



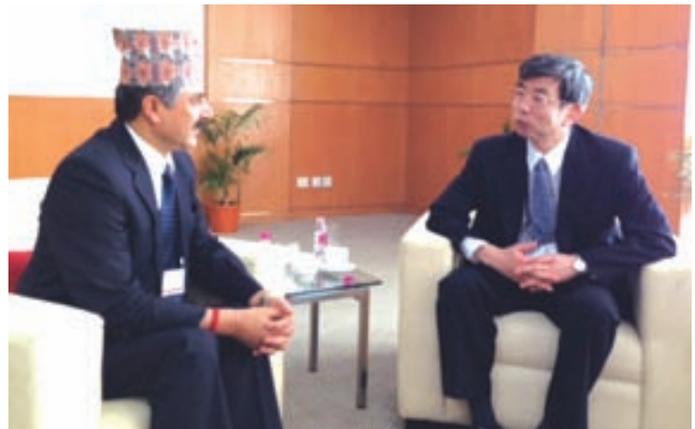
Hon. Finance Minister Attends ADB Annual Meeting

Hon. Finance Minister Mr. Shanker Prasad Koirala led the Nepali delegation for 46th Annual Meeting of the Asian Development Bank held in New Delhi from May 2 to 5, 2013.

Hon. Finance Minister attended the Annual Meeting Plenary and participated in the Business Session. Addressing the Meeting in the capacity of the Board of Governor from Nepal, he wished ADB to have stronger operational focus on infrastructure development, employment generation, social sector development and regional cooperation.

Sharing about the progress of Nepal on MDG Goals, Hon. Minister mentioned that Nepal has been able to slash down the poverty rate significantly and it is close to achieve most of the MDGs targets.

For hydro power development in Nepal, he urged ADB to take lead role in mega hydro projects and support to create enabling environment for foreign direct investment. He appreciated ADB for its lead role in the investment in infrastructure in Asia, particularly in lower income countries



Hon. Finance Minister and ADB President Mr. Nakao

like Nepal. He also appreciated ADB for its leadership in regional cooperation.

On the same occasion, the Minister attended two Governor's Plenaries where head of delegations discussed the global and regional financial matters. He also met ADB President Mr. Nakao and discussed various matters of bilateral interest and development projects. Specifically, Contd P. 5

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Ministry of Finance Launches AMP Public Portal

Finance Secretary Mr. Shanta Raj Subedi launched the public website of the Aid Management Platform (AMP) amidst a function at the Ministry of Finance on 21 June, 2013. Addressing the launch programme, Finance Secretary Mr. Subedi said the website will help analyze the impact of foreign assistance in respective areas and geographic locations. He said that the online service will help maintain transparency in the utilization of aid. He said it also helps divert resources to desired sectors and geographic locations. Speaking at the launch Contd P. 3



Finance Secretary Mr. Subedi

Message from the Chief Editor



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The Government of Nepal (GoN) is well aware of the fact that transparency and accountability are at the heart of development efforts. The GoN's commitment towards aid transparency and accountability has been further affirmed by the public launch of Aid Management Platform (AMP) portal. At a time when aid related information is not easily available, this is a 'big leap' towards aid transparency. The data in AMP is now publicly available online at Finance Ministry's user friendly websites.

There are plenty of benefits of this public portal for the users. For the Development Partners, it gives a broader picture of where their resources are concentrated and sharpen their strategies as per the country's demand. For the sectoral ministries, it helps to understand where their sector remains in terms of foreign aid which can help them to negotiate with the DPs to channelize aid in the areas where the actual demand lies. Similarly, oversight agencies can also monitor the projects as how and where aid money has been mobilized. Equally, it is useful to college graduates, researchers and media persons who endeavor to generate data and use them for their own work. The conscious public who are closely scrutinizing government efforts would find this portal useful to analyze foreign aid status. In addition, this can give a clear picture to the global community at large that would like to see and understand the aid flows that are taking place in Nepal.

