Stakeholder Engagement Plan
(SEP)

Sustainable and Inclusive Finance

(P508961)

Ministry of Finance
Government of Nepal

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Contents

ACRONYMS AND ABBREVIATIONS

AML/CFT	Anti-Money Laundering/Combatting the Financing of Terrorism
BFI	Banks and Financial Institutions
CICL	Credit Information Center Limited
c-KYC	Centralized Know Your Customer
DCGF	Deposit and Credit Guarantee Fund
ESCP	Environmental and Social Commitment Plan
ESMS	Environmental and Social Management System
GM	Grievance Mechanism
IFC	International Finance Corporation
KYC	Know Your Customers
MFI	Micro Finance Institutions
MIS	Management Information System
MOALD	Ministry of Agriculture and Livestock Development
MoF	Ministry of Finance
MOICS	Ministry of Industries, Commerce and Supplies
MOWCSC	Ministry of Women, Children and Senior Citizens
MSME	Micro, Small, and Medium Enterprises
NRB	Nepal Rastra Bank
PBC	Performance Based Conditions
PSP	Payment Service Providers
SEA/SH	Sexual Exploitation and Abuse / Sexual Harassment
SEP	Stakeholder Engagement Plan
SIF	Sustainable and Inclusive Finance
TA	Technical Assistance
WB	World Bank

1. INTRODUCTION AND PROJECT DESCRIPTION

1.1. Project Description

This document outlines the Stakeholder Engagement Plan (SEP) for the Sustainable and Inclusive Finance (P508961). The program aims to enable additional 109 thousand borrowers to access partial credit guarantee facilities through Deposit and Credit Guarantee Fund (DCGF). In parallel, 2.1 million borrowers are expected to benefit from expanded data sharing by Credit Information Center Limited (CICL), which will integrate information not only from financial institutions but also from diverse sources such as other lending agencies, leasing companies, hire-purchase firms, and utilities. More specifically, the following Project Development Objective (PDO) indicators will be tracked:

1. Businesses using debt financing, including women-led (number of businesses) (Corporate scorecard indicator)
2. DCGF's credit guarantee portfolio (number)
3. Credit information reports subscribed by financial institutions (number).

The Sustainable and Inclusive Finance project is in response to the request of the Government of Nepal to support improvement in access to finance for micro, small and medium enterprises (MSMEs). The project will achieve this through credit risk enhancement and infrastructure. More specifically, the project will support access to finance through capitalization and institutional strengthening of the DCGF as well as the development of new credit guarantee products that target underserved sectors. In addition, it will also support institutional strengthening and technological upgrade of the credit reporting system. The proposed instrument is an Investment Project Financing with Performance-Based Conditions (PBCs) and financial intermediation (FI), providing a holistic approach to addressing MSME access to finance issues. DCGF and CICL will be responsible for implementing and managing the various components of the project.

The Sustainable and Inclusive Finance Project comprises of the following key components:

Component 1: Strengthening Risk Sharing Mechanisms. Component 1 of the project aims to enhance credit access for MSMEs, including women-owned enterprises, by providing risk mitigation measures for lenders. This will be achieved through capitalization and institutional and IT strengthening of DCGF, as well as the development of new product offerings by DCGF that will cover broader categories of credit-constrained borrowers. The subcomponent 1.1 Capitalization of the DCGF supports capital injection in DCGF to meet globally acceptable standards. Subcomponent 1.2 Management Information System (MIS) of the DCGF is intended to improve risk management practices and efficient claim settlement of the DCGF. The above subcomponents will be accompanied by Technical Assistance (TA) by external experts to support DCGF's institutional strengthening and new product development.

Component 2: Enhancing Credit Information Reporting Systems. This component aims to improve credit reporting systems by upgrading information systems and strengthening the institutional capacity of CICL. Installation of the Centralized Know Your Customer (c-KYC) is the key activity under Component 2. This component will be accompanied by TA provided by external experts to support CICL's institutional strengthening.

The Project is being prepared under the World Bank's Environment and Social Framework (ESF). Per Environmental and Social (E&S) Standard ESS10 on Stakeholder Engagement and Information Disclosure, the implementing agencies should provide stakeholders with timely, relevant, understandable, and

accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination, or intimidation.

1.2. Brief Summary of Project Impacts and Risks

The Project's **Environmental and Social Risk Classification** is **Moderate.**

The project focuses on capitalization and institutional strengthening of DCGF to expand credit access for underserved and unbanked populations, and support to CICL/CIBN to establish a centralized KYC platform and integrate non-bank credit information. No civil works are financed, but procurement of IT equipment creates environmental concerns—primarily e-waste management, and MSMEs adopting new technologies may generate moderate environmental impacts. Key social risks include inadvertent exclusion of eligible MSMEs (especially women-owned and rural firms) through unclear eligibility or poor disclosure, weak integration of E&S reporting into credit information, uneven adherence by Banks and Financial Institutions (BFIs) to E&S requirements, potential grievances from staff and contractors, and data privacy vulnerabilities. These risks require clear disclosure, inclusive c-KYC design, robust Grievance Redress Mechanism (GRM) procedures, participating FI ESMS enforcement, and targeted training on data protection and E&S safeguards.

2. OBJECTIVE/DESCRIPTION OF SEP

The overall objective of this SEP is to define a program for stakeholder engagement, including public information disclosure and consultation throughout the entire project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about project activities or any activities related to the project. The scope and detail of the SEP is proportionate to the nature and scale, potential risks, and impacts of the project and needs of the stakeholders identified.

