



Local Development Partners' Meeting held

Local Development Partners' Meeting was organised in the Ministry of Finance on 25 November 2015. The major objective of the meeting was to update the donor communities about the current situation of the country and adverse impacts experienced in the implementation of development projects due to the unwanted hassles in supply of petroleum as well as other essential commodities.

The meeting was chaired by Hon. Finance Minister Mr. Bishnu Prasad Paudel. During the meeting, Hon. Minister presented the country scenario, specially stressing focus on the difficulties faced by Nepali People and adverse impacts on the national economy due to the agitation and blockade in the terai region. On the occasion, Finance Secretary Mr. Lok Darshan Regmi highlighted the overall economic situation of the country. Deputy Governor Mr. Maha Prasad Adhikari shared his views on the impact of current difficult situation on the monetary and fiscal front. Similarly, Vice Chair of NPC Dr. Yubaraj Khatiwada while delivering his remarks emphasized on the joint monitoring of the key foreign aided projects. He also added that, the government has given high priority for reconstruction



From right: Vice Chairman NPC, Finance Minister, Finance Secretary, Revenue Secretary, IECCD Joint Secretary

work through making arrangement of NPC to take interim responsibility until the Reconstruction Authority is formed.

On behalf of the development partners, His Excellency Mr. Urs Herren, Ambassador of Switzerland mentioned the Constitution which was recently promulgated by the Parliament of Nepal as a milestone for the peace, stability and prosperity of the country. Other donor's representatives sharing their opinions in the meeting expected an early resolution of the present deadlock and speedy implementation of post earthquake reconstruction works.

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Agreement with Japan for post earthquake reconstruction



A Glimpse of Signing Ceremony

The Government of Japan has agreed to provide an assistance of NRs 26.19 billion (Japanese **Contd P5**



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Ministry of Finance

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Message from the Chief Editor



As new Joint Secretary of IECCD, I look forward to working with all internal and external stakeholders and the development partners for the coordination and management of International Economic Cooperation.

The reform agenda of aid management continues on its long journey from aid effectiveness to development effectiveness. The Busan Partnership for effective development builds on a range of international efforts to improve effectiveness of development co-operation. Nepal is one of 76 countries participating in the second round of global monitoring survey of the implementation of Busan commitment for which the IECCD is taking the lead in Nepal. In order to support the survey process, focal points from development partners, parliamentarians, civil society and private sectors have been identified and started data collection.

The Global Partnership for Effective Development Co-operation is an inclusive political forum bringing together governments, bilateral and multilateral organisations, civil society and representatives from parliaments and the private sector from around the world that are committed to strengthening the effectiveness of development co-operation to produce maximum impact for development. The Global Monitoring Survey tracks progress in the implementation of Busan commitments for more effective development co-operation. Its monitoring framework is comprised of a set of 10 indicators, with targets for 2015, which focus on strengthening developing country institutions, increasing transparency and predictability of development co-operation, enhancing gender equality, as well as supporting greater involvement of civil society, parliaments and private sector in development efforts. The survey framework seeks to capture behaviour change: it focuses on "how" stakeholders engage in development co-operation. It is complementary with other accountability frameworks which monitor "what" results and outcomes stem from development cooperation (e.g. the MDGs and SDGs monitoring).

Information collected through the global monitoring exercise is compiled into a global progress report ahead of the ministerial-level meeting of the Global Partnership in Kenya. The findings will be discussed and submitted before the high level meeting. It is realized that aid money in itself is not sufficient for the development of any country. It is supplement to the other resources of partner countries. It also demands inclusive development blending with mobilization of other resources such as internal revenue, remittances in addition to the involvement of private sector, civil society and parliamentarians in the development efforts of the country. To this end, IECCD also plans in 2016 to commence a Development Financing Assessment.

The Monitoring Surveys conducted in 2008, 2011 and 2013 indicate that Nepal is making significant progress in various front of development cooperation. Among them are aid transparency, increasing ownership in project implementation in line with country system and national priority, efforts of bringing aid on budget, enacting of development cooperation policy, efforts of involving civil society, private sector and parliamentarians in matters of aid effectiveness.

When completed, the survey will provide evidence based information and analysis on the real situation and what we need to improve in the area of aid effectiveness. In order for this survey to be successful, all focal points representing development partners, parliamentarians, civil society and private sectors are required to provide responses that are accurate and where requested provide realistic feedbacks for improving the current situation of aid effectiveness.

