



PRESS RELEASE

Government of Nepal and World Bank Sign \$150 Million Development Policy Credit to Strengthen Nepal's Financial Sector

KATHMANDU, May 4, 2022—The Government of Nepal and the World Bank signed a \$150 million 'Finance for Growth' Development Policy Credit (DPC) today to strengthen financial sector stability, diversify financial solutions, and increase access to financial services in Nepal.

The agreement was signed by the Finance Secretary, Mr. Madhu Kumar Marasini, on behalf of the Government of Nepal, and the World Bank Country Director for Maldives, Nepal, and Sri Lanka, Mr. Faris Hadad-Zervos.

"Our overarching priorities are guided by the objective of achieving sustainable and inclusive growth as also reflected in the 2022-2026 Financial Sector Development Strategy that addresses emerging vulnerabilities from COVID-19 and climate change risks, and focuses on digital payments, and mainstreaming of financial inclusion. The Finance for Growth DPC contributes to these priorities," stated **Madhu Kumar Marasini, Finance Secretary**.

The second Finance for Growth operation was approved by the World Bank Board of Executive Directors on March 24, 2022. The operation will support enhanced supervision of the banking sector to address financial stability risks in the context of the COVID-19 pandemic's impacts. It will help open up capital, insurance, and disaster risk financing markets, and foster financial product innovations. It will also support initiatives to increase liquidity and inclusion through access to external commercial borrowing, financial digitalization, and financial literacy for women. This will help improve the functioning of the financial sector to support private sector-led growth.

The operation supports Nepal's green, resilient, and inclusive development, and also initiates a new climate agenda, supporting climate finance resilience policy measures across different sectors.

"Nepal is one of the early movers in endorsing green, resilient, and inclusive development (GRID) as a national strategic development approach," stated **Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka**. *"By supporting a set of transformative financial sector reforms, including the introduction of a broad-based climate-resilience agenda across all financial markets, this project will further contribute to the government's policy priorities of mitigating the pandemic's adverse impacts while supporting a resilient recovery."*

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