3. STAKEHOLDER IDENTIFICATION AND ANALYSIS

3.1. Methodology

In order to meet best practice approaches, the Project will apply the following principles for stakeholder engagement:

- *Openness and life-cycle approach:* Public consultations for the project(s) will be arranged during the whole life cycle, carried out in an open manner, free of external manipulation, interference, coercion, or intimidation.
- *Informed participation and feedback:* Information will be provided to and widely distributed among all stakeholders in an appropriate format; opportunities are provided for communicating stakeholder feedback, and for analyzing and addressing comments and concerns.
- *Inclusiveness and sensitivity:* Stakeholder identification is undertaken to support better communications and build effective relationships. The participation process for the projects is inclusive. All stakeholders at all times are encouraged to be involved in the consultation process. Equal access to information is provided to all stakeholders. Sensitivity to stakeholders' needs is the key principle underlying the selection of engagement methods. Special attention is given to

vulnerable groups that may be at risk of being left out of project benefits, particularly women, the elderly, persons with disabilities, displaced persons, and migrant workers and communities, and the cultural sensitivities of diverse ethnic groups.

- *Flexibility:* If social distancing, cultural context (for example, particular gender dynamics), or governance factors (for example, high risk of retaliation) inhibits traditional forms of face-to-face engagement, the methodology should adapt to other forms of engagement, including various forms of internet- or phone-based communication.

In addition, the implementing agencies will ensure that consultations are meaningful. As indicated in ESS10, **meaningful consultations** are a two-way process that:

- Begins early in the project planning process to gather initial views on the project proposal and inform project design;
- Encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts;
- Continues on an ongoing basis, as risks and impacts arise;
- Is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders;
- Considers and responds to feedback;
- Supports active and inclusive engagement with project-affected parties;
- Is free of external manipulation, interference, coercion, discrimination, and intimidation;
- Is documented and disclosed.

Project stakeholders are defined as individuals, groups or other entities who:

(i)   are impacted or likely to be impacted directly or indirectly, positively or adversely, by the Project (also known as 'affected parties'); and

(ii)   may have an interest in the Project ('interested parties'). They include individuals or groups whose interests may be affected by the Project and who have the potential to influence the Project outcomes in any way.

3.2. Project Affected Parties

Project Affected Parties (PAPs): PAPs are individuals or groups likely to experience direct impacts on their physical environment, health, security, cultural practices, well-being, or livelihoods due to the Project. This category includes local communities and those most likely to notice changes from the Project's environmental and social impacts.

For the Sustainable and Inclusive Finance Project, project-affected parties may include:

- **Micro, Small, and Medium Enterprises (MSMEs):** MSMEs, particularly firms eligible for credit guarantees, will gain improved access to finance, reducing barriers to growth and investment. The project will support these businesses through credit guarantees provided by DCGF, enabling them to secure loans and foster economic development, including to support entrepreneurs and firms investing in green solutions.

- **Women in business:** Women entrepreneurs will benefit from enhanced access to financing, particularly through targeted initiatives under the DCGF, which aims to reduce the barriers to funding that women-led businesses often face. These efforts will support women in expanding their businesses and contributing more significantly to the economy.

- **Livestock farmers:** Farmers and livestock entrepreneurs will benefit from guaranteed loans for purchasing livestock, reducing the risk of financial loss and enabling them to expand animal husbandry activities. This support promotes rural income generation and food security.

- **Agricultural business**: Farmers and agribusinesses will receive guaranteed loans for crop production, irrigation, and agro-processing, reducing financing barriers and supporting food security and rural development.

- **Microfinance and deprived sectors:** Low-income households, women entrepreneurs, Dalits, and marginalized groups will gain access to microfinance loans backed by guarantees, helping them start or grow micro-enterprises and improve livelihoods. This scheme directly targets financial inclusion for disadvantaged communities.

- **Skilled professionals and entrepreneurs:** Educated but unemployed youth will gain access to guaranteed business loans to start enterprises, fostering entrepreneurship and reducing unemployment among skilled individuals.

- **Manufacturers and exporters:** Manufacturers and exporters will benefit from increased access to financial resources, which will support their ability to expand operations and enter new markets. The project's focus on financing export-oriented businesses will help boost Nepali's export potential and contribute to economic growth.

- **Financial institutions (banks):** Banks, microfinance institutions, and other financial institutions that will provide loans to MSMEs, with the risk mitigated by the DCGF and credit information and centralized KYC system provided by CICL.

- **Private sector firms and individuals:** Businesses, entrepreneurs and individuals who require credit score for loan processing.

- **Vendors/Service providers**: Companies that will provide essential infrastructure and services, including software for the core platform, IT systems, cybersecurity measures, fraud monitoring, and anti-money laundering/combating the financing of terrorism (AML/CFT) mechanisms.

3.3. Other Interested Parties

Other Interested Parties (OIPs): Other Interested Parties (OIPs) are individuals, groups, or organizations other than the directly affected parties that have a stake in the Project due to its location, nature, potential impacts, or relevance to public interest. These may include regulatory bodies, government agencies, private sector actors, academic institutions, civil society organizations, unions, cultural groups, and others.

In the context of the **Sustainable and Inclusive Finance Project**, the following entities are considered OIPs:

Project Implementing Agencies and Other Related Agencies

- **Deposit and Credit Guarantee Fund (DCGF)**: DCGF will utilize project funds to provide credit guarantees to MSMEs, helping bridge financing gaps and promote financial inclusion.

- **Credit Information Center Limited (CICL)**: CICL will contribute to strengthening credit infrastructure and data systems to support MSME lending.

Relevant Agencies and Line Ministries

- **Ministry of Finance (MoF)**: As the borrower, MoF is responsible for overall project delivery, policy reform implementation, and fund disbursement.

- **Nepal Rastra Bank (NRB)**: NRB will oversee regulatory integration of inclusive finance policies and E&S management within banks. As a shareholder in DCGF and CICL, NRB will also provide governance oversight.

- Ministries such as Ministry of Industry, Commerce and Supplies (MOICS), Ministry of Agriculture and Livestock Development (MOALD), Ministry of Education, Science and Technology (MoEST), Ministry of Women, Children and Senior Citizens (MOWCSC), will benefit from enhanced MSME financing aligned with their sectoral development goals.

- **Business and Industry Associations:** Sectoral associations representing MSMEs and entrepreneurs will benefit from improved access to finance and policy reforms that support business growth and competitiveness.

