



NPPR - 2013 Annual Meeting Concluded

Nepal Portfolio Performance Review (NPPR) annual meeting was held in Kathmandu on 23 April 2013. This annual meeting was jointly organized by Government of Nepal and Development Partners (DPs) for a meaningful dialogue on strengthening portfolio performance in Nepal. The Meeting reviewed the Action Plan of previous NPPR Meeting held on 26 January 2014 and also came up with the Action Plan for the coming year.

Addressing the opening session of the Meeting, Hon. Finance Minister Dr. Ram Sharan Mahat mentioned low disbursement as one of the major problems faced by Nepal for the effective development results. He said that all the stakeholders need to better understand the project development cycle – from the selection of right projects to proper design to efficient preparation to effective implementation – and identify



From Left: Finance Secretary Mr. Bhusal, Chief Secretary Mr. Paudyal, Hon. Finance Minister Dr. Mahat, WB Country Director Mr. Zutt and IECCD Chief Mr. Marasini

the existing gaps throughout the project development cycle so as to address this issue. Underscoring **Contd P4**

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Development Cooperation Report 2012-13 Launched

Hon. Finance Minister Dr. Ram Sharan Mahat unveiled Development Cooperation Report 2012-13 on 22 April 2014 amidst a function organized at the Ministry of Finance. Hon. Minister



Hon. Finance Minister Launching Development Cooperation Report

Dr. Mahat briefly highlighted the main findings of the Report. Dr. Mahat while delivering his remarks opined that overall aid disbursement was stable. According to the Report the total volume of aid disbursement for FY 2012-13 was **Contd P6**

Message from the Chief Editor



Government of Nepal
Ministry of Finance
**International Economic
Cooperation Coordination
Division (IECCD)**
Singhadurbar, Kathmandu

Patron:

Yuba Raj Bhusal

Chief Editor:

Madhu Kumar Marasini

Coordinator:

Narayan Dhakal

Contributors:

Bhuban Karki, Hari Prasad Pandey, Kailash Pokharel, Lal Bahadur Khatri, Shyam Nidhi Tiwari, Tara Prasad Sapkota, Tek Bahadur Khatri & all members of IECCD Team

Editor:

Hari Prasad Sharma

Facilitator:

Tilak Man Singh Bhandari

Layout & Design:

Shyam Mani Ghimire

<http://www.mof.gov.np>
<http://www.mof.gov.np/ieccd>

For Comments and Suggestions
Email: ieccd@mof.gov.np

For AMP Public Portal
<http://portal.mof.gov.np>



Aid transparency has always been a core value agreed upon by both recipient countries and development partners globally in order to help make aid more effective. In this context, Nepal has been taking leadership in collecting aid information and making it transparent through various measures, such as the Aid Management Platform (AMP), an online web-based information system set up in the Ministry of Finance since 2010 to support the IECCD. Since then, the Ministry of Finance has been even more effective in managing and coordinating aid information. As part of this aim, it has published

three consecutive Development Cooperation Reports, the latest published in March this year.

The Development Cooperation Report is the key annual reference document for statistics and analysis on trends in international aid in Nepal. This year's Development Cooperation Report 2012-13 seeks to provide insights into how to address the challenges of aid effectiveness being faced by Nepal, with a focus on analytical evidences to ensure that the external resources are being wisely mobilized, both now and in the future. The Report gives an overall picture of official development assistance mobilized in the country during FY 2012-13.

The DCR has reflected a wide range of development assistance mobilized in the country during FY 2012-13. The most important among them is the increasing level of donor commitments over the years but the slight decline in disbursements during the same period. This indicates that our pace of development has been slow and our implementing agencies have a low absorptive capacity. However, this does not mean that the decline in overall volume of aid disbursement is due to donor's declining trend of providing development assistance.

Another critical finding was the trend of aid disbursement channeled through the on budget (64 percent) and off budget (36 percent) mechanism. Bringing all aid under on budget is a challenge. However, the increase in the proportion of off budget projects was also due to the decline in the level of disbursement provided by big donors like the World Bank Group and ADB in the previous year. Similarly, off budget projects also cover 21 percent of technical assistance out of the total volume of aid disbursement together with humanitarian assistance and other projects directly implemented by development partners.

Moreover, the percentage of aid on budget may not necessarily be the same each year due to various factors affecting the level of disbursement. Another significant finding is the various evidences of aid fragmentation in the country, from a donor, sector and ministerial perspective. This information will help both the Government and DPs to appropriately allocate resources in needy areas.

