



ADB's Country Portfolio Review Meeting Held

ADB's Country Portfolio Review Meeting (CPRM) was held on 23 February, 2018 in Kathmandu. Finance Secretary Shankar Prasad Adhikari and Deputy Director General (DDG), South Asia Regional Department of ADB, Diwesh Sharan co-chaired the meeting. The meeting was attended by senior government officials, project directors and media persons.

The CPRM mainly focused on performance against key portfolio indicators to be achieved in 2017; sector and project specific issues affecting portfolio performance; status of agreed actions during the last CPRM; contract award and disbursement projections 2018 and comprehensive



action plan for the same year. DDG Mr. Sharan noted the improvements in Nepal's 2017 portfolio performance and emphasized on continued focus for further improvements in procurement documents and evaluation scrutiny.

Finance Secretary Mr. Adhikari emphasized to resolve long impeding issues associated with project leadership and human resources, procurement, contract management, and to ensure timely and successful completion of projects by addressing complex local issues. He asked for strong commitment in achieving the

agreed targets and assured the Ministry of Finance's full commitment to provide required budget in upcoming fiscal year 2018.

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World Bank Agreed to Provide Loan Assistance



The World Bank (WB) has agreed to provide a sum of total US\$ 440 million (approximately NRs 44.82 billion) concessional loan assistance for the implementation of three projects: Enhanced Vocational Education and Training Project II (EVENT -II), Livestock Sector Innovation Project (LSIP) and Earthquake Housing Reconstruction Project (EHRP). The agreements to this effect were signed and exchanged at the Ministry of Finance, Kathmandu, on 21 January 2018. The assistance will be utilized through budget mechanism.

First, US Dollar 60 million to be available among three agreements, will be utilized in Enhanced Vocational Education and Training II (EVENT -II) project. **Contd P6**



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Message from the Chief Editor



This year Nepal will participate in the third round of the monitoring survey of the Global Partnership for Effective Development Cooperation (GPEDC). The monitoring survey tracks country-level progress in implementing the four internationally-agreed effective development cooperation principles: country ownership, focus on results, inclusive partnerships and transparency, and mutual accountability. The monitoring provides evidence on progress in implementing effective development cooperation commitments at the country, regional and global level, supporting accountability among all development partners. Introduced in 2012, the monitoring framework consists of a set of ten indicators which focus on strengthening developing countries' institutions, increasing the transparency and predictability of development cooperation, enhancing gender equality, and supporting greater involvement of civil society, parliaments and the private sector in development efforts. Some of the indicators are based on commitments made in the Paris Declaration on Aid Effectiveness, 2005 while others were introduced to capture the broader dimensions of effective development cooperation, following the 4th High Level Forum on Aid Effectiveness, held in Busan in 2011.

The monitoring exercise is led by developing countries and grounded in their own information and evaluation systems. Monitoring data is collected under the leadership of partner country governments, and validated in the consultation with development partners, representatives from civil society, parliamentarians and the private sector. The data is then submitted to the UNDP-OECD Joint Support Team for aggregation and analysis, and used to produce a global progress report and individual country profiles. The first round of the monitoring survey was conducted in 2013/14, the second in 2015/16, and the third round will kick off in May 2018. Nepal participated in both previous monitoring rounds and will be engaged in this third round as well. Nepal is also a member in the steering committee of the GPEDC. International Economic Cooperation and Coordination Division, the Ministry of Finance (MoF) will act as national coordinator in charge for leading and coordinating the process. As such, MoF will seek the active engagement of development cooperation stakeholders (development partners, parliamentarians, private sector, civil society organizations and government agencies) in the different phases of the monitoring exercise, including preparation, data collection and validation; data review and final processing.