- **Civil Society Organizations (CSOs) and non-governmental organization (NGOs):** These organizations may act as facilitators, advocates, or watchdogs to ensure that marginalized groups—such as women, youth, and rural communities—are effectively reached and served by the project.

- **Provincial and Local Government:** Support in coordination at provincial and local level, outreach, identification of vulnerable groups, disseminating information and alignment with local and provincial development plans on financial inclusion including MSMEs and vulnerable groups.

3.4. Disadvantaged/Vulnerable Individuals or Groups

Disadvantaged/Vulnerable Individuals or Groups: Vulnerable or disadvantaged individuals are those who, due to factors such as age, gender, ethnicity, religion, disability (physical or mental), health status, sexual orientation, gender identity, economic hardship, or limited literacy, may face challenges in accessing the benefits of the Project. These groups may also encounter barriers to participating in stakeholder engagement activities, limiting their ability to voice concerns or contribute to decision-making.

To address this, implementing agencies will take proactive steps to ensure inclusive participation. This includes facilitating access to decision-making and engagement processes for marginalized groups and ensuring their needs are considered during project implementation. All project-related communications will be tailored to meet the needs of these groups—for example, materials will be made available in both Nepali and English to accommodate language preferences.

Based on the Project's scope, the following vulnerable groups may be affected:

- **Low-Income and Economically Disadvantaged Households**: Individuals with limited access to financial services, especially in rural areas, may need targeted outreach to benefit from financial inclusion.

- **Women Entrepreneurs**: Women-led businesses, particularly in underserved regions or early-stage development, may face obstacles in accessing finance. The Project's emphasis on MSME financing and gender equality aims to address these challenges.

- **Ethnic Minorities, Indigenous Peoples, and Dalits**: These groups, especially women often face systemic barriers to financial inclusion. Culturally sensitive outreach and targeted support will be essential to ensure equitable access.

- **Young Entrepreneurs**: Youth-led startups frequently struggle with access to capital, mentorship, and resources. The Project's support for MSMEs will help overcome these barriers and promote youth-driven innovation.

- **Rural Populations**: Individuals and businesses in remote or economically disadvantaged areas often lack access to formal financial services. The Project will work to expand financial access in these regions.

- **Persons with Disabilities**: People with disabilities may face unique challenges in financial inclusion. The Project will ensure accessibility and tailored support to help these individuals benefit from its initiatives.

- **Elderly Individuals**: Older adults, especially those without formal employment or pension support, may require tailored financial products and outreach to ensure inclusion.

4. STAKEHOLDER ENGAGEMENT PROGRAM

The primary goal of this stakeholder engagement program is to foster an open, inclusive, and transparent communication process throughout the project lifecycle. Specific objectives include:

- Build and maintain constructive dialogue with affected communities and other stakeholders.
- Identify and engage all relevant stakeholders early and continuously.
- Integrate stakeholder feedback into project design and implementation.
- Ensure inclusive participation, especially for marginalized groups, based on principles of transparency, non-discrimination, and public participation.
- Provide timely and accessible project information through appropriate channels.
- Address stakeholder concerns and manage expectations effectively.
- Communicate in locally appropriate languages and formats.
- Define clear timelines and activities for consultations and disclosures.
- Promote understanding of the project's environmental and social risks and mitigation measures.
- Establish and maintain a functional grievance redress mechanism.
- Document and monitor SEP implementation and management.
- Identify roles and responsibilities for implementation of the SEP.
- Outline reporting to stakeholders and Project management.

All identified stakeholders will be kept informed about the Project's objectives, activities, and grievance redress mechanisms. Key environmental and social documents (e.g., ESCP, ESMS, SEP) will be shared regularly, as outlined in the Information Dissemination Strategy. Engagement frequency and methods will be adapted to each phase of the Project to ensure meaningful input.

- While specific details on public meetings, locations, and timing are yet to be finalized, the Project will ensure stakeholders are notified in advance of all engagement opportunities. Communication channels will include email alerts, website updates, community notice boards, and local media to ensure broad and inclusive outreach.

This SEP is a **living document** and will be continuously updated throughout the Project's life.

4.1. Summary of stakeholder engagement done during project preparation

During project preparation, the following public consultation meetings were conducted to understand business practices and services of DCGF and CICL, their stakeholders and existing engagement strategies, need of stakeholders, dedicated mechanism for stakeholder engagement, and stakeholder consultation and disclosure of SEP to gather feedback to finalize the SEP.

The Environmental and Social Commitment Plan and Stakeholder Engagement Plan were disclosed through DCGF website. A summary of the main recommendations received and integrated into the Stakeholder Engagement Plan is provided in Annex table 1.

Table 1: Meetings with stakeholders at the national level

Activity	Date and Location	Participants	Key discussions and outcomes
SIF Mission	09.06.2025 DCGF premises	DCGF Management Team World Bank IFC	*Discussions with DCGF related to their capitalization of the Fund, portfolio growth, and new guarantee lending opportunities such as women entrepreneurs and green enterprises. Discussion on Operations of DCGF, E&S processes and coordination with BFIs and NRB. Discussions on monitoring mechanisms.*
SIF Mission	09.06.2025 CICL Premises	CICL Management Team World Bank IFC	*Main discussions primarily cantered around the organizational structure and services, regulatory framework, use of proceeds, and E&S management including understanding stakeholders and engagement strategies, and grievance mechanisms.*
SIF Mission	26.06.2025 DCGF Premises	DCGF Management Team World Bank IFC	*Discussions related specific to E&S requirements, assessment of BFIs, and monitoring and reporting requirements. Focused on requirements for stakeholder engagement.*
SIF Mission	27.06.2025	Nepal Rastra Bank World Bank	*Discussions related to ESRM mandates and coordination between NRB and DCGF for E&S management system of BFIs*
Stakeholder Consultation	22.01.2026	BFIs, DCGF, CICL, World Bank	*Presentation of Draft SEP (disclosed November 2025) to gather feedback and improvements.*

4.2. Summary of Project Stakeholder Needs and Methods, Tools, and Techniques For Stakeholder Engagement

Different engagement methods are proposed and cover different stakeholder needs as stated below:

