



Institutionalising AMP in Nepal

After putting the AMP website for public back in 21 June 2013, the IECCD of Ministry of Finance has been conducting series of consultation and review meetings to institutionalize the AMP as a useful tool for transparent and accountable aid mobilization system in Nepal. To share the international best practices in AMP operation, a team led by IECCD Chief participated in Aid Management Platform



IECCD Family Including the Workshop Participants from other Divisions of Ministry of Finance

Best Practices Workshop held in Addis Ababa, Ethiopia, on 11-13 December, 2013. The Chief also made a presentation on how AMP data could be used to develop/design development aid policy. Nepal's presentation was received as the best presentation.

visited; and increasing skills on using public portal and creating various useful information from AMP. More than 30 officials attended the workshop. The workshop was started with the opening as well as closing remarks from the IECCD Chief Madhu Kumar Marasini.

Likewise, a one day workshop was also organized for IECCD officials focusing on the in-depth training on AMP data entry, experience sharing of other countries recently

IECCD with the support from Developing Capacities for Effective Aid Management and Coordination Project provided AMP data entry training to INGOs **Contd P 8**

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IFC South Asia Director Meets Hon. Finance Minister

The South Asia Director of IFC Mr. Serge Devieux met Hon Finance



From Right: Hon. Finance Minister Mr. Koirala and IFC South Asian Director Mr. Devieux

Minister Mr. Shanker Prasad Koirala on December 20, 2013. During the meeting, Hon Minister said that utilization of IFC's expertise would be supportive in issuing local currency bond. He said that the Government has already made policy level decision in this regard and is going to prepare directives and procedures through regulatory authority. He reiterated this sort of economic tool can bolster in the **Contd P 8**



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Message from the Chief Editor



Development Partners provide millions of dollars as the Official Development Assistance every year – but where has this funding gone, and has it been effective? Without granular information on individual development aid activities, these questions would remain unanswered. In this respect, AMP being online software of aid information has been very effective initiative at country level. AMP in Nepal is officially managed by the Ministry of Finance / International Economic Cooperation Coordination Division, and currently available to all interested scholars, academicians, researchers, journalists including development partners and all government ministries/agencies. Also it is rolled out to 80 INGOs as a pilot and will be rolled out to all INGOs gradually.

Governments could use the AMP in a number of ways to improve the accessibility of information on aid activities. Some may publish Official Development Cooperation Reports using the data captured in the AMP system; while some countries may make the Platform itself public. Nepal has been using both tools.

Globally speaking, AMP was created by Development Gateway based in Washington DC in collaboration with OECD, World Bank, UNDP and the Governments of Ethiopia and India. The program responds directly to the global concerns about quality of development aid, and was adapted to address the challenges outlined in the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action. The AMP seeks to increase aid effectiveness by providing information on individual foreign aid activities. Accordingly, the AMP has been implemented in 25 countries and is used to record billions of dollars in official aid flows.

Development Gateway had organized the Best Practice Workshop for the AMP implementing countries in Addis Ababa, Ethiopia from 11-13 December 2013. 35 participants representing Nepal, Honduras, Malawi, Tanzania, Benin, Liberia, Uganda, Haiti, Mali, Chad, Cote D'Ivoire and Kosovo attended the workshop. Participants successfully shared their experience on AMP implementation in their respective countries. Nepali delegation made presentations on how the GoN is using AMP data to influence Nepal Development Cooperation Policy, which is almost at the final stage. The delegation also shared experience on geo-coding and innovation through displaying key publications based on AMP data.

Furthermore, Nepal shared best practice of using AMP data through its analytical work and related publications. Nepal also shared its experience how it rolled out AMP to INGOs whereas various other countries are still new to this process. Nepal also shared its experience with the Public Portal and encouraged other countries not to wait, but to launch their public portals right away, and keep it reforming as per the needs.