Another issue brought up by the Report is the gradual progress of capturing INGO aid information in the country. So far, 80 INGOs have been trained and have been given access to AMP; they will gradually start reporting their information into the system so that the Government will be able to capture the majority of INGO aid information in the future. The findings of the Report are thus expected to encourage policy makers as well as development partners to spend aid money wisely so as to take full benefit of development efforts within Nepal.

Bringing DCR with analytical discussion on aid operation is an outcome of Government's firm commitment on aid transparency. The Government is also using DCR data to bring an evidence based Development Cooperation Policy (DCP) in Nepal.

Thank you

Madhu Kumar Marasini

Hon. Finance Minister Attends the First High Level Meeting of the Global Partnership in Mexico City

A Nepalese delegation led by Hon. Finance Minister Dr. Ram Sharan Mahat and other members comprising Mr. Madhu Kumar Marasini, Joint Secretary, MOF, IECCD and Mr. Bhuban Karki, Under Secretary, IECCD participated at the first High Level Meeting



Hon. Finance Minister Speaking in Focus Session on Gender Equality and Women's Empowerment

of the Global Partnership for Effective Development Cooperation held in Mexico city in Mexico on 15-16 April, 2014. Over 1500 participants from over 130 countries including donors, parliamentarians, private sector and CSOs participated in the meeting. The meeting was inaugurated by the President of Mexico Mr. Enrique pena Nieto and addressed by Secretary General of the United Nations Mr. Ban Ki Moon.



From right: IFC VP Ms. Finkelston, Hon. Finance Minister Dr. Mahat, IFC VP Mr. Cai and IECCD Chief Mr. Marasini

As a leader of Nepalese delegation Hon. Minister spoke in three crucial events of the High Level Meeting, namely the

first plenary session, Inclusive Development and Country Ownership, and focused sessions on Partnership for Climate Finance and Development, and Gender Equality: delivering on the Busan Commitments, apart from participating in the inaugural session.

As a VIP respondent on Inclusive development and country ownership, Hon. Minister remarked that Nepal is committed for inclusive development and as ethnically and geographically diverse country, Nepal has included marginalized and all ethnic groups in the

development process of the country.

As a Panelist in the focus session on Climate Finance and Development, Hon. Minister remarked that climate change is affecting countries like Nepal and stressed the need to raise the climate financing level from present \$ 30 billion to a minimum of \$ 100 billion per year by 2020 with a clear midterm target of \$ 60 billion by 2015. Similarly, speaking as Panelist in another focus session on Gender Equality Hon. Minister said that Nepal has shown a strong political commitment on gender empowerment with 33 percent seats reserved for women in the Parliament as well as introduction of gender budget coding by the Ministry of Finance.

Before participating in the Mexico meeting, Hon. Minister participated in the High Level Meeting on Sanitation and Water for All at Washington DC held on April 11, 2014. Addressing the meeting, Hon Minister said that Nepal made remarkable progress on meeting MDG targets on water supply and sanitation. He also stressed the need to mobilize a donor assistance of about \$ 1.9 billion in next three years to implement several water and sanitation initiatives in Nepal.



Hon. Finance Minister Dr. Mahat with WB MD Ms. Sri Mulyani Indrawati

Hon. Minister and Nepalese delegation also met with several high level officials of the World Bank such as Managing Director, Sri Mulyani Indrawati, Vice president, South Asia Region, Mr. Philippe Le Houerou, Executive Vice President, IFC, Mr. Jin Yong Cai and held discussions on strengthening cooperation between the World Bank and Nepal.

Hon. Minister also addressed Nepali communities residing in Washington DC and New York and listened their concerns and problems.

NPPR - 2013

the need and importance of the Meeting, the Minister further said that Platforms like NPPR will not only meet Nepal's economic development objectives, but also make a meaningful contribution towards the global community's understanding of the measures required to streamline the process of foreign aid flows. He assured all the participants that the GON is announcing the new Development Cooperation Policy very soon. He informed that the Policy is being developed on the foundation of evolving principles on development cooperation effectiveness and will be instrumental in enhancing portfolio performance across the board.

Chief Secretary Mr. Leela Mani Paudyal, who was also the chair of the opening session of the Meeting, concluded the session and reminded all the participants of previous year's Action Plan that was moderately satisfactory. He underscored the urgency of making the Action Plan successful. He requested all the leaders and champions of various thematic groups to review and identify the factors that hampered the progress and



WB Country Director Mr. Zutt

address them. He informed that corruption control agenda and capacity building remain the priority agenda of the GoN that can lead process oriented functioning to the result oriented ones. He further said that recently introduced Common Minimum Program of the Government covers various areas of reform including aid management and budget management. Talking about low capital expenditure, he

said that low absorption capacity of the country cannot be overlooked though some reporting and technical flaws were responsible for this.