ADB provides grant assistance through Japan Fund for Poverty Reduction

Asian Development Bank (ADB) has agreed to provide 15 million USD (approx Rs. 1570 million) grant assistance from the Japan Fund for Poverty Reduction (JFPR) to the Government of Nepal for the Disaster Risk Reduction and Livelihood Restoration for Earthquake Affected Communities Project. The JFPR is a fund set up by the Government of Japan and managed by ADB. The objective of the Project is to help restore the disrupted livelihoods and schooling in the poor and severely earthquake-affected communities, and strengthen their resilience against future disasters. Specific expected outputs of the Project are: (i) schools in earthquake affected districts constructed or rebuilt as model disaster-resilient schools; (ii) microcredit facility for livelihood restoration provided to small farmer cooperative members; and (iii) disaster risk management capacity of the affected communities strengthened. Under the Project, at least 14 model schools with disaster resilient features will be rebuilt, microcredit services will be provided to at least 12,500 earthquake-affected households for livelihood restoration, and community-based disaster risk reduction awareness campaign and disaster risk management planning exercise will be conducted in at least 30 Village Development Committees. The Department of Education (DOE) and Small Farmers Development Bank (SFDB) are the implementing agencies for the Project. The Project will be implemented in 14 districts, namely



From Left: HE Mr. Ogawa Japanese Ambassador, Mr. Kenichi Yokoyama ADB Country Director, Mr. Regmi Finance Secretary and Mr. Marasini IECCD Joint Secretary

Gorkha, Dhading, Nuwakot, Rasuwa, Sindhupalchok, Kathmandu, Lalitpur, Bhaktapur, Kavrepalanchok, Dolakha, Solukhumbu, Okhaldhunga, Sindhuli and Makawanpur which are severely affected by the devastating earthquakes in April 2015.

Mr. Lok Darshan Regmi, Secretary, Ministry of Finance and Mr. Kenichi Yokoyama, Country Director of Nepal Residence Mission, ADB signed the grant agreement on 08 December 2015 in the Ministry of Finance on behalf of the Government of Nepal and the Asian Development Bank, respectively. His Excellency Mr. Masashi Ogawa, Ambassador of Japan and Mr. Tsutomu Shimizu, Chief Representative of JICA Nepal Office were also present at the signing ceremony.

Agreement with UK for the post earthquake response for renewable energy

The United Kingdom through its Department for International Development has agreed to provide a total grant assistance of Starling Pound 10 million (equivalent NRs. 1.61 billion) to the Government of Nepal for Post- Earthquake Response for Renewable Energy in the aftermath of the devastating earthquake of 25 April 2015. The agreement was concluded between the two Governments in the Ministry of Finance on 08 December 2015.

The grant assistance will be used for the implementation of Nepal Rural Renewable Energy Programme (NRREP) to deliver renewable energy technologies to earthquake victims. It will support individuals and communities affected by disaster to be able to return to normal life with minimal suffering and disruption of energy services. This includes 124,000 Solar Tukies

(5-10) watts, 500 solar community mobile charging stations (200-250) watts, Rehabilitation of 6500 Kw Micro Hydro Plants damaged by earthquake, reconstruction of 15000 earthquake affected biogas plants and 20,000 portable metallic rocket stoves for earthquake affected households.

The Projects identified under this support will be implemented for the period of 7 years from the beginning of 2016 to 30 June 2017.

The Agreement was signed by Mr. Madhu Kumar Marasini, Joint Secretary, Ministry of Finance and Mrs. Gail Marzetti, Head of Office, DFID Nepal on behalf of the Government of Nepal and the Government of the United Kingdom.

Agreement with Germany for recovery program

The Government of the Federal Republic of Germany through its KFW Development Bank has agreed to provide a total grant assistance of Euro 30 million which comprises financial assistance of Euro 25 million (equivalent NRs. 2.89 billion) and Technical Assistance of Euro 5 million (equivalent to Rs 579.3 million) to the Government of Nepal as a special commitment for Recovery Programme in the aftermath of devastating earthquake of 25 April 2015. The agreement to this effect was signed between the two Governments on 14 December 2015 in the Ministry of Finance.

The grant assistance will be used for the implementation of various projects such as rehabilitation of some

heritage sites including surrounding school buildings in Bhaktapur district, reconstruction of district hospitals in Gorkha, Rasuwa, Dolakha and Ramechhap districts and rehabilitation of rural electrification in Rasuwa districts which were damaged by the earthquake.



A Glimpse of Signing Ceremony

The Projects identified under this support will be implemented for the period of 7 years from the beginning of 2016 to 31

December 2022.

The Agreement was signed by Mr. Lok Darshan Regmi, Secretary, Ministry of Finance and H.E. Mr. Matthias Meyer, German Ambassador to Nepal on behalf of the Government of Nepal and the Government of the Federal Republic of Germany respectively.

