

## Ex-Ante Evaluation (for Japanese ODA Loan)

### 1. Name of the Project

Country: Federal Democratic Republic of Nepal

Project: Emergency School Reconstruction Project

Loan Agreement: December 21, 2015

Loan Amount: 14,000 million yen

Borrower: The Government of Nepal

### 2. Background and Necessity of the Project

#### (1) Current State and Issues of Earthquake Disaster Reconstruction and Housing Sector in Nepal

On April 25, 2015, a 7.8-magnitude (United States Geological Survey) earthquake occurred, originating about 80 km northwest of the capital city of Kathmandu. Together with the impact of the aftershocks, the earthquake caused immense damage, resulting in 8,702 deaths, 22,303 injuries, approximately 500,000 houses destroyed and 260,000 houses partially collapsed<sup>1</sup>. The government of Nepal implemented the Post Disaster Needs Assessment (PDNA) with the assistance of the World Bank, UNDP, JICA and other organizations, and estimated the total loss from the earthquake as equivalent to 706.5 billion Nepal rupees (approx. 868.9 billion yen), and the cost for restoration and reconstruction as 669.5 billion Nepal rupees (approx. 823.5 billion yen). The Asian Development Bank (ADB) downwardly-revised the GDP growth rate expectation for Nepal for FY2014-2015 (from June 2014 to July 2015) by 0.8% to 3.8%, from the perspective of the impact of the damages on the national economy.

For the education sector, a loss equivalent to 31.3 billion Nepal rupees (approx. 38.4 billion yen) was caused by the earthquake and 39.7 billion Nepal rupees (approx. 48.8 billion yen) will be needed for reconstruction. The ratio of the education sector accounts for 5.9% of the total funds necessary, representing the second largest ratio of reconstruction needs following the housing sector.

As for the damages suffered by the education sector, more than 31,000 classrooms were destroyed or half-collapsed with an addition of more than 16,700 classrooms suffering other damages. Destruction of toilets, water supply facilities and school furniture has also been confirmed. Students of damaged schools are currently studying in temporary classrooms built with bamboo and plastic sheets.

#### (2) Development Policies for Earthquake Disaster Reconstruction and Education Sector in Nepal, and the Priority of the Project

The government of Nepal upholds the 13th Plan (from FY 2013/14 to FY2015/16) as the primary national development strategies plan, setting the development of the

<sup>1</sup> Source: PDNA Survey Report

education sector as one of the major strategies for poverty reduction. In this plan, the government states that in order to alleviate damages from disasters, the mainstreaming of disaster management upon development is crucial. For this purpose the plan states that it is essential to further develop legal and administrative systems, ensure information and communications systems, and improve the capacities of disaster preparedness and response. Further, National Strategy for Disaster Risk Management (2009) stipulates the vision of constructing a resilient society against disasters through a) mainstream disaster risk management in the development process in line with sectoral development plans and poverty reduction plans by establishing administrative systems, b) enhancing policies and legal and judicial systems, and c) establishing an enabling environment for consistent disaster risk management from the central government to general households.

Also from the perspective of the education sector, the equitable participation in basic education and the improvement of the quality of education were set as the major pillars in the School Sector Reform Plan (SSRP, 2009 – 2015), and an inclusive plan that also covers early childhood education, secondary education, vocational education and non-formal education has been formulated.

This project is in line with the development policy explained above, and aims to improve disaster risk management capacity as a part of the reconstruction support engaged in by the government of Nepal.

### (3) Japan and JICA's Policy and Operations in Earthquake Disaster Reconstruction and Education Sector in Nepal

The project is in conformity with Japan's Country Assistance Policy for the Federal Democratic Republic of Nepal (April 2012) as it sets "Poverty alleviation in rural areas" as a priority area and "Improvement service of education and health" as a development issue, and sets the "Education for All" program under these to implement support for basic education. JICA also analyzes in its Country Analysis Paper (April 2014) that the improvement of educational and healthcare services is the issue of focus for the reduction of poverty in rural and agricultural areas.

In the 3rd UN World Conference on Disaster Risk Reduction held in Japan in March 2015, the Sendai Declaration and Sendai Framework for Disaster Risk Reduction 2015-2030 were adopted. It was set forth to promote (1) understanding disaster risk, (2) strengthening disaster risk governance to manage disaster risk, (3) investing in disaster risk reduction for resilience, and (4) enhancing disaster preparedness for effective response and "Build Back Better<sup>2</sup> (BBB)" in recovery, rehabilitation and reconstruction. Further, the government of Japan advocates the Sendai Cooperation

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<sup>2</sup> Targeting a construction of disaster resilient society instead of simple restoration to the pre-disaster state, preventing the recurrence of vulnerability, breaking away from the spiral of disaster and poverty, and realizing sustainable development.