Delivering his remarks, Finance Secretary Mr. Yuba Raj Bhusal said that NPPR is the right forum for all to discuss the common issues that are hindering smooth implementation of the projects/programs. He further said that Government is always committed to continue reform agenda to move forward by translating commitment into practice. He even requested the fellow secretaries and development partners to own the Action Plan.

Addressing the Meeting, on behalf of the DPs, Mr. Johannes Zutt, emphasized on the result oriented actions rather than the process oriented ones. He said that investment, infrastructure development and inclusion

should be given special emphasis for the sustainable economic development. He even drew the attention of all that the public expenditure management is not that much effective in local level. He underscored the need of collective efforts to tackle all the issues.

Welcoming the participants, IECCD Chief Mr. Madhu Kumar Marasini said that NPPR is a right forum to explore the challenges in development efforts of Nepal, especially in the implementation of foreign aided projects, and furnish tangible recommendations. He encouraged all to participate constructively to achieve the goal of the meeting.

In the Meeting, Mr. Baikuntha Aryal, Joint Secretary, Budget and Program Division, MOF, presented on Capital Expenditure and Lower Disbursement in Development Projects. He presented that low disbursement of foreign aid, inconsistencies in the data of DPs and GON, scattered allocation, allocation inefficiency, problems in timely reporting and recording are some of the challenges of resource management in Nepal. He even informed some of the initiatives taken by the government of Nepal like rolling out of TSAs in all 75 districts of Nepal, preparation of monitoring guidelines by National Planning Commission, strengthening of PMF, revival of MTEF, second PEFA assessment, easing of program approval process, and initiation for early budget.



ADB Country Director Mr. Yokoyama

Similarly, Mr. Kenichi Yokoyama, ADB Country Director to Nepal, presented on NPPR Implementation Challenges of Projects funded by Major DPs. During the presentation, he underscored the need for urgent action to enhance absorption level. He mentioned that delay in budget execution, high staff turnover, problems in public financial management and public procurement, land acquisition and safeguards management, weak performance of contractors and insufficient supervision, low level of readiness at approval as some of the challenges of effective development results in Nepal.

NPPR Coordinator and IECCD Under Secretary Mr. Kailash Raj Pokharel, who was also the facilitator of the Meeting, presented on the progress review of the NPPR Action Plan- 2012.

NPPR - 2013 Event Gallery



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1. Hon. Finance Minister Dr. Mahat; 2. Chief Secretary Mr. Paudyal; 3. Finance Secretary Mr. Bhusal; 4. IECCD Chief Mr. Marasini, 5. NPPR Group Discussion; 6. NPPR Coordinator Mr. Pokharel

World Bank Vice President Visits Nepal

World Bank Vice President for South Asia, Mr. Philippe Le Houérou visited Nepal from March 25 -28, 2014. During his visit Mr. Le Houérou met with Rt. Hon. Prime Minister Mr. Sushil Koirala and discussed the government's development priorities including opportunities, challenges and areas of potential collaboration. He also met with Hon. Finance Minister Dr. Ram Sharan Mahat and senior officials of the Government of Nepal including the Governor of Nepal Rastra Bank, the Vice Chairman of the National Planning Commission, the Chief Secretary and the Finance Secretary. During these meetings Mr. Le Houérou welcomed the government's renewed focus on economic reforms. He reaffirmed the Bank's willingness

to help Nepal scale up its development efforts and improve the delivery of public services. He noted that the World Bank Group is currently developing a partnership strategy for Nepal for the first time in six years.

During his stay Mr. Le Houérou visited several projects supported by the World Bank and held discussions with project beneficiaries. These included a Rural Water Supply and Sanitation Scheme in Bhaktapur and a hydropower turbine testing lab at Kathmandu University, Dhulikhel. He also met with development partners and representatives of civil society, academia and the private sector.

Development Cooperation

US\$ 959 million of which 49 percent was contributed by multilateral donors and 51 percent by bilateral donors. The amount was disbursed for 508 different projects. The disbursement covered both the on-budget and off-budget projects. However, this amount did not cover the core funding delivered by INGOs. Similarly, 61 percent of the aid was delivered as grant, 21 percent as TA and 18 percent as loan assistance.

