



Hon. Finance Minister Attends WB/IMF Annual Meeting



Statement by Hon. Finance Minister and Governor of the World Bank Group for Nepal

World Bank Group has been an important partner to all its member countries to support the poor, boost growth and leverage the private sector. He urged the Bank Group to channel its support taking into account the country context. He also welcomed the World Bank Group's growing interest to support for Nepal's hydropower development. He encouraged the World Bank Group to lead investment on regional level projects as well, especially in the area of hydropower, irrigation, renewable energy and climate change.

Highlighting the latest political and economic scenario of Nepal, Hon. Minister expressed that the present Government has placed all its efforts to make the election for Constituent Assembly to be held [Contd P 8](#)

Hon. Finance Minister Mr. Shanker Prasad Koirala addressed the Plenary Session of the World Bank /IMF Annual Meeting on 11 October, 2013, in Washington DC. In the meeting, he expressed that the

Local Donors' Meeting held in the Ministry of Finance

Ministry of Finance (MoF) organized Local Donors Meeting (LDM) on 02 October 2013 in the Ministry. The meeting was chaired by Hon. Finance Minister Shanker



From Left: Hon. Finance Minister, Finance Secretary, and IECCD Chief

Prasad Koirala. In his brief opening remarks, Hon. Minister welcomed the participants and requested to constructively contribute to the themes of subsequent presentations, particularly on the draft background paper for new Development Cooperation Policy (DCP). Hon. Finance Minister, recalling the last meeting held in April this year, noted various progresses, reforms, hopes and confidences that have been achieved so far.

Two presentations - one on "Current Economic Scenario and Budget Implementation" and the second on "Draft Background Paper for Development Cooperation Policy (DCP)" were made by the Finance Secretary Mr. Shanta Raj Subedi and Mr. Madhu Kumar Marasini, Joint Secretary and Chief of International Economic Cooperation Coordination Division, respectively. Development partners [Contd P 3](#)

Message from the Chief Editor	2
Development Cooperation MoU with Norway	3
ADB 3 rd QCPRM Meeting	4
WB/IMF Annual Meeting 2013: Photo Gallery	5
GEF National Stakeholders' Review Workshop Conducted	6
Extension of Agreement with Norway and Additional Financing to NPTF	6
ADB Extends Support to SASEC Road Connectivity Project	7
Joint Financing Arrangement Signed	7
Agreement with the WB	8
Foreign Aid Commitment	8

Hon. Finance Minister Attends WB/USAID High Level Event

A panel discussion on a high level event on "What will it take to achieve both- healthy children and healthy economies" was co-organized by the World Bank and the United States Agency for International Development (USAID) on October 11, 2013, at World Bank Group headquarter in Washington D.C.

Mr. Jim Yong Kim, President, the World Bank Group, also attended the event and delivered his speech. Governors, for the Board of World Bank Group, from Yemen, Indonesia, Nepal, Afghanistan and Ethiopia had participated the panel discussion. [Contd P 4](#)



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Ministry of Finance

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Message from the Chief Editor



The World Bank Group (The Bank Group) and International Monetary Fund (IMF) Joint Annual Meeting 2013 was held in Washington DC on 11-13 October 2013. A Nepal delegation led by Hon. Finance Minister and Nepal's Governor for the Bank Group Mr. Shanker Prasad Koirala participated the Annual Meetings. Hon. Minister Koirala delivered his statement to the plenary.

In his statement, Hon. Minister highlighted about uneven world economic order that badly affected the pace of global economic growth and financial market operation. He suggested

to adopt supportive macroeconomic policies in advanced economies and the structural reforms in emerging and developing economies to curb the slower growth trajectory. At the same time, he pointed out the urgency for a concerted effort for corrective measures in global financial market to bring the earlier growth path back, for which the Bank Group and the IMF could play vital role as in the history. Hon. Minister opined that the approaches of an inclusive growth, equitable distribution of the growth and Public - Private Partnership would be immensely supportive to achieve the goals of the Bank Group of ending poverty and boosting shared prosperity. He further admired the Bank's global efforts to stabilize supply of the global public goods, like climate change, poverty, and pandemic through its partnership approach. Hon. Minister focused on some of the major areas where the Bank Group needs close consideration. These are recognition of country specific context while channeling its support so that the better value for money can be realized; strengthening of and alignment with the national system and priorities; enhanced coordination and harmonization. Hon. Minister mentioned that Nepal has proposed a new wider Development Cooperation Policy with these spirits in mind. Noting some of the remarkable achievements in terms of Millennium Development Goals, Hon. Minister urged the Bank Group to take leadership in fostering a new global partnership in curbing extreme poverty, and also channelizing resources for post- 2015 development agenda as well.

Hon. Minister recalled and welcomed the Bank Group's support for Nepal's socio-economic development. He further put emphasis on the areas, like hydropower, irrigation, renewable energy and climate change, where the Bank Group can lead investment through regional level projects, too.

Hon. Minister appraised about the political situation and ongoing development endeavors in Nepal. Forthcoming Constituent Assembly election, he believed, would pave the way to write a new constitution that would help create favorable environment to achieve the goal of graduating from the LDC status by 2022. Citing the progress in peace process; increased consensus among political forces; improved investment climate; consistent policy framework and expenditure directed towards priority sectors, Hon. Minister urged the Bank Group to scale up its support to Nepal.

Hon. Minister Koirala and the Nepal delegation had separate meetings with the senior management of the WBG as well as IMF. The meetings have been fruitful to further expand the cooperation between the Government of Nepal, and the WBG and IMF.

Nepal expects that through continuous dialogue and focusing assistance on the country priorities, extreme poverty could be eradicated by 2030 and the prosperity could be shared globally.