Initiative for Disaster Risk Reduction, and promotes BBB.

The recent earthquake in Nepal is a large-scale disaster that occurred immediately after the 3rd World Conference on Disaster Risk Reduction, and the government of Japan is showing willingness to support the reconstruction of Nepal. In specific, Deputy Prime Minister Taro Aso called for holding a consultative group meeting at the 48th Annual Meeting of the ADB held in Baku in May 2015, which resulted in the consultative group meeting in Kathmandu on June 25, 2015, jointly hosted by the governments of Japan and Nepal, where aid of more than 32 billion yen in total was announced.

JICA has been implementing support especially related to access (shortage of schools or classrooms) and management (participating-type school management) in the area of basic education, through support on the diffusion of school management improvement under the technical cooperation project "Support for Improvement of Primary School Management (SISM) (Phase 1 and 2)," policy and system input by individual experts (educational advisors), grant aids such as the "Project for Construction of Primary Schools under Basic Education Programme (I and II)," the "Project for the Construction of Primary Schools in Support of Education for All (Phase 1 and 2)," and the "Project for Basic Education Improvement in Support of the School Sector Reform in Nepal." In addition, through financial support for SSRP through the grant aid program for poverty reduction strategy, JICA supports the improvement of the quality of and access to basic education, and the renovation of schools.

#### (4) Other Donor's Activities

As aid for this earthquake disaster, the World Bank is scheduling to implement aid worth a total of 500 million USD including project to reconstruct housings, the Post Disaster Second Financial Sector Stability Development Policy Credit aimed to enhance financial sector, and the recombining of existing loan projects. The ADB is implementing aid worth 600 million USD in total at maximum, including (1) the 200-million-USD Earthquake Emergency Assistance Project (EEAP) for school reconstruction, maintenance of roads in agricultural villages, and the reconstruction of public facilities, and (2) the 15-million-USD Japan Fund for Poverty Reduction (JFPR) for supporting the refurbishment of schools, restoring the livelihood of agricultural producers, etc., and establishing disaster prevention capability for reconstruction from earthquake disasters.

#### (5) Necessity of the Project

As explained above, this project is based on the concept of BBB, which is the basic policy of the Sendai Cooperation Initiative for Disaster Risk Reduction released by the government of Japan in March 2015, and promotes early reconstruction from the earthquake disaster by supporting the reconstruction and strengthening of the

earthquake resistance of school facilities damaged by the earthquake. Because the project matches the restoration and reconstruction needs in Nepal as well as the aid policies and analysis of the government of Japan and JICA, JICA has a strong necessity and relevance in supporting the implementation of this project.

### **3. Project Description**

#### **(1) Project Objective(s)**

The objectives of the Project are to rebuild, retrofit, and repair schools in the districts severely affected by the Nepal earthquake by providing the necessary expenses for the reconstruction of schools and related facilities, thereby contributing to the improvement of the education environment and earthquake resilience for sustainable socioeconomic development of the region.

#### **(2) Project Site/Target Area**

14 districts where the damages from the earthquake disaster are serious (Bhaktapur, Dhading, Dolakha, Gorkha, Kathmandu, Kavrepalanchok, Lalitpur, Makwanpur, Nuwakot, Okhaldhunga, Ramechhap, Rasuwa, Sindhuli and Sindhupalchok)

#### **(3) Project Components**

- 1) Rebuild and retrofit of school facilities damaged by the earthquake in Nepal are implemented as follows:
  - Rebuild and retrofit of school facilities
  - Provision of relevant equipment and materials
- 2) Consulting service (detailed design, bidding support, construction supervising, environmental and social consideration, etc.)

#### **(4) Estimated Project Cost (Loan Amount)**

16,522 million yen (among which, 14,000 million yen is covered by ODA loan)

#### **(5) Schedule**

From December 2015 to October 2020 (59 months in total)

The project will be completed upon the completion of the construction of the targeted school facilities of the project.

#### **(6) Project Implementation Structure**

- 1) Borrower: The Government of Nepal
- 2) Guarantor: None
- 3) Executing Agency: Ministry of Finance or succeeding institute<sup>3</sup>.