Among the various efforts to reform foreign aid management, aid transparency is continuously receiving attention since the Paris Declaration, Accra Agenda for Action, Busan Outcomes and the International Aid Transparency Initiative (IATI). Nepal is one of the pioneer countries in International Aid Transparency Initiatives (IATI), a forum that brings together DPs, developing countries and civil society organizations to meet the commitment in aid transparency. Nepal sits at the Steering Committee of International Aid Transparency Initiatives (IATI) where it is selected as core of the pilot countries. Moving with the same spirit, the Government of Nepal established Aid Management Platform (AMP) in 2010 and rolled out to all DPs and line ministries. Above 500 ongoing projects have been entered in the database of AMP which includes on budget and off budget projects. The recent enhancement of geo-coding feature in the AMP is a great asset in helping development partners, the Government, and civil society analyze where aid synergies lie, paving the way to greater aid cooperation and coordination.

Finally, we are quite aware of the fact that making aid data public is not a panacea in terms of aid transparency. The timely and qualitative updating of data and information can bolster our efforts in positive direction that can help us to achieve aid effectiveness. All the line ministries in general, and IECCD and DPs in particular need to continuously shoulder the responsibility in reporting and updating reliable information. Your feed-back is always welcome for our efforts towards greater aid transparency and accountability in Nepal.

Thank you.

ADB CPA Consultation Meeting Held

A consultation meeting to finalize the ADB Country Performance Assessment (CPA) was organized in the Ministry of Finance on 27 June 2013. The meeting was chaired by IECCD Chief Mr. Madhu Kumar Marasini and was attended by senior government officials and ADB officials including ADB Country Director Mr. Kenichi Yokoyama. While delivering their opening remarks Mr. Marasini and Mr. Yokoyama focused on the need and importance of CPA. Mr. Marasini stressed that we need to improve our CPA rating to increase the volume of foreign aid from major donors like ADB and WB. Mr. Marasini urged the line ministries to further improve their project/program implementation and institutional capacity. He suggested ADB to incorporate all the comments received from different agencies

in the meeting and expressed his confidence for the improved CPA rating.

The CPA rating provides key input to the ADB's Performance Based Allocation System for allocation of the Asian Development Fund (ADF) loan/grants. The system assesses sixteen criteria covering four clusters namely economic management, structural policies, policies for social inclusion/equity, and public sector management and institutions.

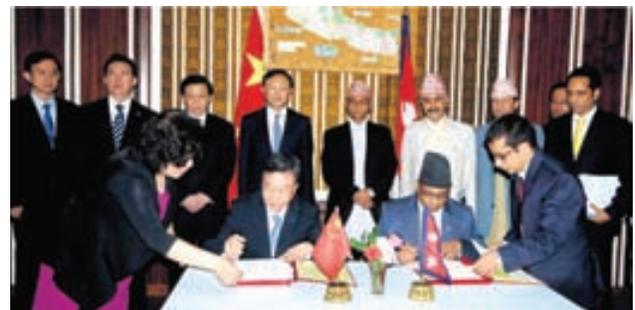
During the meeting, ADB officials made a presentation to brief the scenario of CPA rating with the clarification of the acquired scores by Nepal. The concerned government officials provided various suggestions and comments on the CPA process.

Agreement with China

The Government of the People's Republic of China has agreed to provide a grant assistance amounting to RMB ¥ 200,000,000 (approximately NRS 3006 million) to the Government of Nepal. The grant shall be used specially for China-aided project of Nepal National Armed Police Force Academy. An agreement to this effect was signed and exchanged at the Office of the Prime Minister and Council of Ministers, Kathmandu, Nepal, on 25 June, 2013.