Table 2: Project Stakeholder Needs (Summary)

Stakeholder Group	Language Needs	Preferred Notification Methods	Specific Needs
Project Implementing Agencies & Government Institutions	Nepali, English	Official letters, Government meetings, Emails, Reports, Website updates	Coordination during office hours, Technical documentation, Regular policy and progress updates
BFI Account Holders (individuals, households, firms)	Nepali, local languages	Bank notifications, SMS & email alerts, Public awareness campaigns	Simplified materials (brochures, posters), Community outreach, Local language support
MSMEs	Nepali, local languages	Workshops & focus groups, Business association meetings, Emails & online platforms	Clear guidance on credit guarantee access, Loan application support, Sector-specific sessions
Women Entrepreneurs	Nepali, local languages	Social media, Women's networks, Community workshops, Women-only focus groups	Flexible meeting times, Childcare support, Gender-sensitive facilitation, Visual/audio materials
Young Entrepreneurs	Nepali, English	Social media, University networks, Emails, Youth workshops, Youth entrepreneur associations	Evening/weekend sessions, Youth-friendly content, Digital tools for engagement
Manufacturers & Exporters	Nepali, English	Trade associations, Emails, Focus groups, Online platforms	Sector/Industry specific schemes and communications, workshops, and guidance.
Financial Institutions (BFIs)	Nepali, English	Official letters, Emails, Meetings & webinars	Training on new systems, Regulatory updates, Compliance support
Business Associations & Financial Industry Groups	Nepali, English	Roundtables, Emails, Newsletters, Meetings	Tailored info on project benefits, Financial eligibility guidance
Vendors/Service Providers	Nepali, English	Procurement announcements, Emails, Technical webinars	Transparent bidding processes, Clear procurement guidelines, Post-award support

Civil Society Organizations (CSOs) (e.g., women's rights, youth groups)	Nepali, local languages	Public consultations, Workshops, Social media, Reports	Accessible venues, Simplified materials, Inclusion in decision-making, Feedback platforms
Media	Nepali, English	Press releases, Conferences, Emails	Regular updates, Access to spokespersons, Simplified briefings
International Donors & Development Partners	English	Official reports, Emails, Conferences	High-level summaries, financial impact updates, Strategic briefings
Provincial and Local Government	Nepali, local languages	Formal letters, emails, circulars, meetings.	Simple and easy to use materials, outreach to vulnerable groups and businesses, access to project info.

4.3. Proposed Strategy for Consultation

The consultation strategy is designed to reflect the distinct roles and needs of the key project actors:

1. **Implementing Agencies (e.g., Deposit and Credit Guarantee Fund – DCGF, Credit Information Center – CICL):** These institutions play a central role in mobilizing private sector financing and supporting access to finance for target groups such as MSMEs, women entrepreneurs, and rural businesses. Stakeholder engagement will focus on transparency and inclusiveness in credit guarantee schemes and financial access. Consultations will include financial institutions, private sector actors, and beneficiary groups to ensure that financing mechanisms are responsive and equitable.

2. **Other Stakeholders (e.g., Ministry of Finance, Nepal Rastra Bank):** These agencies are responsible for policy oversight, financial system stability, and digital payment infrastructure. Engagement will target government bodies, regulators, and financial service providers and users to align policies and ensure smooth operational integration across project components.

To ensure effective and inclusive engagement, DCGF and CICL will prepare its own **Stakeholder Engagement Plan** upon activation of its respective project component. This allows for tailored approaches that reflect the specific priorities and stakeholder profiles of each institution, while maintaining coherence with the overall project objectives.

Details regarding public meetings, venues, and timing will be finalized once the design of individual project components is complete. These will be reflected in updated SEPs, which will be revised periodically to remain responsive to stakeholder feedback and evolving project needs.

Table 3a: Proposed Strategy for Consultation (MoF, DCGF, CICL)

Topic of Consultation / Purpose	Target Stakeholders	Method(s) Proposed	Responsibility
Coordination of roles, responsibilities, and implementation of E&S instruments	Ministry of Finance (MoF), Nepal Rastra Bank (NRB), DCGF, CICL	Regular coordination meetings, email correspondence, joint planning sessions	MoF, SIF Coordination Committee
Introduction to project objectives, components, timeline, risks, and benefits	All key stakeholders: MoF, NRB, DCGF, CICL, MSMEs, CSOs, cooperatives, financial institutions, local governments	Public consultations, official meetings, website updates, social media, radio/TV outreach	MoF, SIF Coordination Committee
Disclosure and consultation on Stakeholder Engagement Plan (SEP) and E&S documents	MSMEs, women entrepreneurs, youth, rural communities, financial institutions, CSOs	Public meetings, online consultations, focus groups, local language materials	DCGF, CICL
Awareness and feedback on credit guarantee schemes (Component 1)	MSMEs, women entrepreneurs, youth-led businesses, cooperatives	Focus group discussions, business forums, printed materials, radio programs	DCGF
Awareness and feedback on credit information systems and data access (Component 2)	Financial institutions, MSMEs, cooperatives, regulators	Technical workshops, stakeholder roundtables, online surveys	CICL
Grievance Mechanism awareness and access	All stakeholders, especially vulnerable groups	Website updates, social media, printed materials, hotline and helpdesk	DCGF, CICL, MoF
Mid-term and final project feedback and evaluation	MSMEs, financial institutions, CSOs, donors	Surveys, stakeholder workshops, progress reports, media briefings	DCGF, CICL
Gender-inclusive financing and addressing barriers	Women entrepreneurs, women's cooperatives, advocacy groups	Women-only consultations, community workshops, digital outreach	DCGF, CICL
Youth engagement and entrepreneurship support	Youth-led startups, university networks, youth organizations	Social media campaigns, youth forums, mentoring sessions	DCGF, CICL
Inclusion of marginalized groups (Dalits, persons with disabilities, ethnic minorities)	Marginalized communities, local NGOs, advocacy groups	Culturally sensitive consultations, accessible venues, local language materials	DCGF, CICL

