

Press Release

The International Development Association (IDA), a soft lending window of the World Bank, has agreed to provide a grant assistance of US\$ 127 million (equivalent to Rs. 8858.25 million) to the Government of Nepal for the implementation of three different Programs / Projects. The agreements to this effect were signed at the Ministry of Finance in Kathmandu, today.

Of the total grant assistance, US\$ 50 million (equivalent to Rs. 3487.50 million) is being provided to Emergency Peace Support Project, US\$ 50 million (equivalent to Rs. 3487.50 million) to Health Sector Program and US\$ 27 million (equivalent to Rs. 1883.25 million) to Second Rural Water Supply and Sanitation Project.

The proposed grant under Emergency Peace Support will finance the costs associated with post-conflict recovery interventions related to the peace process for identified groups. The proposed support will help in financing agreed payments and reintegration interventions to selected groups affected by the conflict, including families of those killed as a result of the conflict, conflict-related widows and orphans, and disabled people; financing agreed periodic payments to individual Maoists in cantonments in view of the implementation of the Comprehensive Peace Accord; and capacity building and technical assistance to the Government to perform its peace building, reintegration and rehabilitation functions in the post-conflict period.

Similarly, Health Sector Program would help scale up a well-performing sector-wide program and enhance its impact. The main objectives of this program are to strengthen service delivery and institutional capacity and management development in the Ministry of Health and Population. Under this program, the geographic coverage of essential services will be expanded, and policies aimed at increasing access by the poor will be more systematically implemented.

The proposed additional financing under the Second Rural Water Supply and Sanitation project (RWSSP II) is to scale up RWSSP II activities which began in 2005. The primary objectives of this Project are to improve rural water supply and sanitation sector institutional performance and mainstream the “Fund Board” approach in the Government’s system, and to support communities to form inclusive local water supply and sanitation infrastructure that delivers sustainable health, hygiene and productivity benefits to rural households.

The agreements were signed by Mr. Rameshore Prasad Khanal, Secretary of the Ministry of Finance, and Ms. Susan Goldmark, Country Director of the World Bank in Nepal on behalf of the Government of Nepal and the International Development Association, respectively. Honorable Finance Minister Dr. Babu Ram Bhattarai and Ms. Isabel Guerrero, Vice President of South Asia Region, the World Bank were also present at the signing ceremony.

The Government of Nepal has expressed its sincere appreciation to the International Development Association for this grant assistance and also for its continued support in the socio-economic development of Nepal.

Bhadra 10, 2065
(August 26 2008)
Ministry of Finance
Kathmandu