At the same occasion, two Letters of exchange, namely, the Letter of Exchange on China-aided project of Nepal National Armed Police Force Academy, and, the Letter of Exchange on the Logistics Materials of Office Supplies for the Constituent Assembly Election, were also signed and exchanged between the two Governments. The value of the materials for the Constituent Assembly Election purpose will be equivalent to RMB ¥ 10,000,000 (approximately NRS 154.1 million).

The Agreement and the Letters of Exchange were signed by Mr. Shanta Raj Subedi, Finance Secretary and Mr.



Chinese Vice Minister Mr. Jiang Zengwei and Finance Secretary Mr. Subedi signing the agreement in the presence of Rt. Hon. Chairman of Council of Ministers, Hon. Finance Minister and other high ranking officials from both sides

Jiang Zengwei, Vice Minister, Ministry of Commerce, Government of People's Republic of China on behalf of the Government of Nepal and the Government of the People's Republic of China, respectively.

The signing ceremony was held in the presence of Rt. Hon'ble Khil Raj Regmi, Chairman of the Council of Ministers, His Excellency Mr. Yang Jiechi, State Councilor of the People's Republic of China, and Hon'ble Finance Minister Mr. Shanker Prasad Koirala.

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programme, UNDP Country Director Ms. Shoko Noda said transparency in foreign aid utilization has always been the top concern of development partners. She further said that the website helps plan and manage the foreign aid more effectively.

AMP is an online website that was set up in 2010 in the Ministry of Finance, with the support of UNDP, DFID and Denmark through the Developing Capacities for Effective Aid Management and Coordination Project.

Currently, more than 40 development partners are reporting aid information to this system. The Ministry is also engaged on bringing INGOs on board to capture their aid information in AMP. Similarly, the integration process of AMP with the Government's Budget Management Information System and Financial Management Information System is under way, in order to track budget and expenditure details. The AMP public website is available at www.mof.gov.np, portal.mof.gov.np and www.mof.gov.np/ieccd.

EIB Extends Support to Tanahu Hydropower Project

The European Investment Bank (EIB) has agreed to provide a loan assistance of Euro 55 million equivalent to US\$ 70 million (approximately NRs 6 billion 41 million) to the Government of Nepal (GoN) for the implementation of Tanahu Hydropower Project. This is the first time that Nepal is receiving loan assistance from the EIB. The loan agreement was signed by Finance Secretary Mr. Shanta Raj Subedi, and EIB Vice President Ms. Magdalena Alvarez Arza on behalf of the GoN and the EIB, respectively, on May 7, 2013. Likewise, the project agreement was signed by Mr. Francisco De Paula Coelho, Director Asia and Latin America Department, EIB and Mr. Rameshwar Yadav, Managing Director, Nepal Electricity Authority and Mr. Mahesh Prasad Acharya, Managing Director, Tanahu Hydropower Limited on behalf their respective organizations.

The objective of the Project is to support development of hydro electricity so as to reduce extreme power shortage especially in the dry winter season. The

project is expected to generate 140 MW of electricity all the year round. The total cost of the project is US \$ 505 million. Japan International Cooperation Agency (JICA) and the Asian Development Bank (ADB) have already concluded the loan agreement with the Government of Nepal.



Ms. Magdalena Alvarez Arza, Vice President, European Investment Bank and Finance Secretary Mr. Subedi

Since Tanahu Hydropower Project is a reservoir type project, the electricity generated by the project is considered to be smooth and uninterrupted throughout the year. The project is planned to be completed by December 2020.

MoU Signed with the Republic of Korea

The Republic of Korea has agreed to provide a grant assistance of USD 4.6 million (equivalent to Rs. 403 million) to the Government of Nepal for the establishment of the Disaster Recovery Centre for Government Integrated Data Centre. A Memorandum of Understanding (MoU) to this effect was signed by Mr. Shanta Raj Subedi, Finance Secretary, GoN and His Excellency Mr. Il-Doo Kim, Ambassador, Extraordinary and Plenipotentiary, Embassy of the Republic of Korea, on May 14, 2013.