Nepal-Japan Policy Dialogue held

Nepal - Japan policy dialogue was held in Kathmandu on 26 November 2015. The dialogue was organized to review the implementation status of the projects funded by the Government of Japan. The meeting was co-chaired by Mr. Madhu Kumar Marasini, Joint Secretary of IECCD, Ministry of Finance and Mr. Shinya Machida, Deputy Chief of Mission, Embassy of Japan in Kathmandu. High level officials of the Government of Nepal, officials from JICA and Embassy of Japan and the project chiefs were also present in the meeting that was moderated by Mr. Lal Bahadur Khatri, Under Secretary of IECCD. Key agenda of the meeting covered topics like the project status, implementation and reconstruction issues and recommendation for future.



A glimpse of Meeting

The meeting began by the opening remarks of the co-chair and was followed by presentation on Project Progress, Issues and Recommended Actions by Mr. Lal Bahadur Khatri, and Projects with Outstanding Issues were presented by the Japanese side. The participants raised various issues and provided their inputs for better project implementation. The meeting agreed on the early and smooth implementation of the projects and prepared a matrix to follow up the agreed action. The co-chair closed the meeting with concluding remarks highlighting the significance of the meeting and urging the project managers and line ministries for timely implementation of the agreed action.

Kick off Meeting held on Global Monitoring Survey 2015

A kick off meeting on the Second Round of Global Monitoring Survey was held in the Ministry of Finance on 17 December 2015. The Kick off meeting was attended by the representatives from DFID, UNDP, FNCCI, NGO and IECCD/Ministry of Finance. The purpose of the meeting was highlighted by Mr. Bhuban Karki, Under Secretary of Ministry of Finance and the National Focal Point for the Survey.

The monitoring exercise aims at providing evidence on progress, opportunities and obstacles in the implementation of Effective Development Cooperation commitments, in order to support mutual accountability and stimulate and inform multi-stakeholder dialogue at country, regional and global levels on how to make development co-operation more effective. As highlighted in the Addis Ababa Action Agenda, improving the quality, impact and effectiveness of

development co-operation will be crucial to ensure that the Sustainable Development Goals are achieved.

It also includes tracking progress in implementing the four principles & related Busan commitments on development effectiveness, informing policy discussions at the global and country level. The MOF (IECCD) national co-ordinator is in charge of leading and coordinating the process, all stakeholders are expected to actively engage in the different phases of the monitoring exercise, including preparation, data collection and validation.

The Survey is being conducted through the support from specific focal points, each of whom collects and consolidates responses from their respective groups, these include development partners, private sector, civil society, government agencies and **Contd P6**

Agreement with Japan for

Yen 30 Billion) to assist Nepal on post earthquake reconstruction. This assistance consists of loan assistances of Japanese Yen 14 billion for Emergency School Reconstruction Project, Japanese Yen 12 billion for Emergency Housing Reconstruction project, and Japanese Yen 4 billion of grant assistance for reconstruction of Maternity Hospital, rehabilitation of the water supply system in Sindhupalchowk and construction of bridge in Barhakilo Barpak road in Gorkha District. The agreement to this effect was concluded in the Ministry of Finance on 21 December 2015.

The main objective of the Emergency School Reconstruction Project is to rebuild, retrofit, and repair schools in the earthquake affected districts. Likewise, the objective of Emergency Housing Reconstruction Project is to restore and improve the living conditions of the earthquake victims by restructuring the destroyed and damaged houses with seismic standards in the earthquake affected districts.

The grant assistance of Japanese Yen 4 billion is to support for the reconstruction of Paropakar Maternity and Women's Hospital and Bir Hospital, rehabilitation of Water Transmission System in Chautara, Sindhupalchowk, and Bridge construction along the

Barhakilo- Barpak Road, Gorkha.

Department of Education will implement the Emergency School Reconstruction Project and Ministry of Federal Affairs and Local Development and Ministry of Urban Development will implement the Emergency Housing Reconstruction Project. The projects under the grant assistance will be implemented by the Ministry of Health and Population, Ministry of Urban Development, and Ministry of Physical Infrastructure and Transport.

The Exchange of Notes regarding the loan and grant assistance were signed on 21 December 2015 by Mr Lok Darshan Regmi, Secretary of the Ministry of Finance and H.E. Mr. Masashi Ogawa Ambassador of Japan on behalf of the Government of Nepal and the Government of Japan, respectively. The loan agreements were signed by Mr Madhu Kumar Marasini, Joint Secretary, International Economic Cooperation Coordination Division, Ministry of Finance and Mr Tsutomu Shimizu, Chief Representative of JICA Nepal Office on behalf of the respective Governments.

