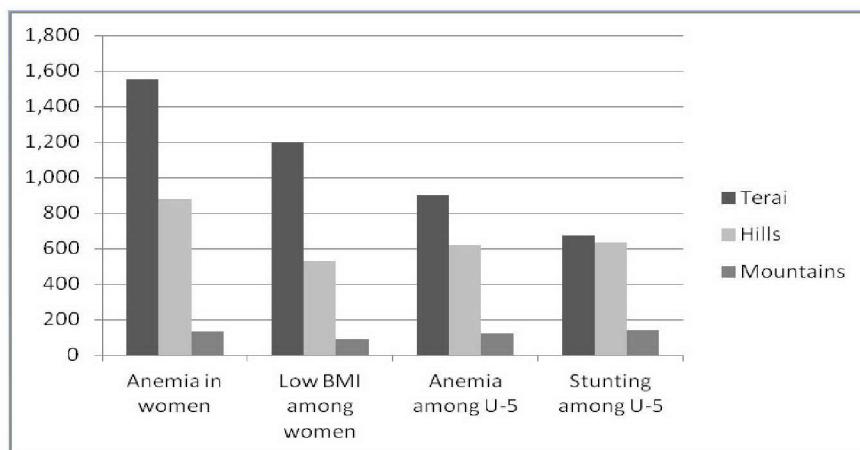
16. The Project will support a life-cycle approach, targeting the specific populations that are relevant to achieving the PDO: (1) girls and young women between 15 and 25 years of age; (2) pregnant women and women who may want to become pregnant in the next 6 months; (3) children 0-6 months of age and their caretakers; (4) children 6-24 months of age and their caretakers; and (5) communities involved in community-wide nutrition related interventions (such as hygiene, safe drinking water, sanitation, etc). Project interventions will be supported in 15 districts, which have been selected on the basis of a) stunting levels; b) population size; c) poverty levels; and d) the absence of interventions by other partners that focus on social mobilization⁴. Within the selected districts, the Project will target 25% of the most disadvantaged Village Development Committees (VDCs), in total approximately 1,100 VDCs,

⁴ The project districts are in the central Terai: Parsa, Bara, Rautahat, Sarlahi, Mahottari, and Dhanusa; in the Central Hills: Makwanpur, Sindhuli and Ramechhap; in the Eastern Terai: Siraha, Saptari, and Sunsari; in the Eastern Hills: Okhaldunga, Khotang and Udayapur.

and operate in all wards of the selected VDCs⁵. The criteria for the selection of VDCs will follow the six indicators in use by MOFALD for the Disadvantaged Group (DAG) classification, relating to 1) food sufficiency of less than 3 months, 2) the presence of marginalized groups, 3) lack of access to basic services, 4) the lack of representation/participation of/by women, Dalits and janajati in decision-making bodies, 5) the prevalence of gender discrimination and 6) the presence of vulnerable groups. The total population in the Project districts is about eight million people in 1.5 million households (Census 2011), and representing 30% of the total population of Nepal.

17. Although rates of stunting are highest in the mountain and hill districts, the Terai is most affected in terms of the overall numbers of women and children (see Figure 1 below). Therefore, the Project will focus on the most populated areas in order to have the maximum impact.

Figure 1: Number of women and children affected by malnutrition ('000s)



Source: World Bank, "Accelerating progress in reducing maternal and child under-nutrition in Nepal," 2011

C. PDO Level Results Indicators

18. The PDO level indicators will track improvements in: a) family planning practices of girls and young women aged 15-25 years; b) practices of pregnant women regarding iron and folic acid supplementation; c) breastfeeding practices of mothers with children 0-6 months of age; d) child feeding practices of households with children 6 to 24 months of age; e) attitude of community members towards the importance of keeping girls school until age 20; f) attitude of community members towards the importance of reducing indoor air pollution and g) attitudes of pregnant women towards their dietary needs. Annex 1 provides the complete Results Framework, including a description of key attitudes and practices that will be measured and how monitoring and evaluation under the project will be designed and implemented.

⁵ Nepal has 75 districts, districts are divided in a number of VDCs, depending on the population size. There are 3914 VDCs nationwide and every VDC has 9 wards. Below the ward level are settlements.

III. PROJECT DESCRIPTION

19. The Project will roll out a social mobilization initiative through a community-driven “Rapid Results for Nutrition Initiative” (RRNI) where each ward in a selected VDC will commit to a series of pre-defined nutrition relevant goals, each to be met within a 100-day period. The achievement of the goals will be the responsibility of RRNI teams, one for each ward, supported by a coach who will support all RRNI teams in one VDC.

20. The Rapid Results for Nutrition Initiatives approach will be introduced in two VDCs prior to the start of the Project. The lessons learned from this early introduction of the RRNI approach will be incorporated into a final Operations Manual (OM). It will then be rolled out under the Project in a sequenced manner across the 15 project districts.

21. The Project does not operate in isolation and a range of relevant services, projects and resources are already available in all selected districts. These include services from all public sectors, other Bank financed projects (the Poverty Alleviation Fund, the Social Safety Nets project, the Rural Water and Sanitation project), projects by UN agencies (WFP, UNICEF, UNFPA) and International NGOs (HKI, Heifer International), resources from GON district block grants and grants under the Local Governance and Community Development Program (LGCDP). The selected coaches working in a specific district will, in close collaboration with the district Nutrition and Food Security Steering Committee (NFSSC), make an inventory of all of these available services, projects and resources (the district map) prior to the initiation of RRNIs in the district in order to be able to provide this information to the communities so as to maximize the potential benefits from these resources.

22. Other project designs have been considered but regarded as less appropriate. A project using a variety of conditional cash transfers (CCTs) was contemplated. However, this approach was eventually rejected as beneficiaries of existing cash transfers in Nepal do not (fully) match the intended target groups necessary to achieve the PDO, and therefore, additional cash transfer mechanisms would need to be created. Obtaining firm assurances of continued financial resources to support these additional entitlements after the project would be highly unlikely and thus would pose a risk to the sustainability of project activities. Another option considered was to implement the project through the Ministry of Health and Population (MOHP). However, this would add little value since the MOHP already assumes responsibility for implementing all recommended nutrition related programs⁶ and the required scaling up of some of these programs is already supported by IDA through the Second HNP and HIV/AIDS Project. Lastly, the possibility of a project supporting nutrition relevant service delivery by a range of implementing agencies was also considered but found to be less relevant as it would not comprehensively address the demand side and the social determinants of malnutrition.

A. Project Components

23. Component 1 (estimated US\$34.86 million): Rapid Results for Nutrition Initiatives at the ward level. This component will support the entire RRNI process. It will start at a Ward

⁶ World Bank, “Accelerating progress in reducing maternal and child under-nutrition in Nepal,” 2011

Citizen Forum where, invited by the LGCDF social mobilizer, key nutrition challenges of the community will be discussed. Assisted by a coach at the ward level, the Ward Citizen Forum will select a nutrition relevant goal from a menu of goals (see Annex 7). A RRNI team will be formed at the ward level that will set an appropriate and realistic target for meeting the goal and pledge to achieve the goal within a 100-day period by mobilizing the community and finding the best approach to achieving the target in their particular context. The RRNI team will prepare a Work Plan which will outline the needed inputs to achieve the goal and enter into a Grant Agreement with the VDC, stipulating that the Work Plan will be implemented in accordance with the provisions and guidelines stipulated in the Operations Manual.

24. **The Work Plan might require physical inputs and/or inputs by the community** such as reaching out to the selected target groups in a variety of ways to change critical behaviors and practices that affect nutrition outcomes. The Work Plan will be submitted for review to the NFSSC at the VDC level if the total value is below US\$1,000 equivalent and to the NFSSC at the DDC level if the total value is between US\$1,000 and the maximum of US\$3,000 equivalent. Depending on the needs outlined in the Work Plan, the NFSSCs will be tasked to ensure that the necessary inputs are provided to the RRNI team. This will entail coordinating inputs from various relevant agencies, such as Health and Population, Education, and Agricultural Development, etc. Once the inputs are provided to the ward, the 100-day RRNI will begin.

25. **There will be a mid-term assessment by the RRNI team with assistance from the coach and an end-of the 100 days initiative evaluation by the team** of whether it was able to meet the goal and a presentation of the results to the Ward Citizen Forum. At the same occasion, the RRNI team will account for the use of inputs, financial or otherwise, and the end-of the 100 days initiative evaluation will effectively serve as a public audit of the initiative as well. Modalities for sustaining and expanding the achievement will be an important topic during the evaluation of the 100 days RRNI.

26. **Results of the initiatives will be recorded and maintained by NFSSCs** and lessons of successful and innovative projects will be disseminated to other communities to ensure maximum learning. Similarly, unsuccessful initiatives will be reviewed in order to extract valuable lessons for other communities in order to continue making improvements, possibly refining RRI goals. Each ward will be encouraged to carry out several RRNIs each year, focusing on different goals.

27. **Component 2 (estimated US\$5.14 million): Project Management, Capacity Building, Monitoring and Evaluation.** This component will provide support for the implementation of Component 1 under three sub-components: (i) capacity enhancement of the Project Management Team, including Cluster Units, and NFSSCs, as well as of coaches and social mobilizers. NFSSCs at DDC and VDC levels will receive training and project management support to ensure that they are able to review and process work plans and secure necessary supplies at the village level. Support to NFSSCs at DDC and VDC levels will go beyond Project specific activities and include support in coordinated planning and budgeting for nutrition relevant activities across sectors to be incorporated in the district block grants. Coaches at the VDC level will receive appropriate training and materials on the RRNI process in order to ensure high quality of work plans. The training and the development of the materials will be contracted to a consultancy

firm; (ii) providing necessary inputs (consultants, goods and operating costs) for effective project management at national, DDC and VDC levels; and (iii) ensuring monitoring and evaluation of the Project, including the evaluation of the RRNI process through routine and third-party monitoring. This includes financing of a mid-line and end-line survey as well as financing annual conferences (sponsored by the National Planning Commission) where findings and innovations of successful RRNI teams will be presented. as well as whether the expected outcomes of the Rapid Results initiatives were achieved. Evaluation of the program is one of the primary aims during implementation. Given that the evaluation is best achieved when the interventions are being designed, the GON and the Bank team have agreed to try and employ an experimental design for project roll-out to allow for a rigorous evaluation of program impacts.

B. Project Financing

Lending Instrument

28. **The Lending Instrument for the Project is a Specific Investment Loan (SIL)**, with a total amount of US\$40 million to be financed by an IDA Credit of US\$22 million and an IDA Grant of US\$18 million. The Project will be implemented over a period of 5 years with a Closing Date of June 30, 2017.

Project Cost and Financing

29. **The estimated project costs are provided in Table 1 below, and detailed costs are attached as part of Annex 2.** Resources under two existing Trust Funds, the AusAID financed SUNITA Trust Fund and the Partnership for Transparency Fund will finance specific activities related to the Project such as the baseline survey, the early introduction of the RRNI approach, the training of the coaches and the third party monitoring.

Table 1: Estimated Total Project Costs

Project Components	Project cost	IDA Financing	% Financing
1.Rapid results initiatives	34.86	34.86	100
2.Capacity enhancement/management	5.14	5.14	100
Total Project Costs	40.00	40.00	100
Total Financing Required	40.00	40.00	

C. Lessons Learned

30. **The project design builds on the lessons of the rapid results approach** which has been used in a number of countries from Nicaragua to help improve agricultural yields, to Rwanda where two villages doubled the number of attended births in less than 100 days. In Madagascar, four districts quintupled the use of family planning services in 50 days, and the Health Ministry then began the program on a national scale. Kenya is using rapid results in virtually all its ministries; one campaign circumcised 40,000 men in two months, an important intervention for HIV/AIDS prevention. Villages in Ghana, Sierra Leone, Sudan, Eritrea and other countries have used Rapid Results to improve local infrastructure as well — digging wells, constructing bridges and roads, building schools. The key to the success of the rapid results approach is the

motivation and confidence that are created by defining and monitoring results in short periods and the strong sense of community mobilization that results. In all these cases, the main barrier to achieving development results was the need to change behaviors, which is the challenge also faced in Nepal in addressing malnutrition. An important lesson from the experiences of these countries in implementing the rapid results approach has been the critical need to have well trained coaches who in turn enable communities to select the best members for the RRNI teams as well as to select the most appropriate goals and set realistic targets. This lesson is well-taken by the Project which plans to hire and train coaches throughout project implementation and to ensure that they have the necessary support in terms of materials and information. The rapid results approach is new to Nepal but there is indication that it should also work in the Nepali context, given the strong track record in Nepal of community-based development. The challenge of the project is that it will be carried out on a much larger scale than other rapid results initiatives have been so far. To mitigate this risk, the Project will be phased in slowly and gradually expanding to all 15 districts.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

31. **The National Planning Commission (NPC) will provide policy support in accordance with its mandate to coordinate Nepal's multi-sectoral efforts in Food and Nutrition Security. The MOFALD will be the main implementing agency.** There will be a regular information sharing mechanism between the NPC and MOFALD. Project implementation at MOFALD will be headed by a Project Director at the level of Joint Secretary. Under his leadership, a Project Management Team (PMT) will include a Project Coordinator at the level of Under-Secretary, an Accounts Officer who will be primarily responsible for ensuring efficient flow of funds for the project and for financial reporting to the Government and the Bank, a Monitoring & Evaluation Officer, a Social Mobilization Expert and a Procurement Expert. Besides the Project Management Team there will be other administrative and logistics staff to support the PMT as and when necessary.

32. **A Project Coordination Committee, headed by a Joint Secretary (the Project Director) will be established,** consisting of the Project Management Team and representatives from the line ministries of the health, education, agriculture sectors and other relevant agencies. This Committee will assist in addressing project specific issues related to policy dialogue and intersectoral coordination.

33. **At the Regional level, support will be provided to the LGCDP Cluster units responsible for districts where the Project will be implemented.** At the district level, support will be provided by the NFSSCs which will be responsible for reviewing RRNI Work Plans and coordinating the supply of necessary inputs for the RRNIs.

34. **The Rapid Results for Nutrition Initiatives will use separate grants to the 15 districts for the purpose of the project to finance demand based sub-projects,** relying on the established social mobilization mechanism within MOFALD's LGCDP. The implementation mechanism will focus on nutrition issues, through the involvement of NFSSCs at the district and

village levels. MOFALD will prepare the work program for this project under a separate budget heading that will appear in the government's budget (Red Book). The Project will have its own flow of funds mechanism under a separate budget line item. The NFSSCs will be charged to review Work Plans submitted by wards and to ensure that the necessary inputs are secured. In case inputs can be supplied through public sector programs this will entail NFSSCs coordinating their work closely with the district level representatives of the relevant Ministries, including Health and Population, Education and Agricultural Development. It will also entail NFSSCs facilitating a sub-project grant allocation for the RRNI to finance additional supplies through the public sector, if needed, or to procure supplies from the private sector. Each NFSSC at the VDC level will also coordinate closely with the coaches responsible for their VDCs to ensure that project implementation is as efficient as possible. Similarly, each coach will work closely with the Ward Citizen Forums to ensure that the RRNI Work Plans meet the selection criteria, including the composition of the RRNI team and the inclusion of eligible expenditures only, and that the implementation of RRNIs is carried out in accordance with the Work Plan. An Operations Manual (OM) for the RRNI Process to be developed will provide all the necessary guidance and information to staff involved in implementation at all levels, from ward to the central level. As a supplement to the OM, a simplified version of Guidelines for the Communities will also be prepared, which will be produced in Nepali language. The OM will also outline the responsibilities of staff at each level and the monitoring and reporting requirements.

35. A communications strategy is built into the Project. The Project Coordination Committee (PCC) at the central level, including representatives from the various line ministries and concerned agencies, will act as a platform for dissemination of information and advocacy and political mobilization. The implementing agency will further communicate with these ministries and other civil societies regularly by producing and distributing materials in English and Nepali languages and acquainting them about the Project, its importance and its progress as the Project gets implemented. At the ward level, the coaches and social mobilizers will be involved in RRNI information and mobilization by organizing key meetings and broadcasting through the local FM radios. This would encourage public participation by encouraging and empowering households to engage in this project for better nutrition of their children and women.

B. Results Monitoring and Evaluation

36. Monitoring of the Project will entail activities that ensure transparency, accountability and inclusion. The monitoring indicators will be obtained from surveys and from routine data on physical and financial outputs. Results monitoring will concentrate on changes in attitudes and practices known to improve nutritional outcomes. A baseline survey will be carried out before the start of Project implementation. In addition to the attitudes and practices, the survey will also generate data on the intermediate outcomes such as the rate of teenage pregnancies, Infant and Young Child Feeding (IYCF) indicators, the Household Dietary Diversity Score as well as outcome level indicators like the percentage of stunted children 0-24 months of age, and percentage of anemia in adolescent girls and pregnant women as baseline statistics. The success of the Project will also be measured by the number, coverage and success rates of the RRNIs.

37. Support for the Monitoring and Evaluation of the Project will include regular collection of data on the implementation of the Rapid Results for Nutrition Initiatives, data on the behaviors and practices which the RRNIs are expected to change, as well as data on the nutritional outcomes. There will be five aspects to the monitoring and evaluation framework financed by the component. First, the costs of mid-term, and end-term surveys to determine how key program indicators have changed during the course of project implementation. In addition to these three discrete monitoring events, the Project will also finance within year tracking surveys to assess developments in program areas, which will provide supporting information to assess the process of change. Second, the component will support third-party, independent verification of results of the RRNIs. This will also include an ethnographic component, where qualitative information to learn about and comprehend the cultural settings in which the program is placed and in an effort to appropriately reflect both the knowledge and practices in these different settings. Third, the component will support the overall evaluation of the project impacts. The GON and the Bank team have reached an agreement to use an innovative design to allow for a rigorous impact of program outcomes. Fourth, the component will finance learning events for coaches on a semi-annual basis in their districts where they will be able to share their experiences and to learn about successful and innovative projects. Finally, on an annual basis, there will also be a Nutrition Learning Forum organized by the National Planning Commission where results of the project will be presented and discussed, where innovative RRNIs and project lessons will be highlighted and where selected communities will be honored for their special achievements.

38. Beyond the monitoring of Project activities, support will also be provided to strengthen the overall monitoring and evaluation system for nutrition indicators and nutrition-related interventions in the districts. Through the support to NFSSCs nutrition related information from the health sector, the education sector, the Ministry of Physical Planning and Works, the Ministry of Agricultural Development and MOFALD will be linked with the District Poverty Monitoring and Analysis System (DPMAS) at district level and with the Poverty Monitoring and Analysis System (PMAS) at central level.

