



NPPR - 2012 Annual Meeting Concluded

Nepal Portfolio Performance Review (NPPR) annual meeting was held in Kathmandu on 24 January, 2013. This annual event was jointly organized by Government of Nepal (GoN) and Development Partners (DPs) for a meaningful dialogue on strengthening Portfolio Performance in Nepal. The theme of this year's NPPR is "Portfolio Performance for Development Results".

Addressing as the chief guest of the meeting, Hon. Finance Minister Mr. Barsha Man Pun said that Nepal has been the beneficiary of aid money for over six decades from all quarters, but the results have not been achieved up to the expectations. He underscored the need of consolidated efforts of GoN and DPs to review what went wrong; identify the issues ahead and accordingly plan for the future so as to make the best use of aid money. He emphasized the need of harmonization in donor strategies and procedures, alignment with Nepal's budgetary processes, strong system of mutual accountability, and appropriate financial management and reporting system for performance-oriented, result-based aid management. He assured DPs that the present government is determined to address the challenges in the areas of governance and anti-corruption.

Chairing the initial session of the meeting, Mr. Janak Raj Shah, Hon. Member, National Planning Commission (NPC), said that NPPR meeting is a worthy opportunity for GoN and DPs to review the work progress of foreign aided projects and programs. He requested all DPs to



From left: Finance Secretary, Hon. Finance Minister, Hon. Member NPC, WB Country Manager and IECCD Chief

join the NPPR mechanism for effective utilization of their fund. He assured the DPs that the GoN is committed for aid effectiveness of the country and for this it is trying to improve Public Financial Management (PFM) through a continuous process. In the meantime, he informed that NPC has initiated the process of drafting next Three Year Plan with a long term vision "Building a Prosperous, Peaceful and Just Nepal".

Speaking in the program, on behalf of the DPs, Ms. Tahseen Sayed, Country Manager, the World Bank Office, Nepal, focused on the challenges of [Contd ...P3](#)

IECCD Newsletter Launched

The very first issue of the official Newsletter of International Economic Cooperation Coordination Division (IECCD) was launched by Hon. Finance Minister on January 23, 2013. The Secretary of Ministry of Finance and Joint Secretaries from different divisions of MOF were present in the program. Speaking in the program, Hon. Finance Minister said that the Newsletter is not only the internal means of information but also a reliable source of information for all the donors. He thanked the Newsletter Team for such a good beginning. He drew the attention of IECCD Chief for its continuation in the days to come. Finance Secretary, Mr. Shanta Raj Subedi emphasized for improved quality and continuation of this endeavor.



From right: Hon. Finance Minister and IECCD Chief

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Editorial

Nepal Portfolio Performance Review (NPPR)

The Government of Nepal (GoN) has always accorded high priority to the effective use of resources received through foreign assistance. For the same reason, Nepal Portfolio Performance Review (NPPR) meeting is conducted every year to review status of ongoing projects, discuss the issues that come across during the course of implementation of projects, and find the ways to overcome such issues. For the effective implementation, the meeting comes up with an agreed action plan charting out time bound actions. Put differently, this meeting is also a key dialogue mechanism between the GoN and DPs to focus on the overall aid effectiveness issues, particularly localization of Busan outcomes.

The forum was initially started in 2000 with three DPs - WB, ADB, and JICA - as core members. DFID joined the forum in 2006. Since then, it has been expanding over the years with seven DPs - ADB, WB, JICA, DFID, EU, Norway, UN - in 2011. In 2012, four more DPs - Denmark, USAID, IFAD and Australia- joined the forum to expand the number to eleven. Currently, Switzerland has also applied for core membership. The GoN is expecting other DPs also participate as core members in the days to come. Seen from thematic perspective, there are five thematic areas: Public Financial Management, Public Procurement, Human Resource Management, Managing for Development Results (MfDR), and Mutual Accountability. In 2012, four more sectors namely Local Governance, Roads and Transport Management, Agriculture, and Energy are incorporated in the mechanism making a total of nine areas. This shows a considerable expansion of scope and importance of NPPR.