The signing ceremony was held in the presence of Hon'ble Finance Minister Mr Bishnu Prasad Paudel and President of JICA Mr. Shinichi Kitaoka.

Agreement with Finland for Rural Village Water Resource Management

The Government of the Republic of Finland has agreed to provide Euro 15 million grant assistance (equivalent to NRs. 1.81 billion) to the Government of Nepal for the implementation of Rural Village Water Resource Management Project Third Phase, RVWRMP III. An Agreement to this effect was signed and exchanged between the two Governments in the Ministry of Finance, Kathmandu on 10 December 2015.

The overall objective of this project is to contribute to improve health, socio-economic status and ensure equal right to water and sanitation for the inhabitants of the project Area. The Project will be implemented in ten districts of Mid and Far-western Development Region of Nepal namely; Achham, Baitadi, Bajhang, Bajura, Dadeldhura, Dailekh, Darchula, Doti, Humla and Kailali. The main focus of the project will remain on the components; Sanitation and Hygiene, Rural Water Supply and capacity development by institutionalizing the socially inclusive development initiatives.

The project will be implemented over a five-year period, starting from March 2016 and ending February 2021. It is aimed that after the implementations of Project,



From Right: Finance Secretary Mr. Regmi and Finland Ambassador HE Mr. Shuvanto

total 234,000 people will benefit from improved water supply schemes, some 12000 from irrigations and 3000 multi-water use system, (MUS). Ministry of Federal Affairs and Local Development will be the implementing agency of this project.

Mr. Lok Darshan Regmi, Finance Secretary, Ministry of Finance and H.E. Mr. Jorman Shuvanto, Ambassador, Embassy of Government of the Republic of Finland to Nepal, signed the agreement on behalf of their respective Governments.

Local Development

On the occasion, Senior Economic Advisor, Secretary (Revenue), Ministry of Finance, Financial Comptroller General, Ambassadors, Resident Representative of

UN, Mission Chief/head of DPs and other high ranking officials of the government and development partners among others were present in the meeting.

Kick off Meeting held

parliamentarians. Each focal point will report back against the indicators in the monitoring survey that are relevant to them. This is detailed in the table below.

| INDICATORS | Gov. | Providers | CSOs | Private sector | Trade Unions | TYPE OF DATA |
|---|------|-----------|------|----------------|--------------|----------------|
| 1 Development co-operation is focused on results that meet developing countries' priorities | ■ | ■ | | | | QUANTI & QUALI |
| 2 Civil society operates within an environment that maximises its engagement in and contribution to development | ■ | ■ | ■ | | | QUALI |
| 3 Engagement and contribution of the private sector to development | ■ | ■ | ■ | ■ | ■ | QUANTI & QUALI |
| 5a Development co-operation is more predictable (annual) | | ■ | | | | QUANTI |
| 5b Development co-operation is more predictable (medium-term) | ■ | | | | | QUANTI |
| 6 Aid is on budgets which are subject to parliamentary scrutiny | ■ | ■ | | | | QUANTI |
| 7 Mutual accountability strengthened through inclusive reviews | ■ | | | | | QUALI |
| 8 Gender equality and women's empowerment | ■ | | | | | QUALI |
| 9b Use of developing country PFH and procurement systems | | ■ | | | | QUANTI |

The data collection and validation process will be completed by March 2016 and the data submitted to the OECD-UNDP Joint Support Team. The OECD –

UNDP Joint Support Team will carry out the analysis - on the basis of data collected at the country and global levels and of complementary qualitative evidence. The ministerial level meeting is expected to be held in November 2016 in Kenya where the findings of the Global Monitoring Survey will be discussed and ideas recommended.

National Coordinator Mr. Karki thanked all focal points for their support and commitment in collecting and providing the information for this important survey. He also looked forward to sharing the findings later this year and moving forward on recommendations to ensure ODA is provided in an efficient, effective and government lead way.

Agreement with ADB for Kathmandu Valley Water Supply Improvement Project

The Asian Development Bank (ADB) has agreed to provide an additional financing of US\$ 90 million (approximately NRs 9.54 billion) to the Government of Nepal for the implementation of Kathmandu Valley Water Supply Improvement Project (KVWSIP). The Agreement to this effect was signed between Government of Nepal and the Asian Development Bank, at the Ministry of Finance, Kathmandu, on 07 December 2015.