C. Sustainability

39. The Project aims to sustainably change attitudes and practices of intended beneficiaries so as to reduce risk factors for malnutrition. It is realized that a single RRNI in critical areas may not be sufficient to arrive at a sustained change in norms of practices. Wards will be encouraged to repeat some of the critical initiatives over the lifetime of the project, in particular those related to early pregnancy and child spacing, the preparation for pregnancy, smoking and indoor air pollution, hygiene, dietary diversity, infant feeding practices, including early and exclusive breastfeeding, and early care seeking behavior. Sustaining and expanding the achievements made during the 100 days initiatives will be a major topic for discussion with the Ward Citizen Forum during the end-of initiative evaluations.

40. The Project will help establish a sustained institutional mechanism for Food and Nutrition Security – and the RRNI approach - in each VDC through training and the financing of operational expenses. The training will include support in coordinated planning and

budgeting for nutrition relevant activities across sectors to be incorporated in the district block grants as a sustainable source of funding beyond the Project period. The NFSSCs at district and VDC level, as elaborated in Nepal's MSNP, will be provided with a standard training package that is being elaborated by a number of Food and Nutrition Security stakeholders in Nepal, such as the National Planning Commission, the Ministry of Agricultural Development, UNICEF, HKI, WFP and Reach. In addition, the existing social mobilizers recruited under MOFALD's LGCDP will be trained in the RRNI methodology.

41. **Members of the RRNI teams will be trained in the conduct of peer programs and other social change methods⁷** in order to facilitate their work with their communities for the purpose of reaching the selected goal. This training will also allow them to continue working as agents of change in their communities after the RRNI has been completed.

V. KEY RISKS AND MITIGATION MEASURES

A. Risk Ratings Summary Table

Risk	Rating
Stakeholder Risk	Low
Implementing Agency Risk	
- Capacity	Substantial
- Governance	Substantial
Project Risk	
- Design	Substantial
- Social and Environmental	Low
- Program and Donor	Low
- Delivery Monitoring and Sustainability	Substantial
Overall Implementation Risk	Substantial

B. Overall Risk Rating Explanation

42. The overall risk for the Project is estimated to be **Substantial**, notably given the novelty of the proposed approach in Nepal and the relatively weak capacity and governance environment.

⁷ Examples of social change programs include positive deviance, peer program, advocacy, behavior change communication, and social marketing methods.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

43. **Nutritional interventions contribute significantly to the reduction of child and maternal mortality and physical and cognitive damages.** Millions of mothers and children die globally and millions more are permanently disabled by mental and physical damage due to underlying causes of malnutrition early in life. The costs of irreversible physical and cognitive damage that children face due to malnutrition by 24 months of age are very large, and the impact of such damage has a strong intergenerational component. At the same time, there are well-proven interventions to reduce malnutrition available in Nepal. Recent analytical work commissioned by the Bank⁸ has reviewed the evidence for essential nutrition interventions and provided the evidence base on what works for Nepal.

44. **Nutritional interventions are among the most cost-effective interventions to enhance welfare and reduce poverty.** In the Copenhagen Consensus 2008⁹, a panel of renowned economists, ranked five nutritional interventions among thirty proposals presented to answer the question of the best way to advance global welfare. It ranked micronutrient supplements for children including vitamin A and zinc supplementation first, micronutrient fortification including iron and salt iodization third, de-worming and other nutrition programs at school sixth and community based nutrition promotion as ninth. The ranking takes into account the benefit cost ratio, feasibility and sustainability of the interventions. Investments in these interventions reduce poverty by enhancing productivity, cognitive development, and school performance. There is evidence showing the link between income/earning and nutritional status. At macro level, malnutrition could cause a significant loss of national income. In countries with high level of anemia, for instance, it is estimated to cause about 2% reduction in GDP. At the micro level, malnutrition causes a significant reduction in earning: a percentage decrease in adult height could result in up to 4% reduction in earnings. More importantly, improved nutrition will reduce maternal and child mortality.

45. **Public investment in nutrition in Nepal, hence the Project, is justified both on equity grounds and on the grounds of market failure resulting from externality and limited information.** Even when an investment in nutrition is worth making, there needs to be a well argued case for public involvement in those investments. From an economics perspective, there is a case from both an equity/poverty reduction perspective and market failure perspective that justifies the Project. There are two equity considerations that justify public investment in nutrition in Nepal. First, the burden of malnutrition falls disproportionately on the poor. According to the 2010 household survey, malnutrition is concentrated among the rural residents, households with illiterate women and the poorest. Moreover, the trend for the past decade shows that while malnutrition has declined nationally, this reduction is concentrated among the richest households. Hence, the fact that the poor are disproportionately affected by malnutrition is a good reason for public intervention. Furthermore, it is well established in the literature on the

⁸ World Bank. 2012. Accelerating progress in reducing Maternal and Child Undernutrition in Nepal: A review of global evidence of essential nutrition interventions for the Nepal Health Sector Plan II and Multisectoral Nutrition Plan.

⁹ <http://www.copenhagencconsensus.com/Projects/Copenhagen%20Consensus%202008-1.aspx>. For further reading see Global crises, global solutions, edited by Bjørn Lomborg. Cambridge ; New York : Cambridge University Press, 2004.

nutrition-poverty nexus that the poor are trapped in a low income - low nutrition equilibrium and public intervention is essential to breaking this vicious cycle. Second, in an economy where access to credit is limited, the opportunity to transfer assets inter temporally is limited especially for the poor. This is true for Nepal (see Besley, Jain and Tsangarides, 2001).¹⁰ Although the returns to investments in nutrition are high and are common knowledge, such high return investments are beyond the reach of the poor due to credit constraints that the poor face. Public intervention can help relax such constraints facing the poor. Furthermore, people do not always have full information on the presence of malnutrition, of the severity, of its consequences or on ways to address it. Because growth faltering may be the norm, and micronutrient deficiencies are not typically visible enough to be easily recognized, communities are often unaware of the need to invest in improving the nutritional status of their children. The role of information is even more critical because of the limited window of opportunity where the highest impact on nutrition could be made. The benefit of improved nutrition accrues not only to the individual making the investment but to the society at large as improved nutrition reduces the impact of disease and improves national productivity. Such an absence of internalization of all the benefits of one's investments results in underinvestment in nutrition relative to that which is socially desirable.

B. Technical

46. The Project builds on existing and upcoming nutrition programs in Nepal and fills an important gap for demand side interventions in nutrition. By focusing mainly on demand creation and community mobilization for nutrition-related behavior change, the Project complements the supply side interventions that are financed through large programs such as the Bank-financed health sector SWAp, investments in the education sector, poverty reduction initiatives and the upcoming Nepal Agriculture and Food Security program. Any potential overlap with the USAID-financed Suaahara and Feed the Future projects has been avoided as the projects will work in a different set of districts.

47. The Government of Nepal's MSNP describes target groups and prioritization and three main outcomes to which the Project is well aligned. The priorities and target groups indicate a focus on the first thousand days, the most deprived/most vulnerable, inclusive of all social groups, and geographic inclusiveness. The three outcomes of the MSNP and the outputs to which the Project is aligned are reflected in Annex 12.

48. The results-orientation and the RRNI approach, allowing for context specific interventions by communities, sets the stage for motivating and energizing communities. While the Project will benefit from the successful track record of a similar approach in various sectors and countries and from the motivation that community-driven development generates in communities, by proposing a "menu" of possible goals for each RRNI, the Project will also be focused specifically on the areas of behaviors which have been identified as those which need to change in Nepal in order to improve nutrition outcomes. Importantly, the flexibility that is built

¹⁰ Besley , Timoth. Jain, Sanjay, and Tsangarides, Charalambos. 2001. "Household participation in formal and informal institutions in rural credit markets in developing countries: evidence from Nepal". Background paper prepared for *World Development Report 2001/2002*.

into the design (i.e. communities decide how they will achieve the goals) will enable tailoring of approaches to local cultural contexts. Through incremental scaling-up over time with robust evaluation, the Project will be amenable to integrating lessons learned during the scaling-up.

49. The Project is evidence-based, building on an extensive series of analytical products prepared recently in Nepal, including evidence reviews, and on global evidence. For instance, the goals related to the reduction of indoor air pollution and smoking during pregnancy are based on evidence that indoor air pollution is associated with increased risks of low birth weight, stillbirth and reduced mean birth weight. One of the reasons of this association is that carbon monoxide reduces the capacity of blood to carry oxygen to body tissues, carbon monoxide crosses the placental barrier, hemoglobin in fetal blood has ten times more affinity to bind carbon monoxide than for adults and carbon monoxide elimination by the fetus is slower than by the mother¹¹. Similarly, insufficient weight gain during pregnancy is associated with increased risk of low birth weight, a diet consisting of predominantly staple foods is associated with increased risk of malnutrition and a better educational attainment of the mother is associated with a reduced risk of malnutrition of her children.

50. The focus of the Project is consistent with a global consensus on the importance of the “First Thousand Days” and will adopt a life-cycle approach in order to address the risk factors that are relevant to the nutritional outcomes of the first thousand days. The menu of goals has been set specifically to address the risk factors which can be reduced through community mobilization and for which the evidence of impact on nutritional status is the strongest.

C. Financial Management

51. A detailed financial management assessment carried out prior to appraisal has been updated following appraisal. The Project will follow the government financial management system with some customized design due to innovativeness of the Project and learning from the good practices of other community based programs. The design of the funds flow arrangement ensures that spending at the central, district and ward levels have sufficient control mechanisms built into the system. A dedicated budget head will be created for this project to be reflected in the government’s budget. The spending authority will be delegated by the Finance Secretary to the Secretary of the MOFALD who will then sub-delegate to the Joint Secretary (Project Director). The Project Director will further delegate to the project Coordinator who be accountable to prepare the detailed work program and budget for the project by coordinating both at the central and the district level. Since the project is expected to start from FY2012/13, the MOFALD will start preparing the work program and budget and discuss these with the National Planning Commission and the Ministry of Finance. A Project Operations Manual will be prepared, discussed and approved by the start of the project. A core staff comprising of at least a Project Director, a Project Coordinator, a Finance Officer and a Procurement Officer will be appointed prior to the start of the project. Based on some of the initial actions and decisions by the government, a detailed financial management capacity assessment of selected districts will be carried out by the MOFALD. As an implementing agency, MOFALD is currently managing four Bank-financed projects, of which two projects – Rural Infrastructure and Decentralization Project and the Social Safety Nets Project – are required to submit audit reports.

¹¹ Pope et al, Epidemiol Rev, 2010;32:70-81

Although there are no outstanding audit reports from these projects, the audit report of the Social Safety Nets Project for FY2009/10 and FY2010/11 are not yet acceptable due to outstanding qualification related to providing opinion on expenditures incurred by the World Food Program (WFP) which constitute almost 80% of the project expenditures. This issue must be resolved before the Project is presented to the World Bank Board of Executive Directors. Based on current assessment, the financial management risk is “Substantial”.

D. Procurement

52. At the ward level of selected VDCs, any services or products required for the implementation of the RRNIs will be provided by the village level or district level NFSSC depending on the value of the inputs required. As far as possible, NFSSCs will obtain most of these inputs directly from various relevant agencies implementing public sector programs such as Health and Population, Education, Agricultural Development, etc. If the necessary inputs cannot be provided by the NFSSCs, the RRNI teams will obtain these from the private sector directly. The other procurement needs of the project will be related to training, production of resource materials (Operation Manual, simplified guidelines etc.) and surveys to be undertaken by the Project Management Team at MOFALD.

53. Procurement for the Project will be carried out in accordance with the World Bank’s “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011, and “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011, and the provisions stipulated in the legal agreements. For each contract to be financed under the Credit/Grant, procurement methods or consultant selection methods, the estimated costs, prior review requirements, and time frame are agreed between the Borrower and the Bank in the Procurement Plan for the first 18 months of the project to be developed by the Borrower and cleared by the Bank before project negotiations. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

54. The Project does not involve much procurement and also does not include high value procurement. Most procurement activities will be carried out by the MOFALD. Procurement activities envisaged under this project include procurement of small value goods, works for repair and maintenance of physical facilities and consulting services. In order to smoothly facilitate such small value procurement at community level, MOFALD will prepare an Operations Manual containing procurement procedure/guidelines/standards/norms etc in line with the set procedure being practiced under MOFALD. Procurement of laptop computers (approx. 600 sets) required for MOFALD, DDCs and VDCs will be done at central level by the PMT to achieve economy of scale. The computers procured will be distributed to these agencies as per GoN standard procedures. Procurement of other goods including vehicles and motorbikes will also be done by the PMT. With regard to consulting services, selection of service providers (NGOs) for 15 districts and some other individual consultants will also be done at central level by the PMT. Since MOFALD is the primary implementing agency and responsible for managing overall procurement under the project to be done at district and community levels, its

procurement management capacity is the key for smooth project implementation. Currently MOFALD, through its separate Project Offices and Divisions/Sections, is implementing three projects (RAIDP, SSNP & HDSP), financed by the World Bank. On the basis of MOFALD's demonstrated procurement management capacity in these projects, procurement risk is currently estimated as "Substantial". The risk will be lowered, however, with the placement of a dedicated procurement officer in the PMT (financed by the project), as well as defining clear and simplified procurement procedures to be adopted under the project and regular capacity building of the staff involved in procurement management.

E. Social (including Safeguards)

55. The Project triggers the OP/BP 4.10 Indigenous People (IPs) safeguard policy. OP/BP 4.10 is triggered to ensure that any adverse effects of the project are avoided or minimized, and that the indigenous people receive culturally appropriate social and economic benefits. While the whole Project has been designed to benefit vulnerable groups, including the IPs, it is not ex-ante known whether the wards where the project will be implemented coincide with those where there is a significant presence of IP groups. To ensure that any adverse effects of the Project are avoided or minimized, and these groups are able to access project benefits which are also culturally appropriate social and economic beneficial, the Environmental and Social Risk Screening and Management Guidelines (ESRSM) developed for the project includes measures for these vulnerable groups which will help mitigate these risks and impacts, and enhance project benefits to these groups.

56. In addition to mitigating the risks and any potential negative impact of the Project, the ESRSM guidelines also include activities, processes for public consultation and participation, monitoring mechanisms, to enhance project benefits to communities, including vulnerable groups, through the design and implementation of sub-project activities. The final guidelines have been uploaded prior to Negotiations. The guidelines will be disclosed in Nepali and English by the MOFALD, and in English at the World Bank's InfoShop.

F. Environment

57. The Project is likely to have minimal or no adverse environmental impacts. However, it is classified as Category B (triggering OP 4.01) because there might be occasions when the RRNI teams decide to engage in small-scale civil works such as construction or rehabilitation of latrines in schools, start fisheries, small-scale drinking water supply, construction of improved stoves, etc. However, these are envisaged to be limited in numbers, of very small scale, localized, and none of them are expected to be irreversible. The construction-related activities will also be limited to existing school buildings, health posts, etc., thus additional land for the project is not envisaged. To prevent, minimize, mitigate and improve environmental performance, the ESRSM guidelines were prepared for the project and include parameters for environmental assessment as well as land acquisition.

Annex 1: Results Framework and Monitoring

Country: Nepal

Project Name: Community Action for Nutrition Project (Sunaula Hazar Din) (P125359)

Results Framework

Project Development Objectives

PDO Statement

The Development Objective for the Project is to improve attitudes and practices known to improve nutritional outcomes of women of reproductive age and children under the age of 2. Changes in attitudes and practices would address the key risk factors for child malnutrition and create demand for nutrition related services and products. The supply of these services and products will be provided through existing public sector and donor-funded programs, the private sector and, to a limited extent, financed through the Project.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Percentage of unmet family planning needs among women 15-25 years of age	<input type="checkbox"/>	Percentage						25.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms
Percentage of pregnant women taking iron and folic acid (IFA) supplements for 180 days	<input type="checkbox"/>	Percentage						75.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms
Percentage of children 0-6 months age who are exclusively breastfed	<input type="checkbox"/>	Percentage						80.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms
Percentage of children 6-24 months age who consume a minimum acceptable diet	<input type="checkbox"/>	Percentage						75.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms
Attitude of community members towards the importance of keeping girls in school until at least 20 years of age	<input type="checkbox"/>	Percentage						75.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms

Attitude of community members towards the importance of reducing indoor air pollution	<input type="checkbox"/>	Percentage						75.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms
Attitude of pregnant women towards the importance of eating three time a day including at least one animal-sourced food per day	<input type="checkbox"/>	Percentage						80.00	Baseline, Mid-term and end-of-Project	Surveys	Consulting firms

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/Methodology	Responsibility for Data Collection
				YR1	YR2	YR3	YR4	End Target			
Number of wards carrying out RRNIs	<input type="checkbox"/>	Number	0.00					2000.00	Trimesterly, Annually	Routine monitoring	MOFALD
Percentage of wards carrying out RRNIs per selected VDC	<input type="checkbox"/>	Percentage	0.00					80.00	Trimesterly, Annually	Routine monitoring	MOFALD
Number of RRNIs per ward per year	<input type="checkbox"/>	Number	0.00					2.00	Trimesterly, Annually	Routine monitoring	MOFAFALD
Characteristics of RRNI teams: % females participating in all RRNIs	<input type="checkbox"/>	Percentage						40.00	Trimesterly, Annually	Routine monitoring	MOFALD
Characteristics of RRI teams: % minority participation (eg dalits, janajatis, sunuwar) in all RRIs	<input type="checkbox"/>	Percentage						40.00	Trimesterly, Annually	Routine monitoring	MOFALD
Percentage of successful RRIs / VDC	<input type="checkbox"/>	Percentage						80.00	Trimesterly, Annually	Routine monitoring	MOFALD
Average time between RRI proposal submission and approval/rejection	<input type="checkbox"/>	Days						21.00	Trimesterly, Annually	Routine monitoring	MOFALD
Percentage of RRIs that could not take off due to public sector supply side delays	<input type="checkbox"/>	Percentage						20.00	Trimesterly, Annually	Routine monitoring	MOFALD, VDC, DDC

Semi-annual meetings of coaches conducted	<input type="checkbox"/>	Text	No					Twice a year	Bi-annually	Routine monitoring	MOFALD
RRNI Process evaluation conducted	<input type="checkbox"/>	Text	No					Yes	Once, at Mid-term	Mid term review	MOFALD

Annex 2: Detailed Project Description

NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

- 1. The Project will roll out a social mobilization initiative in favor of improved nutritional outcomes** through a community-driven Rapid Results for Nutrition approach where each ward will commit to a nutrition goal to be met within a 100-day period. The nutrition goals will focus on five target groups which are considered critical for improving nutrition outcomes: (i) girls and young women 15-25 years of age; (ii) pregnant women and women who want to become pregnant; (iii) children 0-6 months and their mothers; (iv) children 6-24 months; and (v) wards involved in community-wide interventions (such as hygiene, safe drinking water, sanitation, etc). This approach will be piloted during the project preparation period in 2 wards and will be rolled out under the Project in a sequenced manner across 15 districts in Nepal selected in accordance with agreed criteria, including stunting rates, population size, poverty rates and the absence of agencies that are presently working in the area of malnutrition using a similar social mobilization approach. The size of the Project is US\$40 million to be implemented over a 5-year period. The Project will be implemented in the 15 districts divided in three clusters, each made of five contiguous districts. The “clustering” strategy is pursued for three reasons. First, it facilitates the transmission of best practices/innovations and creates “social proof” (i.e. stories of performance and results that motivate stakeholders). Second, it facilitates the creation of a reputation for RRNI work across communities. In other countries, this has helped enroll communities into the RRNI process. Third, it lowers administrative and operational burdens.
- Achievement of the nutrition related goals by the RRNI team would indicate a change in the attitudes and practices related to proven risk factors for malnutrition. The menu of goals does not include one specifically targeting knowledge but the achievement of the goals will require RRNI teams and communities to learn – about teenage pregnancies, child spacing, hygiene, appropriate diet during pregnancy, appropriate child feeding practices, etc. This learning is built into the approach and facilitated by the coaches. Taken together, achievement of the goals will indicate a change in attitudes and practices and directly contribute to Project’s objectives as stated in the PDO and PDI indicators.
- Component 1 (estimated US\$34.86 million): Rapid Results for Nutrition Initiatives at the ward level.** This component will finance the reasonable costs of goods, services and small works required to achieve a specific nutrition-related goal by the community. In every ward in the Project ward-level teams will be mobilized and challenged to make a change in the factors that have a negative impact on nutritional outcomes, the goals for which will be selected from a menu. These teams will compose of 5 core members (the RRNI team) and supplemented by 3-5 additional members as “agents of change”, depending on the goal selected, to include Female Community Health Volunteers (FCHVs), members of School Management Committees, members of existing mothers groups, representatives of marginalized communities, nursing staff from health facilities, youths, etc. The RRNI team and the “agents of change” together (the RRNI Goal team) will elaborate the goal they will commit to achieve within 100 days and how they will go about achieving that goal.