Nepal benefits in several ways from participation in the monitoring exercise. It provides an opportunity to have structured discussions among all partners on key principles of effective development cooperation. It allows us to assess Nepal's progress against the data we submitted in the two earlier rounds. It also allows us to evaluate Nepal against other partner countries, using globally comparable common indicators, and learn from others' experiences. Finally, it paves the way to evaluate Nepal's results and prioritize actions to strengthen key areas of development cooperation principles. Given these collective benefits, we are anticipating active support from our development partners, representatives from I/NGO federations, private sector, and relevant government agencies through their engagement, in order to successfully complete the third round of the Global Partnership monitoring.

Thank You!

Korea Agreed to Provide Grant Assistance

The Government of Korea has agreed to provide US\$ 10 million (approximately NRs 1.02 billion) grant assistance to the project for the Integrated Rural Development of Nepal through Strengthening Research and Development Capacity of Kathmandu University (KU). A Memorandum of Understanding (MoU) to this effect was signed and exchanged at the Ministry of Finance.

Kathmandu University is an autonomous and not-for-profit institution dedicated to maintain high standards of academic excellence. The objectives of this project are to contribute for integrated rural development of Nepal by strengthening research and

development capacity of Kathmandu University and to promote technology innovation for improving quality of life and income status of people in rural communities in Nepal. The implementing agencies of the project are KOICA, Nepal and Kathmandu University. The duration of the project will be from 2018 to 2023.



Mr. Shankar Prasad Adhikari, Secretary, Ministry of Finance and His Excellency Park Young-

Sik, Ambassador of the Government of Korea to Nepal signed the MoU on 6 February 2018 in the Ministry of Finance on behalf of the Government of Nepal and the Government of Korea, respectively.

Agreement with the Asian Development Bank

Asian Development Bank (ADB) has agreed to provide US\$ 100 million (approximately NRs. 10 billion) for Rural Connectivity Improvement Project. An agreement to this effect was signed and exchanged at the Ministry of Finance, Kathmandu, on 12 February 2018.

Mr. Shankar Prasad Adhikari, Secretary, Ministry of Finance and Mr. Mukhtor Khamudkhanov, Country Director, Nepal Resident Mission, Asian Development Bank signed the Loan Agreement on behalf of the Government of Nepal and the ADB, respectively.

This project will upgrade 388 kilometers of rural roads to all-weather standards, serving the agriculture sector and provides 7.5 million people's access to improved road facilities across 16 districts. This project is in line with the goal of the Government's Agriculture Development Strategy 2015 which focuses on encouraging commercial agriculture, increasing productivity, creating new rural jobs thereby to achieve increased prosperity.

The objective of this project is to increase transport efficiency in project areas. Therefore, this project shall improve the rural road conditions across the selected rural communities, agriculture production areas and enhance capacity of rural infrastructure agency and



From Right: Finance Secretary Mr. Adhikari and ADB Country Director Mr. Khamudkhanov

road users in project areas.

Similarly, ADB has also agreed to provide US\$ 1 million (approximately NRs. 100 million) to restructure the Department of Local Infrastructure Development and Agricultural Roads into a state-of-the-art rural road agency. The project is expected to be completed by 31 January 2023.

Agreement with the People's Republic of China

The Government of People's Republic of China has agreed to provide assistance for Post-disaster Recovery for Tatopani Frontier Inspection Station Project, the Hospital Recovery Project in Sindupalchok and Secondary School Reconstruction Project in Jiri. An agreement to this effect was signed and exchanged at the Ministry of Finance, Kathmandu, on 15 March 2018.

The Government of People's Republic of China has pledged to provide three billion Chinese Yuan equivalent to 48 billion Rupees of grant during International Conference for Nepal's Reconstruction (ICNR). These three projects are part of the pledge during ICNR.

The objective of Post-disaster Recovery for Tatopani Frontier Inspection Station Project is to repair buildings and establish protection measures to prevent from secondary disasters including debris flow and landslide. It will help to improve the trade clearance capabilities.

Likewise, the objective of the Hospital Recovery Project is to construct a middle sized hospital equipped with necessary medical facilities with 39 beds in Sindhupalchok district. It will help to recover and improve medical facilities and condition.



