

**Template for MDB Request for Payment for Project Implementation Services (MPIS)<sup>1 2</sup>**

<b>PILOT PROGRAM FOR CLIMATE RESILIENCE</b>			
<b>MDB Request for Payment of Implementation Services Costs</b>			
<b>1. Country/Region:</b>	Nepal	<b>2. CIF Project ID#:</b>	(Trustee will assign ID)
<b>3. Project Title:</b>	<i>Building Resilience to Climate-Related Hazards (Additional Financing, BRCH-AF)</i>		
<b>4. Request for project funding (USD mill.)<sup>3</sup>:</b>	<i>At time of country program submission (tentative): 5 million</i>	<i>At time of project approval: 5 million</i>	
<b>5. Estimated costs for MDB project implementation services (USD mill.)<sup>4</sup>:</b>	<i>Initial estimate - at time of Country program submission: Preparation: USD 135,000 Implementation Supervision: USD 500,000</i>	<i>MDB: World Bank</i>	
		<i>Date: May 5, 2015</i>	
<b>6. Request for payment of MDB Implementation Services Costs (USD mill.):</b>	<input type="checkbox"/> First tranche:  <input type="checkbox"/> Second tranche:	USD 635,000	
<b>7. Project/program financing category:</b>	a - Investment financing - additional to ongoing MDB project b - Investment financing - blended with proposed MDB project c - Investment financing - stand-alone d - Capacity building - stand alone	<input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
<b>8. Expected project duration (no. of years):</b>	5 years		

<sup>1</sup> The term “project implementation services” refers to MDB support throughout project life-cycle.

<sup>2</sup> A separate template needs to be presented for each project and program preparation grant request listed in the PPCR Strategic Program for Climate Resilience

<sup>3</sup> Including the preparation grant request

<sup>4</sup> If the final MDB cost estimate exceeds the relevant benchmark, it needs to be supported by (i) a breakdown of costs of inputs required (staff/consultant time, travel, number of missions, etc) and (ii) by an explanation of the particular aspects of project design and implementation that drive MDB costs to exceed the benchmark (Item 9 in template).

**9. Explanation of final estimate of MDB costs for implementation services:**

*If final estimate in 5 above exceeds the relevant benchmark range, explain the exceptional circumstances and reasons:*

The PPCR grant of \$5 million was originally allocated in the Nepal SPCR for a planned project 'Enhancing Climate Resilience of Endangered Species (ECRES) Project'. The preparation of this project was cancelled in May 2014 as a result of (i) a realignment of priorities agreed between the Government of Nepal and the World Bank as reflected in the Nepal Country Partnership Strategy 2014-2018 and (ii) the impetus to exercise selectivity and consolidate the World Bank Nepal country portfolio. Following consultations with the GoN, PPCR partners ADB and IFC, and the CIF, it was agreed that the grant amount would remain with Nepal and be allocated for additional financing to the BRCH project to expand the scope of its current activities.

The additionally financed activities are thematically completely divergent from the proposed ECRES project. Further, the AF is expected to continue implementation for about 3 years after the closing of the BRCH during which there will be no cost sharing with the parent project on supervision effort. The requested amount for preparation is well within the SCF benchmark cost norm for preparation (<USD 167,000). The requested average supervision cost per year at USD 100,000, is a little above the SCF benchmark supervision cost per year, which is USD 91,000. The benchmark for total supervision cost is based on a 3 year project period whereas the BRCH AF will have a 5 year project period. Therefore, the total requested supervision costs here reflects the longer project period.

In general, AFs are used either in cases of cost overruns or straight scaling up (e.g. more roads built) but in the case of Nepal, it is an expansion in the scope of activities under a highly technically complex project so cost efficiencies in preparation/supervision from simple scale ups do not apply here. The experience of the BRCH implementation has shown that in projects such as this, supporting hydro-met monitoring, climate services delivery, early warning for multi-risk hazards and strengthening technical capacities in-country, a greater effort on supervision with enhanced technical support during implementation is critical to the success of the project. The BRCH AF expands the scope of a technically complex project where with the existing very low internal capacity in-country, requires additional technical expertise and a stronger supervision review effort to ensure the pace and quality of implementation. The recent Gorkha earthquake (April 25, 2015) has exacerbated the challenges for Nepal enhancing its vulnerability further to landslides, flooding and other hazards. This project can support risk reduction from weather related events that could be disastrous, given the country's added vulnerability at present.

<b>Supervision Support Costs for the BRCH-AF over Project Implementation Period of 5 years</b>	
<b>For Implementation Years 1 and 2</b>	<b>Amount Per Year (US\$)</b>
Senior Specialists Staff Time	22,000
Technical Consultant fees	58,000
Safeguards, Financial Management and Procurement Staff Time	2,000
<i>Total Per Year</i>	<b>82,000</b>
<i>Total for first two years</i>	164,000
<b>For Implementation Years 3, 4 and 5</b>	
Senior Specialists Staff Time	26,000
Technical Consultant fees	40,000
Safeguards, Financial Management and Procurement Staff Time	3,000
Travel (2 missions per year) for DC based Staff	14,000
Travel (2 missions per year) for Technical Consultants	28,000
Travel for India based Staff	1,000
<i>Total Per Year</i>	<b>112,000</b>
<i>Total for last 3 years</i>	336,000
<b>Total Supervision Budget for five years for the BRCH-AF</b>	<b>500,000</b>

**10. Justification for proposed stand-alone financing in cases of above 6 c or d<sup>5</sup>:**

The Nepal BRCH project and proposed Additional Financing are funded through Climate Investment Funds. The Nepal BRCH Project is part of and has leveraged a Regional Program on Hydro-Met modernization, Disaster Risk Management and Climate Services in South Asia region (SAR); This is a highly visible and strategic agenda for the countries of the region as well as the World Bank. The World Bank supported SAR Regional Program is designed as a series of projects - where the BRCH is an early initiative- and includes a fully IDA funded project in Bangladesh that is currently under preparation. Further, a request for an investment project from Bhutan has been received and is under consideration. Dialogue on regional multi country investment activities are ongoing. The Nepal BRCH additional financing is also expected to be part of this regional “series of projects” and contribute to regional cooperation on modernizing weather and climate services in SAR.

<sup>5</sup> The justification should include an explanation of (i) why no linkages to ongoing or planned MDB financing have been possible or pursued, and (ii) the expected effectiveness of the proposed stand-alone SCF project in addressing the objectives and priorities of the country investment plan/strategy; and a confirmation that the proposed project forms part of the MDB’s agreed country assistance strategy.