Organizing an event is not everything. Ultimately, what counts is the result through which we can measure the effectiveness of any event. In this regard, NPPR has proved to be an important mechanism focusing on few doable and measurable actions. Additionally, through this mechanism, both the GoN and DPs have meaningfully shared the common experiences on project implementation so as to come up with concrete action plan for the further reform in order to unlock the implementation issues. The NPPR Action Plan - 2011 has yielded satisfactory results. Out of 26 actions and 52 performance indicators, 29 indicators were completed, 16 indicators were progressing and 7 indicators were not completed. To be more specific, Public Financial Management area was rated as highly satisfactory area. Management for Development Results and mutual accountability were on satisfactory level. Similarly, Public Procurement and human resource management were on unsatisfactory level in terms of action plan implementation in 2011. This scenario reveals the mixed results, and further draws the attention of all concerned for the enhanced ownership coupled with additional efforts to achieve the performance indicators at the optimum level.

Agreement with Asian Development Bank

The Asian Development Bank (ADB) has agreed to provide a grant assistance amounting to US Dollar 15 million (approximately NRs 1263 million) to the Government of Nepal for the implementation of the SASEC Trade Facilitation Program. An agreement to this effect was signed and exchanged at the Ministry of Finance on 25 February 2013 between Mr. Madhu Kumar Marasini, Chief of IECCD, Ministry of



From left: IECCD Chief and ADB Country Director

Finance and Mr. Kenichi Yokoyama, Country Director, ADB, on behalf of the Government of Nepal and ADB, respectively. [Contd....P5](#)



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NPPR, 2012 - Event Gallery



1. Hon. Finance Minister Mr. Pun; 2. Finance Secretary Mr. Subedi; 3. IECCD Chief Mr. Marasini; 4. From left: Chief Secretary Mr. Paudyal and IECCD Chief; 5. NPPR Coordinator Mr. Pokharel, IECCD; 6. NPPR floor

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absorptive capacity, a possible lack of realism while preparing the budget and delays in budget approvals that have to be resolved for unlocking the implementation issues. Showing her concern on frequent transfer of staff, particularly secretaries and key project officials, she also said that retention of senior officials in key ministries and in districts means better project implementation and faster results. She expressed the urgency for strengthening key institutions (such as OAG and CIAA) and possible alternatives in the absence of Public Accounts Committee.

Mr. Kenichi Yokoyama, Country Director, NRM, ADB made a presentation on overall portfolio situation of DPs funded projects focusing on GON capital expenditure, recent trend of DP assistance and portfolio performance. He mentioned that overall capital expenditure is generally

low and there is significant risk of further reduced expenditure in FY 2013. He further mentioned that portfolio performance was in positive trends over the years 2010-2012. However, he outlined a number of issues like high turnover of key staff, slow disbursement, procurement and

capacity constraints in new projects, timeliness of audit submission and quality of audit, high fiduciary risk, absence of oversight mechanism, and prolonged lack of full budget. NPPR Coordinator, Mr. Kailash Raj Pokharel had made presentation on progress details of NPPR - 2011 Action Plan. He presented overall progress of NPPR - 2011 as satisfactory.

Chairing the second session of the meeting, Chief Secretary, Mr. Leela Mani Paudyal, requested the DPs not to mobilize aid outside the government system. He drew the attention of donors that aid accountability becomes stronger if aid is mobilized through government system. He said that accountability can not be maintained well outside the GoN system. He further said that GoN still has strict mechanism of governance and accountability in place. Speaking on transfer of officials, he requested DPs not to take it as a major issue because new officials are equally capable in handling their responsibilities. In the meantime, Mr. Paudyal instructed the nine thematic groups, who made presentations in his presence, to come up with revised NPPR Action Plan that is in line with the GoN's Immediate Action Plan for Governance and Economic Reform, 2012.



