

Press Release

The Federal Republic of Germany has agreed to provide a grant assistance of EUR 9.5 million (approximately NRs. 955.03 million) as Financial Cooperation to the Government of Nepal through German Development Bank (KfW) for the implementation of Solar Home System and Contribution to Peace Process projects in Nepal. An agreement to this effect was signed between the Government of Nepal and the German Embassy in Kathmandu at the Ministry of Finance, Kathmandu, today.

The new grant assistance in the form of Financial Cooperation will be utilized to launch the Solar Home System and to contribute to Nepal Peace Trust Fund. An amount of EUR 8.5 million (approx. NRs. 854.5 million) shall be allocated to Solar Home System which will be executed by Alternative Energy Promotion Centre (AEPIC). The Program-Executing Agency shall use the financial contribution exclusively for investment subsidies for Solar Home System (SHS) and Community PV Drinking Water System. Similarly, EUR 1 million (approx. NRs. 100.53 million) shall be used as the contribution to Nepal Peace Trust Fund. Likewise, the fund allotted to Town Development Programme, Phase III shall be utilized by Project-Executing Agency (Town Development Fund) exclusively to finance the local costs of community infrastructure projects and income-generating projects. The Town Development Fund and KfW shall determine the details of the Project and the goods and services to be financed from the financial contribution by a separate agreement. KfW shall disburse the financial contribution and it shall be channeled through the Project-Executing Agencies in Nepal.

Mr. Rameshore Prasad Khanal, Secretary, Ministry of Finance and H.E. Verena Gräfin von Roedern, Ambassador, Embassy of the Federal Republic of Germany signed the Grant Agreement on Financial Cooperation, on behalf of the Government of Nepal and the Government of Germany respectively.

The Government of Nepal has expressed its sincere appreciation to the Government of Federal Republic of Germany for these assistances and also for the continued support in the socio-economic development of Nepal.

Ministry of Finance
Singhdurbar, Kathmandu
16 February, 2010
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