4. The RRNI team will be mobilized by the coaches and social mobilizers recruited by the Ministry of Federal Affairs and Local Development. The purpose of the Project will be explained at the Ward Citizen Forum and the teams will be constituted according to interest and guidelines, including the participation of women and minorities, and the other targeted beneficiaries. The coaches will receive training in the RRNI approach and a training manual and facilitation notes will be produced prior to the recruitment of RRNI teams.

5. The RRNI teams will select their goal from a menu of priority goals for the achievement of improved nutritional outcomes (see Annex 7). Once the teams have chosen and, if necessary, customized the goal to fit the local situation, a simple work plan will be elaborated, stating the goal to be achieved, the target value, the way the team wants to go about achieving their goal, the way the team will ensure that the poor and marginalized will be included in the initiative, the team composition and the inputs required to succeed.

6. The work plan will be submitted to the NFSSC at the VDC level for approval for any proposal that requires financial support of less than 1,000 US\$ equivalent. Work plans that require financial support over and above this level, and up to a maximum of 3,000 US\$ equivalent, will be submitted to the NFSSC at the DDC level for approval.

7. The NFSSCs at the VDC and DDC levels will review the work plans and, once approved, coordinate the inputs required, if any. Required supplies will be secured through existing public or private sector services if they are available (e.g. zinc tablets for the treatment for diarrhea, together with ORS). If the work plan requires supplies which can not be secured through existing channels, the RRNI teams will procure these on their own once. These supplies will be financed under project funds (e.g. chickens for a community that wants to start chicken rearing in order to diversify their diet). The RRNI Goal team will launch their initiative once the work plan has been approved, the Grant Agreement with VDC signed and the supplies secured. This official launch will be public and involve the Ward Citizen Forum in order to create awareness, encourage community monitoring and facilitate the accountability of the teams for their achievements.

8. The coaches will keep in touch with the RRNI Goal teams on a regular basis and at mid-point, about 50 days after the launch, an assessment will be made whether the teams are on track to reach their target, facilitated by their coach. If the teams are found not to be on track to meet their goal, the work plan will be reviewed together with the coach and with the VDC and DDC, if necessary, and amended. The RRNI Goal teams will declare their achievement to the Ward Citizen Forum by the end of the 100 days, celebrate their success, if appropriate, and discuss the sustainability of the achievement. At the same time the coach will encourage the Ward Citizen Forum to take on a new challenge from the goals menu. Every ward will be encouraged to launch at least two to three RRNIs per year and simultaneous initiatives are equally encouraged, meaning that proposals need not necessarily be sequential.

9. **Component 2 (estimated US\$5.14 million): Project Management, Capacity Building, Monitoring and Evaluation.** This component will provide support for the implementation of Component 1 under three sub-components:

10. ***Sub-component 1: Capacity enhancement (US\$1.28 million).*** This sub-component will finance training of the Project Management Team, the staff of regional departments and NFSSCs, as well as of coaches and social mobilizers. At the national level, support will be provided to a Project Management Team at the MOFALD. At the Regional level, support will be provided to the Local Governance and Community Development Program (LGCDP) Cluster units responsible for districts where the project will be implemented. NFSSCs at DDC and VDC level will receive training and project management support to ensure that they are able to review and process work plans and secure necessary supplies at the village level. Support to NFSSCs at DDC and VDC levels will go beyond Project specific activities and include support in coordinated planning and budgeting for nutrition relevant activities across sectors to be incorporated in the district block grants. Coaches at the VDC level will receive appropriate training and materials on the RRNI process in order to ensure high quality of work plans. The training and the development of the materials will be contracted to a consultancy firm. The Project will also support learning events for coaches on a semi-annual basis in their district where they will be able to share their experiences and to learn about successful and innovative projects.

11. ***Sub-component 2: Project management (US\$3.38 million):*** This sub-component will provide the necessary inputs (consultant services, non-consultant services, goods and incremental operating costs) for effective project management at national, DDC and VDC levels.

12. ***Sub-component 3: Monitoring & Evaluation (US\$0.48 million):*** This sub-component will support monitoring and evaluation of the Project, including regular collection of data on the implementation of the RRNIs, as well as data on nutritional outcomes. Third-party independent verification of results of the RRNIs will be carried out. The sub-component will also finance the costs of mid-term evaluation focusing the changes in knowledge, attitudes and practices and end-of-project impact evaluation focusing data collection on outcomes among the five main populations targeted under the Project. Lastly, the component will finance the costs of a Nutrition Learning Forum which will be organized annually by the National Planning Commission where results of the project will be presented and discussed and where innovative rapid results initiatives and project lessons will be highlighted. Beyond the monitoring of project activities, support will also be provided to strengthen the overall monitoring and evaluation framework for nutrition indicators and nutrition-related interventions in the districts.

13. For the evaluation of the Project a cluster-randomized design to assess the overall impacts in the areas where the study is being implemented. The Government has agreed to oversample the number of village development committees that will likely fall under the Project. Once all potential VDCs have been identified, the project team and the Government team will randomly assign VDCs to treatment and control groups. This is referred to as a cluster-randomized design. There are several levels of impact that are of interest in observing – (i) community wide program uptake, (ii) changes in attitudes and practices, and (iii) changes in specific target indicators. For example, there will be an interest in observing changes in the practice of exclusive breastfeeding or changes in smoking behavior, or the incidence of diarrhea depending upon the goals chosen by the group which will be evaluated using a difference in difference estimator. It will be important to ensure that the VDCs and wards in the sample are quite similar and norms will be used to ensure that the sampling frame provides a reasonably

similar cluster of wards. Since the MOFALD has already identified the most disadvantaged VDCs, it will be difficult to ensure that VDCs are not contiguous and hence there may be spill-over effects.

14. Given the interest in knowledge, behavior/practices and outcomes, the evaluation will require the development of questionnaires to be targeted at different levels: VDCs, wards, and households in which the individual level information will be captured. Standardized assessments will be developed to ensure that household and individual measures of knowledge, behavior/practices and outcomes can be captured. Such surveys would have to be fielded periodically to capture the change in these indicators during the course of each 100 day RRNI interventions.

15. A single survey instrument will be developed that will applicable across a range of RRNI interventions. So in the baseline, the survey team will have to establish baselines across the entire set of indicators before knowing the specific nature of the intervention or goals that will be chosen by each ward. However, once the particular goal or set of goals has been identified and chosen, the follow-on surveys for that ward can be more narrowly focused. This will also ensure that specific target populations are accurately identified and that the households that needed to sampled will form part of the sample.

16. The detailed project costs by components are as follows:

Project Costs								
Nepal: SUNHADI Project (Community Action for Nutrition)								
			Exp. Type	Unit	Unit cost	Duration (months)	Number of Units	Total costs
Component 1 - Rapid Results for Nutrition Initiatives								
	Hiring of consultancy firm for facilitation/supervision	CS	lumpsum					donor financed
	Hiring of coaches (1 per VDC, in 15 districts, 75 VDC per district, assuming that 25% of villages are covered)	CS	person	100	48	281	1,350,000.00	
	(Forum)	IOC	lumpsum	40		20,250	810,000.00	
	Selection of the Rapid Results for Nutrition Initiatives Team							
	Preparation & approval of Work Plans							
	Securing project supplies							
	DDC/VDC in 15 districts	Grant						
	Wards - 9 per village, average 75 villages per district=675 wards per district, totalling 10125 wards in 15 districts, each carrying out 8 projects) - roughly estimating that 20% of projects will cost \$2500 and 80% will cost \$1250 and that roughly 25% of villages will be selected in each district)		1 project/ward			20,250	30,375,000.00	
	Operating cost to support the implementation of RRNI	IOC						
	launch		meetings	50		20,250	1,012,500.00	
	mid-evaluation		meetings	25		20,250	506,250.00	
	end-evaluation		meetings	40		20,250	810,000.00	
TOTAL: Component 1								34,863,750.00

Component 2 - Capacity enhancement, management and monitoring						
Sub-component 1: Capacity Enhancement						
Central level						
	Project Management Team	TR	lump sum	1,000		7 7,000.00
Regional level						
	3 staff trained in 2 regions	TR	lump sum per region	1,000		6 6,000.00
	Training Firm (train on nutrition issues, budget planning-team of 3 main trainers)	CS		15,000	12	180,000.00
District level						
	NFSSC (14 people trained for 2 days to review proposals by consultancy firm & 2 days by consultancy firm on nutrition issues and to develop managerial & leadership capacity)	TR	lump sum per district	3,000		15 45,000.00
Village level						
	NFSSC (8 people trained for 2 days to review proposals by consultancy firm & 2 days by Training firm on nutrition issues and to develop managerial & leadership capacity)	TR	lump sum per village	3,000		281 843,000.00
	coaches (1 per village in 15 districts, assuming that 25% of villages will participate)	TR	person	350		281 98,437.50
	Social mobilizers(1 per village in 15 districts, assuming that 25% of villages will participate)	TR	person	350		281 98,437.50
Total: sub-component 1						1,277,875.00

			Exp. Type	Unit	Unit cost	Duration (months)	Number of Units	Total costs
Sub-component 2: Project management								
	Central Level							
		Project Management Team						
		Project Director		person			1	Govt financed
		Coordinators		person			1	Govt financed
		FM Officer		person			1	Govt financed
		Procurement Officer	CS	person	900	36	1	32,400.00
		Social Mobilization Officer	CS	person	900	60	1	54,000.00
		M&E Officer	CS	person	900	60	1	54,000.00
		RRNI Technical Specialist	CS	person	900	60	1	54,000.00
		Operating costs	IOC	year	2,000		5	10,000.00
		2 Vehicles		lumpsum	40,000		2	80,000.00
		Goods (PCs & other)	Goods	PCs	1,500		4	6,000.00
	District level							
		DDC accountant	NCS	person	400	60	15	360,000.00
		NFSSC						
		Secretary	NCS	person	300	60	15	270,000.00
		Goods (PCs & other office equipment for 3 people in each of the 15 districts)	Goods	PCs	1,000		45	45,000.00
		Motorcycle (1 per district)	Goods	unit	2,200		15	33,000.00
		Operating costs & materials	IOC	per district	150	60	15	135,000.00
	Village level							
		NFSSC						
		Goods (PCs & other for 2 people in each of the 281 villages)	Goods	PCs	1,000		562	562,000.00
		Operating costs & materials	IOC	year	100	60	281	1,686,000.00
Total: sub-component 2								3,381,400.00
Sub-Component 3 - Monitoring								
	Baseline survey		CS					donor financed
	Mid-line survey (incl. process evaluation)		CS	lumpsum			1	124,475.00
	End-line survey (attitudes, practices and nutrition indicators)		CS	lumpsum			1	175,000.00
	Monitoring of RRNI mechanism							
	Routine monitoring (materials, etc)		IOC	lumpsum	2,000	60		120,000.00
	Third-party evaluations (sample of 10% projects)		CS	lumpsum				donor financed
	Annual conference to present findings & innovations (by NPC)		IOC	lumpsum	11,500		5	57,500.00
TOTAL: Sub-component 3								476,975.00
TOTAL: Component 2								5,136,250.00
PROJECT TOTAL:								40,000,000.00

Annex 3: Implementation Arrangements

NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

Project Institutional and Implementation Arrangements

Project administration mechanisms

1. The National Planning Commission (NPC) will provide policy guidance in accordance with its mandate to coordinate Nepal's efforts in Food and Nutrition Security. The NPC has taken the lead in the elaboration of Nepal's Multisectoral Nutrition Plan (MSNP) and has the convening power to bring all involved partners together. The coordination function by NPC is respected by all stakeholders in the area of Food and Nutrition Security and supported in this role by a number of development partners, including the World Bank through the South Asia Food and Nutrition Security Initiative (SAFANSI), the World Food Program, UNICEF and REACH. The NPC has established a High Level Steering Committee on Food and Nutrition Security, chaired by the Vice Chairman of the NPC. As the custodian of the MSNP it will organize annual reviews of the progress in the implementation of the plan.
2. Within the MSNP, the Ministry of Federal Affairs and Local Development (MOFALD) has been tasked with social mobilization in favor of improved food and nutrition security outcomes. The MOFALD will be the main implementing agency of the project in view of this role and the focus of the project. A Project Coordination Committee (PCC) will be formed, chaired by the Joint Secretary (Project Director) and will include members of the Project Management Team and representatives from the relevant line ministries. The PCC will meet regularly to assist in addressing specific issues related to policy dialogue and intersectoral coordination at the center, and inter agency coordination and performance at the project implementation levels.
3. A Project Management Team will be responsible for the day-to-day project implementation and be headed by a Project Director (Joint Secretary) and include a Project Coordinator (Under-Secretary), a Financial Management Officer who will be primarily responsible for ensuring efficient flow of funds for the project and for financial reporting to the Government and the Bank, a Monitoring and Evaluation Officer, a Social Mobilization Officer, a RRNI Technical Specialist, and a Procurement Officer who will provide support to the Project Management Team in all matters related to procurement. The MOFALD has oversight of the District Councils, which endorse all of the district level development programs of the government and local bodies - District Development Committees (DDCs) and Village Development Committees (VDCs), including implementation and monitoring. Certain functions of health, agriculture and education are devolved which puts them under the purview of local bodies. Coordination and consolidation of similar programs are done by the local bodies. Social mobilization is one of the program components of the local bodies where the nutrition activities under the project will be leveraged. Furthermore, local bodies are responsible to mobilize local resources, including block grants. Among the grants that MOFALD has purview are the child cash grants that are being implemented in Karnali zone and to the children of poor dalit families throughout the country.

4. The RRNIs will constitute separate grants to the 15 districts for the purpose of the project to finance demand based sub-projects, relying on the established social mobilization mechanism within MOFALD's LGCDP. The implementation mechanism will focus on nutrition issues, through the involvement of NFSSCs at the district and village levels. The project will have its own flow of funds mechanism under a separate budget line item. The NFSSCs will be charged to review work plans submitted by wards and to ensure that the necessary inputs are secured. This will require NFSSCs to closely coordinate their work with the district level representatives of the relevant agencies, including Health and Population, Education and Agricultural Development. Each NFSSC at the village level will also coordinate closely with the coaches responsible for their villages to ensure that project implementation is as efficient as possible. Similarly, each coach will work closely with the existing social mobilizers and with the Ward Citizen Forums to ensure that the RRNI work plans meet the selection criteria and that the implementation of RRNIs is carried out in accordance with the Work Plan. An Operations Manual (OM) for the RRNI process will be developed and will provide all the necessary guidance and information to staff involved in implementation at all levels, from ward to the central level. The OM will also outline the responsibilities of staff at each level and the monitoring and reporting requirements. As a supplement to the Operations Manual, a simplified version of guidelines for the communities will also be prepared, which will be produced in the Nepali language.

Financial Management, Disbursements and Procurement

Financial Management

Country Financial Management Environment

Lessons Learned from other projects implemented by MOFALD

5. Currently, the Bank has been working with the proposed implementing agency, the Ministry of Federal Affairs and Local Development (MOFALD), in four other projects – Social Safety Nets Project, Rural Access Improvement and Decentralization Project, Emerging Towns and Social Protection Project. There is a mixed experience from the implementation of these projects from the financial management perspective. Overall, the financial management capacity is weak in the Ministry and there has always been a challenge in deputing a competent finance staff in projects. Frequent change of finance staff has often caused stress for meeting accounting and reporting challenges. In the Rural Access Project, this risk has been mitigated by supplementing the accounts staff by a consultant who supports both in maintaining the Financial Management Information System (FMIS) of the project as well as providing back-up support in the absence of finance staff. This has worked well in terms of getting the system running and submitting financial reporting on time. After the first two years struggle for a good finance staff, the MOFALD deputed a competent finance staff in the Social Safety Nets Project which ensured smooth functioning of the project. The other two projects have just entered into the portfolio but as in other cases, there is a start up delays in these projects. Getting right skilled finance staff for these continues to be a challenge. In a project under MOFALD where more focus is at the district, village and at community level, there is a need to ensure a qualified and skilled finance staff who needs to be supplemented by a national consultant to ensure better monitoring of fund

flow and expenditures at the field level. Therefore, this project will finance the services of accountants at the district level to mitigate this risk.