A Glimpse of Signing Ceremony

loan will be utilized in setting up pipeline connectivity, expanding the scope to Kirtipur and Madhyapur Thimi Municipality and also support to Melamchi Phase II seeking new sources of Water to fulfill future demand. Considering the importance of programme objectives; target and implementation strategies, Government of Nepal has decided to extend the project implementation period until 2020.

The Government of Nepal has been executing KVWSIP since 2008 with its objective of resolving existing Water Supply problem in Kathmandu Valley. In addition, this

The Agreement was signed by Mr. Lok Darshan Regmi, Secretary, Ministry of Finance, and Mr. Kenichi Yokoyama, Country Director, Asian Development Bank.

Nepal EU Development Sub Group Meeting

The Development Sub-Commission meeting between Nepal and the European Union, which took place on 23 November 2015 at the Ministry of Finance, had held extensive discussions on the European Union assisted programmes and its future priorities in Nepal. The meeting was organized before the 9th session of the Nepal-European Union Joint Commission meeting that held on 24 November in Kathmandu.

During the meeting, different issues of mutual interest between Nepal and the European Union were discussed. The two sides exchanged views on the post earth-quake reconstruction, EU assisted development programmes in Nepal including the future priorities.

The Nepalese delegation was led by Mr. Madhu Kumar Marasini, Joint Secretary. Senior government officials from various ministries were also present in the meeting.

During the meeting, Mr. Marasini appreciated the

fact that EU has given a special priority to economic cooperation in Nepal by opening its full fledged embassy in Nepal since 2009. EU has tripled its assistance to the tune of Euro 360 million to Nepal through its current EU strategy, the Multi-Annual Indicative Programme (MIP) 2014-2020.

In addition, he appreciated the prompt response of the EU to the Government of Nepal in the aftermath of the devastating earthquake on last April. In this regard, proposed assistance of Euro 105 million for Nepal EU Action for Recovery and Reconstruction (NEARR) programme as pledged during the ICNR in June 2015 is a significant assistance for the post disaster response and recovery. He also mentioned the progress from government side to have an agreement for the implementation of NEARR in near future.

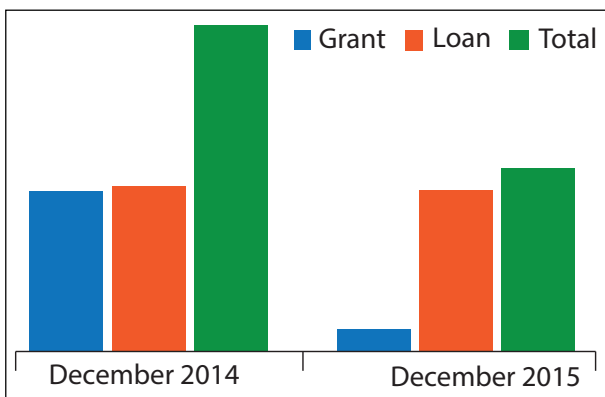


A Glimpse of Meeting

Similarly, Mr Jorge De la Caballeria, Head **Contd P8**

Foreign Aid Commitment

As of December 2015 of the current FY, the new foreign aid commitment received by the GoN from DPs has reached the total of Rs. 119,556.10 million (Rs. 14,659.10 million as grant and Rs. 104,897 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 had reached the total of Rs. 212,591.80 million (Rs. 104,843.67 million as grant and Rs. 107,748.13 million as loan) .



Nepal EU

of Unit in the Asia Directorate of the Commission's Directorate General for International Cooperation and Development led the delegation of the European Union. Her Excellency Rensje Teerink, Ambassador and Head of the European Union Delegation to Nepal and other senior EU officials were also part of the European Union delegation.

Later after the event, Mr. Ugo Astuto, Acting Managing Director for Asia and Pacific of the European External Action Service paid a courtesy call on the Hon'ble Finance Minister at the later's office in Singha Durbar. Various issues of bilateral interest were discussed during the meeting. Both sides exchanged substantive views on the latest political situation in Nepal including the on-going political transition. Both sides also discussed various ways and means to further strengthen Nepal-EU relationship.

Aid Literacy Training organized at Pokhara

A two day Aid Literacy Training was organized by the IECCD/MoF through the support from Developing Capacity for Effective Aid Management and Coordination Project on 27-28 December 2015 at Pokhara. Altogether, the training was attended by 31 Government officials representing various development offices across the Western Development Region. The purpose of the training was to familiarize the government officials about the concept of project management, aid scenario of Nepal, high level forums, MDGs to SDGs, monitoring of foreign aided projects and SWAP in Nepal among others. The IECCD/MoF has been facilitating aid related trainings to the government officials at the regional level each year. It is expected to enhance knowledge of government officials involved in the development projects at the district about various aspects of aid management.



Training Participants