The World Bank, Asian Development Bank and UN Groups had provided higher amount of assistance among the multilateral donors while the UK, the USA, Japan, India and Switzerland had provided the highest amount among the bilateral donors during the period. The World Bank had provided US\$ 231.4 million during the period while ADB and UN had provided US\$ 101 million and US\$ 66.6 million respectively. The education sector received the largest share of the aid disbursed followed by health, local development, road and energy. Of the amount disbursed, 64 percent was channelized through Government budget system and 36 percent channelized outside the budget. While reviewing the Three Year Development Plan policy cluster, more aid was disbursed to social sector compared to infrastructure sector. Excluding the national level projects, Central Development Region has received the largest amount of aid followed by Mid-Western, Eastern, Western and Far-Western Development Region. Stand alone projects covered more than half of the projects under implementation and no progress was made to replicate SWAp from health and education sectors to other sectors. Speaking on the occasion, Hon. Finance Minister Dr. Mahat said that the state would bring in a new foreign assistance policy to make the foreign assistance more systematic and

transparent. He further said that the new policy would help minimize aid fragmentation. He said that efforts would be made to bring the assistance within national budget system. Dr. Mahat thanked the IECCD team for having produced such a comprehensive Report showing Nepal's aid scenario in a detailed analytical way. The Report Launching Ceremony was attended by Government officials and a large number of media persons.

Nepal has been receiving external resources for over six decades and aid continues to play an important role in her socio-economic development. External aid represents about 22 percent of the national budget in FY 2013-14, and these resources finance most of the development expenditures. The total government expenditure is estimated to be about 28 percent of GDP, whereas the internal revenue collected was about 17.4 percent of GDP (2012-13). Foreign aid accounted for about 6.2 percent of GDP in FY 2012-13. As such, foreign aid is instrumental in supplying the required resources for overall development of the Nepal. Ministry of Finance is taking lead in collecting aid data and making them transparent through various measures. The Aid Management Platform (AMP), an online web-based information system was set-up in the Ministry of Finance in 2010 to assist the IECCD of the Ministry. With the objective of making aid information transparent and accessible to the majority of stakeholders, AMP portal dedicated to international development information has been made public since July 2013. The AMP, being the major source of data to generate information contained in the DCR, needs to be further strengthened and institutionalized for enhancement in the quality of the DCR .

ADB ED Team Meets Hon. Finance Minister

Hon. Finance Minister Dr. Ram Sharan Mahat had a courtesy meeting with the team of Executive Directors of Asian Development Bank on March 3, 2014. The seven member delegation of ADB comprised of Mr. Mario Sander, Mr. Maliami Bin Hamad, Mr. Rene Legrand, Mr. Iqbal Mahmood, Mr. Richard Sisson, Ms. Christina Wedekull and Mr. Guoqi Wu.

During the meeting, Hon. Finance Minister said that there is high expectation of people after the formation of new government. Talking about the impressive progress in social sector of Nepal, Hon. Minister expressed that foreign aid is more needed in physical infrastructure like road and energy to better address the problems of Nepal. Hon. Minister acknowledged the Performance Based Allocation System (PBAS) of ADB and reminded them of ADB's decision of providing

only loans to Nepal because of Nepal's improved capacity. Hon. Minister further requested to rethink the policy of ADB, particularly to address the country context as well.

ADB delegation said that the government should give emphasis on private investment in addition to public investment to realize Nepal's goal of graduating from least developed country to developing country by 2022. They even assured of ADB's continued assistance to Nepal in the days to come.

The ADB delegation had a separate courtesy meeting with Finance Secretary Mr. Shanta Raj Subedi on the same date. During the meeting, Mr. Subedi briefed about the macro-economic scenario of Nepal.

Finish Under Secretary of State Meets Hon. Finance Minister

The Under Secretary of the State of Ministry of Foreign Affairs of Finland Ms. Anne Marijaana met Hon. Finance Minister Dr. Ram Sharan Mahat on March 6, 2014. During the meeting, Hon. Finance Minister informed about the current scenario of Nepal and underscored the need of sustaining the achievement of social sector in Nepal. Hon. Minister said that there is the need of increasing investment in infrastructure sector. Hon. Minister further said that inter-regional disparity and urban-rural gap need to be addressed for the economic justice in Nepal. Hon. Minister clarified that low economic growth rate, low investment, and lack of working efficiency have hindered the development initiatives in Nepal. Answering the queries from the Finish side, Hon. Minister clarified on the proposed Development Cooperation Policy of Nepal. IECCD

Chief Mr. Madhu Kumar Marasini, who was also present in the meeting, said that the proposed policy will support in transparency and effectiveness of international resources received by Nepal.