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<sup>3</sup> The government of Nepal intends to newly establish the Reconstruction Authority, and it is

4) Operation and maintenance system: Department of Education (DOE)

(7) Environmental and Social Considerations/Poverty Reduction/Social Development

1) Environmental and Social Considerations

(i) Category: FI

(ii) Reason for Categorization:

In accordance with Environmental and Social Considerations Guidelines (April 2010), sub-projects for this project cannot be identified before the approval of loan by JICA, and such sub projects may have an impact on environment.

(iii) Other/Monitoring

In this project, DOE, which is the implementing agency, categorizes each sub-project according to the domestic laws of Nepal and the Environmental and Social Considerations Guidelines (April 2010) and take necessary reactions for relevant categories, while receiving support from the consultants employed with ODA. Sub-projects do not include Category A projects.

2) Promotion of Poverty Reduction:

Nothing in specific

3) Promotion of Social Development (Gender Perspectives, Measure for Infectious Diseases including HIV/AIDS, Participatory Development, Consideration for People with Disabilities, etc.):

Gender Informed (Significant) project: Includes a project to support the preparation of a sufficient number of women's toilets according to the number of teachers and students.

(8) Collaboration with Other Donors

In parallel with this project, the ADB is scheduling to implement the EEAP (200 million USD: among which, 82 million USD is spent on school reconstruction) (Loan Agreement signed on August 21, 2015), and this project will be implemented under close collaboration with the EEAP. In specific, prioritized districts are set for each of the east and west regions (the ADB will be in charge of east and JICA west), and it is scheduled that the criteria and procedures for the selection of targeted schools will be according to the EEAP, and the basic design of schools will be decided under cooperation among the DOE, the ADB and JICA.

In addition, the World Bank is implementing a detailed survey on the situation of

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forecasted that the Reconstruction Authority will be the implementing organization after the establishment.

damages to buildings including schools, and it is scheduled that the results will be used as a reference.

(9) Other Important Issues

Nothing in specific

**4. Target Outcomes**

(1) Quantitative Effects

1) Performance Indicators (Operation and Effect Indicators)

Indicator	Baseline (Recorded in 2015)	Target (2022) (2 years after completion)
Number of school buildings built with anti-seismic design in the targeted district (number)	0	Increased
School enrollment ratio of boys and girls in primary and secondary education (%)	N/A <sup>4</sup>	[Primary education] Boys: 91.7, girls: 92.5 [Secondary education] Boys: 37.8, girls: 39.0 (average of actual figures in the targeted 14 districts as of 2014/15)

(2) Qualitative Effects

- Reconstruction of educational environment.
- Promotion of sustainable social/economic development in the region.
- Realization of BBB.

(3) Internal Rate of Return

Indicators cannot be calculated as sub-projects are unidentified.

**5. External Factors and Risk Control**

(1) Precondition: Co-financing of the ADB is decided at the same timing.

(2) External condition: Materials and fuels necessary for school construction can be obtained smoothly.

**6. Lessons Learned from Past Projects**

<sup>4</sup> As of December 2015, the school enrollment ratio of boys and girls after the earthquake is yet to be investigated. The figures obtained when the investigation is undertaken will be used as the reference values for this item.

#### (1) Lessons Learned from Similar Projects

From the past reconstruction support projects after natural disasters (including the Programme for Rehabilitation and Recovery from Typhoon Yolanda), lessons have been learned that one should take into consideration: (1) establishment of a progress management committee comprised of the relevant organization in the supported country and holding regular meetings, (2) escalation of prices according to the restoration/reconstruction, and (3) reconstruction support considering disaster risks, upon the implementation of a project.

#### (2) Utilization of the Lessons in this Project

Based on above, it is scheduled that this project will consider the provision of reconstruction aid by also adding risks of disasters other than earthquakes, based on (1) the establishment of implementation and monitoring system for the smooth implementation of the project, (2) summing up costs by taking into consideration the escalation of materials price and labor costs, and (3) the concept of BBB, after consultation with the ADB, which is the co-financer.

### **7. Plan for Future Evaluation**

#### (1) Indicators to be used

- 1) Number of school buildings built with anti-seismic design in the targeted district (number)
- 2) School enrollment ratio of boys and girls in primary and secondary education (%)

(2) Timing of the next evaluation: Two years after the completion of the project (ex-post evaluation)

End