Risk Analysis

6. From the financial management perspective, the overall risk is “Substantial”. Given the multi-sector nature of the project which requires specialized focus on the RRNI approach, it is important to ensure the proposed governance arrangement for the implementation of the project is put in place. The Project Coordination Committee chaired by the MOFALD Joint Secretary (the Project Director) will need to play key oversight role to ensure smooth implementation of the project. In addition, a dedicated project management team which should comprise of a Project Coordinator, Finance Officer, Procurement Officer and technical specialists will need to be put in place to be accountable for project implementation. It is also important that the government will need to provide required funds to pre-finance the expenditures required for project start-up which can later be reimbursed through a retroactive financing provision. The project’s Operations Manual will be prepared, defining the procedure and control measures for the RRNIs. It will also provide all necessary guidance and information to staff involved in implementation at all levels, from ward to central level. Overall, there will be strong efforts in capacity building both in technical areas as well as overall project management which include procurement and financial management. To address certain gaps that have been identified during the assessment, risk mitigation action plans have been agreed, and the risks will be reduced as the action plans get implemented.

Planning and Budgeting

At central level

7. The Project will follow the government financial management procedures. The budgeting procedures for preparation, approval, implementation, and monitoring are elaborated in the Financial Procedure Regulations (FPR). The annual work program and budget will be based upon the work program to be prepared by MOFALD which will be endorsed by the Project Coordination Committee. Annual work programs and budgets are submitted to the National Planning Commission (NPC) and MOF for discussion. A separate budget line will need to be created in the ‘Appropriation Book’ (Red Book or Budget) for FY2012/13.

8. MOF will release authorizations for expenditure to MOFALD. The Secretary of MOFALD will provide authorization for expenditure to the Joint Secretary (Project Director). The Joint Secretary will further delegate his authority to the Project Coordinator of the Project Management Team. The project funds will be managed by the Project Coordinator and the designated Finance Officer.

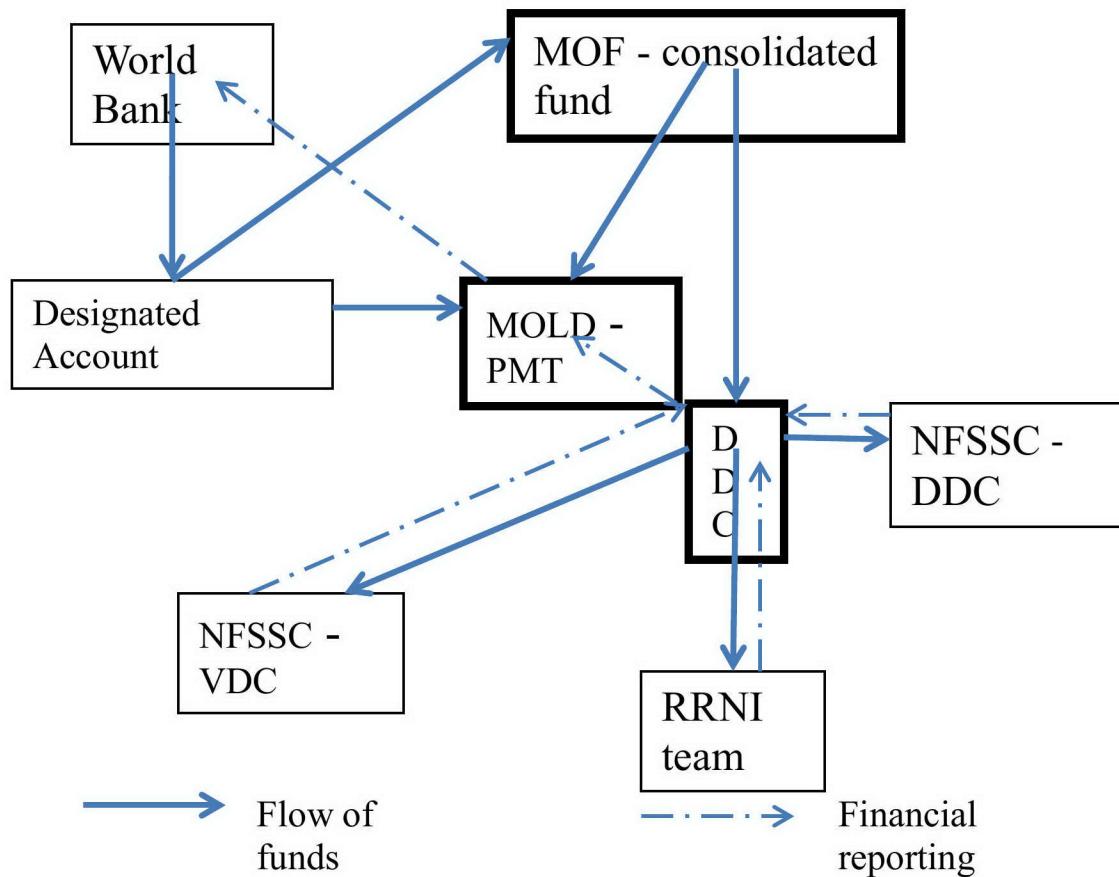
At district level

9. The Service Providers to be recruited by the PMT will play an important role in providing coaches and for contracting out firms to conduct training for Nutrition and Food Security Steering Committees (NFSSCs) guided by the Multi-Sectoral Nutrition Plan. They will

be assigned to work at the grassroots level. Grants will be made available at the district level to cover the operating costs of the NFSSC and the costs of RRNI proposals. RRNI proposals will be approved by the NFSSC of the VDC if the proposal is within the range of about US\$1000, and for proposals between US\$1000 to US\$3000, it will be approved by NFSSC of the DDC.

Funds Flow and Financial Reporting Arrangements

The flow chart below depicts the authority flow arrangements.



At central level

10. MOF will release the budget as per the approved work program to MOFALD in three tranches as per its fund release procedures. The budget approved by GON will be indicated in the government's budget (Red Book). Prior to the approval of the annual work program and budget, one-third release of the previous year expenditures or projected expenditures for the first trimester, whichever is greater, will be made to the MOFALD through the respective DTCO. Fund release for procurement of goods and consultants will be made directly from the Designated Account which will be maintained by MOFALD and managed by the PMT. RRNI grants to be provided will be pre-financed by the government under reimbursable heading, which

will later be reimbursed. Fund release for other IDA's share of other expenditures which include capacity building will be pre-financed through GON's consolidated fund.

11. Upon approval of the work program and budget, appropriate adjustments will be made against the advance for the first trimester release. Subsequent second and third trimester releases are based on performance reflected by the physical progress reports as required by Schedule 2 of the FPR.

At district level

12. Based on program submitted by the District Development Committees (DDCs), the MOF will provide a separate funding stream for the respective DDCs. DDCs will receive funds for project implementation (sanctioned by the concerned DTCOs) upon annual approval of the work program. DDCs will finance operating costs of NFSSC and the grants that will finance RRNI proposals based on a MOU (a format of which will be included in the OM) to be signed between the Local Development Officer (LDO) of the DDC and the RRNI Team Coordinator. VDCs will finance operating costs of NFSSCs at the village level from their budget.

Consolidation of Expenditures and Reimbursement

13. For reimbursement of IDA's share of expenditures to GON's consolidated fund, a Special Designated Account will be established in US Dollars at Nepal Rastra Bank (NRB) to facilitate quick payments of various activities under the project including reimbursement under terms and conditions acceptable to IDA. MOFALD will designate the signatories to operate the Designated Account. The signatories on the account will be the Project Coordinator and the Finance Officer. The PMT will be responsible to consolidate all central level and district level expenditures and take action on seeking reimbursement from the World Bank. Transaction-based (traditional) disbursement procedures will be applied for withdrawal of funds.

Project Financial Accounting, Reporting and Internal Controls

14. In order to ensure that project financial statements are consolidated, the Project Management Team (PMT) will ensure that separate books of accounts are maintained for the project and that accounts are prepared on a cash basis. The PMT will coordinate overall activities and work under the guidance of the Project Coordination Committee.

15. Accounting information will be regularly updated to generate timely financial reports. As required by the government system, MOFALD will maintain required ledgers including the Withdrawal Monitoring Register and Special Designated Accounts Ledger. GON's internal control system will be applied to monitor the progress of the project in accordance with sound accounting practices. The accounting systems contain the following features: (i) application of consistent cash accounting principles for documenting, recording, and reporting its financial transactions; (ii) a well-defined chart of accounts that allows meaningful summarization of financial transactions for financial reporting purposes; (iii) maintenance of withdrawal monitoring register, the record of SOEs and Designated Accounts register; (iv) the asset register;

(v) monthly closing and reconciliation of accounts and statements; and (vi) the production of annual financial statements.

16. The PMT will be accountable to prepare trimesterly Implementation Progress Report (IPR) and project financial statements. The project IPR will be prepared from the outset, showing the sources and uses of funds, output monitoring report, procurement management report, and narrative progress report in format to be agreed upon. To match the public sector planning and reporting cycle, the IPR will be produced on a trimester basis and submitted within 45 days from the end of the preceding trimester.

Financial Management Staffing

At central level

17. The Project Management Team will be the overall coordination point to coordinate the overall implementation and management of project activities. The PMT will have a qualified full-time dedicated Project Director, an Accounts Officer and a Procurement Expert or Consultant.

At district level

18. The MOFALD will carry out the capacity assessment of the project districts from a fiduciary perspective and assess whether the existing accounting staff at the district level could also carry out the work load under the project or whether additional staff would be needed. In the meantime, the costs of an accountant are included in the project costs to mitigate the risk of possible substantial delays if the existing accountant staff are not able to take on the additional work under the project.

Internal Audit and other assurance arrangements

19. The District Treasury Controller Office (DTCO) and the District Development Committees (DDCs) are responsible for internal audits of Project costs at MOFALD and at project districts respectively. Internal audits are carried out on a trimester basis. MOFALD has also approved guidelines for carrying out Public Audits, Public Hearings and Social Audits which will all be applied under the project.

Implementation Progress Reports (IPRs)

20. Total project costs are estimated around US\$40.0 million to be financed from the IDA Grant and the IDA Credit. Government counterpart contribution will be in the form of staff costs, office space and other logistics.

21. The Interim Financial Reports of the Project Implementation Progress Reports will report total investments to be separated by specific activity so that total investments as envisaged can be tracked and monitored. The PMT will separately produce from the outset the Project Implementation Progress report, showing the sources and uses of funds, output monitoring

report, procurement management report and narrative progress report in format to be agreed upon during negotiations. To match the public sector planning and reporting cycle, the IPR will be produced on a trimester basis and submitted within 45 days from the end of the preceding trimester.

Audit

22. There are two ongoing projects implemented by the MOFALD – one for rural infrastructure and the other for social safety nets, for which audit reports are required. The other two projects have just begun and hence their audit reports are not yet due. There are no outstanding audit reports from the ongoing projects under this Ministry. There is, however, an audit issue related to Social Safety Nets Project. The audit reports of last two years (FY2009/10 and FY2010/11) are qualified reports mainly due to non-compliance of submitting evidences of reports by World Food Program (WFP) to the MOFALD. Expenditures incurred by WFP constitute almost 80% of project expenditures, for which supplemental audit opinion is required for both fiscal years. The resolution of this issue is required prior to Board presentation.

23. The following is the audit¹² requirements under the Project: Annual consolidated project financial statements, SOE Statement and Designated Accounts statements will be audited by Office of Attorney General (OAG), which is considered acceptable by IDA for this purpose, and submitted to IDA within six months after the end of the fiscal year – January 15.

24. The following audit reports will be monitored in the Audit Report Compliance system (ARCS):

Implementing Agency	Audit	Auditors	Audit Due Date
MOFALD	Project Consolidated Financial Statement	OAG	6 months after the end of fiscal year (January 15 th)

Financial Management Action Plan

25. Action plans to strengthen the financial management capacity of the Project were agreed between the Recipient and IDA and are summarized below:

Financial Management Action Plan

Action	Responsibility	Completion Date
1. Submit Annual Work Program and Budget for FY2012/13 to include this Project in the “Red Book”, and request MOF to assign separate budget codes for the project.	MOFALD MOF	July 15, 2012
2. Prepare Project Operations Manual	MOFALD	By the start of the project
3. Form the core Project Management Team (PMT) comprising of a Project Director, Finance Officer, Procurement Officer, amongst other technical staff.	MOFALD	By the start of the project

¹² The standard Terms of reference applicable for other projects will be discussed and agreed with OAG.

Action	Responsibility	Completion Date
4. Develop and agree on the formats for Implementation Progress Report and Project Financial Statement.	MOFALD & IDA	By Negotiations
5. Carry out capacity assessments of project DDCs from a financial management perspective	MOFALD	August 31, 2012

Disbursements

Allocation of credit/grant proceeds

26. Disbursement under the Project will be made as indicated in Table C, which indicates the percentage of financing for different categories of expenditures of the project. Total project is US\$40.0 million – US\$22 million IDA Credit and US\$18 million IDA Grant. Government counterpart contribution is in the form of staff salaries, office space and related operating costs. It is expected that IDA funds will be disbursed over a period of five years. The Closing Date of the Project is June 30, 2017.

Table 1: Allocation of Credit/Grant Proceeds (US\$ million)

Category	Amount of the Credit Allocated	Amount of the Grant Allocated	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Sub-grants	15.5	14.9	100% of Sub-grants Amount disbursed
(2) Goods, non-consulting services, and Incremental Operating Costs	6.5		100%
(3) Consulting Services and Training		3.1	100%
TOTAL AMOUNT	22	18	

Designated Account

27. To facilitate disbursements, a Designated Account in US Dollars will be established. Payments for project expenditures for consultant services with firms or individuals and goods will be made directly from the Designated Account by the PMT. RRNI grants, small value contracts for non-consultant services, training, and incremental operating costs will first be pre-financed by the government, and once the accounts are consolidated and approved will be transferred from the Designated Account to the government's consolidated fund. A Designated Account in US Dollars will be established at the Nepal Rastra Bank, on terms and conditions satisfactory to IDA. The ceiling for advances in Designated Account will be US\$5.0 million for both credit and grant. The Designated Account will be operated under the joint signature of the

Project Coordinator and the Finance Officer. The PMT will ensure that the bank/cash books are reconciled with bank statements every month.

Retroactive Financing

28. Retroactive financing will be provided for consulting services and operating costs effective from April 1, 2012 and not exceeding US\$ 200,000.

Use of Statement of Expenditures (SOEs)

29. Applicable disbursement methods include: Advance, Reimbursement and Direct payment. The supporting documents for Reimbursement and Reporting uses of advances are: a) Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank's prior review; b) Statement of Expenditures for all other expenditures / contracts; and c) A designated account reconciliation and related bank statement for advance applications only. Detailed documentation requirements are provided in the Disbursement Letter. During the supervision, the mission will closely review SOE claims to ensure that funds are utilized for the intended purpose. Any ineligible expenditure identified during such reviews will need to be refunded to IDA.

Procurement

General

30. Procurement needs under the Project consist of very small value goods, works or services under Component 1 (no procurement will exceed \$3,000 in value), and of consultants (individuals and firms) to provide TA to support project management, training to staff at different implementation levels under Component 2, and for assignments for carrying out surveys, evaluation and independent monitoring. Procurement under Component 1 shall be carried out by the RRNI teams for those products/services that cannot be directly obtained from public sector programs implemented by different Government agencies. Under Component 2, consultant services and goods will be procured by the Project Management Team at MOFALD. All procurement shall follow procedures prescribed in the national procurement law.

31. All goods and services required for the Project and to be financed out of the proceeds of the Credit/Grant shall be procured in accordance with the requirements set forth or referred to in Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the World Bank in January 2011 ("Procurement Guidelines"), in the case of goods and non-consulting services; and Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" published by the World Bank in January 2011 ("Consultant Guidelines") in the case of consultants' services.

32. Particular Methods of Procurement of Goods, works and Non-consulting Services:

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding in accordance with the Public Procurement Act (and regulations made thereunder), subject to the following additional procedures:

- (a) bid documents shall be made available, by mail or in person, to all who are willing to pay the required fee;
- (b) foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders;
- (c) bids shall be opened in public in one place, immediately after the deadline for submission of bids;
- (d) qualification criteria (in case pre-qualifications were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm declared as the lowest evaluated bidder shall be given a reasonable opportunity of registering, without let or hindrance;
- (e) evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format and specified period agreed with the Association and contracts shall be awarded to the lowest evaluated bidders;
- (f) rebidding shall not be carried out without the prior concurrence of the Association;
- (g) extension of bid validity shall not be allowed without the prior concurrence of the Association (A) for the first request for extension if it is longer than four (4) weeks and (B) for all subsequent requests for extension irrespective of the period; and
- (h) there shall not be any restrictions on the means of delivery of the bids.

(ii) The following arrangement specifies the methods of procurement, other than National Competitive Bidding, which may be used for goods, works and non-consulting services in accordance with the provisions of the Bank's Procurement and Consultant Guidelines. The Procurement Plan shall specify the circumstances under which such methods may be used:

(A) Shopping (B) Direct Contracting for items which meet the requirements of Paragraph 3.7 of the Procurement Guidelines; (C) Established Private or Commercial Practices which have been found acceptable to the World Bank and (D) Community Participation procedures which have been found acceptable to the World Bank.

33. Particular Methods of Procurement of Consultants' Services:

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on

Consultants' Qualifications; (E) Single-source Selection; (F) Selection of Individual Consultants; and (G) Sole Source Procedures for the Selection of Individual Consultants.

Review by the World Bank of Procurement Decisions

34. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Environmental and Social (including safeguards)

35. The Project triggers the OP/BP 4.10 Indigenous People (IPs) safeguard policy. OP/BP 4.10 is triggered to ensure that any adverse effects of the project are avoided or minimized, and that the indigenous people receive culturally appropriate social and economic benefits. While the whole Project has been designed to benefit vulnerable groups, including the IPs, it is not ex ante known whether the wards where the project will be implemented coincide with those where there is a significant presence of IP groups. To ensure that any adverse effects of the Project are avoided or minimized, and these groups are able to access project benefits which are also culturally appropriate social and economic beneficial, the Environmental and Social Risk Screening and Management Guidelines (ESRSM) developed for the project includes measures for these vulnerable groups which will help mitigate these risks and impacts, and enhance project benefits to these groups.