From Right: Finance Secretary Mr. Adhikari and Ambassador H.E. Ms. Hong

Similarly, the objective of Jiri Secondary School Reconstruction Project is to recover and improve school facilities and functions. The main scope of the work of this project includes constructing classroom, laboratory, library, teachers' office, dormitory for teachers and students, canteen and playground, among others, with the total built-up area of 6,628 square meter.

Finance Secretary Mr. Shankar Prasad Adhikari and Her Excellency Yu Hong, Ambassador of People's Republic of China to Nepal signed the agreements on behalf of the Government of Nepal and the People's Republic of China, respectively.

Agreement with the Government of Japan

The Government of Japan has agreed to extend a grant up to three hundred fifty million Japanese Yen (¥350000000) to the Government of Nepal for the implementation of the Food Assistance Programme(KR) under the Kennedy Round scheme in Japan's FY 2017.

This project aims to support the Food Security Programme of Government of Nepal.

The Grant shall be used by the Government of Nepal properly and exclusively for the purchase of the products and/or services necessary for the implementation of the Programme. The Grant shall also be used for purchase of rice and its transportation to Nepal. There will be an independent and capable agent for carrying out these works. Ministry of Supplies will be the executing agency and Nepal Food Corporation (NFC) will be responsible for the implementation of the project.

Exchange of Notes to this effect were signed and exchanged at the Ministry of Finance on 25 January



From Right: Finance Secretary Mr. Adhikari and Ambassador of Japan H.E. Mr. Ogawa

2018. Mr. Shankar Prasad Adhikari, Secretary, Ministry of Finance and His Excellency, Mr. Masashi Ogawa, Ambassador of Japan to Nepal signed the Exchange of Notes in on behalf of the Government of Nepal and the Government of Japan, respectively.

MoF Hosted National Consultation on “Green Climate Fund Engagement Strategy for Nepal”

The Ministry of Finance, the National Designated Authority for the Green Climate Fund organized a national consultation with stakeholders on the ‘Green Climate Fund Engagement Strategy for Nepal’ on 8th January 2018. In his opening remarks, Mr Kewal Prasad Bhandari, Joint Secretary and Chief of IECCD and the Contact Point of GCF NDA highlighted that the Government of Nepal has shown serious concerns on active participation towards ensuring low carbon and climate resilient societies. He urged line agencies and development partners to ensure the engagement strategy reflecting national priorities for climate change in local, provincial and national level.

Mr. Benjamin Sims, Strategy Consultant for the Readiness Programme shared that the strategy was prepared on the basis of alignment with national and



sectoral priorities of the Government of Nepal and will help Nepal to realize a paradigm shift in achieving low-emission and climate-resilient development. Mr Shiva Sharma, Under Secretary, MoF and National Project Director of GCF Readiness Project, highlighted that the strategy must address vulnerability of the local population and adopt climate resilient development pathways.

MoF Participate in the Regional Dialogue on Climate Resilient Growth and Development

Mr. Kewal Prasad Bhandari, Joint Secretary and Chief of IECCD led a delegation from Nepal for their participation in the Regional Dialogue on Climate Resilient Growth and Development from 20-22 February 2018 in Bangkok. The two-day meeting aimed at sharing experiences and insights in areas of flows, systems and impacts to deliver a strengthened and comprehensive approach to



climate finance in Asia and the Pacific. The event was hosted by UNDP Bangkok Regional Hub and Action on Climate with support from UK Department for International Development and Swedish International Development Agency with participation by governments from Afghanistan, Bangladesh, Bhutan, Cambodia, India, Indonesia, Nepal and Pakistan.

GoN Initiates Systematic Reform Process for Climate Finance

The Government of Nepal, Ministry of Finance launched



key climate finance documents to ensure an effective national planning and budgeting process. Mr. Kewal Prasad Bhandari, Chief of IECCD, launched three major publications on climate finance on 27 March 2018. Mr. Bhandari highlighted that these three guiding documents “Climate Change Financing Framework (CCFF)” and “Green Climate Fund (GCF) Handbook for Nepal” and “Glossary of Technical Terms” (in Nepali version) will be fruitful for the government line agencies and stakeholders.