The objectives of the project are minimizing the data losses from natural or human-induced disasters through

the back-up system of Disaster Recovery Centre (DRC), harvest synergies in the information management of the Government with Government Integrated Data Centre (GIDC) in Singha Durbar and reinforce the close relationship between the two countries through the successful implementation of the project.

The project shall be located in Hetauda Municipality and will be completed within 36 months of the signing of MoU. The project will be implemented by KOICA on behalf of the Republic of Korea and National Information Technology Center (NITC) on behalf of the Government of Nepal.

Aid Effectiveness Training held in Nepalgunj and Kathmandu

A two day training course on "Aid Effectiveness and Nepal's Foreign Aid Scenario" was conducted from May 27-28, 2013 in Nepalgunj which was attended by 29 participants representing various Government officials from 15 districts of Mid-Western and Far Western Development Region.

Similar kind of training was conducted for the Government officials of key line ministries and also for the district level Government officials both in Kathmandu. Altogether 32 officials from 18 line

ministries participated the training on May 15-16, 2013 whereas 31 participants from 13 districts of the Central Development Region attended the training held on June 25-26, 2013. All the trainings were facilitated by IECCD with the support from UNDP and Denmark through Developing Capacities for Effective Aid Management and Coordination Project. The main objective of the course was to make Government officials familiar with the aid effectiveness agenda and to encourage them for the effective implementation of foreign aided projects in Nepal.

NPPR First Review Meeting Held



From left: GoN Officials and Representatives of DPs

The first review meeting of Nepal Portfolio Performance Review (NPPR) was concluded on May 9, 2013 in the Ministry of Finance, which was chaired by Finance Secretary Mr. Shanta Raj Subedi. All development partners were invited in the meeting together with senior government officials. This meeting was organized to review the progress of Implementation of NPPR Action Plan where nine sectors are implementing the

actions mentioned in the Action Plan.

At the meeting, concerned thematic/sector Champions presented the status of Public Financial Management, Human Resource Management, Public Procurement, Management for Development Results, Mutual Accountability, Local Governance, Road and Transport Management, Agriculture Development Contd P. 6

Switzerland Extends Support to NPTF

The Government of Switzerland has agreed to provide a grant assistance of Swiss Francs (CHF) 9.0 million (equivalent to NRs. 903.42 million) to the Government of Nepal as a contribution to support activities of Nepal Peace Trust Fund (NPTF). An agreement to this effect was signed by Mr. Madhu Kumar Marasini, Chief, IECCD, Ministry of Finance and H.E. Mr. Thomas Gass, Ambassador, Embassy of Switzerland, Kathmandu, on June 17, 2013. Hon. Minister of Finance, Mr. Shanker Prasad Koirala was also present at the ceremony.

At the same ceremony, respective Ambassadors of the EU, Germany, Switzerland, and the UK, as well as the Charges d'affaires a.i. of Denmark and Norway, the Country Director of GIZ, and the USAID Acting Deputy Mission Director, met with the Hon. Shanker Prasad Koirala, Minister of Finance, to inform him of further support for the CA election, which their respective countries are planning to provide in the near future.

The NPTF was created in February 2007 after a group of Development Partners namely Denmark, Finland, Germany, Norway, Switzerland, UK, EU and later the USAID agreed to financially support to implement the Comprehensive Peace Agreements (CPA) commitments. The main achievements of NPTF include management of cantonments and rehabilitation of the combatants; rehabilitation of the displaced; support for the election of the last Constituent Assembly 2008, a voter education programme, the training of election officials and employees, among others. Part of this assistance will also be used for the successful accomplishment of upcoming CA election to be held on 19 Nov, 2013.



From left: Mr. Thomas Gass, Ambassador, Embassy of Switzerland, Hon. Finance Minister and IECCD Chief

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he requested the President that Nepal needs large scale financing in infrastructure projects and continuation of grant financing particularly in social sector. He invited Mr. Nakao to visit Nepal. On the sidelines, he met Indian Finance Minister Mr. Chidambaram where he raised various matters of bilateral cooperation and the issues related to trade and commerce.