36. In addition to mitigating the risks and any potential negative impact of the Project, the ESRSM guidelines also include activities, processes for public consultation and participation, monitoring mechanisms, to enhance project benefits to communities, including vulnerable groups, through the design and implementation of sub-project activities. The draft guidelines were uploaded on MOFALD's website prior to project appraisal and the final guidelines were uploaded prior to Negotiations. The guidelines will be disclosed in Nepali and English by the MOFALD, and in English at the World Bank's InfoShop.

37. The Project is likely to have minimal or no adverse environmental impacts. However, it is classified as Category B (triggering OP 4.01) because there might be occasions when the RRNI teams decide to engage in small-scale civil works such as construction or rehabilitation of latrines in schools, start fisheries, small-scale drinking water supply, construction of improved stoves, etc. However, these are envisaged to be limited in numbers, of very small scale, localized, and none of them are expected to be irreversible. The construction-related activities will also be limited to existing school buildings, health posts, etc., thus additional land for the project is not envisaged. To prevent, minimize, mitigate and improve environmental performance, the ESRSM guidelines were prepared for the project and include parameters for environmental assessment as well as land acquisition.

Monitoring & Evaluation

38. Monitoring of the project will entail activities that will empower communities and ensure greater transparency, accountability and inclusion. The monitoring indicators will be obtained

from surveys and from routine data on physical and financial outputs. There will also be a third party monitoring conducted by contracted civil society organizations and supervision missions.

39. Before the implementation of the Project, a baseline survey will be done to assess the attitudes and practices in the above domains in each project district. The survey will also generate baseline data on the impact level indicators including the percentage of stunted children 0-24 months of age and the prevalence of anemia in pregnant women as a baseline. There will be a similar survey conducted to evaluate the Project's progress in achieving its objectives and anticipated impact 4 months before the Closing Date.

40. To monitor the Project during implementation, a limited number of intermediate results indicators are chosen to assess the progress of the project. The Project is designed to promote the implementation of multiple Rapid Results for Nutrition Initiatives (RRNIs) within any given ward in multiple villages in the targeted districts. The intermediate results indicators that will measure the progress is the number of RRNIs carried out "successfully".

41. At the community level, since people are empowered to implement their own action plans to achieve goals, the team members will monitor their activities in a participatory method by producing a chart of their completed actions and financial costs incurred for inputs. In order to ensure transparency, the RR teams will hold meetings for the community people, one during the mid phase and another during the end of each RRNI, to disclose the physical progress and financial status of the RRNIs. Upon completion of RRNIs, the communities will submit RRNI completion reports which will include an assessment of progress (goals achieved against the target set by the team) and financial expenditures. The reports will be first discussed publicly at community level, facilitated by the Village Development Committee (VDC), amended if necessary, and subsequently submitted to the NFSSCs and the District Development Committees (DDCs).

42. The coaches of the RRNI teams will help build the capacity of the communities to monitor their own activities during the pre-launch workshops and by holding regular consultations with the team. At the RRNIs level at the communities, the monitoring parameters will be kept as simple as possible.

43. At the national level, since the MOFALD is the monitoring agency, it will oversee that the coaches are proactive/entrepreneurial and receive appropriate training and supporting materials to help them assist RRIs work at the wards. In order to ensure quality assurance of the RRNI coaches, each DDC will hold monthly meetings with the coaches and make regular field visits to monitor their work. The quality of coaches will be assessed by measuring the percentage of "successful" RRNIs implemented under their guidance and by their effort to motivate the communities to implement new waves of RRNIs.

44. Since MOFALD is an implementing agency and will also be contracting out services to provide and train coaches for the RRIs, validation of data by a third party source will be used to measure progress of the project against the proposed intermediate results indicators and verify the reports on the performance of the coaches. The frequency of the third party independent

verification of results will be yearly and will cover all the categories on a sample basis from each district.

45. After completion of RRNIs, communities are given a 7-days period to submit consolidated reports of completion (including financial and technical information). These will be presented at end end-of-RRNI workshop with the participation of the coaches and the staff of NFSSCs at the VDC level. The final report will be sent to the NFSSCs at the DDC. The DDC will aggregate the data received from all RRNI teams on a trimester-ly basis and submit the report to the PMT. World Bank for review.

46. The Project will be evaluated at two periods during implementation- one at the mid-term and another at the end of the project. The physical progress will be evaluated against the targeted intermediate results set forth in the results matrix, against the targeted attitudes and practices for each domain at district levels. Data for the intermediate results are collected by the DDCs and then combined by the MOFALD at the central level. The two surveys (mid-term and end-of Project) that are planned will be used to measure attitudes and practices for each domain and the outcome level indicators.

47. Beyond the monitoring of Project activities, support will also be provided to strengthen the overall Monitoring and Evaluation framework for nutrition indicators and nutrition-related interventions in the districts. Through the support to NFSSCs nutrition related information from the health sector, the education sector, the Ministry of Physical Planning and Works and Planning, the Ministry of Agricultural Development and the Ministry of Federal Affairs and Local Development will be linked with the District Poverty Monitoring and Analysis System (DPMAS) at district level and with the Poverty Monitoring and Analysis System (PMAS) at central level.

Arrangements for results monitoring

48. The MOFALD will be responsible for the implementation of the monitoring and evaluation process, specifying the roles, responsibilities and institutional arrangements.

49. The MOFALD will ensure good governance and accountability by regular and timely disclosure of activities related to the project including program budgets, contracts and procurement, audit issues and actions taken to address them. The disclosure will be made on the MOFALD websites and by notices at the district levels.

50. Besides the reports on physical progress and financial management, the MOFALD will also report on the obstacles encountered, opportunities foreseen and suggestions to improve the implementation of RRIs during the annual and mid-term reviews. This will be done by holding a workshop at the central level by involving key stakeholders of the RRIs. The end of Project evaluation will be conducted during the last six months of the project.

Annex 4: Operational Risk Assessment Framework (ORAF)
NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

Stage: Appraisal

1. Project Stakeholder Risks						
1.1 Stakeholder Risk						
Description:	Risk Management:					
(i) Change of policy direction in addressing under-nutrition.	(i) The project design is aligned to the results and outcomes envisaged in the Multi sectoral Nutrition Plan.					
(ii) The focus on the first 1,000 Days may be questioned as being too narrow	Resp: Bank	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: In Progress
(iii) Possible risk of exclusion of marginalized groups.	Risk Management:					
	(ii) As during the preparation of the Multi-sectoral Nutrition Plan, the policy dialogue will continue to have a strong focus on the evidence-base. Training will be provided to stakeholders at all levels of project implementation.					
	Resp: Bank	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: In Progress
	Risk Management:					
	(iii) Work plans by the Rapid Results for Nutrition Initiatives (RRNI) teams at the ward level will specify how marginalized groups would be included in the RRNI initiatives, as per criteria to be outlined in the Operations Manual. Also, the RRNI teams will have representation from key most affected groups in the community.					
	Resp: Bank	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: In Progress
2. Operating Environment Risks						
3. Implementing Agency (IA) Risks (including Fiduciary Risks)						
3.1 Capacity						
Description:	Risk Management:					
(i) Coaches may not have the requisite capacity to adequately guide the RRNI teams and wards in goal selection as well as how the goals are being met.	(i) The coaches would be selected in accordance with agreed criteria. Also, an extensive training program will be put in place to enhance the capacity of the coaches on the RRNI mechanism and the goals templates.					
(ii) The NFSSCs at village and district level may not have the	Resp: Bank	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: In Progress
	Risk Management:					

<p>capacity to meaningfully review and assess the RRNI Proposals and to ensure an effective supply of required inputs for the RRNIs.</p> <p>(iii) MOFALD capacity to effectively manage the Project may be insufficient given the Project's innovative nature. Coordination with DDC and VDC levels may be an issue as well as tracking of project implementation and performance.</p> <p>(iv) Financing arrangements and financing management, including adequate flow of funds, provision of a budget line item, timely audits and reporting may be hampered due to the novelty of this operation. Financial management capacity at the DDC level is weak with a high turn-over of staff.</p>	(ii) Training will be provided for the staff of NFSSCs at village and district level. Also, the approval of the Rapid Result Work Plans will be guided by a set of criteria, including the realism of the targets proposed. As to the supply of inputs, the mandate of NFSSCs is to ensure a coordinated response working with all relevant ministries. Staff of NFSSCs would get training in management and hold regular meetings with all involved parties and regularly report to the MOFALD on the status of implementation.					
	Resp:	Bank	Stage:	Preparation	Recurrent:	<input type="checkbox"/>
	Risk Management:					
	(iii) The MOFALD will be assisted by a Project Management Team. Coordination will be assured through the representation of involved line ministries in a Project Coordination Committee.					
<p>3.2 Governance</p> <p>Description:</p> <p>(i) Possible confusion & lack of clarity between DDCs and VDCs on roles and responsibilities vis a vis Project implementation and monitoring.</p> <p>(ii) NFSSCs might delay the supply of inputs to communities for the RRNIs.</p>	Resp:	Bank	Stage:	Preparation	Recurrent:	<input type="checkbox"/>
	Risk Management:					
	(i) Project Operations Manual will detail the roles and responsibilities of all actors in the Project at all levels.					
<p>Fraud and Corruption</p> <p>Description:</p> <p>(i) RRNI teams may inflate the required inputs and costs as well as inflate results. Also, resources may potentially be used to unintended purposes.</p>	Resp:	Bank	Stage:	Preparation	Recurrent:	<input type="checkbox"/>
	Risk Management:					
	i) The RRNI mechanism would include a public launch at the start of the 100-day project and a public review of achievements & costs at mid-terms and at the end. Also, the MOFALD has already institutionalized the practice of social audits before making the last payments and this practice will be applied to the Project as well. In addition, there would be an independent verification of the results by a third party monitoring group carried out on a sample basis. Lastly, the RRNI approach requires simplified but rigorous and frequent financial reporting, enabling early detection of irregularities.					
4. Project Risks						
4.1 Design	Rating	High				

Description: (i) RRNI teams may not select the most salient goals or set realistic targets or might choose inappropriate ways of achieving these goals. (ii) There may be difficulties in selecting and hiring of coaches for all the Project selected VDCs. (iii) Communities may request inputs or the level of support which the project cannot provide. (iv) Potential complexity of the RRNI mechanism given its novelty in Nepal.	Risk Management: (i) Support will be provided to the RRNI teams and the wards by trained coaches on the goal templates. There would be easy-to-follow materials/pamphlets prepared for each goal, describing the kinds of interventions which may be suitable to meet that goal. This information will be part of the Operations Manual. Also, this risk is expected to be minimized with time as communities learn the RRNI mechanism.					
	Resp: Client	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: Not Yet Due
	Risk Management: (ii) It is estimated that roughly 300 coaches would be required to implement the Project. Given that the implementation would be rolled out gradually, the selection of coaches does not have to be completed immediately upon project start. This will lessen the burden of having to select and hire all 300 coaches at once. In addition, the hiring of coaches will be simplified by contracting three Service Providers, one per cluster of five districts, who will be responsible for supplying the coaches.					
	Resp: Client	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: Not Yet Due
Risk Management: (iii) The Operations Manual will include a “negative” list of inputs which will not be eligible under the Project. Also, the criteria for goals and guidance on possible RRNIs will help communities to make better decisions, including setting a financial cap on the cost of Work Plans.						
Resp: Client Stage: Preparation Recurrent: <input type="checkbox"/> Due Date: Frequency: Status: In Progress						
Risk Management: (iv) The RRNI mechanism will be introduced prior to the start of the Project and adjusted for the Nepal context. The Project plans to roll out the mechanism gradually to ensure that there is sufficient buy-in and understanding of the process. Existing mechanisms, such as the MOFALD social mobilization program, would also reduce the risk of complexity as communities are already acquainted with similar types of outreach programs in Nepal.						
Resp: Bank Stage: Preparation Recurrent: <input type="checkbox"/> Due Date: Frequency: Status: In Progress						
4.2 Social and Environmental	Rating	Substantial				
Description: (i) The Project is mainly a social mobilization program that is expected to have only minor, if any, environmental impacts. (ii) Interventions may not be targeted to include the most vulnerable segments of the population.	Risk Management: Potential adverse environmental impact, if any, from some subproject activity is expected to be site-specific and limited. To prevent, minimize, mitigate and improve environmental performance, “Environmental and Social Risk Screening and Management Guidelines” have been prepared, disclosed and will be included in the OM for the Project.					
	Resp: Client	Stage: Preparation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: In Progress
	Risk Management: (ii) RRNI Work Plans will only be approved when in compliance with a set of criteria that include an acceptable approach towards assuring the inclusion of vulnerable and under-served segments of the population.					
	Resp: Client	Stage: Implementation	Recurrent: <input type="checkbox"/>	Due Date:	Frequency:	Status: Not Yet Due
4.3 Program and Donor	Rating	Substantial				
Description:	Risk Management:					

Duplication of effort and contradictory approaches may arise when the Project is not prepared in close coordination with other partners.	The government and the main donors are already involved in a major effort to harmonize their work programs along the Multi-Sectoral Nutrition Plan led by the National Planning Commission. Due to the unique design of this operation there is little dependency of this Project on other interventions planned by other development partners as special efforts have been made to avoid overlap (i.e. district selection).
	Resp: Client Stage: Preparation Recurrent: <input type="checkbox"/> Due Date: Frequency: Status: In Progress
4.4 Delivery Monitoring and Sustainability	Rating Substantial
Description: (i) Potential risk that innovations and lessons learned during the RRNI process will not be appropriately disseminated and integrated back to improve implementation. (ii) Sustainability might be an issue since the RRNI approach may not encourage the continuation of activities. However, since the Project's objective is to create demand, it is expected that knowledge will be transferred horizontally as well as from one generation to another.	Risk Management: (i1) Mid-line and end-line RRNI evaluations will be carried out and responsible VDCs will be charged with ensuring that information flows across to other villages and districts as well as to the national level. In addition, innovative projects would be publicly recognized by the National Planning Commission at Annual Learning Events. This would provide an added incentive for the VDCs and coaches to report on innovations. Resp: Client Stage: Implementation Recurrent: <input type="checkbox"/> Due Date: Frequency: Status: Not Yet Due Risk Management: (iii) Coaches at the village level would help build the capacity of the communities to analyze their situation and to perform social mobilization to generate information sharing and demand continued support from the public and private sector on key nutrition interventions. Also, the institutionalization of the RRNI approach will be promoted by training the NFSSCs and existing social mobilizers. The training of NFSSCs will include capacity enhancement in planning and budgeting as to incorporate the RRNIs in the regular budget cycle for the existing district block grants. Resp: Client Stage: Implementation Recurrent: <input type="checkbox"/> Due Date: Frequency: Status: Not Yet Due

5. Project Team Proposed Rating Before Review

6. Overall Risk

Preparation Risk Rating: Substantial	Implementation Risk Rating: Substantial
Description:	Description:
Nondisclosable Information for Management Attention(Optional)	
Comments:	

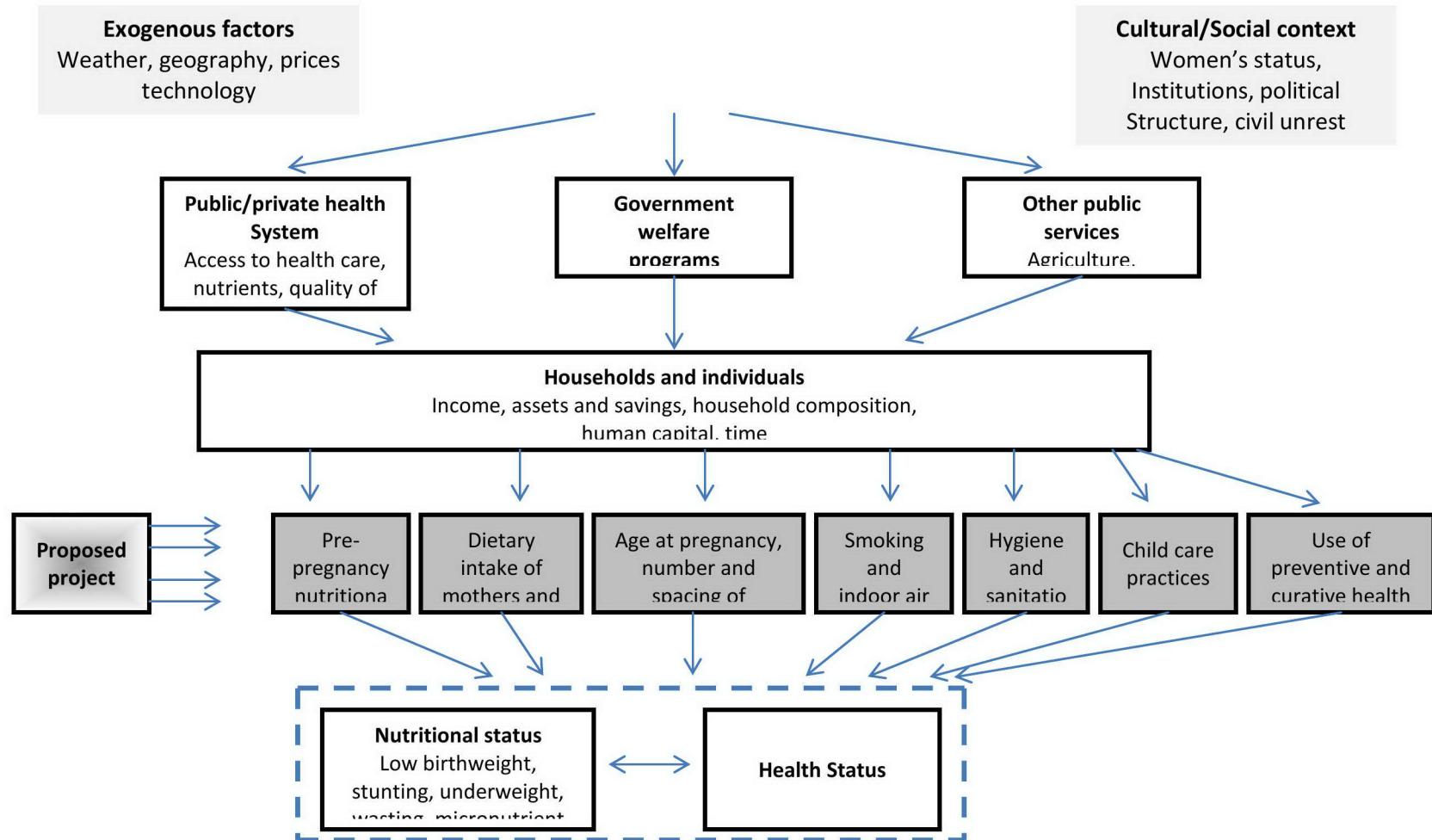
Annex 5: Implementation Support Plan

NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

1. The implementation support plan for the Project has been developed based on the specific nature of the project activities, lessons learned from past operations in the country and sector, and the project's risk profile in accordance with the Operational Risk Assessment Framework (ORAF). The plan will be reviewed regularly and revised as and when required.
2. The plan includes thorough and frequent review of implementation performance and progress. The Bank team will monitor progress on the following, inter alia: (i) key performance indicators as identified in the Results Framework; (ii) progress against the agreed activities and targets set out in the project procurement plan and the implementation plan; (iii) performance of RR teams with respect to their identified goals; (iv) the responsiveness of district and village NFSSCs in providing key supplies, as per approved work plans; (v) key legal conditions and covenants; and (vi) whether sufficient funds are available in the project for the selected communities to carry out RRNIs, as planned. Information from various sources will be used to assess and monitor progress of the Project throughout its implementation. The Bank will also review the findings and results of third party assessments, surveys and social audits which will be undertaken during the course of Project implementation. In addition to formal implementation support missions and field visits, which will be carried out semi-annually, the Bank team will participate in the annual conference organized by the National Planning Commission where findings and innovations from the RRNIs will be presented.
3. The Bank fiduciary specialists based in the country office will provide timely and effective support to the client. In addition to carrying out an annual ex-post review of procurement that falls below the prior review thresholds, the procurement specialist will lead thematic and focused missions depending on the procurement needs and as agreed with Government. The FM team will also provide capacity building efforts that include organizing periodic financial management clinics and coaching to the Project staff. In addition to ex-post review of the financial management system, the team will also review all financial management reports included in the trimester implementation progress reports and annual audit reports and take necessary follow-up actions as per Bank procedures. These team members will also help identify capacity building needs to strengthen fiduciary management. Safeguard specialists will also be involved in supervision throughout the Project to ensure the monitoring of implementation of agreed plans. Support to implementation will be as follows:

Time	Focus	Skills Needed
1 st twelve months	Project launch	Nutrition/Health Specialists, Operations Specialist, Procurement Specialist, Financial Management Specialist, Social Development Specialist, Monitoring and Evaluation Specialist
	Technical Reviews	Nutrition/Health Specialists, Operations Specialist, Economist, Monitoring and Evaluation Specialist
	Procurement/FM training and supervision	Procurement and Financial Management Specialists
12-48 months	Bi-annual technical and fiduciary reviews	Nutrition/Health Specialists, Operations Specialist, Economist, Procurement and Financial Management Specialists, Monitoring and Evaluation Specialist, Social Specialist

Annex 6: Project Objectives within the Causal Pathway for Malnutrition
NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project



Adapted from IEG 2010, what can we learn from nutrition impact evaluations, Black and others, 2008, Ruel and Hoddinot, 2008, Smith and Haddad, 2002, and UNICEF, 1990

Annex 7: Goal Templates

NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

Girls and young women aged 15 to 25 (Priorities: Anemia, Delayed Pregnancy, School Attendance)	
These RRNIs would be implemented primarily by youth aged 15 to 25. Senior leaders would mostly likely be members of an SMC, Citizen Ward Forum, FSNC. Alternatively the team could be formed from an existing youth-focused group. The primary focus of these RRIs would be youths. However, at the group's discretion, for some goals there could be overlap into other sub-populations (e.g. the goal focused on FP could focus on all women who want to delay a first or next pregnancy and not just youths).	
Goal Template	Illustrative Sub-projects
At least ___ families with adolescent girls make a public pledge to delay marriage and first pregnancy of daughter(s) until at least 20 years of age, in the next ___ days	Training for health facilities to provide youth-friendly services, peer program, positive deviance analysis, establishment of youth center, community based services for the youth
At least ___ girls of school-going age who do not want to become pregnant are regularly attending school , in the next ___ days	Provision of school supplies, mid-day meals, take-home rations, performance based grants
At least ___ girls receive de-worming and weekly iron-folic acid supplementation, for the next ___ weeks.	Peer programs, health worker visits to schools
At least ___ girls/women who do not want to become pregnant are using a family planning method, in the next ___ days	Training for health facilities to provide youth-friendly services, establishment of youth center and community based services for the youth

Pregnant women or women who want to become pregnant in the next 6 months. (Priorities: Protein, Iron, Smoking, Breastfeeding)	
These RRNIs would mostly like be implemented by mother's/women's groups, or an existing health-focused group. Senior leaders would be from Ward Citizen Forum or NFSSC	
Goal Template	Illustrative Sub-projects
At least ___ women who may want to become pregnant/are pregnant take the appropriate amount of supplements of iron and folic acid in the next ___ days.	Peer programs with mother groups, group-wise monitoring of IFA intake
At least ___ women who may want to become pregnant/are pregnant complete a treatment of de-worming in the next ___ days	Peer programs, FCHV and mother-group advocacy
At least ___ (families with) women who may want to become	Peer programs, advocacy

pregnant/are pregnant make a public declaration not to smoke inside the house, in the next ____ days	programs
At least ____ women who may want to become pregnant make a public declaration to stop smoking before pregnancy, in the next ____ days	Peer programs
At least ____ families with women who are pregnant make a public pledge to lessen their workload.	Peer and advocacy programs, positive deviance analysis
At least ____ families with underweight girls or women who are pregnant or may want to become pregnant gain the appropriate amount of weight, in the next ____ days	Peer programs , goat/chicken rearing, fisheries project
At least ____ women who are pregnant eat three times a day, including, at least one animal-sourced food per day for the next ____ days.	

Children 0-6 months and breast feeding mothers (Priorities: Breastfeeding, Hygiene, Immunization, BMI)
These RRNIs would mostly like be implemented by mother's/women's groups, or an existing health-focused group. Senior Leadership could come from Ward Citizen Forum or NFSSC.

Goal Template	Illustrative Sub-projects
At least ____ children under the age of 1 year receive immunizations to be in compliance with the recommended schedule, in the next ____ days	Outreach vaccination program for the VDC, "Fully Immunized VDC" campaign
At least ____ families with make public pledge for exclusive breast feeding of children until the age of 6 months, in the next ____ days	Mother group peer programs with FCHVs
At least ____ HH with children 0-24 mo pass hand washing checklist, in the next ____ days	Advocacy and peer programs, soap distribution, "Community Led Total Behavior Change in Hygiene and Sanitation" campaign
At least ____ lactating women eat three times a day, including, at least one animal-sourced food per day for the next ____ days.	Advocacy, peer programs with mother groups, animal husbandry projects
At least ____ HH with children 0-24 that have an improved cooking stove, in the next ____ days	Improved stove construction, advocacy.
At least ____ women with children 0-24 months make a public pledge to keep the inside of their house smoke-free , in the next ____ days	
At least ____ children with signs of chest infection, diarrhea and/or a fever receive proper treatment within 1 day of on-set of symptoms, in the next ____ days	Mother group/FCHV meetings and education on early signs and symptoms and the benefits of early

treatment

Children 6-24 Months (Priorities: Comp feeding. Iron/MNPs, Protein, Diarrhea/ORS)
 These RRNIs would mostly like be implemented by Mother's/Women's groups, or an existing health-focused group. Senior Leadership could come from Ward Citizen Forum.

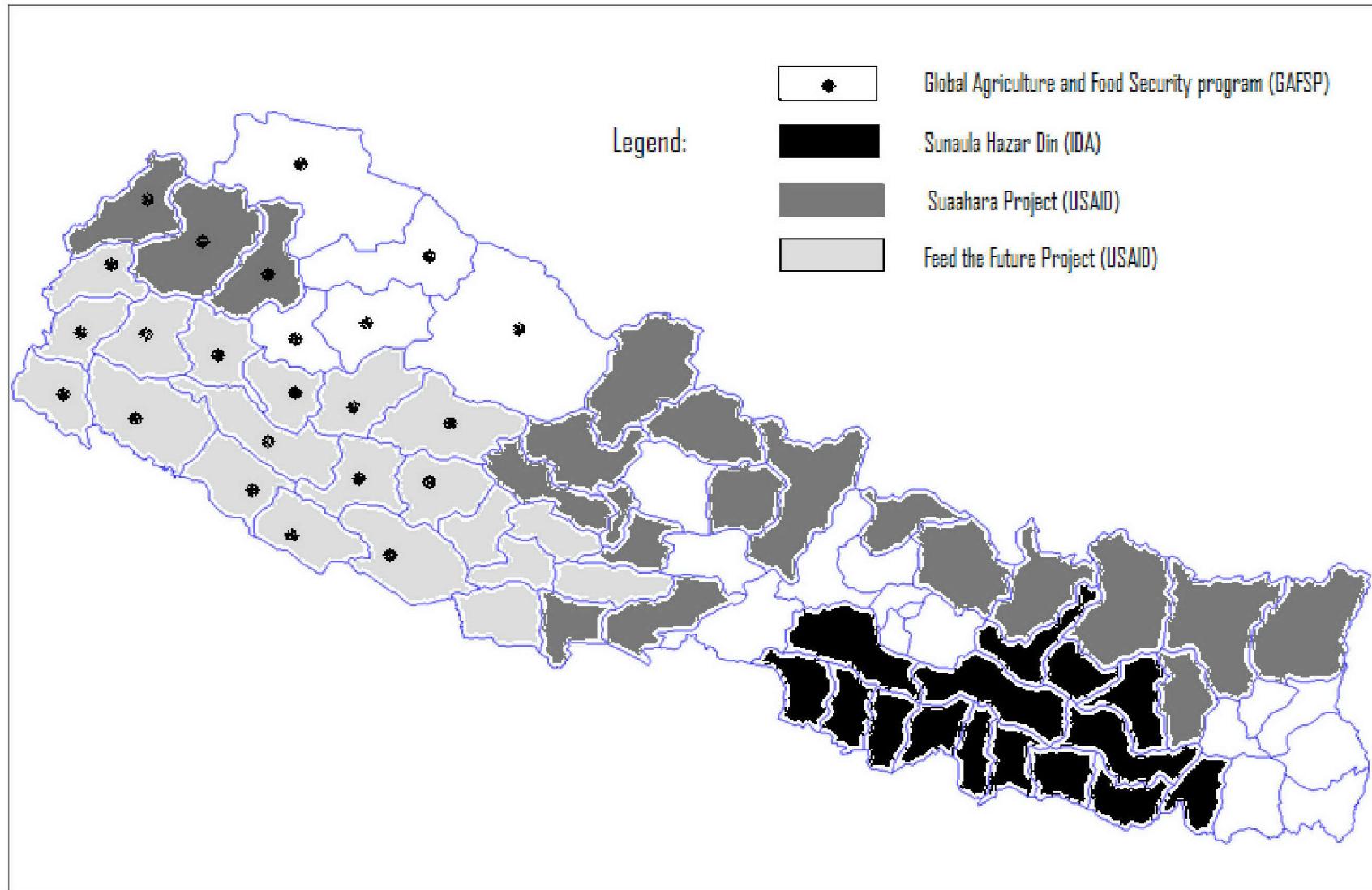
Goal Template	Illustrative Sub-projects
At least ____ underweight children gain an appropriate amount of weight, in the next ____ days	CMAM, goat/chicken rearing, fisheries project, growth monitoring
At least ____ children age 6-24 months eat at least one egg/piece of meat/fish or a glass of dairy each day for the next ____ days	Community advocacy, goat/chicken rearing, fisheries projects
At least ____ HH with children 6-24 months pass a IYCF checklist, in the next ____ days	Mother group peer programs, community advocacy.
At least ____ HHs with children 6-24 months eat a meal with MNPs once a day, each day for the next ____ days.	Community branding of MNPs, peer programs among mother groups
At least ____ children with diarrhea immediately receive proper treatment (ORS, Zinc and increased feeding), in the next ____ days	Mother group peer programs, branding and marketing of Zinc
At least ____ HH with children 0-24 mo pass hand washing checklist, in the next ____ days	“Community Led Total Behavior Change in Hygiene and Sanitation” campaign

Community wide (Priorities: Protein, safe water, Hygiene)
 Teams could come from a variety of different community-based groups, selected at large by the Ward committee. Senior Leaders could come from Ward Citizen Forum or NFSSC.

Goal Template	Illustrative Sub-projects
____ % of HH make public commitment against open defecation, in the next ____ days	Latrine construction, Community Led Total Behavior Change in Hygiene and Sanitation” campaign
Community declared ODF within ____ days	“Community Led Total Behavior Change in Hygiene and Sanitation” campaign
Ensure ____ sources of water in the community pass “clean water check list” at the point of consumption, in the next ____ days	Small construction (spring boxes, pumps, etc), Community Led Total Behavior Change in Hygiene and Sanitation” campaign
At least ____ HHs with children or women of child bearing age have access to a source of eggs, meat/fish or dairy , in the next ____ days	Funds for goat/chicken rearing, fisheries
School has appropriate number of latrines in ____ days.	Advocacy, latrine construction

Annex 8: Districts selected for major nutrition projects

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Annex 9: Relevant on-going/planned projects in Project districts
NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

Agency and program	Parsa	Bara	Rautahat	Sarlahi	Mahottari	Dhanusa	Makwanpur	Sindhuli	Ramechhap	Siraha	Saptari	Sunsari	Okhaldunga	Khotang	Udayapur
WB															
PAF	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
SSNP							X								X
RWSSP	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
AGEI	X	X				X						X			
Bio gas	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
WFP															
GIP			X	X	X	X									
RO															X
ACF															
CMAM											X				
UNFPA															
ASRH					X			X							
FP				X						X	X				
UNICEF															
CMAM										X					
MNP/IYCF	X					X					X				
GM															X
CFLG	X								X						X
HKI															
HFP															X

PAF: Poverty Alleviation Fund; SSNP: Social Safety Net Project; AGEI: Adolescent Girls Employment Initiative; GIP: Girls Incentive Program; RO: Refugee Operation; CMAM: Community Management of Malnutrition; ASRH: Adolescent Sexual and Reproductive Health; FP: Family Planning; MNP: MicroNutrient Powder; IYCF: Infant and Young Child Feeding; CG: Child Grant; GM: Growth Monitoring; CFLG: Child Friendly Local Governance; HFP: Homestead Food Production

Annex 10: Economic and Financial Analysis
NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

A. The project's macroeconomic context

1. **Public expenditure is growing in recent years while concerns about its quality remain.** Despite slow growth in revenue, expenditure remains high. At the same time, reports from the Public Accounts Committee shows an increase of 42 percent in outstanding audit irregularities in FY11 compared to previous year. Poor public finance management manifested in weak internal control system, non-compliance with prevailing law and breakdown of internal controls, and weak accountability are all worrisome signs. The country is going through a transition and the rate of turnover of government officials is high. In the past few years alone various coalition of political parties formed government only to be replaced by another coalition after several months. As such political stability remains elusive and such an environment can easily feed into increased public spending and weak accountability.
2. **The project is likely to improve the quality of public spending in a number of ways.** First, as the Project aims to generate demand for social services, the efficiency of public expenditure on these services can improve. Second, through demand creation, the project enhances the accountability of service providers at the community level. Accountability at the community level is essential in the current political environment where political instability has created an atmosphere which presents challenges to efforts to promote accountability at a higher level to improve quality of public spending.
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4. **The fiscal impact of the project is likely to be limited.** The Project may reduce wastage by generating demand for excess capacity, but in the absence of excess capacity, it may also result in increased public spending on social services. Demand for such services is expected to increase due to the Project. If there were excess capacity, then this capacity will be utilized, hence improving efficiency of public spending. However, when the supply is not enough to accommodate the increase in demand, then there will be pressures to increase public spending on these services. As such, given the budget available excess capacity in the supply of these services and the rate of budget absorption, the fiscal impact of the Project is likely to be limited.
5. **The project's impact on distribution is clear in that it benefits the poor, children and women.** The target beneficiaries in specific populations are relevant to achieving the PDO including girls and young women between 15 and 25 years of age, pregnant women and women who want to become pregnant in the next 6 months, children below 24 months of age and their

caretakers. Geographically also, the Project will benefit the poorest VDCs in 15 districts selected on the basis of poverty levels, nutritional status, and the absence of similar interventions by other partners.

B. Sectoral Spending levels and trends

6. **There has been an increase in social services spending over the last ten years.** Spending rose to 11.7 percent of GDP in 2010 from 5.4 in 2001. As such, it represents doubling of spending on social services within a decade. This includes an increase in spending in rural infrastructure, safety net programs, and grants to local governments which mostly benefits education, health water and sanitation programs. Spending on drinking water and sanitation has been increasing but still remains less than 1 percent of GDP (Figure 1). In line with the policy of expanding access to drinking water, an average 67 percent of the sector's spending goes to rural and community-managed drinking-water activities. Spending in the education sector has been increasing, and at 4.1 percent of GDP remains the largest of all social sectors. More than one-half of the education sector's spending goes toward primary education, with more teacher deployment and scholarships to underserved regions. Spending in health also has increased substantially in the past ten years, reaching 1.4 percent of GDP in 2010 from 0.83 percent in 2001. More than three quarters of public spending in health goes into services that are preventive in nature and assists in increasing immunization coverage, contraceptive use, and improving nutrition ultimately reducing maternal, child and infant mortality rates.

7. **Expenditures in the social sectors are becoming increasingly pro-poor** Expenditure in education is the most pro-poor at 14.07 percent of total expenditure in 2010 followed by local development at 6.38 percent and health at 4.95 percent. Although expenditures in local development and health are catching up with education, with an increase of pro-poor expenditure in local development by 72 percent and health more than 48 percent between 2003 and 2010. During the same period, the increase in pro-poor expenditure in education was only 3.7 percent.