Table 3b: Proposed Strategy for Consultation for DCGF and CICL

Topic of Consultation / Purpose	Target Stakeholders	Method(s) Proposed	Responsibility
Drafting and public disclosure of Environmental and Social Management System (ESMS) summaries	General public, financial institutions, MSMEs, CSOs, NRB	Publication on DCGF and CICL websites, printed summaries at municipal offices and cooperatives	DCGF
Notification of public consultation meetings and grievance redress process	All stakeholders, especially vulnerable groups	Website updates, SMS alerts, community boards, local FM radio, ward-level announcements	DCGF, CICL
External communication mechanisms for E&S concerns and feedback	General public, MSMEs, financial institutions	Dedicated phone lines, email, online forms, helpdesk counters at DCGF and CICL offices	DCGF, CICL
Awareness and capacity building on credit guarantee schemes and credit information systems	MSMEs, cooperatives, women entrepreneurs, youth	Workshops, training sessions, brochures, explainer videos in Nepali	DCGF, CICL
Feedback collection on service delivery and financial access	MSMEs, banks, cooperatives, end beneficiaries	Mid-term and end-of-project surveys, feedback forms, focus groups	DCGF, CICL
Inclusion of marginalized groups in financial access and consultations	Dalits, persons with disabilities, ethnic minorities, rural entrepreneurs	Culturally sensitive outreach, accessible venues, local language materials, collaboration with local NGOs	DCGF, CICL
Dissemination of project updates and results	Financial institutions, government agencies, CSOs, donors	Quarterly newsletters, website updates, stakeholder briefings	DCGF, CICL
Grievance mechanism awareness and accessibility	All stakeholders	Hotline, online portal, printed guides, community outreach	DCGF, CICL

4.5. Proposed Strategy to Incorporate the Views of Vulnerable Groups

Implementing agencies will ensure that vulnerable and disadvantaged individuals, groups, and communities are meaningfully consulted and actively included throughout the project lifecycle. Special attention will be given to groups such as women, persons with disabilities, Dalits, ethnic minorities, rural

populations, and youth. The following strategies will be employed to ensure their voices are heard and their needs are addressed:

1. Tailored Engagement Approaches

Consultation methods will be adapted to suit the needs of different groups. This may include:

- Separate focus group discussions for women, youth, and persons with disabilities.
- Use of local languages (e.g., Nepali, Maithili, Tharu, Tamang) in verbal and written communication.
- Digital platforms and mobile outreach for youth and remote communities.
- Written submissions and audio-visual materials for those with limited literacy.
- Targeted communication materials based on interest and benefits of the project activities.
- Awareness sessions will be held to explain project benefits, processes, and opportunities.

2. Accessibility Measures

To ensure inclusive participation:

- Venues will be selected for physical accessibility (e.g., wheelchair ramps, accessible toilets).

- Sign language interpreters and materials in braille or audio formats will be provided.

- Transportation support and childcare services may be arranged for participants with mobility or caregiving constraints.

- Women-only sessions will be organized to encourage open dialogue in culturally sensitive settings.

3. Cultural and Social Sensitivity

Engagement activities will respect local customs and social norms. Gender-sensitive facilitation will be used to ensure women's voices are equally represented. Youth engagement will be designed to be interactive and relevant to their interests, using platforms like social media and community events.

4. Inclusive Grievance Redress Mechanism

The project's grievance mechanism will be designed to be accessible and responsive to vulnerable groups. This includes:

- Multiple channels for submitting complaints (e.g., in-person, phone, online).

- Gender-responsive and youth-friendly protocols.

- Support for non-literate individuals to submit grievances verbally or through trusted intermediaries.

5. Ensuring Access to Project Benefits

Consultation outcomes will be translated into actionable measures to ensure vulnerable groups benefit from the project. This includes:

- Targeted products for women, youth, and rural entrepreneurs.

- Outreach to marginalized communities to ensure they are aware of and can access financial services.

By employing these measures, the Project aims to ensure that the voices, concerns, and needs of vulnerable or disadvantaged groups are actively sought, heard, and considered in the decision-making process, fostering a more inclusive and equitable consultation process.

Vulnerable groups within the communities affected by the Project will be consulted through dedicated means, as appropriate. Description of the methods of engagement is provided in the following sections.

Table 4: Tailored Stakeholder Engagement Measures (Disadvantaged/vulnerable individuals or groups)

Stakeholder Group	Limitations to Engagement	Measures/Resources to Facilitate Engagement
Low-Income and Economically Disadvantaged Households	Limited awareness of the project, Limited access to digital platforms, Financial and time constraints to attend meetings	Organize local consultations in accessible rural locations, Provide travel stipends if needed, Use FM radio, community mobilizers, and local language outreach
Women (especially Women Entrepreneurs)	Gender norms may discourage participation, Discomfort in mixed-gender settings, Household responsibilities limit availability, Limited confidence in financial matters	Conduct women-only focus groups, Schedule meetings at convenient times and nearby locations, Use visual/audio materials and trusted female facilitators, Partner with women's cooperatives and NGOs
Ethnic Minorities and Indigenous Peoples	Language barriers, Fear of discrimination or exclusion, Limited representation in formal processes	Translate materials into local languages (e.g., Maithili, Tamang, Tharu), Engage local leaders and community-based organizations, Ensure inclusive facilitation and culturally sensitive approaches
Youth and Young Entrepreneurs	Limited awareness of engagement opportunities, Inexperience with formal consultation processes	Use youth-friendly platforms (TikTok, Facebook, Instagram), Partner with youth clubs, colleges, and entrepreneurship hubs, Host innovation challenges and startup forums
Persons in Remote/Rural Areas (including MSME owners)	Transportation and connectivity challenges, Limited exposure to formal financial systems	Distribute printed materials via ward offices, cooperatives, and schools, Use mobile outreach teams and local FM radio, Offer hybrid (online + offline) engagement formats
Persons with Disabilities (including entrepreneurs)	Physical inaccessibility of venues, Digital barriers (e.g., visual/hearing impairments), Lack of tailored outreach	Ensure venues are accessible (ramps, toilets), Provide sign language interpreters and accessible formats (braille/audio), Use screen-reader compatible digital tools and captioned videos
Dalits and Marginalized Castes	Social exclusion and discrimination, Limited access to formal networks	Engage Dalit-led organizations and cooperatives, Ensure representation in consultations, Use inclusive language and facilitators from the community

Communities and MSMEs impacted by emergencies (climate change, riots, etc.)	Physical and economic displacement, loss of assets, disrupted access to information and services, psychological stress, temporary migration, reduced economic stability.	Engage through disaster risk reduction and response organizations, coordination with local municipalities and committees, mobile outreach teams, emergency-sensitive scheduling and procedures.