It is learned from the workshop that Nepal, though started AMP in 2010, could become a show case to other AMP implementing countries toward smoothly using AMP data as a tool to bring change in the area of aid management and coordination. However, Nepal has to go a long way to customize AMP, make it more user-friendly, qualitative and sustainable. In this context, the roles of development partners to continue partnership to this endeavor seem very critical.

Finally, we have completed one year of its publication. We would like to thank you all for your kind support and suggestions during the last one year, and look forward for similar cooperation in the days to come, too.

Happy New Year 2014 !

Agreements with Switzerland and DFID for LGCDP II

The Government of the United Kingdom of Great Britain and Northern Ireland has agreed to provide grant assistance of Pound Sterling 70 million



A Glimpse of Signing Ceremony between GoN and DFID

(approximately NRs. 11.30 billion) to the Government of Nepal for the implementation of Local Governance and Community Development Program (LGCDP II). Similarly, the Government of Switzerland has agreed to provide financial assistance of Swiss Franc 10 million

(approximately NRs.1.09 billion) to the Government of Nepal for the implementation of LGCDP II. The agreement with DFID was signed on 16 December 2013 whereas the agreement with Switzerland

was signed on 11 December 2013. Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and Mr. Gail Marzetti, Head, DFID Nepal signed the bilateral agreement. Similarly, Finance Secretary Mr. Subedi and H.E. Mr Urs Herren, Ambassador, Embassy of Switzerland signed the bilateral



From Right: Finance Secretary and Swiss Ambassador HE Mr. Herren

Denmark Extends Support to PRGP and UNNATI

The Government of Denmark has agreed to provide a grant assistance of 600 million Danish Kroner (about Rs. 10.8 billion) to the Government of Nepal for the implementation of Peace, Rights and Governance (PRGP) and Inclusive Growth Programmes (UNNATI) in Nepal. Two separate agreements were signed and exchanged between the two governments at the Ministry of Finance on 16 December 2013. Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and HE Ms. Kirsten Geelan, Ambassador, Embassy of Denmark signed the agreements on behalf of their respective Governments.

The objective of the UNNATI Programme is to promote sustainable, inclusive growth that reduces poverty and raises living standards of the Nepalese people. Considering the private sector as the engine of economic growth the project aims to cooperate with the private sector to achieve the outlined goal. The total assistance to the UNNATI Programme is 400 million Danish Kroner (about NRs. 7.2 billion).

The project is designed to be implemented with three major components namely first, the Value Chain Components, second the Infrastructure Component and the third the Enabling Environment Component. The first component includes the commercialization of agriculture through selected three products; orthodox tea, ginger and dairy. The second component emphasizes on the rural transport infrastructure. Likewise the third component stresses on the public-private dialogue and advocacy for responsible business including rights and good corporate governance.

The Ministry of Agriculture Development has been



From Right: Finance Secretary Mr. Subedi and Danish Ambassador HE Ms. Geelan

designated as Lead Agency of the programme. The programme will be implemented in partnership with Ministry of Federal Affairs and Local Development, Ministry of Industry, Nepal Rastra Bank and private sectors. The implementation period of the project will be for 5 years.

Similarly, the objectives of the PRGP project are the consolidation of peace, an increased respect for human rights and the strengthening of democratic values and institutions. The total assistance to the Peace, Rights and Governance Programme (PRGP) is 200 million Danish Kroner (about NRs. 3.6 billion).

The PRGP is designed to be implemented with three components: (i) Democratic Development, (ii) Local governance and (iii) Access to Justice

French Ambassador to Nepal Meets Hon. Finance Minister

French Ambassador to Nepal HE Ms. Martine Bassereau met Hon. Finance Minister Mr. Shanker Prasad Koirala on Dec 16, 2013. In the meeting, Hon. Minister requested the Government of France to increase investment in education, health, tourism and physical infrastructure sectors in Nepal. Hon. Minister also underscored the need to strengthen bilateral and economic relation between two countries.

In the meeting, Ms. Bassereau responded that the Government of France is interested to extend investment in urban development, street light, solar energy and transportation sectors. Hon. Minister appreciated the support of France in the area of seismology for the

last three decades and requested to continue the support in this area.