The Nepali delegation for the Meeting included Finance Secretary Mr. Shanta Raj Subedi, Charge'd' Affaires a.i. Mr. Khaga Nath Adhikari, IECCD Joint Secretary Mr. Madhu Kumar Marasini, Minister Counselor Mr. Bishnu Prasad Lamsal and IECCD Under Secretary Mr. Kailash Raj Pokharel.

WB VP and IFC VP Meet Hon. Finance Minister



From left: Hon. Finance Minister, WB VP Ms. Guerrero and IFC VP Ms. Finkelston

Hon. Finance Minister Mr. Shanker Prasad Koirala had a joint meeting with Ms. Isabel M. Guerrero, Vice President, World Bank, South Asia Region and Ms. Karin Finkelston, Vice President for Asia Pacific, IFC, on June 1, 2013 at the Ministry of Finance. During the meeting, Hon. Finance Minister shared his views that the Ministry of Finance is in full swing for the preparation of coming fiscal year's budget and hinted that energy sector could be the major sector of the Government's priority. He communicated that the GoN is planning to create conducive investment climate through offering tax exemption and other facilities to the private sector.

He further said that the GoN is very much alert in the risks caused by the fluctuation in foreign exchange rate under the foreign aided projects. He appreciated IFC's efforts of releasing bonds in local currency. During the meeting, WB VP expressed her satisfaction over the increase of Nepal's absorptive capacity this year in WB funded projects compared to last year. IFC VP said that IFC will collaborate with private sector in Nepal for the enhancement of energy sector. In the meeting, WB Country Director Mr. Johannes Zutt shed light on various ongoing projects funded by the World Bank.

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and Energy. The representatives of DPs expressed satisfaction over the progress, made comments on various matters and provided suggestions for further improvement.

Finance Secretary Mr. Subedi assured the DPs that the Ministry of Finance is continuing follow up for effective implementation of this reform program. He instructed the concerned champions to come up with further progress in the second review meeting. He said that the tendency of not submitting audit report in time should be discouraged. He also drew the attention of DPs to channelize the aid through the government system instead of their own. The second review meeting of NPPR is scheduled to be held in July 2013.

Germany Extends Support to Energy Promotion in Nepal

The Government of the Federal Republic of Germany has agreed to provide a grant assistance of Euro 14 million (equivalent to NRs. 1.75 billion) to the Government of Nepal for the implementation of a new "Promotion of Energy



From left : German Ambassador H.E. Mr. Frank Meyke and IECCD Chief Mr. Marasini

Efficiency and Renewable Energies Programme". An agreement to this effect was signed by IECCD Chief Mr. Madhu Kumar Marasini and German Ambassador H.E. Mr. Frank Meyke on 21 June, 2013.

This grant will be used for institutional solar PV systems including solar water pumps in rural areas of Nepal in partnership with the Ministry of Science, Technology and Environment / Alternative Energy Promotion Center's (AEPC) on-going National Rural & Renewable Energy Programme, and extension of power transmission infrastructure in the Trishuli Corridor. The programme will end in 31 December, 2020.

Foreign Aid Commitment

At the end of June 2013, the new aid commitment for this fiscal year has reached the total of Rs. 75827.92 million (Rs. 36355.92 million as grant and Rs. 39427 million as loan) for the implementation of various development projects/programs.

During two months period of May-June 2013, five various projects/programs namely Nepal National Armed Police Force Academy, Tanahu Hydropower Project, Disaster Recovery Centre for Government Integrated Data Centre, Promotion of Energy Efficiency and Renewable Energies Programme, and Nepal Peace Trust Fund were signed between the GoN and various development partners with the commitment of NRs. 12472.42 million (Rs. 6062.42 million as grant and Rs. 6410 million as loan).