Ms. Tahseen Sayed, Country Manager, the World Bank



Mr. Kenichi Yokoyama, Country Director, ADB

Agreement with the World Bank

The World Bank (WB) has agreed to provide a total assistance amounting to US Dollar 40 million (comprising of 22 million loan assistance and 18 million as a grant assistance) equivalent to Rs. 3480 million, for the implementation of the Project for Agriculture Commercialization and Trade to the Government of Nepal (GoN), as an additional financing.

The objective of the project is to improve the competitiveness of smallholder farmers and the agribusiness sector in selected commodity value chains in the project district by (i) helping farmers groups and cooperatives engage in profitable market oriented production and improved access to markets (ii) creating and strengthening industry-wise partnership along the value chain and (iii) reducing existing obstacles to agriculture and food trade. This additional financing removes the restriction of 25 districts, and now the project will be implemented throughout all 75 districts. So that the project would have



From left: WB Country Manager, Project Director PACT, Officiating Secretary MoAD, Secretary MoF and IECCD Chief

a meaningful impact on developing a few commercially valuable chains.

The Agreement to this effect was signed and exchanged on 13 February 2013 between Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and Ms. Tasheen Sayed, Country Manager for Nepal, World Bank on behalf of the Government of Nepal and the World Bank, respectively.

Loan Negotiations for Tanahu Hydropower Project

Loan negotiation for the implementation of the Tanahu Hydropower Project (140 mw) is underway. The total cost of the project is estimated to be US \$ 505 million and it is going to be the second reservoir-type hydropower project in the country after Kulekhani. Of the various proposed co-financers of the project loan negotiation was completed with Japan International Cooperation Agency (JICA) on 23 January 2013 for an amount of US\$184 million. Loan negotiation with Asian Development Bank (ADB), was held in January 27-28, 2013 for an amount

of US\$150 million. Likewise, the loan negotiation for an amount of US\$ 70 million was concluded with the European Investment Bank (EIB) on 22 February 2013. All the loan negotiations were held in Kathmandu. The Nepalese Negotiation Team was led by Mr. Hari Ram Koirala, Secretary, Ministry of Energy. Loan negotiation with Abudhabi Fund for an amount of US\$ 30 million is awaited. Of the total cost of the Project, the Government of Nepal and NEA bear remaining US\$ 71 million.

IFAD - Nepal CPE Workshop Conducted

A Country Program Evaluation Workshop was jointly organized in Kathmandu by the Ministry of Finance and International Fund for Agriculture Development (IFAD) on 23 January 2013. The workshop aimed at providing the inputs for the preparation of the Agreement at Completion Point (ACP) and to facilitate the preparation of forthcoming Nepal Country Strategic Opportunities Programme (COSOP) for 2013-2017.

Speaking at the Workshop, Hon. Finance Minister Mr. Barsha Man Pun thanked IFAD for its continued support to Nepal for the last 35 years, especially in agriculture and

forestry sector. He emphasized on commercialization of agriculture to promote employment and alleviate poverty. Finance Secretary Mr. Shanta Raj Subedi hoped that forthcoming COSOP would incorporate the knowledge sharing aspects on top of increased investment by IFAD which will be aligned with national priorities. IFAD high level officials from Rome highlighted the main findings of CPE and assured that IFAD's support to Nepal will be continued and enhanced in coming days. IECCD Chief Mr. Madhu Kumar Marasini appreciated IFAD for its effort to reduce the level of poverty and hunger significantly in Nepal.

ADB Vice President Mr. Lohani Meets Hon. Finance Minister

The Vice-President of ADB for Knowledge Management and Sustainable Development, Mr. Bindu N. Lohani, met Hon. Finance Minister on February 12, 2013. During the meeting, he concentrated on the importance of knowledge based aid in the context of Nepal. In the meantime, he gave his opinions regarding how medium level manpower could be upgraded for the enhancement of Nepalese economy. In response, Hon. Finance Minister

underscored the need of knowledge based support from development partners such as ADB for the economic development of Nepal. He expressed his pleasure over the success of Mr. Lohani, being a Nepali, to become the Vice President of ADB. Mr. Lohani also met Finance Secretary, Mr. Shanta Raj Subedi, and underscored the need of think tanks for policy support in all the ministries of Nepal including the Ministry of Finance.