He also requested to extend support in establishing a mountaineering school in Mt. Everest Base Camp.



From Right: Hon. Finance Minister Mr. Koirala and French Ambassador HE Ms. Bassereau

ADB Extends Project Preparatory Facility Support to Hydropower Projects

Asian Development Bank has agreed to provide grant assistance of US Dollar twenty one million (approximately NRs 2 billion 91 million) to the Government of Nepal as the Project Preparatory Facility for hydropower projects. The grant agreement to this effect was signed by IECCD Chief Mr. Madhu Kumar Marasini and ADB Country Director Mr. Kenichi Yokoyama on behalf of the Government of Nepal and the Asian Development Bank respectively on November 29, 2013.

The objective of the Project is to support the 10 year road map for hydropower development with the aim of generating an additional 10,000 MW of hydropower. Large reservoir type hydropower

projects are considered to be helpful to achieve the said objectives. The proposed project preparatory facility aims at developing large reservoir storage hydropower projects. The facility consists of two major output components: i) feasibility studies and detail engineering studies and ii) public private partnership project development services.

The first component includes: feasibility studies, including initial environmental examinations (IEEs), environmental impact assessments (EIAs) and social impact assessments (SIAs) of Sun Koshi 2 (1110 MW), Sun Koshi 3 (536 MW) and an update of feasibility study with detail engineering studies of Dudh Koshi (300MW) hydropower projects. All the [Contd P 8](#)

EDCF Policy Dialogue Conducted

Economic Development Cooperation Fund (EDCF) Policy Dialogue between the Government of Nepal and the Government of Republic of Korea was held at the Ministry of Finance on December 15, 2013. The Korean Delegation was led by Mr. Boosung Kang, Director, Ministry of Strategy and Finance and the Nepalese Delegation was led by Mr. Nawaraj Bhandari, Joint Secretary, Economic Policy Analysis Division (EPAD). Other high level officials from both the sides were also present at the Dialogue.

The Policy Dialogue concentrated on different development programmes funded by the Republic of Korea in Nepal and future economic and technical cooperation between Korea and Nepal. During the discussion, Korean team raised its concern about unexpected delay in implementation of the Chameliya

Hydropower Project. The Korean side also raised the concern on Modi Khola Hydropower Project.

Nepalese side informed that the contractors have already started working on the site of Chameliya Hydropower Project and the obstacle caused by high sedimentation in the Modi Khola Project will be addressed once the ongoing Upper Modi Hydropower Project at the upstream will be completed. The Korean team showed its commitment for the continuation of the cooperation.

Korean Delegates had separate meetings with Mr. Krishna Hari Baskota, Secretary, Office of the Prime Minister and Council of Ministers, and Mr. Shanta Raj Subedi, Secretary, Ministry of Finance on the same day at their respective offices.

Global Environment Facility Country Support Program (CSP) 2012/13 Concluded

For a period of October 2012 - November 2013, various GEF related activities were conducted by

IECCD of the Ministry of Finance, Office of GEF Operation Focal Point (OFP), under GEF Country Support Program. The main objective of CSP is to strengthen the capacity of GEF Focal Points to effectively carry out their mandates for supporting global environmental program in their countries. The major activities completed as per the

agreement are preparation of GEF Nepal website, establishment of small resource center at IECCD, GEF Workshop on Bio-diversity, GEF Workshop on Land Degradation and POPs and Chemicals, GEF National Stakeholders' Review Workshop, Formation of GEF Multistakeholders' Committee and a field visit to Makawanpur District to observe UNDP GEF SGP funded projects. The CSP Support Program has been

proved useful to further improve GEF scenario in Nepal.



ICCD Under Secretary Mr. Bhuban Karki in a field visit to Makawanpur to observe GEF SGP Funded Projects

GEF supports programs in 183 countries in partnership with international institutions, civil society organizations (CSOs), and the private sector to address global environmental issues. Since 1991, it has provided \$ 11.5 billion in grants and leveraging \$ 57 billion in co-financing for 3,215 projects in over 165

countries. It may be recalled that Nepal received \$ 8.2 million grant for the current GEF-5 period covering three focal areas: bio-diversity, climate change, and land degradation.