4.6. Review of Comments / Reporting Back to Stakeholders

The implementing agencies will ensure that stakeholders are kept informed throughout the project lifecycle, including updates on environmental and social performance, implementation progress, and the functioning of the Stakeholder Engagement Plan and Grievance Mechanism.

Feedback Collection and Analysis

Stakeholder feedback will be gathered through various channels such as:

- Public consultations and workshops

- Written submissions and surveys

- Online platforms and social media

- Grievance redress mechanisms

- Community outreach and focus groups

All feedback will be systematically reviewed and analyzed to identify recurring themes, concerns, and suggestions. These insights will be considered alongside technical assessments and regulatory requirements to inform project decisions.

Reporting Back to Stakeholders

The implementing agencies will report back to stakeholders on how their input influenced project decisions. This will include:

- A summary of comments received

- An explanation of how feedback was considered

- Any changes made to project design or implementation as a result

This feedback loop will be documented in the **semiannual SEP implementation monitoring report**, which will be shared with the World Bank and published on the project website and other accessible platforms.

Citizen Engagement

The project will actively incorporate citizen engagement mechanisms to ensure meaningful participation from beneficiaries, including:

- Regular meetings and focus groups with MSMEs, women entrepreneurs, youth, and financial sector stakeholders

- Mid-term and end-of-project surveys to assess satisfaction with credit guarantee schemes and financial access improvements

- Publication of survey results and organization of stakeholder workshops to discuss findings

The **Deposit and Credit Guarantee Fund (DCGF)** will lead these efforts, leveraging its existing grievance mechanism and outreach capacity. **Credit Information Center Limited, in collaboration with Ministry of Finance and Nepal Rastra Bank**, will also contribute, drawing on their experience in public engagement and service delivery.

Existing communication channels—such as call centers, email support, and local government coordination—will be strengthened to ensure timely and inclusive feedback. Both online and offline mechanisms will be used to reach diverse stakeholder groups, including those in remote areas and marginalized communities.

5. RESOURCES AND RESPONSIBILITIES FOR IMPLEMENTING STAKEHOLDERS

5.1. Resources

As the SIF project is currently in the appraisal phase, an estimated budget for stakeholder engagement has been included. A detailed budget will be included in the project estimates and can be adjusted as needed prior to project effectiveness to ensure inclusive and effective engagement throughout the project lifecycle.

Table 5: Tentative budget categories for effective implementation of engagement activities

Budget Category	Details	Annual (lumpsum estimate in NPR)	Frequency of Activities
Staff Salaries and Related Expenses	E&S staff salary and expenses for field visits and consultations	3,600,000	Monthly
Events and Consultations	Project launch meetings; Focus group discussions and stakeholder workshops; Community-level outreach and surveys	2,400,000	Monthly
Communication Campaigns	Design and distribution of posters, flyers, brochures; Social media campaigns and radio/TV spots; Public awareness workshops	1,200,000	Monthly
Trainings	Training on environmental and social safeguards for implementing agency staff; Capacity building for local facilitators and community leaders	1,200,000	Quarterly
Beneficiary Surveys	Mid-term and end-line perception surveys to assess satisfaction and inclusion	1,000,000	Annually
Grievance Mechanism (GM)	Training of implementing agency staff on GM protocols; Establishment of local GM access points; Development and dissemination of GM materials	500,000	Annually and as needed
Other Operational Expenses	Travel, accommodation, logistics for field-level engagement activities	1,000,000	Monthly

5.2. Management Functions and Responsibilities

The SIF Project will be implemented through two key **Implementing Agencies (IAs)**:

- **Deposit and Credit Guarantee Fund** – Implementation of Component 1 (Credit Guarantee Facility)
- **Credit Information Center Limited**– Implementation of Component 2 (Credit Infrastructure)

These experts will be supported by consultants hired under the project to provide technical and operational support, including capacity building for permanent staff.

Stakeholder Engagement Focal Point

A dedicated staff at the Implementing Agency will serve as the Stakeholder Engagement Focal Points, responsible for:

- Designing and implementing stakeholder engagement strategies
- Organizing consultations and public meetings
- Ensuring inclusive participation, especially of vulnerable groups
- Managing the grievance mechanism and ensuring accessibility
- Coordinating with implementing agencies and contractors
- Monitoring and reporting on engagement effectiveness
- Managing communication platforms (website, social media, etc.)

Contractor Responsibilities

All contractors engaged in project activities will be required to comply with the SEP provisions. Grievance mechanism requirements will be included in tender documents and contracts to ensure accountability and responsiveness.

6. GRIEVANCE MECHANISM (GM)

To ensure transparency, accountability, and responsiveness throughout the implementation of the Project, DCGF and CICL will maintain and operate its own Project-specific Grievance Mechanism (GM). These mechanisms will be tailored to the nature of their respective components and will be accessible to all project-affected individuals and organizations.

Key Principles of the GM

- **Accessibility**: The GM will be free of cost, culturally appropriate, and available in Nepali and other relevant local languages. It will be accessible to all stakeholders, including vulnerable and marginalized groups.
- **Multiple Entry Points**: Stakeholders may submit grievances through:
    o Phone, SMS, or email
    o Online submission via the DCGF or CICL websites
    o Social media platforms (e.g., Facebook)
    o In-person submission at DCGF/CICL offices or designated local access points
- **Confidentiality**: Complainants may request anonymity or confidentiality. Anonymous complaints will be recorded and addressed, though direct feedback may not be possible.
- **Timely Resolution**: Each IA will ensure that grievances are acknowledged, assessed, and resolved promptly, with clear communication to the complainant.