During the meeting, Ms. Marijaana expressed her concern over the future development planning of Nepal, especially on education, health, sanitation and addressing inequality. She was also eager to know the post 2015 MDG strategy of Nepal. She expressed her happiness on the progress achieved by Nepal on social sector and appreciated the commitment of Hon. Minister to create investment friendly environment in Nepal. Finish Ambassador to Nepal H.E. Asko Luukkainen was also present at the meeting.

WB Group ED Team Meets Hon. Finance Minister

A Team of Executive Directors of World Bank Group had a courtesy meeting with Hon. Finance Minister Dr. Ram Sharan Mahat on March 5, 2014. The group comprised of Mr. Sundaran Annamalai, Mr. Shixin Chen, Mr. Jörg Frieden, Mr. Denny Hamachila Kalyalya, Mr. Agapito Mendes Dias, Mr. Wilhelm Michael Rissmann, Mr. Bok-Hwan Yu, Ms. Sara Margalit Avuel, Mr. Shahrol Anuwar Sarman, Mr. David Kolutagane, Mr. Samir Suleymanov and Ms. Julijana Amiel.

During the meeting, Hon. Minister informed them about the recent scenario of Nepal and said that the chief responsibility of current government is to formulate the constitution within the stipulated time. Hon. Minister also emphasized on increasing investment in development activities since the expectation of the people is rising up. Hon. Minister underscored the need of increasing capital expenditure and encouraging private sector to invest in infrastructure development. [Contd P8](#)

Danish Ambassador Meets Hon. Finance Minister

The Ambassador of Denmark to Nepal H.E. Ms. Kirsten Rosenvold Geelan met Hon. Finance Minister Dr. Mahat on April 1, 2014. During the meeting, there was discussion on Danish support to Nepal, Nepal's development cooperation policy, and Nepal's economic development.

As the meeting proceeded, Hon. Finance Minister appreciated the continued support of Denmark and expected further support in the days to come. Hon. Minister said that proposed Development Cooperation Policy (DCP) focuses on making the aid more effective that can produce tangible results and [Contd P12](#)

World Bank Extends Support to SNRTP

The International Development Association (IDA) of the World Bank has agreed to provide US \$100 million assistance (US \$ 72 million grant and US \$ 28 million loan), equivalent to NRs 9.71 billion for the implementation of Strengthening National Rural Transport Program (SNRTP) and US \$ 50 million assistance (US \$ 20 million grant and US \$ 30 million loan), equivalent to NRs 4.85 billion for the implementation of Irrigation and Water Resource Management Project (IWRMP). Two separate Agreements to this effect were signed and exchanged by IECCD Chief Mr. Madhu Kumar Marasini and WB Country Director Mr. Johannes Zutt, on behalf of the GON and the World Bank at the Ministry of Finance, Kathmandu, on March 24, 2014.

The objective of SNRTP is to enhance the availability and reliability of transport connectivity for rural communities in participating districts. The programme will help achieve increased access to all weather transport connectivity for communities and improved

reliability of rural transport infrastructure in project districts. The Programme will cover 33 districts, namely, Kanchanpur, Kailali, Surkhet, Bardiya, Salyan, Banke, Dang, Pyuthan, Gulmi, Arghakhanchi, Kapilvastu, Kaski, Palpa, Syangja, Rupandehi, Tanahu, Nawalparasi, Rasuwa, Dhading, Nuwakot, Makawanpur, Parsa, Bara, Rautahat, Sarlahi, Mahottari, Dhanusa, Siraha, Saptari, Udayapur, Bhojpur, Sankhuwasabha, and Tehrathum. The 33 districts covered by the project are supposed to be home to approximately 14.6 million people where more than 25% people are poor. The project is considered to be a model for inclusive economic growth and rural poverty reduction through improved road connections.

During and after the implementation of the project, it is expected that the effective maintenance system will be accomplished and strengthened consolidating the previous achievements made by the Rural Access Improvement and Decentralization Project (RAIDP). The project will also ensure the sufficient and [Contd P12](#)

WB Group ED Team....

Hon. Minister further informed that the geographical hindrance has made the investment more costly in Nepal. Hon. Minister said that the investment in social sector has yielded positive results and in the future internal sources will cover the investment in this sector. Hon. Minister expressed the need of external resources to be mobilized in physical infrastructure sector, particularly in hydropower generation, transmission line expansion and roads connectivity, and requested World Bank to increase its investment in this area.