Piper Makes Farewell Call on FM

UN Resident Representative in Nepal Mr. Robert Piper made a farewell call on Hon. Finance Minister Barsha Man Pun on February 25, 2013.



From right: Mr. Robert Piper, UN Resident Representative; Hon. Finance Minister and IECCD Chief

During the meeting held at Finance Minister's office, the two discussed about the various aspects of the UN support in Nepal. Mr Piper hailed the support and goodwill received from the GoN during his stay in Nepal office.

Agreement with ADB Contd... from P2

The main objective of the program is to increase intra-regional trade among the SASEC member countries of Bangladesh, Bhutan and Nepal by reducing non-tariff barriers (NTBs), namely institutional, administrative and technical barriers to trade. The program aims at providing efficient, effective, transparent, secured and service-oriented processing of cross-border trade in the sub-region. To achieve this outcome, the program and its associated TA will support activities under three thematic areas: (i) modern and effective customs administration, (ii) streamlined and transparent regulations and procedures, and (iii) improved services and information for traders and investors, including women entrepreneurs.

Department of Custom and Ministry of Commerce and Supplies are implementing agencies of this program.

CPS Consultation Meeting with Korean Delegates

A Country Partnership Strategy (CPS) consultation meeting was held between the Government of Nepal and Korean Delegates on February 7, 2013. The Nepalese team was led by Mr. Madhu Kumar Marasini, Chief, IECCD and Korean team was led by Mr. Hyunwoo Lee, Deputy Director, Development Cooperation Division, MOFAT.

Giving the opening remarks to the meeting IECCD Chief appreciated the development achievement of Korea in such a short duration that graduated Korea from the

recipient to donor. In his greeting speech, Mr. Lee, MOFAT Deputy Director, mentioned that Nepal and Korea have enjoyed excellent bilateral relations. He further said that there should be vigorous policy framework for the effective development initiatives in Nepal and best possible areas of cooperation have to be reflected in the CPS.

Ms. Sangmi Lee, Assistant Manager, made a presentation regarding CPS 2013-15 and informed that Korea's CPS is aligned with Nepal's development agenda. She mentioned that Nepal has been selected as one of the 26 core countries for Korean aid mobilization. From Nepalese side, Mr. Pushpa Shakya, Joint Secretary, National Planning Commission (NPC), made a presentation regarding the priority sectors of Nepal and its development endeavors.

Both sides had intensive discussions regarding the CPS. In course of discussion, Mr. Marasini highlighted the importance of the meeting.



From Left: Korean Delegates and GoN Officials

GoN, UNDP Sign Country Program Action Plan for 2013-17

The Government of Nepal and UNDP signed a new Country Programme Action Plan (CPAP) 2013-17, on 26 February 2013, which details UNDP's engagement in Nepal for the next five years. The Plan will focus on efforts to reduce vulnerability of communities under threat from climate change and disaster and expanding energy access, while continuing its support for elections, constitution writing and income generating opportunities. During this period, a budget of approximately USD 159 million (about Rs. 13,736.01 million) will be mobilized for implementing these programmes.

The CPAP was signed by Mr. Madhu Kumar Marasini, Chief, IECCD and Ms. Shoko Noda, UNDP Country Director for Nepal, on behalf of the GoN and UNDP respectively.



