



PRESS RELEASE

Government of Nepal and World Bank sign \$24 Million financing agreement to support sustainable forestry and boost green recovery

KATHMANDU, March 19, 2021 – The Government of Nepal and the World Bank today signed loan and grant agreements for the \$24 million Forests for Prosperity Project (\$6.1 million as grant and \$17.9 million as concessional loan) that will help Nepal advance sustainable forest management.

The project will contribute to transforming Nepal's forest sector by improving sustainable forest management and developing a strong forest-based private sector. These activities will result in multiple benefits for forest-dependent people in selected municipalities in Province 2 and Lumbini Province, including inclusive economic benefits, ecosystem services, and greater climate resilience. It will help strengthen ongoing community-based conservation efforts while promoting inclusive sustainable use.

The agreements were signed by the Finance Secretary, Mr. Sishir Kumar Dhungana on behalf of the Government of Nepal and by the World Bank Country Director for Maldives, Nepal, and Sri Lanka, Mr. Faris Hadad-Zervos. Additionally, a project agreement was signed by the Chief Executive Officer of the Agriculture Development Bank, Mr. Anil Kumar Upadhyaya and the World Bank Country Director. The Agriculture Development Bank, as a project implementation entity will design and pilot a credit line for establishing and strengthening forest-based small and medium enterprises.

“Strengthening local communities, for whom forests are a traditional safety net during times of crisis, is especially important in the COVID-19 era. In that same spirit, the project will facilitate Nepal’s forest-based private sector to invest in jobs and reduce dependence on timber imports,” stated **Mr. Sishir Kumar Dhungana, Finance Secretary**. *“The project will also provide timely support to the institutions at the provincial and local levels to strengthen natural resource governance.”*

The project is a key part of the government's Relief, Recovery and Resilience (3R) plan and Nepal's commitments to mitigate and adapt to climate change. Aligned with this 3R plan, development partners led by the World Bank and UK Foreign, Commonwealth and Development Office, coalesced around a “Green, Resilient, and Inclusive Development” framework to mobilize investments over the next three years to secure jobs and livelihoods, build resilience, strengthen social inclusion, enhance sustainability, and promote efficiency.

“The project will support 50 municipalities, which is a starting point for inclusive climate action and inclusive green economic growth based on Nepal’s comparative advantage. We are confident that if the project yields the expected outcomes, there will be opportunities to scale up the project and allow more people to benefit,” stated **Mr. Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka**. *“This project illustrates that the World Bank is honored to be a trusted partner of Nepal as it faces three challenges at once: COVID, climate, and community opportunities.”*



The Forests for Prosperity Project is the first World Bank-supported forest sector investment project in Nepal in over 15 years, and the third part of a joint programmatic engagement on forest landscapes by the World Bank and the government of Nepal. The Forests for Prosperity Project complements the ongoing technical assistance for REDD+ (Reduced Emissions from Deforestation and Forest Degradation), as well as the recent signing of the Emissions Reduction Program for the Terai Arc Landscape, the first performance-based program addressing drivers of deforestation and forest degradation in the Terai Arc Landscape, unlocking up to \$45 million through 2025 for verified emission reductions. Financing for the Forests for Prosperity Project is via the Forest Investment Program within the Climate Investment Funds (CIF). The CIF is hosted by the World Bank and funded by several development partners including Australia, Denmark, Japan, Norway, Spain, Sweden, the United Kingdom and the United States.

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