World Bank Agreed

This is the second phase of the program related to education sector. The objectives of the EVENT-II are to improve equitable access to the market relevant training programs and to strengthen the Technical and Vocational Education and Training (TVET) sector service delivery in Nepal. It has been designed to support the TVET sector in Nepal at different levels- the system, the institution, and the individual level. The Ministry of Education is the implementing agency of the project. The project's direct beneficiaries are Nepali youth within the age group of 16-40 years, technical schools and their leaders, instructors, assessors, students, short term training providers and employers.

The next agreement is associated with Livestock Sector Innovation Project (LSIP). US Dollar 80 million will be utilized in this project. The objectives of LSIP are to increase productivity, enhance value addition, and improve climate resilience of smallholder farms and agro-enterprises in the Selected Livestock Value-chains across 25 districts in Nepal. The expected outcomes of the project are: increased and resilient livestock productivity; better focused policy, regulatory and institutional environment for livestock producers and agro entrepreneurs; increased availability and access to modern marketing facilities; improved technical and advisory services and increased value addition. Accelerated growth in the livestock sector, poverty reduction and employment generation in Nepal is the expected impact of this project. The Ministry of Livestock Development will be the implementing agency of the project.

Thirdly, the World Bank has also agreed to provide additional financing of US Dollar 300 million (approximately NRs 30.39 billion) to the Government of Nepal for the implementation of Earthquake Housing Reconstruction Project (EHRP). The Government of Nepal has been executing EHRP since 14 August, 2015 with credit amount US Dollar 200 million. This additional financing of US Dollar 300 million will be utilized for reconstruction of 96,000 earthquake affected private houses in Nuwakot, Dhading and Dolakha Districts. The Project will be carried out through National Reconstruction Authority (NRA), Ministry of Federal Affairs and Local Development (MOFALD) and Ministry of Urban Development (MOUD) as previous EHRP project.

The agreements were signed by Mr. Shankar Prasad Adhikari, Secretary, Ministry of Finance and Mr. Qimiao Fan, Country Director, World Bank, Nepal Country Office on behalf of Government of Nepal and the Bank, respectively.

Joint Project Monitoring Initiated through IECCD

IECCD has started joint monitoring of critical foreign aid-funded projects by visiting the project sites and discussing implementation bottlenecks with relevant stakeholders. Altogether, there are 24 development projects to be monitored during 2018 and four projects were monitored by teams representing IECCD, Budget and Program Division and concerned line ministries in March 2018. The four projects visited were Skills Development Project implemented in Lumbini and Rupandehi, Road Sector Development Project in Mugling-Narayanghat section, Upper Trishuli Hydropower Project 3 A, Pilot Program for Climate Change Resilience (PPCR) project and Strengthening National Rural Transport Program (SNRTP). The findings of the monitoring teams will be carefully executed to expedite smooth implementation of the projects.

Publication of Development Partners' Profiles 2018

Development Partners' Profiles 2018 has been published by IECCD, Ministry of Finance. This is a revised and updated edition of the 2014 Profiles. This publication not only intends to provide background information about DPs, but also to help in further enhancing harmonization, transparency, and coordination of the assistance that Nepal receives. In a nutshell, it provides an overview of Nepal's bilateral and multilateral Development Partners, with information on when they initiated support to Nepal, their particular cooperation approach and strategy, as well as a snapshot of their financial and sector-wise trends of cooperation over time.

Foreign Aid Commitment

As of March 2018 of the current FY 2017/18, the new foreign aid commitment received by the GoN from DPs has reached to the total of Rs. 198.63 billion (Rs. 125.95 billion as grant and Rs. 72.68 billion as loan) for the implementation of various development projects/programs. The total commitment received by the GoN from various DPs was the total of Rs. 212.04 billion (Rs. 45.61 billion as grant and Rs. 166.43 billion as loan) in the same period of previous fiscal year.