From left: IECCD Chief Mr. Marasini and UNDP Country Director Ms. Noda

GoN, UNFPA Sign Country Program Action Plan for 2013-17

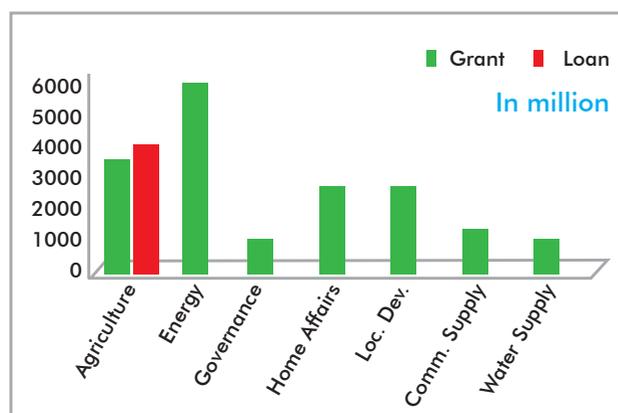
The Government of Nepal (GoN) and United Nations Fund for Population Activities (UNFPA) signed a new Country Programme Action Plan (CPAP), 2013-17 on 12 February, 2013. Mr. Madhu Kumar Marasini, Chief, IECCD and Mr. Najib M. Assifi, UNFPA Representative a.i./Officer-In-Charge signed the CPAP. With this CPAP, UNFPA has pledged a total financial support of USD 30.5 million for the period 2013-17.

With the new Country Programme (CP7), the GoN and UNFPA will further enhance their mutual cooperation for the fulfillment of the Programme of Action agreed by 179 nations including Nepal, at the International Conference on Population and Development (ICPD) held in Cairo in 1994. The CPAP will deliver results in three outcome areas: (i) Young People's Sexual and Reproductive Health and Sexuality Education, (ii) Gender Equality and Reproductive Rights; and (iii) Population Dynamics. The priorities of CPAP stem from UNFPA Strategic Plan 2012-13 and Government's Three Year Plan (2011-13) and other major sectoral plans of Nepal.

The new CPAP will be nationally led and will use national systems to the extent possible. UNFPA will actively engage in purposeful partnership to achieve CPAP results with government, Nepali civil society, UN agencies and External Development Partners.

Foreign Aid Commitment

At the end of February 2013, the new commitment received by the GoN from DPs has reached the total of Rs. 20504.50 million (Rs.16878.50 million as grant and Rs. 3626 million as loan) for the implementation of various development projects/programs.



GoN, UNICEF Sign Country Program Action Plan for 2013-17

The Government of Nepal and the UNICEF signed a new Country Programme Action Plan (CPAP), 2013 - 17, on 7 January 2013.

UNICEF country representative Ms. Hanaa Singer and IECCD Joint Secretary Mr. Madhu Kumar Marasini signed on the document that outlines programmes that will be implemented according to the Basic Cooperation Agreement between the Government and UNICEF of 1996. This is the 4th CPAP between the government and UNICEF since 1996.

The overall goal of UNICEF's country programme is to directly address the policy, system, and societal factors that influence equitable access to education, health care, nutrition, sanitation, clean water, protection and information for women, adolescents and children. The US\$ 144 million CPAP will cover areas such as governance, policy, planning and evaluation, health, nutrition, HIV AIDS, education, child protection; water, sanitation hygiene; and a new programme on Adolescent Development and Participation.

Nepal-Finland Country Consultation Meeting

A two-day consultation meeting was held between GoN and Finland on 16th and 17th January 2013. The Nepalese delegation was led by Mr Rajan Khanal, Officiating Secretary, Ministry of Finance and the Finnish delegation was led by Mr Pekka Puustinen, Deputy Director General, Ministry of Foreign Affairs, Finland.

The bilateral consultation meeting reviewed the agreed minutes made by last consultation meeting and the progress of on-going projects supported by Finnish Government. At the meeting, views from both delegations were exchanged on development policies of both governments and areas of future cooperation.

The Finnish delegation focused its key attention on current draft ordinance on the Truth and Reconciliation Commission and said that should be in compliance with international commitments. The delegation emphasized that it would be beneficial to all to revise the text in consultations with all concerned. In response to this, the GoN expressed its commitment to an early commissioning of the transitional justice mechanism to bring the perpetrators of grave human right violators to justice and heal the pain of the victims. It was noted by the Nepalese side that there is no provision of general amnesty as some sections of international community are cautious about.

The consultation meeting takes place every two years. Last meeting was held in Finland in 2010. Next meeting has been scheduled to be held in January 2015 in Finland.