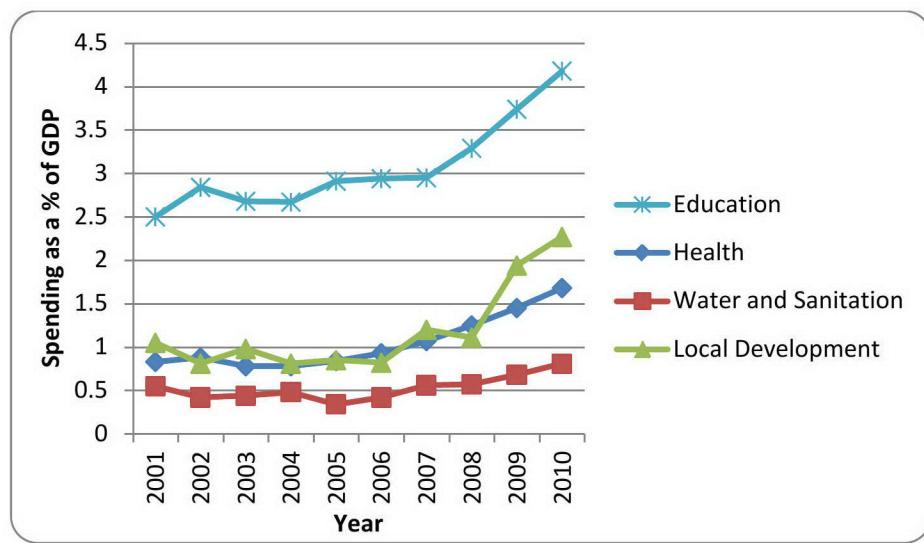


Figure 1. Spending in Social Service as a Percent of GDP

Source: PER, 2010, World Bank.

8. **Given the budget utilization rate, the Project is unlikely to push public expenditure in these sectors higher than its current level but has the potential to improve efficiency.** The increase in demand due through the project can be accommodated through existing level of spending. As noted in the recent public expenditure review¹³, the key issue in these sectors in effective implementation. Improving implementation is cited as the main potential source of efficiency gains. At the same time, budget execution in these sectors remains well below the allocated amount and there is significant potential to increase supply with the current budget allocation.

C. Why invest in nutrition and why involve public sector?

9. **Why invest?** There a growing body of evidence that demonstrates the rational for investing in nutrition, especially in developing countries such as Nepal.

10. **Nutritional interventions contribute significantly to the reduction of child and maternal mortality and physical and cognitive damages.** Millions of mothers and children die globally and millions more are permanently disabled by mental and physical defects due to underlying causes of malnutrition and poor dietary intake early in life. The costs of irreversible physical and cognitive damage that children face due to under nourishment by 24 months of age are very large. The impact of such damage is has a strong intergenerational component.

11. **At the same time, there are known and available effective interventions to reduce underweight, stunting, micronutrient deficiencies, and child deaths in Nepal.** Recent analytical work commissioned by the Bank¹⁴ has reviewed the evidence for essential nutrition intervention and provided the evidence base on what works for Nepal. Among those interventions reviewed, breastfeeding counseling, appropriate complementary feeding, and vitamin A and zinc supplementation were identified as having the greatest potential to reduce child deaths and the future disease burden related to malnutrition.

12. **Investment in these interventions will contribute to reducing maternal and child mortality and reducing poverty** by enhancing productivity, cognitive development, and school performance. There is a large body of evidence showing the link between income/earning and nutritional status. At the macroeconomic level, malnutrition could result a significant loss of national income. In countries with high levels of anemia, for instance, it is estimated to cause about a 2% reduction in GDP¹⁵. At the household level, malnutrition causes a significant reduction in earning: a study in Brazil found that a percentage decrease in adult height could result in up to 4% reduction in earnings¹⁶. More importantly, improved nutrition will reduce maternal and child mortality.

¹³ World Bank. 2010. Public expenditure Review, Poverty Reduction and Economic Management unit, South Asia.

¹⁴ World Bank. 2012. Accelerating progress in reducing Maternal and Child Undernutrition in Nepal: A review of global evidence of essential nutrition interventions for the Nepal Health Sector Plan II and Multisectoral Plan for Nutrition.

¹⁵ Strauss, John and Thomas, Duncan. 1998. "Health, Nutrition, and Economic Development" *Journal of Economic Literature* 36(2):766-817. AND Horton, Susan and Ross, J. 2003. "the Economics of Iron Deficiency" *Food Policy* 28(1):51-75.

¹⁶ Strauss, John and Thomas, Duncan. 1998. "Health, Nutrition, and Economic Development" *Journal of Economic Literature* 36(2):766-817.

13. **Nutritional interventions are found to be among the most cost-effective interventions to enhance welfare globally.** In the Copenhagen Consensus 2008, a panel of renowned economists, ranked five nutritional interventions among ten of thirty proposals presented to answer the question of the best way to advance global welfare. It ranked micro nutrient supplements for children including vitamin A and zinc supplementation first, micro nutrient fortification including iron and salt iodization third, de-worming and other nutrition programs at school sixth and community based nutrition promotion as ninth. The ranking takes into account the benefit cost ratio, feasibility and sustainability of the interventions.

14. **But why involve the public sector in Nepal?** Even when investment in nutrition is worth making, there needs to be well argued case for public involvement in those investments. From an economics perspective, a case has to be made either from a market failure or from an equity/poverty reduction perspective to justify public involvement and hence the project. In Nepal there is sound case for public involvement as described below:

Information ‘asymmetry’ and externality: people do not always have full information on feeding practice and food that is best for their children and themselves. Because growth faltering may be the norm, and micronutrient deficiencies are not typically visible enough to be easily recognized, they are often even unaware of the need to invest in improving the nutritional status of their children. The role of information is even more critical because of the limited window of opportunity where the highest impact on nutrition could be made. The benefit of improved nutrition accrues not only to the individual making the investment but to the society at large as improved nutrition reduces the impact of disease and improves productivity. An absence of internalization of all the benefits of one’s investments results in underinvestment in nutrition relative to that which is socially desirable.

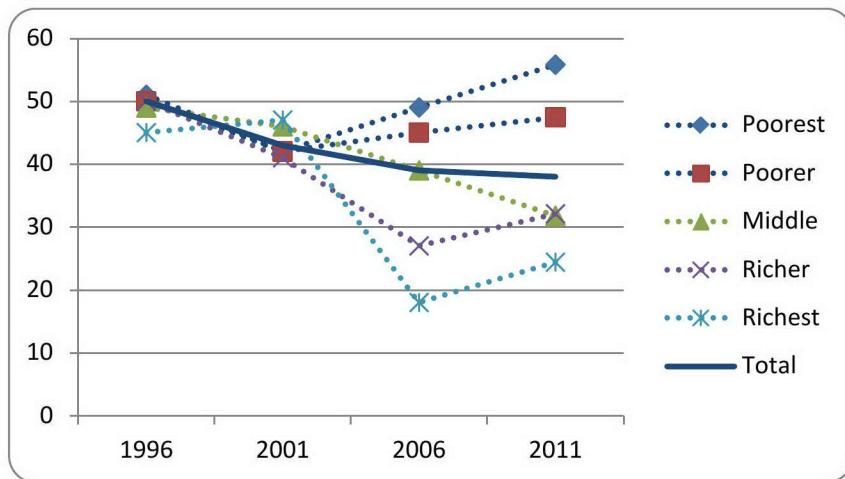


Figure 2. Prevalence of Moderate Stunting by Wealth Index, Children 6-24 months of age – 1996-2011

Source: Preliminary result from “thematic report on food security and nutrition. The report uses NLSS III.

Equity and poverty: there are two equity considerations that justify public investment in nutrition in Nepal. First, the burden on malnutrition falls on the poor disproportionately.

Table 1 shows the prevalence of severe and moderate stunting for children aged 60 months and under in 2011. Malnutrition is concentrated among the rural residents, households with illiterate women and the poorest. Moreover, the trend shows that while malnutrition has declined nationally, this reduction is concentrated among the richest households. If anything, malnutrition has increased among poor households (Figure 2). Hence, the fact that the poor are disproportionately affected by malnutrition is a good reason for public intervention. Furthermore, it is well established in the literature which looks at the nutrition- poverty nexus that the poor are trapped in a low income-low nutrition equilibrium and public intervention is essential to breaking this vicious cycle. Second, in an economy where access to credit is limited, the opportunity to transfer assets across time is limited especially for the poor. This is true for Nepal (see Besley, Jain and Tsangarides, 2001).¹⁷ Although the returns to investments in nutrition are high and are common knowledge, such high return investments are beyond the reach of the poor due to credit constraints that the poor face.

¹⁷ Besley , Timoth. Jain, Sanjay, and Tsangarides, Charalambos. 2001. “Household participation in formal and informal institutions in rural credit markets in developing countries: evidence from Nepal” Background paper prepared for *World Development Report 2001/2002*.

Table 1. Nutritional status and household characteristics, children 60 months and below.

Household characteristics	Stunting			Underweight			Wasting		
	% Moderate	% Severe	Number	% Moderate	% Severe	Number	% Moderate	% Severe	Number
Location									
Urban	30.5***	9.1***	613	21.9***	6.9***	615	11.7**	4.3	609
Rural	48.7	20.0	1852	36.8	9.9	1869	14.6	2.6	1848
Maternal education									
None	54.1***	24.5***	616	43.1***	13.0***	617	16.2**	3.1	610
Literate	53.7	23.1	603	41.8	14.2	608	15.6	3.8	603
Completed 5-7 years	45.8	16.9	474	30.0	5.5	475	13.4	1.7	470
Completed 8-10 years	38.8	11.9	368	29.2	5.1	366	11.7	2.7	363
Completed > 11 years	23.0	6.2	414	16.1	3.5	418	11.1	2.1	411
Expenditure quintile									
Poorest	57.3***	27.4***	477	45.4***	15.2***	476	15.5	4.2	474
2	55.0	23.9	481	40.0	11.9	487	16.7	2.3	476
3	49.2	17.1	481	37.3	8.3	481	13.6	2.2	481
4	38.4	13.2	501	28.8	8.2	504	13.5	3.4	497
Richest	30.2	10.7	532	21.6	3.9	536	11.6	2.1	529

*** <0.001; ** <0.05

Source: Preliminary result from “thematic report on food security and nutrition. The report uses NLSS III data.

D. Valuation of the project

15. **The success of the project is measured by the extent to which it creates demand for nutrition related services.** The impact on nutritional status, however, depends on both the generated demand for nutritional related services and the responsiveness of the supply to the increase in demand. It is envisaged that the supply response will be supported mainly by ongoing projects and programs in the various sectors including health, education, safety nets, and rural development. This complicates the economic and financial analysis of the project as it requires a counterfactual world that represents the situation in the absence of the project. Fortunately, the impact evaluation planned under the project enables such exercise to be carried out. The impact evaluation will provide rigorous results to undertake a cost effectiveness analysis. The planned impact evaluation provides a rare opportunity to undertake an economic evaluation on the size of impacts that is less affected by estimation problems, unobserved heterogeneity and at times endogeneity that most non-experimental studies suffer from.

16. Few studies have been done on the cost and benefit of nutritional interventions. The benefits and costs vary by country and are context dependent in a sense that they depend on the state of the economy, relative prices, the health status and other environments. Yet, global estimates presented in Table 2 provide some broad insight to benefits and costs of investments in nutrition.

Table 2. Costs and Benefits of selected nutritional interventions, range of global estimates.

Interventions	Benefits	Costs	Benefits/cost
Breastfeeding promotion in hospitals	\$5952-8929	\$133-1064	5.6-67.1
Integrated child care programs	\$376-653	\$40	9.4-16.2
Iodine (per child bearing age)	\$75-130	\$0.25-5	15-520
Iron (pregnant women)	\$82-140	\$10-13.4	6.1-14

Note: Both benefits and costs are in USD ; discount rate = 3-5%; One can relax the assumption of valuing life from earnings to a fixed amount of say \$100,000 so that all life saved whether in poor or rich countries is valued equally. This certainly increases the benefit cost ratio of the interventions dramatically. It changes the benefit cost ration of the breastfeeding promotion to the range of 108-939.8, of Iodine to the range of 622.6-13388; of Iron to the range of 636.9-952.3.

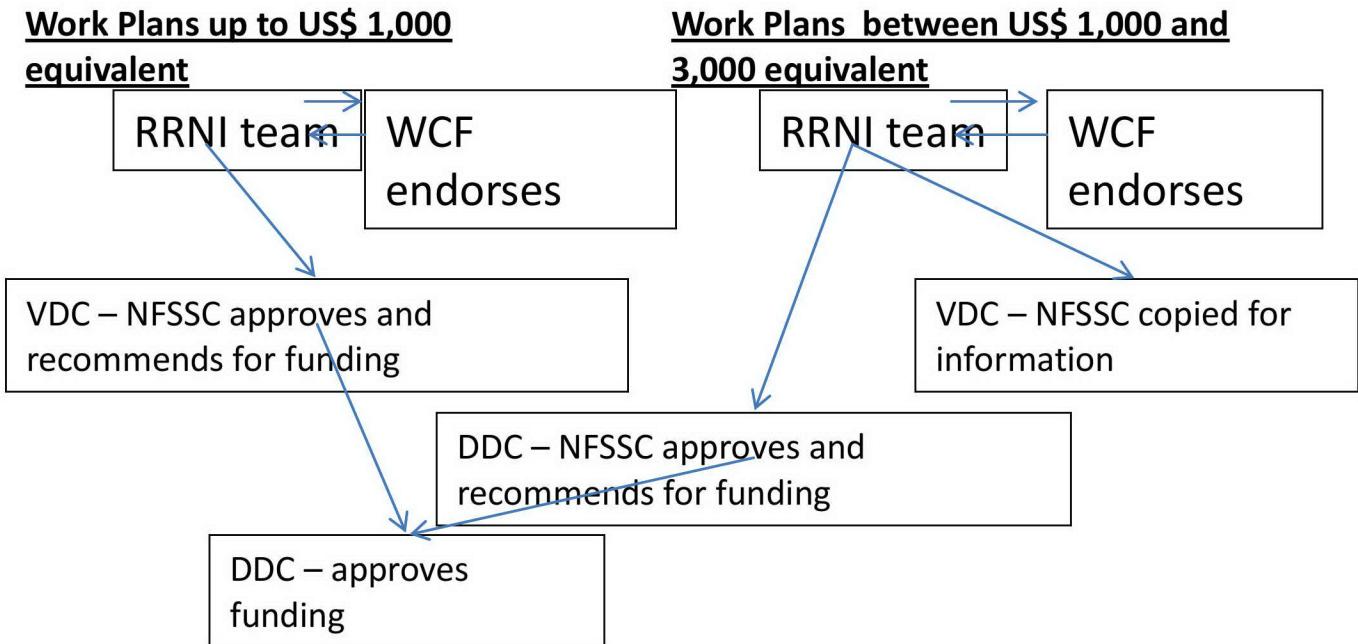
Source: Behrman, Alderman and Hoddinot. 2004. “ Nutrition and Hunger” In *Global Crises, Global Solutions*, ed, Bjorn Lomborg. Cambridge ,UK: Cambridge University Press.

Annex 11: RRNI cycle, approval framework and reporting framework

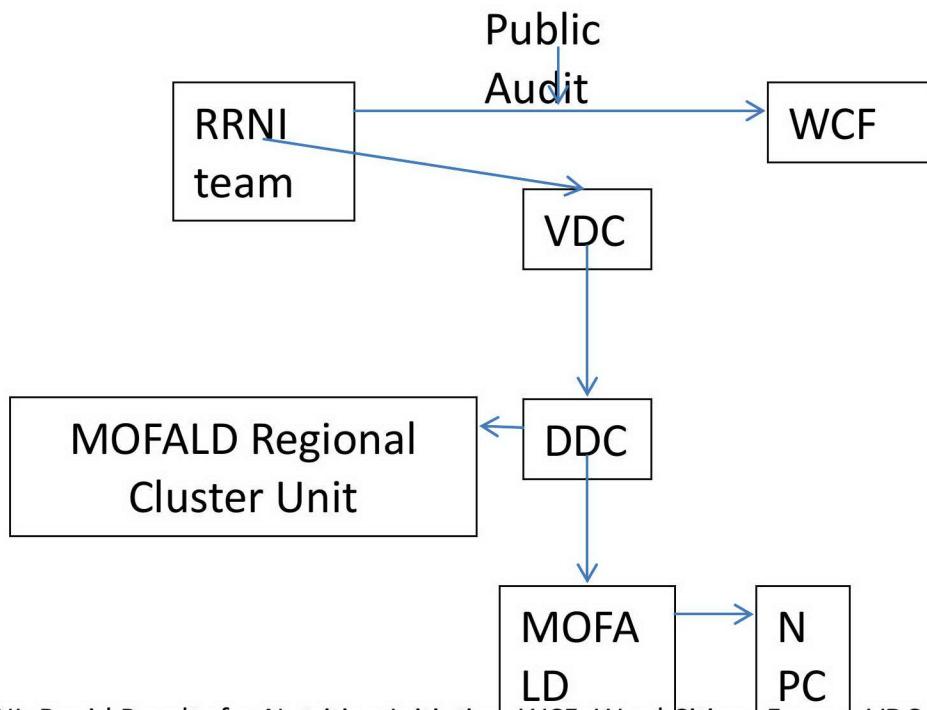
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- 1.** Coach visits VDC Secretary and VDC level Nutrition and Food Security Steering Committee, explains the purpose
 - 2.** Coach and representative of VDC level Nutrition and Food Security Steering Committee visit Ward Citizen Forum (9), explain purpose
 - 3.** Ward Citizen Forum agrees / rejects to participate. When agreed, most relevant goal is selected from menu
 - 4.** RRNI team members are selected in accordance with the guidelines and as suitable for the selected goal
 - 5.** RRNI teams and coach elaborate a target and a work plan
 - 6.** Work plans submitted to Ward Citizen Forum for endorsement and then to VDC or to DDC, copied to VDC for approval (see approval framework)
 - 7.** After DDC approves funding, Nutrition and Food Security Steering Committee secure supplies from public sector agencies
 - 8.** Funds, if required, are released from DDC to VDC for non-public sector inputs
 - 9.** Once required input secured and available, RRNI teams and coach launched their Initiative at Ward Citizen Forum and RRNI teams go to work
 - 10.** Weekly/fortnightly team meetings with the coach
 - 11.** About 50 days after the RRNI launch, a mid-term assessment is done by the RRI teams and their coach and adjustments made when and where required to achieve the goal
 - 12.** After 100 days RRNI teams and their coach meet the Ward Citizen, report on their achievement and the use of funds, followed by a discussion on how to sustain the achievement and on the choice of the next goal
- RRNI cycle starts afresh

Annex 11b: RRNI Approval Framework



Annex 11 c: Results Reporting Framework



RRNI: Rapid Results for Nutrition Initiative; WCF: Ward Citizen Forum; VDC: Village Development Committee; DDC: District Development Committee; NFSSC: Nutrition and Food Security Steering Committee, MOFALD: Ministry of Federal Affairs and Local Development; NPC: National Planning Commission

Annex 12: Brief on GON's Multi-Sectoral Nutrition Plan

Multi-Sectoral Nutrition Plan: For accelerating the reduction of Maternal and Child under- Nutrition in Nepal¹⁸

Forty-one per cent of children in Nepal suffer from chronic malnutrition (DHS, 2011). The immediate causes of chronic malnutrition in Nepal include poor feeding and acre practices, insufficient nutrient intake, high rate of infection and teenage pregnancy. Less than half(44.5%) of babies are initiated with breastfeeding though 70% are exclusively breastfed at 6 months, only 65% are introduced to complementary foods after 6 months; most importantly complementary feeding is infrequent, and inadequate in terms of quality, quantity and safety. Only one-fourth of the children (DHS, 2011) are fed with the recommended IYCF practices (4+ food group and minimum mean frequency). A quarter of mothers give birth before the age of eighteen. Then, they are often involved in heavy workload including farming immediately after delivery, plus a quarter of them smoke that account for 30% low birth weight in 2006, while less than a quarter were provided with any quality animal protein food or foods made with oil or fat the day before (DHS, 2006). Maternal and infant infections are very common; intestinal parasites constitute

¹⁸ Extracted from: MSNP Policy Brief, The National Planning Commission, 2012

one of the major public health problems; prevalence of fevers (19%) are as common as diarrheal diseases (14%) while ARI is affecting 5% of children , all causing young children's deaths and malnourishment (DHS, 2011).