The World Bank Group EDs Team expressed their happiness over the formation of new government in Nepal and said that the visit of the Executive Directors is important to better understand the policy and

programmes adopted by new government. Mentioning about the increased performance level of Nepal, they informed that the support of World Bank remains for Nepal in the days to come as well. They expressed their commitment in supporting Nepal especially in poverty alleviation and development of private sector.

During the discussion Hon. Minister requested World Bank to adopt soft policy towards Nepal by increasing grant assistance and decreasing loan assistance. Finance Secretary Mr. Shanta Raj Subedi, IECCD Chief Mr. Madhu Kumar Marasini, World Bank Country Director to Nepal Mr. Johannes Zutt and IFC Country Director for Nepal Mr. Kyle Kelhofer were also present in the meeting.

Japan Extends Support to Micro-Hydro

The Government of Japan through Japan International Cooperation Agency (JICA) has agreed to provide a grant assistance of 1 billion and 5 hundred 71 million Japanese Yen (¥1,571,000,000) (approximately NRs 1 billion 4 hundred 75 million) to the Government of Nepal for the implementation of Micro-Hydropower Improvement in Western Area project. The Exchange of Notes regarding the grant assistance was signed and exchanged by Finance Secretary Mr. Yuba Raj Bhusal and Japanese Ambassador to Nepal H.E. Mr. Masashi Ogawa on behalf of their respective governments, on April 22, 2014. Similarly, Grant Agreement was signed and exchanged by IECCD Chief Mr. Madhu Kumar Marasini and Chief JICA Representative Mr. Tsutomu

Shimizu, amidst the same function.

The objective of the project is to repair the damaged existing equipment, restore power generation function and

Contd P12



Finance Secretary Mr. Bhusal Exchanging Notes with Japanese Ambassador to Nepal H.E. Mr. Ogawa

Switzerland Extends Grant to Improve Local Roads in Nepal

The Government of Switzerland has agreed to provide grant assistance amounting Swiss Franc 22.5 million (equivalent to NRs 2.45 billion) to the Government of Nepal. Out of the total assistance, Swiss Franc 19.49 million (equivalent to NRs. 2.12 billion) will be used for the implementation of Local Roads Improvement Program (LRIP) and Swiss Franc 3.1 million (equivalent to NRs. 335 million) for Home Garden Project. Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and His Excellency, Mr Urs Herren, Ambassador, Swiss Embassy in Nepal signed and exchanged the two different agreements on behalf of their respective Governments, on April 3, 2014.



A Glimpse of Signing Ceremony

The Local Roads Improvement Program (LRIP) is continuation of District Roads Support Program (DRSP), which is going to be completed by 16th July 2014. The objective of Local Roads Improvement Program (LRIP) is to contribute to improved livelihoods of the people and economic development in the Program districts. The Program is scheduled to be implemented until July 31, 2018 starting from 1 August 2014. This program will be implemented in Ramechhap, Sindhuli,

Okhaldhunga and Khotang district.

The Program will mainly focus on maintenance, upgradation and rehabilitation of the district roads to make them all-weather rather than construction of new roads, and ensure access of rural people to improved roads. After implementation of this Program, over 3000 km of roads will be maintained. About 200 km of roads will be rehabilitated and 100 km will be constructed for making them all- weather.

During and after the implementation of this Program, it is expected that the rural poor and disadvantaged group will be able to reduce their poverty through enhanced access to employment opportunities and other economic opportunities. The Program is expected to generate 2.5 million person days of local employment, out of which 1.6 million person days of employment will be targeted for disadvantaged groups. This Program is executed by the Ministry of Federal Affairs and Local Development (MoFALD) and implemented by Department of Local Infrastructure Development and Agriculture Roads (DoLIDAR).

Similarly, the objective of Home Garden Project is to contribute to improved nutrition and reduced vulnerability of smallholders and disadvantaged groups, especially women, by scaling up home garden practices in Nepal. By the implementation of the project, it is expected that smallholders and disadvantaged groups will have adopted home garden practices to improve family nutrition through diversified

Contd P11

ADB Extends Support to Bagmati River Basin Project

The Asian Development Bank has agreed to provide an assistance of US \$ 30 million out of which loan assistance consists of US\$ 25.5 million and grant US \$ 4.5 million (altogether approximately NRs. 3 billion) to the Government of Nepal for the implementation of Bagmati River Basin Improvement Project (BRBIP). Finance Secretary Mr. Shanta Raj Subedi and ADB Country Director Mr. Kenichi Yokoyama signed the Financing Agreement to this effect on March 6, 2004.