SEA/SH Complaints

Both DCGF and CICL will ensure their grievance mechanisms are equipped to receive and manage Sexual Exploitation and Abuse / Sexual Harassment (SEA/SH) complaints in a safe, confidential, and survivor-centered manner. Survivors will be referred to appropriate support services in coordination with national GBV response systems.

Roles and Responsibilities

- **DCGF and CICL** will each designate a **Grievance Focal Point** responsible for:
    o Receiving and documenting complaints
    o Coordinating resolution processes
    o Ensuring timely communication with complainants
    o Preparing quarterly GM reports for submission to the Ministry of Finance and the World Bank
    o Publishing anonymized summaries of grievances and resolutions on their websites

Public Disclosure

Each IA will publish the following GM contact details on their websites, printed materials, and grievance forms:

Deposit and Credit Guarantee Fund (DCGF):

- **Name and Position**: Ashish Poudel
- **Address**: Deposit and Credit Guarantee Fund, Naxal, Kathmandu, Nepal
- **Email**: ashishpoudel@dcgf.gov.np
- **Phone**: +977 01-4521241
- **Mobile**: +977 9840603838
- **Website**: www.dcgf.gov.np

Karja Suchana Kendra Limited (CICL)

- **Name and Position**: Vijay Kunwar, Spokesperson
- **Address**: Karja Suchana Kendra Limited (CICL), Kamaladi, Kathmandu, Nepal
- **Email**: bijay.kunwar@cibnepal.org.np
- **Phone**: +977 01-5971443 Ext. 109
- **Mobile**: +977 9851237151
- **Website**: www.cibnepal.org.np

6.1. GM Management

The DCGF and the CICL, as independent implementing entities under the SIF Project, will each manage their own Project-specific Grievance Mechanism (GM). These mechanisms will follow a structured process to ensure timely, transparent, and fair resolution of grievances related to their respective project components.

Grievance Resolution Process

Each IA will follow the steps below, with dedicated timelines to ensure consistency and accountability:

Step 1: Acknowledgement and Registration
- Upon receiving a grievance through any designated channel, DCGF or CICL will acknowledge receipt within **5 calendar days**.
- A written confirmation will be sent to the complainant (unless anonymous), including the contact details of the responsible grievance officer.
- Each grievance will be assigned a unique ID and logged in a **Grievance Registry** maintained by the respective IA.

Step 2: Screening and Evaluation
- The grievance will be reviewed to determine its relevance to the IA's project activities.
- Grievances will be categorized by risk level: **high, medium, or low**.
- If the grievance is found to be unrelated to the project, a response will be issued within **5 calendar days** of acknowledgment, explaining the rationale.
- High risk grievances will be escalated to senior management team of the organization

Step 3: Investigation
- A detailed investigation will be conducted, which may involve gathering additional information or clarification from the complainant.
- If the grievance lacks sufficient detail and the complainant does not respond to a request for clarification, the IA will issue a formal conclusion explaining why the grievance could not be resolved.

Step 4: Resolution
- The IA will make reasonable efforts to resolve the grievance within **30 calendar days** of receipt.
- If long-term corrective action is needed, the complainant will be informed of the follow-up plan within **15 calendar days**.
- A formal resolution report will be issued and shared with the complainant and any relevant parties.
- If the grievance cannot be resolved, the IA will provide a clear explanation and guidance on how the complainant may escalate the issue (e.g., through judicial or administrative channels).

Step 5: Follow-Up
- Within **5 business days** of implementing the resolution, the IA will follow up with the complainant to confirm the outcome and provide a summary of actions taken.
- If the complainant is dissatisfied, the IA will provide information on how to pursue the matter through legal or institutional remedies.

Oversight and Reporting
- Each IA will prepare semi-annual GM reports, summarizing grievances received, actions taken, and outcomes.
- These reports will be shared with the Ministry of Finance and the World Bank and published on the respective IA's website.

Figure 1: GM Flowchart

```
                    ┌─────────────────────────────────┐
                    │       Receive grievance         │
                    └─────────────────────────────────┘
                                    │
                    ┌─────────────────────────────────┐
                    │ Register grievance and acknowledge receipt │
                    │       within 5 calendar days    │
                    └─────────────────────────────────┘
                                    │
                    ┌─────────────────────────────────┐
                    │ Screen and assess grievance within 5 calendar days │
                    │        from acknowledgment      │
                    └─────────────────────────────────┘
                                    │
                    ┌─────────────────────────────────┐
                    │ Proceed to investigation and resolving │
                    │  (grievance has legitimate standing) │
                    └─────────────────────────────────┘
```

Reject complaint

Refer as appropriate

Communicate decision within 5 days of acknowledgement and update in the grievance log

Define resolution approach

Inform complainant of the proposed corrective action 15 days upon receipt

Not resolved?

Revise resolution approach or refer to higher authority

Implement the resolution approach within 30 calendar days from receipt

Resolved?

Inform complainant and validate complainant satisfaction 5 days after resolution

Record and close the case

6.2. GM Monitoring and Reporting

Both **DCGF** and **CICL**, as independent implementing entities, will maintain their own **Grievance Logs** to systematically record and track all complaints, inquiries, and feedback related to their respective project components. These logs will be maintained in a secure and structured format (see Annex 2 for a sample template) and will include the following fields:

1. Reference/Registration number

2. Date of receipt

3. Method of grievance submission (e.g., phone, email, website, in-person)

4. Description of the grievance

5. Sub-project/component to which the grievance relates

6. Status of the complainant (e.g., directly affected, community member)

7. Gender and ethnicity of the complainant (if voluntarily provided)

8. Date of acknowledgment

9. Actions taken (investigation, resolution steps)

10. Date of resolution and feedback delivery

Each agency will designate a Grievance Focal Point responsible for maintaining the log, ensuring timely resolution, and compiling biannual GM reports. These reports will be submitted to the World Bank as part of the Environmental and Social Commitment Plan (ESCP) and will be made publicly available on the respective agency's website.