With regards to the underlying causes of chronic malnutrition, ensuring food security for an estimated 3.5 million (Initiative on Soaring Food Prices- FAO) of the population in food deficit areas throughout the year is an uphill task. There is still a wide gap in sanitation services with half the population still defecating in the open. About half of the population lives in single roomed dwellings with a mud floor and an open fire for cooking and heating. Regarding the basic causes, there is increasing inequity. Some of the discriminatory and exclusionary practices based on gender, caste, class, religion, ethnicity or regions persist but development actors and agencies have significantly improved their orientation on social inclusion and gender in recent years.

The longer-term vision of the multi-sectoral nutrition plan, over the next ten years, is to embark the county towards significantly reducing chronic malnutrition to ensure that it is no longer becomes an impeding factor to enhance human capital and for overall socio-economic development. The goal over t he next five years, is to improve maternal and child nutrition which will result in the reduction of Maternal Infant and Young Child (MIYC) under-nutrition , in terms of maternal BMI and child stunting, by one third. The main purpose is to strengthen capacity of the NPC and the key Ministries to promote and steer the multi-sectoral nutrition program for improved maternal and child nutrition at all key levels of society.

MSNP will contribute towards attaining its long-term vision and mid-term goal by achieving three major outcomes:

Outcome 1: Policies, Plans and muti-sectoral coordination improved at national and local levels.

Outcome 2: Practices that promote optimal use of nutrition “specific” and nutrition” sensitive” services improved, leading to enhanced maternal and child nutritional status.

Outcome 3: Strengthened capacity of central and local governments on nutrition to provide basic services in an inclusive and equitable manner.

The plan focuses on the narrow window of growth falter, with an urgent set of essential interventions, and will complement other relevant sectoral policies and strategies, such as the health sector’s National Nutrition Policy and Strategy (2004) and agriculture sectors upcoming Food and Nutrition Security Plan (FNSP) as part of Agriculture Development Strategy (ADS).

The MNSP has identified eight outputs (results):

Output 1: Policies and plans updated/ reviewed to incorporate a core set of nutrition specific indicators at national and sub- national levels. NPC and sector ministries will be responsible to attain this result.

Output 2: Multi-sectoral coordination mechanisms functional at national and sub-national levels. NPC and local bodies will be responsible to attain this result.

Output 3: Maternal and child nutritional care service utilization improved, especially among the unreached and poor segment of the society. The health sector will be responsible to attain this result.

Output 4: Adolescent girl's parental education, life skills and nutrition status enhanced. The education sector will be responsible to attain this result.

Output 5: Diarrheal diseases and ARI episodes reduced among young mothers, adolescent girl's infants and young children. The physical planning and works sector will be responsible to attain this result.

Output 6: Availability and consumption of appropriate foods (in terms of quality, quantity, frequency and safety) enhanced and women's workload reduced. The agriculture, environment and local development sectors will be responsible to attain this result.

Output 7: Capacity of national and sub-nationals levels enhanced to provide appropriate support to improve maternal and child nutrition. NPC, health, education physical planning and works, agriculture, and local development sectors will be responsible to attain this result.

Output 8: Multi-sectoral nutrition information updated and linked both at national and sub-national levels. NPC, health, education physical planning and works, agriculture, and local development sectors will be responsible to attain this result.

Annex 13: Statement of Loans and Credits

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<u>Active Projects</u>								Difference Between Expected and Actual	
Project ID	Fiscal Year	Project Name	Original Amount in US\$ Millions					Disbursements	
			IBRD	IDA	SF	GEF	Cancel.	Undisb.	Orig. Frm Rev'd
P120265	2011	Emerging Towns Project	0.00	25.00	0.00	0.00		24.84	-0.06
P104015	2011	Enhanced Vocational Educ & Trng	0.00	50.00	0.00	0.00		42.95	0.41
P099296	2008	Irrig & Water Res Mgmt Project	0.00	64.30	0.00	0.00		25.96	6.46 8.58
P112893	2011	Kabeli Transmission Project	0.00	38.00	0.00	0.00		35.48	1.17
P105860	2008	PAF II	0.00	192.50	0.00	0.00	0.03	72.63	-18.85 -5.44
P110762	2008	Peace Support Project	0.00	50.00	0.00	0.00		24.31	25.94 25.27
P043311	2003	Power Development Project	0.00	164.80	0.00	0.00	0.76	81.57	-18.96 53.16
P118179	2012	Rani Jamara Kulariya Irrigation Project	0.00	43.00	0.00	0.00		36.77	-4.20
P095977	2008	Road Sector Development Project	0.00	117.60	0.00	0.00		56.68	-20.94 1.31
P083923	2005	Rural Access Improve. & Decentralization	0.00	77.00	0.00	0.00		40.04	-4.33 11.34
P071285	2004	Rural Water Supply & Sanitation Project	0.00	52.30	0.00	0.00	3.74	4.58	-17.51 6.27
P113441	2010	School Sector Reform Program	0.00	130.00	0.00	0.00		79.81	10.07
P090967	2007	Second Higher Education Project	0.00	60.00	0.00	0.00		30.98	8.63 3.60
P117417	2010	Second HNP and HIV/AIDS Project	0.00	129.15	0.00	0.00		106.07	15.57
P113002	2009	Social Safety Nets Project	0.00	64.47	0.00	0.00		15.47	-28.10 12.40
P087140	2009	Agriculture Commercialization & Trade	0.00	20.00	0.00	0.00		15.68	4.16
Total:			1278.12			4.53 693.82			-40.54 116.48

NEPAL IFC Portfolio
Committed and Disbursed Outstanding Investment Portfolio
As of 4/30/2012
(In USD Millions)

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Partici pant	Loan	Equity	**Quasi Equity	*GT/RM	Partici pant
2009	Buddha air nepal	7.88	0	0	0	0	7.88	0	0	0	0
2010	Butwal power co	6.32	0	0	0	0	3.49	0	0	0	0
1998	Jomsom resort	4	0	0	0	0	4	0	0	0	0
2011	Nepal bo2	0	0.28	0	0	0	0	0	0	0	0
2010	Nirdhan mfb	0	0.25	0	0	0	0	0.19	0	0	0
2010	Rmdc nepal	0	0.64	0	0	0	0	0	0	0	0
2009	Smartchoice	0	0.35	0	0	0	0	0	0	0	0
Total Portfolio:		18.2	1.52	0	0	0	15.37	0.19	0	0	0

* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.

Annex 14: Nepal At A Glance

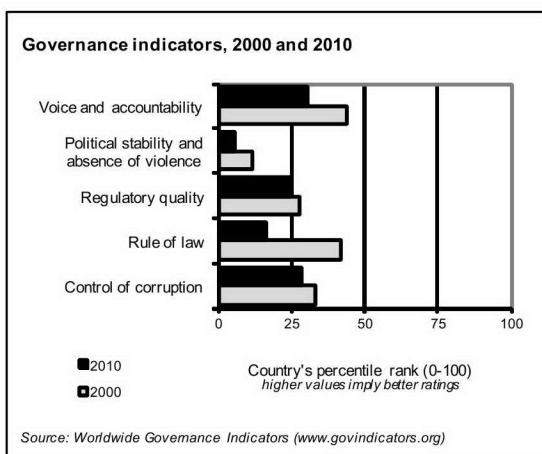
NEPAL: Sunaula Hazar Din – Community Action for Nutrition Project

Key Development Indicators				Nepal	South Asia	Low income	Age distribution, 2010	
(2010)							Male	Female
Population, mid-year (millions)	30.0	1,633	796					
Surface area (thousand sq. km)	147	5,131	15,551					
Population growth (%)	1.8	1.4	2.1					
Urban population (% of total population)	18	30	28					
GNI (Atlas method, US\$ billions)	14.5	1,920	421					
GNI per capita (Atlas method, US\$)	490	1,176	528					
GNI per capita (PPP, international \$)	1,210	3,124	1,307					
GDP growth (%)	4.6	8.1	5.9					
GDP per capita growth (%)	2.7	6.6	3.7					
<i>(most recent estimate, 2004–2010)</i>								
Poverty headcount ratio at \$1.25 a day (PPP, %)	25	36	..					
Poverty headcount ratio at \$2.00 a day (PPP, %)	57	71	..					
Life expectancy at birth (years)	68	65	59					
Infant mortality (per 1,000 live births)	41	52	70					
Child malnutrition (% of children under 5)	39	33	23					
Adult literacy, male (% of ages 15 and older)	72	73	69					
Adult literacy, female (% of ages 15 and older)	47	50	54					
Gross primary enrollment, male (% of age group)	..	113	108					
Gross primary enrollment, female (% of age group)	..	107	101					
Access to an improved water source (% of population)	89	90	65					
Access to improved sanitation facilities (% of population)	31	38	37					
Net Aid Flows								
	1980	1990	2000	2010				
<i>(US\$ millions)</i>								
Net ODA and official aid	160	423	386	821				
<i>Top 3 donors (in 2010):</i>								
United Kingdom	16	26	23	105				
Japan	24	55	100	81				
United States	8	17	16	52				
Aid (% of GNI)	8.2	11.6	7.0	5.2				
Aid per capita (US\$)	11	22	16	27				
Long-Term Economic Trends								
Consumer prices (annual % change)	9.6	9.9	3.3	9.6				
GDP implicit deflator (annual % change)	7.6	10.7	4.5	13.4				
Exchange rate (annual average, local per US\$)	12.0	28.5	69.1	74.5				
Terms of trade index (2000 = 100)				
Population, mid-year (millions)	15.0	19.1	24.4	30.0				
GDP (US\$ millions)	1,946	3,628	5,494	15,722				
	<i>(% of GDP)</i>							
Agriculture	61.8	51.6	40.8	36.1				
Industry	11.9	16.2	22.1	15.4				
Manufacturing	4.3	6.1	9.4	6.6				
Services	26.3	32.1	37.0	48.5				
Household final consumption expenditure	82.2	84.3	75.9	82.0				
General gov't final consumption expenditure	6.7	8.7	8.9	10.6				
Gross capital formation	18.3	18.1	24.3	34.7				
Exports of goods and services	11.5	10.5	23.3	9.8				
Imports of goods and services	18.7	21.7	32.4	37.1				
Gross savings	13.6	10.1	30.0	23.3				

Note: Figures in italics are for years other than those specified. .. indicates data are not available.

Development Economics, Development Data Group (DECDG).

Balance of Payments and Trade	2000	2010						
<i>(US\$ millions)</i>								
Total merchandise exports (fob)	971	820						
Total merchandise imports (cif)	1,713	5,082						
Net trade in goods and services	-658	7,481						
Current account balance as a % of GDP	173 3.2	11,273 71.7						
Workers' remittances and compensation of employees (receipts)	111	3,468						
Reserves, including gold	953	2,287						
Central Government Finance	2000	2010						
<i>(% of GDP)</i>								
Current revenue (including grants)	12.2	0.0						
Tax revenue	8.7	0.0						
Current expenditure	9.4	0.0						
Overall surplus/deficit	-3.3	0.0						
Highest marginal tax rate (%)								
Individual						
Corporate						
External Debt and Resource Flows	2000	2010						
<i>(US\$ millions)</i>								
Total debt outstanding and disbursed	2,867	3,702						
Total debt service	102	187						
Debt relief (HIPC, MDRI)	-	-						
Total debt (% of GDP)	52.2	23.5						
Total debt service (% of exports)	5.4	3.6						
Foreign direct investment (net inflows)	0	88						
Portfolio equity (net inflows)	0	0						
Composition of total external debt, 2010	2000	2010						
<p>US\$ millions</p> <table border="1"> <tr> <td>IDA, 1,426</td> </tr> <tr> <td>IMF, 114</td> </tr> <tr> <td>Other multi-lateral, 1,724</td> </tr> <tr> <td>Bilateral, 374</td> </tr> <tr> <td>Private, 3</td> </tr> <tr> <td>Short-term, 61</td> </tr> </table>			IDA, 1,426	IMF, 114	Other multi-lateral, 1,724	Bilateral, 374	Private, 3	Short-term, 61
IDA, 1,426								
IMF, 114								
Other multi-lateral, 1,724								
Bilateral, 374								
Private, 3								
Short-term, 61								
Private Sector Development	2000	2011						
Time required to start a business (days)	-	29						
Cost to start a business (% of GNI per capita)	-	37.4						
Time required to register property (days)	-	5						
Ranked as a major constraint to business (% of managers surveyed who agreed)	2000	2010						
n.a.						
n.a.						
Stock market capitalization (% of GDP)	14.4	30.8						
Bank capital to asset ratio (%)						



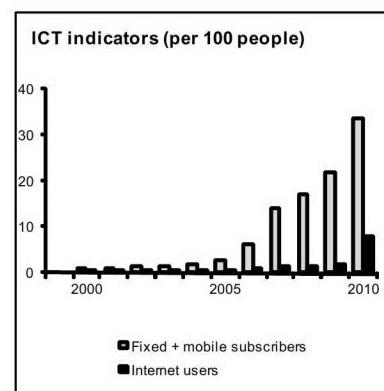
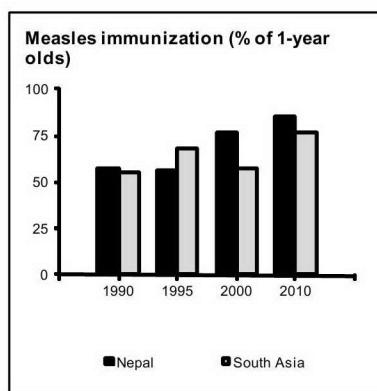
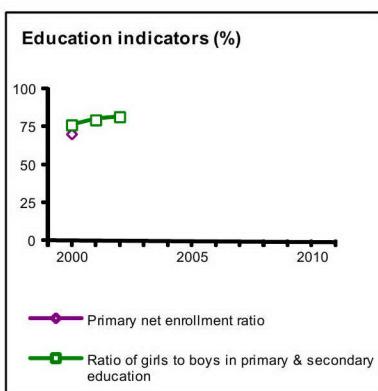
Technology and Infrastructure	2000	2010
Paved roads (% of total)	..	53.9
Fixed line and mobile phone subscribers (per 100 people)	1	34
High technology exports (% of manufactured exports)	0.0	0.6
Environment	2000	2010
Agricultural land (% of land area)	29	30
Forest area (% of land area)	27.2	25.4
Terrestrial protected areas (% of land area)	17.0	17.0
Freshwater resources per capita (cu. meters)	7,754	6,734
Freshwater withdrawal (% of internal resources)	5.1	4.7
CO2 emissions per capita (mt)	0.13	0.12
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	2.7	3.1
Energy use per capita (kg of oil equivalent)	332	338
World Bank Group portfolio	2000	2010
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Principal repayments	0	0
Interest payments	0	0
IDA		
Total debt outstanding and disbursed	1,132	1,426
Disbursements	49	11
Total debt service	24	54
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	75 50	32 28
Disbursements for IFC own account	12	0
Portfolio sales, prepayments and repayments for IFC own account	0	7
MIGA		
Gross exposure	33	29
New guarantees	0	0

Note: Figures in italics are for years other than those specified.
.. indicates data are not available. – indicates observation is not applicable.

4/5/12

Millennium Development Goals with selected targets to achieve between 1990 and 2015
 (estimate closest to date shown, +/- 2 years)

	Nepal			
	1990	1995	2000	2010
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$1.25 a day (PPP, % of population)	..	68.0	..	24.8
Poverty headcount ratio at national poverty line (% of population)	..	41.8
Share of income or consumption to the poorest quintile (%)	..	7.9	..	8.3
Prevalence of malnutrition (% of children under 5)	..	44.1	43.0	38.8
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	65	..	71	..
Primary completion rate (% of relevant age group)	51	..	66	..
Secondary school enrollment (gross, %)	32	40	35	44
Youth literacy rate (% of people ages 15-24)	50	..	70	82
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	57	68	77	..
Women employed in the nonagricultural sector (% of nonagricultural employment)	14	..
Proportion of seats held by women in national parliament (%)	6	3	6	33
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	141	110	84	50
Infant mortality rate (per 1,000 live births)	97	79	64	41
Measles immunization (proportion of one-year olds immunized, %)	57	56	77	86
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	870	700	550	380
Births attended by skilled health staff (% of total)	7	9	12	19
Contraceptive prevalence (% of women ages 15-49)	24	29	37	48
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.2	0.4	0.5	0.4
Incidence of tuberculosis (per 100,000 people)	163	163	163	163
Tuberculosis case detection rate (% all forms)	33	56	74	72
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	76	80	83	89
Access to improved sanitation facilities (% of population)	10	15	20	31
Forest area (% of total land area)	33.7	..	27.2	25.4
Terrestrial protected areas (% of land area)	7.7	14.0	17.0	17.0
CO2 emissions (metric tons per capita)	0.0	0.1	0.1	0.1
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	2.3	2.6	2.7	3.1
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	0.3	0.4	1.1	2.8
Mobile phone subscribers (per 100 people)	0.0	0.0	0.0	30.7
Internet users (per 100 people)	0.0	0.0	0.2	7.9
Computer users (per 100 people)



Note: Figures in italics are for years other than those specified. .. indicates data are not available.

4/5/12

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