Besides, Nepal also received separate allocations under Least Developed Countries Fund (LDCF) and Small Grant Program (SGP) from GEF.

NPPR Third Review Meeting and NPPR - 2013 Preparatory Meeting Held

The Third Review Meeting of Nepal Portfolio Performance Review (NPPR), 2012 was organized on 7th November, 2013 in Ministry of Finance, Kathmandu. The Champions of different thematic/Sectoral Groups of NPPR and representatives from the core group members of NPPR and different Development Partners in Nepal were present in the meeting. The meeting was chaired by IECCD Chief Mr. Madhu Kumar Marasini and initiated by NPPR Coordinator Mr. Kailash Raj Pokharel.

Mr. Pokharel welcomed all the participants and also informed that the next annual meeting is scheduled to be held in January, 2014.

The Champions of 5 different thematic groups namely Public Financial Management, Public Procurement, Human Resource Management, Managing for Development Results (MFDR) & Mutual Accountability and 4 Sectors including Local Governance, Roads and Transport, Agriculture & Energy made presentation on the progresses achieved in their corresponding sectors



NPPR Third Review Meeting Floor

upto October, 2013 as mentioned in NPPR Action Plan, 2012. During the meeting, DPs and core members of NPPR raised issues regarding the overall portfolio performance of Nepal. More specifically, over the years, NPPR Review meetings were focused on Public Financial Management, Public Procurement and Staff transfer issues but results are not visible so far. DPs suggested forming a small group prior to next annual meeting to review and discuss the compliance issues between GON country system and DPs priorities and modalities. DPs underscored the need to

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EU and DFID Extend Additional Financing to SSRP

The European Union (EU) has agreed to provide additional financing of Euro €31.6 million (Equivalent to NRs. 4280 million) to the Government of Nepal for the implementation of the School Sector Reform Program (SSRP). Originally the European Union (EU) has already provided US\$ 26 million grant assistance on June 2010 for this program. The additional financing agreement to this effect was signed between the Government of Nepal and the European Union on November 10, 2013 in Kathmandu. The agreement was signed by Mr. Shanta Raj Subedi, Secretary, Ministry of Finance on behalf of the Government of Nepal and Mr. Dirk Meganck, Director Devoch, on behalf of the European Commission.

Similarly, the Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department for International Development (DFID) has agreed to provide additional financing of Pound Sterling £2 million (Equivalent to NRs. 33 million) to the Government of Nepal for the implementation of the School Sector Reform Program (SSRP). Originally, Department for International

Development (DFID) has already provided Pound Sterling £11.6 million grant assistance on September 9, 2009 for this project. The additional financing agreement was signed by Mr. Madhu Kumar Marasini, Joint Secretary of the Ministry of Finance on behalf of the Government of Nepal and by Mr. Gali Marzetti, Head of DFID Office on behalf of Department for International Development (DFID).

SSRP is a seven years (2010-2016) strategic program of the Government of Nepal which is being funded by both nine pooling and four non pooling donors including by the Government of Nepal. The programme aims, among others, at enabling all children to complete a high quality school education up to 12 grades by focusing on strategic interventions and new reform initiatives to improve access, efficiency, effectiveness and institutional aspects of the educational system. This grant assistance will be utilized for the implementation of education sector plans and subsidiary plans relating to water, sanitation and hygiene.

EU Extends Support to PFM Reform Programme

European Union (EU) has agreed to provide 10 million Euro for Public Finance Management (PFM) Reform Programme in Nepal. The total cost of the PFM Programme is estimated to be 36.4 million Euro. The other contributors of the programme are the World Bank, DFID, Norway, Denmark, AusAid and the Asian Development Bank.