GM Monitoring Indicators

To assess the effectiveness of the grievance mechanism, the following indicators will be tracked:

- Number of grievances received

- Percentage of grievances resolved

- Percentage of grievances resolved within the specified timeline

- Percentage of grievances based on risk type (high, medium, low)

- Average time taken to resolve grievances (by type)

- Complainant satisfaction rate

- Accessibility rate (percentage of stakeholders aware of and able to use the GM)

Regular internal audits of the GM system will be conducted to ensure compliance, responsiveness, and continuous improvement.

7. MONITORING AND REPORTING

DCGF and CICL will be responsible for monitoring the implementation of stakeholder engagement activities across all project components.

Responsibilities of the Stakeholder Engagement Focal Points of each IA:

- **Plan Implementation Oversight**: Ensure SEP activities are executed as planned and aligned with project objectives.
- **Activity Tracking**: Maintain records of consultations, meetings, and outreach efforts.
- **Feedback Compilation**: Collect and document stakeholder feedback from all engagement activities.
- **Effectiveness Evaluation**: Assess whether engagement activities are inclusive, responsive, and impactful.
- **Adjustments and Improvements**: Update the SEP based on feedback and monitoring results.
- **Communication Management**: Ensure timely and accurate dissemination of project information.
- **Reporting**: Prepare **semiannual Stakeholder Engagement Reports**, summarizing activities, feedback, and outcomes.
- **Collaboration**: Coordinate with implementing agencies to integrate stakeholder input into project decisions.
- **Capacity Building**: Organize training sessions for project teams on effective stakeholder engagement.
- **Adherence to Standards**: Ensure compliance with national and World Bank standards for stakeholder engagement.

Reporting and Public Disclosure

- Semiannual Stakeholder Engagement Reports will be published on the project website and shared with stakeholders.
- Reports will include:
    - Summary of consultations (location, time, agenda)
    - Feedback received and how it was addressed
    - Updates on corrective actions taken
    - Revisions to project documents (e.g., ESMPs) based on stakeholder input

This process ensures transparency, accountability, and a continuous feedback loop between the project and its stakeholders.

8. DISCLOSURE AND CONSULTATION

Once endorsed by the World Bank, the updated Stakeholder Engagement Plan will be publicly disclosed on the DCGF and CICL website for a minimum of two weeks, followed by a public consultation session.

Language and Accessibility

The SEP will be disclosed in Nepali and English, ensuring accessibility to a broad range of stakeholders across Nepal. If relevant, translations into other local languages (e.g., Maithili, Tharu, Tamang) may be considered for region-specific outreach.

Public Consultation Invitation

To ensure wide coverage and participation:

- Invitations will be published in widely read national online media or shared via DCGF and CICL website and social media platforms.

- The invitation will include:

    o Project overview and purpose of the consultation

    o Access details for the SEP document

    o Date, time, and venue of the consultation

    o Contact details for submitting feedback or inquiries

Consultation Process

The public consultation will provide stakeholders—including MSMEs, financial institutions, civil society organizations, cooperatives, women's groups, youth networks, and affected communities—an opportunity to:

- Review and comment on project risks, impacts, and mitigation measures

- Provide feedback on proposed stakeholder engagement activities

- Raise concerns or suggestions for inclusion in the final SEP

Documentation and Feedback Integration

Following the consultation:

- **Minutes of the Meeting** will be prepared and annexed to the SEP.

- The minutes will summarize:

    o Key feedback and questions raised

    o Responses provided during the consultation

    o How stakeholder input was incorporated into the final SEP

- **Attendance logs** will be maintained, including names, contact details (where provided), and photographs (with consent).

Final Disclosure

After incorporating stakeholder feedback and receiving **World Bank No Objection**, the final SEP will be:

- Published on the **DCGF and CICL website**

- Kept in the public domain for the **entire duration of the Project**

This process ensures transparency, inclusivity, and accountability in stakeholder engagement and project implementation.

Annex 1: Grievance Form/Template

Grievance Reference number:	
Full name (*optional*) *Note: You can remain anonymous if you prefer, or request not to disclose your identity to the third parties without your consent.*	
Anonymity	❏ I wish to raise my grievance anonymously ❏ I request not to disclose my identity without my consent
Contact information *Please mark how you wish to be contacted (mail, telephone, e-mail).*	❏ By post - Please provide mailing address: _____ _____ ❏ By telephone: _____ ❏ By e-mail: _____
Preferred language of communication:	❏ Nepali ❏ Other Languages ❏ English (if possible)
Description of incident for grievance	**What is your complaint about?** ❏ Regulatory and Policy Violations ❏ Environmental and Social Impacts ❏ Public Safety and Health ❏ Misconduct (e.g., allegations of discrimination, harassment.) ❏ Operational issues ❏ Business and Trade Concerns ❏ Other (Please Specify)

What happened? Where did it happen? Who did it happen to? What is the result of the problem?
_____
_____
_____
_____
_____

Date of incident / grievance	
Frequency of Grievance:	❏ One-time incident/grievance (date_____) ❏ Happened more than once (how many times?_____) ❏ On-going (currently experiencing problem)

What would you like to see happen?
_____
_____
_____
_____
_____

Please return this form to: *Address*	*Signature: _____* *Date: _____*

Annex 2: Example of a Simple Grievance Log Template

The GM log must be included in the bi-annual project progress reports sent to World Bank.

#	Date Grievance Received	Grievance Channel (e.g. e-mail, website, telephone, etc.)	Grievance risk classification (high, medium, low)	Summary Description	Anonymous (Yes/No)	Person/staff assigned to address grievance	Status (resolved, pending, escalated)	Date of resolution of grievance	Communication about resolution (Yes/No, Description, Date)
1									
2									
3									
4									
5									
6									