The BRBIP Project is expected to be completed in 5 years period. The total costs of the Project is US\$ 36 million. Of the total cost, the Government of Nepal is contributing US\$ 6 million. The BRBIP is going to be implemented by the Water and Energy Commission

Secretariat (WECS), the High Powered Committee for Integrated Development of Bagmati Civilization (HPCIDBC) and Department of Irrigation. Ministry of Urban Development is the executing agency of the Project.

The objectives of the Project are to improve the environment of Bagmati River and manage flood. Improvement of river bank in urban areas and conservation of watershed are other important activities of the project. Likewise, ensuring increased water availability during the dry season in the Bagmati River and establishment of a River Basin Organization are the other major components of the Project.

ADB Extends Additional Support to Melamchi Water Supply Project

The Asian Development bank has agreed to provide an additional loan assistance of US Dollar 25 million (equivalent to NRs 2.42 billion) to the Government of Nepal for the implementation of Melamchi Water Supply Project (MWSP). IECCD Chief Mr. Madhu Kumar Marasini and ADB Country Director Mr. Kenichi Yokoyama signed and exchanged the agreement at the Ministry of Finance, Kathmandu, on 7 April 2014.

With this additional financing, ADB's contribution to Melamchi Water Supply Project has reached US \$ 162 million which is 45.6 % of the total cost of the project (US \$ 355.4 million). Other financiers of the Project are Japan, Nordic Development Fund, OPEC Fund for International Development and the Government of Nepal. The Project is a comprehensive water supply project aiming to improve the health and well-being of the people in Kathmandu Valley. It is expected to alleviate the shortage of potable water in the Kathmandu Valley by diverting water from the Melamchi River to the Kathmandu Valley.

The Project is expected to be completed by 30 December 2016. The construction of Melamchi Water Supply Project includes physical infrastructure and institutional reforms in the water sector, which are critical to improving Kathmandu Valley's water supply.



IECCD Chief Mr. Marasini and ADB Country Director Mr. Yokoyama, among others, in the Signing Ceremony

Melamchi tunnel is a key component of the Project, and its success impacts the progress of several other project components. The agreed loan for additional financing is needed to meet cost overrun due to higher amount of the new contract for the Melamchi tunnel (27.5 KM) which was awarded to MURatori E Cemaentisti (CMC) di ravenna of Italy in 15 July 2013 after the termination of earlier contract.

The MWSP is executed by the Ministry of Urban Development and implemented by the Melamchi Water Supply Development Board (MWSDB) and Kathmandu Upatyaka Khanepani Limited (KUKL). MWSDB is responsible for the Melamchi River Water diversion Subproject (subproject 1) and KUKL is responsible for water utility for Kathmandu valley water supply and sanitation subproject (subproject 2).

Hon. Finance Minister Attends Asia Programming Consultation Meeting

Hon. Finance Minister Dr. Ram Sharan Mahat led Nepali delegation attended Asia Programming Consultation Meeting on 21 March 2014 in Brussels. On the same occasion, Hon. Minister met European Union Development Commissioner Mr. Andris Piebalgs and other high level officials of the EU. The EU informed that after reviewing the progress and development challenges, it has decided to increase the existing level of assistance to Nepal by three times, i.e. from Rs. 16 billion per strategy period to Rs. 48 billion in the next cycle 2014-2020.

During the meeting, Hon. Minister also requested the EU to extend support to Nepal's infrastructure development, especially on energy, irrigation, rural roads among others. In response, EU confirmed its commitment towards aligning assistance with Nepal's development priorities. Also, EU agreed to channel assistance in sustainable rural development and infrastructure building. Mr. Piebalgs enquired on various aspects including constitution drafting and the election of local bodies in Nepal. Hon Finance Minister



Hon. Finance Minister Dr. Mahat and Nepalese Delegates with EU Officials Including EU Ambassador to Nepal Ms. Teerink

informed that the Government of Nepal is committed to draft a new constitution and hold the election of local bodies within a year.

IECCD Chief Mr. Madhu Kumar Marasini, Ambassador of Nepal to EU Mr. Ram Mani Pokhrel and MoF Under Secretary Mr. Uttar Kumar Khatri were also present at the meeting.