The PFM Reform Programme aims at strengthening accounting and reporting practices in public entities and state owned enterprises. The other objectives of the programme are to improve local budget and fiscal management and to make the public procurement

system more transparent, competitive and efficient. The programme will be implemented under the joint management of the World Bank and the Asian Development Bank. The institutional arrangement set up to carry out the activities is establishment of PFM Steering committee chaired by the Secretary Ministry of Finance. The PFM committee consists all the members of multi donor trust fund (MDTF). The PEFA Secretariat helps implement the programme strategies. Joint Secretary, IECCD Mr. Madhu Kumar Marasini and the Director European Aid Coordination Office Mr. Dirk Meganck signed the agreement on behalf the Government of Nepal and EU, respectively.

Agreements with Switzerland and DFID

agreement on behalf of their respective Governments.

The Program will be executed by the Ministry of Federal Affairs and Local Development and implemented by local offices of sectoral ministries and the Local Bodies of the Government of Nepal from 16 July 2013 to 15 July 2017. The total cost of the program is US\$ 1362 Million among which US\$ 236 Million will be provided by Development Partners including the DFID.

The objectives of this Local Governance and Community Development Program (LGCDP II) are to improve local governance for effective service delivery, local development and citizen empowerment

through the investment in the sectors such as Local Government Restructuring, Federal Governance, Fiscal Decentralization, Fiduciary Risk Reduction, Result-Based Management, Capacity Development, Social Mobilization, Child Friendly Local Governance, Gender Equality, Social Inclusion and Livelihood Improvement Schemes. The program covers all the 75 districts, 58 Municipalities and 3,915 Village Development Committees.

After the implementation of this program, it is expected that citizens and communities will hold their local governance actor accountable and local bodies will be more responsive to citizens' demand.

Agreement with China

The Government of People's Republic of China has agreed to provide grant and concessional loan assistance of RMB Yuan 408 million (equivalent to NRs 6671 million) to acquire and purchase six aircrafts. Out of total assistance RMB Yuan 180 million (equivalent to NRs 2943 million) will be used to acquire one MA60 and one Y12E aircraft on grant basis and up to RMB 228 million (equivalent to NRs 3728 million) will be used to purchase one MA60 and three Y12E aircraft on loan basis. Three separate agreements to this effect namely, Framework Agreement on Provision of Concessional Loan Assistance, Economic and Technical Cooperation Agreement for Grant Assistance and Government Concessional Loan Agreement, and Letter of Exchange were signed and exchanged between the Government of Nepal and the Government of People's Republic of China in the Ministry of Finance, Kathmandu, on 28 November 2013. Mr. Madhu Kumar Marasini, Joint Secretary, Ministry of Finance and Gao Bing, Deputy General Manager, the Export-Import Bank of China, signed the Government Concessional Loan Agreement on behalf of Government of Nepal and The Export-



Signing Ceremony between GoN and People's Republic of China

Import Bank of China.

The concessional loan received from the Export-Import Bank of China will be sub-lended to the Nepal Airlines Corporation for the purchase of aircraft. The loan will be repaid in 20 years with the grace period of 7 years and the interest of the loan will be 1.5 %. Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and Mr. Wu Chuntai, Ambassador of the People's Republic of China, signed Framework Agreement on Provision of Concessional Loan Assistance, Economic and Technical Cooperation Agreement for Grant Assistance and Letter of Exchange on behalf of the Government of Nepal and the Government of People's Republic of China, respectively.

NPPR Third Review Meeting

finalize the draft Development Cooperation Policy so as to address the issue of using country system. IECCD Chief Mr. Marasini thanked all the Champions for their presentation and also thanked DPs for their valuable suggestions and creative remarks. He also assured that all the creative suggestions and recommendations will be taken seriously. Mr. Marasini mentioned that GON willingness and commitments towards reform process in PFM and Human Resource have already been initiated. Mr. Marasini also informed that the New Development Cooperation Policy is in final stage.

The Meeting agreed to form a Working Group for the preparation of next NPPR Annual meeting. Likewise, participants agreed to review the mechanism so as to shorten the review process.

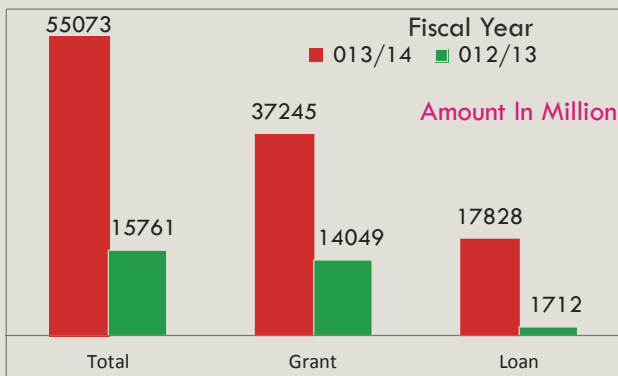
Similarly, Nepal Portfolio Performance Review (NPPR) Preparatory meeting, 2013 was held at the Ministry of Finance on December 19, 2013. The meeting was chaired by IECCD Chief Mr. Madhu Kumar Marasini

and coordinated by Mr. Kailash Raj Pokharel, NPPR coordinator. The Champions from the different thematic/sectoral groups and the representatives from DPs were present in the meeting.

The meeting concluded that NPPR mechanism is moving successfully. However, this needs to be made more effective by making the indicators result focused. The discussion was held at length whether sector or themes be picked up in NPPR. The meeting decided to continue with themes for some more years with improved indicators to measure outcomes rather than processes. The meeting also decided to hold Annual Meeting sometime in mid-February, 2014 with the possible theme of "Portfolio Performance for Development Effectiveness". As per the decision of the meeting, GoN and DPs lead will be selected after the themes/sectors issues are finalized. Similarly, the vision paper will be prepared by the Government and background papers by DPs as usual.

Foreign Aid Commitment

At the end of December 2013, the new foreign aid commitment received by the GoN from DPs has reached the total of Rs. 55073 million (Rs. 37245 million as grant and Rs. 17828 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. 15761 million (Rs. 14049 million as grant and Rs. 1712 million as loan).



IFC South Asia

mobilization of resources for long term mega projects.

In the meeting, IFC Director Mr. Davicson said that IFC is interested to invest in energy sector of Nepal. He informed that IFC has already issued bond in local currency in India and the experience in India would help Nepal for issuing local currency bond. He further said that DPs are more encouraged to support Nepal after the successful completion of Constituent Assembly Election in Nepal.

IFC Nepal Representative Ms. Valentino S Bagatsing was also present in the meeting.

Institutionalising AMP

recently in Kathmandu. 27 INGO focal points participated the training. The total number of INGOs given access to AMP has reached 80. It is expected to provide training to the other remaining INGOs during 2014.

Similarly, a workshop for the GoN officials was held on sharing knowledge on how the Ministry of Finance has been using AMP data as a tool for change. Participants were also provided online AMP data entry refresher training as well as updates of AMP in Nepal. 28 participants from 13 line ministries attended the workshop.

Denmark Extends

and Human Rights. The first component includes the strengthening of sustainable peace and deepening democracy. The second component relates to the responsive and accountable local governance for effective service delivery and citizen empowerment. The third component stresses on the access to justice and human rights enhanced for all.

The programme will be implemented in partnership with Nepal Peace Trust Fund, Ministry of Federal Affairs and Local Development (MoFALD), Ministry of Law and Justice, Constituent Assembly and Parliamentary Affairs, Supreme Court, and National Human Rights Commission. The PRGP is in its fourth phase and expected to be completed in 4 years.

ADB Extends Project

three abovementioned projects are storage type hydropower projects. The second component will help for project development services to facilitate private sector investment to develop hydropower projects with a potential to export.

The total cost of the project is estimated to be US \$ 26.25 million. The Government has to contribute twenty percent (20%) of the total costs mostly in the form of taxes, duties, and office accommodations. The closing date of the project is June 30, 2019.

Government of Nepal through a subsidiary grant agreement will provide a portion of the grant to Nepal Electricity Authority as equity contribution to implement some of the project components.

Past Issues