Zanzibar AMP Team Visits Nepal

A four member team of the Ministry of Finance (MoF) of the Revolutionary Government of Zanzibar, during the first week of April, visited Nepal to see overall implementation of Aid Management Platform (AMP) being implemented under the Ministry of Finance. The Zanzibar team held discussion with the IECCD/MoF and shared experiences on making AMP sustainable, maintaining data quality, capturing off-budget projects including those from INGOs, bringing non-DAC donors in the AMP, lessons learnt regarding SWAp implementation, donor's view on assisting AMP, policy implication of AMP data and various issues on aid management. The team comprised of Ms. Aziza Juma Ali, Head of Aid Coordination, External Finance



IECCD Under Secretary Mr. Karki with Zanzibar AMP Team

- MoF; Mr. Jonathan Wosley - Advisor, External Finance Department- MoF; Mr. Sharif Bakar Kombo - Aid Coordination Officer, (AMP operator) Aid Coordination Unit, External Finance, MoF; and Mr. Khatib Mohd Khatib: Head of Resources Mobilization, External Finance - MoF.

Switzerland Extends

dietary sources. Department of Agriculture, District Agriculture Development Offices and local bodies in project districts will have integrated home garden into regular Agriculture Extension Program.

This project will be implemented in 20 districts of Mid-

hill and Terai Region of Nepal in close collaboration with Department of Agriculture, Vegetable Development Directorate among others. The implementation period of the project will be 4 years commencing from 17 July 2014.

Agreement with China

The Government of the People's Republic of China has agreed to provide a grant assistance amounting to RMB ¥ 120,000,000 (approximately NRS 192 million) to the Government of Nepal. An agreement to this effect was signed and exchanged at the Ministry of Finance, Kathmandu, on 5 March 2014, by Mr. Shanta Raj Subedi, Secretary, Ministry of Finance, and H.E. Mr. Wu Chuntai, Ambassador of the People's Republic of China on behalf of their respective governments.

The grant shall be used for economic and technical cooperation projects and the projects of providing goods and materials agreed upon through consultations between the Government of Nepal and the Government of China. The specific matters concerned shall be stipulated in a separate agreement to be signed between the two sides. In order to further develop the friendship between Nepal and China, the Chinese Government has been providing the Grant assistance on regular basis since the establishment of diplomatic relationship between two countries.

World Bank Extends....

excellent maintenance for the sustainability of rural roads.

Likewise, the objective of the IWRMP-AF is to improve irrigated agriculture productivity and management of selected irrigation schemes and enhance institutional capacity for integrated water resource management. This additional funding will focus on four components, namely, irrigation infrastructure development and improvement, irrigation management transfer, institutional and policy support for improved water management, and integrated crop and water management. This project has been operating in 45 districts that cover 40 districts from Western, Mid-western and Far-western region, 2 districts from Central region (Bara & Parsa) , and 3 districts from Eastern region of Nepal (Sunsari, Morang and Jhapa).

Foreign Aid Commitment

In this current fiscal year, at the end of April 2014, the new foreign aid commitment received by the GoN from DPs has reached the total of Rs. 91085.95 million (Rs. 62,657.95 million as grant and Rs. 28,428.00 million as loan) for the implementation of various development projects / programs. In the same period of previous fiscal year, the total commitment received by the GoN from various DPs was Rs. 70,168.50 million (Rs. 30,696.50 million as grant and Rs. 39,472.00 million as loan).

Danish Ambassador

expected the cooperation from development partners in this regard. Hon. Minister further informed that the Government is concentrated on making public expenditure management system more effective. Hon. Minister requested to invest in infrastructure sector as per the priority of the Government of Nepal

Danish Ambassador Ms. Geelan briefed on current scenario of Denmark funded projects in Nepal. She drew the attention of Hon. Finance Minister on impact analysis of threshold provision of proposed DCP, Nepal's public finance management system, and weak monitoring and supervision. She also informed that Denmark will provide an assistance of USD 100,000 for the enhancement of Aid Management Platform of Ministry of Finance.

Japan Extends

extend the life of the power plant. The three micro – hydropower projects proposed to rehabilitate under the said grant agreement are: Bajhang Hydroelectric Power plant (230kW), Bajura Hydroelectric Power Plant (228 kW) and Syarpudaha Hydroelectric Power Plant in Rukum (240 kW). After the implementation of the project people in those remote parts of the country are expected to have stable and sustained power supply which will ultimately help them attain a better and improved living standard.

Government of Nepal enters into a subsidiary grant agreement with Nepal Electricity Authority (NEA) and passes the grant to the concerned local community to carry out the project at local level.