Thank you

Development Cooperation MoU with Norway

The Government of Nepal and the Government of the Kingdom of Norway have signed the MoU on "Development Cooperation for 2013-2017" on 26 September 2013 in the Ministry of Finance. Mr. Shanta Raj Subedi, Secretary, Ministry of Finance, and H.E. Mr. Alf Arne Ramslien Ambassador, Embassy of Norway in Nepal signed the MoU on behalf of their respective Governments.

The objective of the MoU is to lead the development cooperation between the two Governments smoothly in the changing contexts and priorities. The Development

Cooperation mainly focuses on the key areas such as (i) democracy and Inclusive governance (ii) Education, and (iii) Energy which are also the priority areas of the GoN.

The Cooperation will help to support Nepal's actions in line with the vision and main objectives of the Thirteenth Development Plan 2013-2015, subsequent to the national development policy documents and achieving the MDGs. It will also contribute to transparency, rule of law, democracy consolidation, aid effectiveness and other developmental issues.

Contd P 8

Local Donors Meeting

(DPs) and other high-level participants present on the occasion have made crucial interventions and remarks on contents of both the presentations. The meeting was closed with the remarks by Hon. Finance Minister.

LDM is a permanent institutional mechanism for donor coordination, which normally takes place in the interval of three to four months. This is the second meeting after the current Finance Minister assumed his Office. LDM is taken as an effective forum for regular interaction and dialogue between the Government and its Development Partners. Altogether 88 participants, including Hon. Vice Chairman of the National Planning Commission, Chief Economic Advisor, Ambassadors from Denmark, Switzerland and Finland, Heads of the Missions, high level representatives from DPs, Nepal Rastra Bank, Financial Comptroller General's Office and the Ministry of Finance were present in the meeting.



Local Donors Meeting Floor

into reality given the status of 'capacity', 'systems' and 'institutions'. DPs expressed their desire to engage in appropriate institutional mechanism for smooth implementation of the DCP and demanded more time to discuss before finalizing the DCP.

Hon. Vice Chair of National Planning Commission (NPC) Mr. Rabindra Kumar Shakya informed the participants that the formulation of the 13th plan is underway and the GoN is in full control of the process of economic development despite various challenges and difficulties, including currency depreciation. Hon.

Vice Chair highlighted the need of result-based monitoring of the implementation of development projects.

Chief Economic Advisor, Dr. Chirinjibi Nepal expressed his concerns about 23 percent of aid that was found off-budget and not in line with the GoN objectives in

Representing majority of the DPs working in Nepal, Ms. Tahseen Sayed, the Country Manager for Nepal expressed her pleasure to note that the Government of Nepal (GoN) formulated draft policy with due focus on "Value for money", "Results" and "Paris Principles" which is quite in consonance with what DPs want to focus. In reference to various proposed policy contents and directions in the draft, she suggested for requirement of more flexibility for their smooth implementation. Development partners found many nice ideas but could not be assured on how those ideas will be translated

terms of aid mobilization spelled out in the budget speech. Dr. Nepal opined that aid imposes liability for future generations, therefore, it must be transparent, accountable and people-oriented so that it can bring about changes in people's lives.

In his closing remarks, Hon. Finance Minister thanked all the participants for their time and deliberations. He assured the participants that they can take their time and provide written comments to the MoF team for consideration in the next revision of the DCP.

ADB 3rd QCPRM Meeting- 2013 Conducted

The ADB's Country Portfolio Review Meeting for the third quarter of 2013 was organized in the Ministry of Finance on 17 September 2013, principally to review and discuss the overall performance and implementation status of ADB supported projects in Nepal. The meeting was chaired by Mr. Shanta Raj Subedi, Finance Secretary and co-chaired by Mr. Kenichi Yokoyama, Country Director of the Asian Development Bank.



ADB third QCPRM Meeting Floor

In their opening remarks, Mr. Madhu Kumar Marasini, Joint Secretary, IECCD and Mr. Yokoyama, Country Director of the ADB focused on the need and importance to continue the review process. Special concern was raised on the issue of slow contract award and disbursement performance in 2013. Mr. Marasini emphasized the need of optimum efforts to expedite the project implementation so as to improve the overall ADB Country Performance Assessment (CPA) rating and thereby to increase the ADF allocation to Nepal.

During the meeting, presentation about the summary on portfolio performance and key project issues was made by Mr. Priyantha Wijayatunga, Head, Portfolio Management Unit, NRM, ADB followed by discussion.

The comprehensive discussion and the way forward for six actual problem projects and nine potential problem projects were also done during the meeting. ADB also requested MOF's support for signing subsidiary agreements of Tanahu Hydropower Project and Skills Development Project. Mr. Subedi concluded the meeting requesting the fellow secretaries and project managers to implement project activities as planned and to achieve intended progress including disbursement targets. He assured of the Finance Ministry's commitment to support and provide necessary facilitation to the concerned ministries regarding any issue that needs interventions from MOF.

Hon. Finance Minister Attends WB/USAID

Participating actively in the panel discussion, Hon. Minister highlighted Nepal's strategic investments to improve maternal and child health outcomes. Hon. Minister further briefed on what Nepal has achieved on maternal and child care health and also expressed Nepal's commitment to increase investment to this area in the years to come.

This event was an opportunity to showcase what the countries are doing across multiple sectors to advance maternal and child health outcomes, including improving nutrition and family planning services. The conversation was very fruitful that provided an opportunity to align and promote coordinated advocacy and action around country and development partner commitments made at three landmark global summits in the past: the 2012 Child Survival Call to Action, which launched A Promise Renewed, the 2012 London Summit on Family Planning, which led to the FP2020

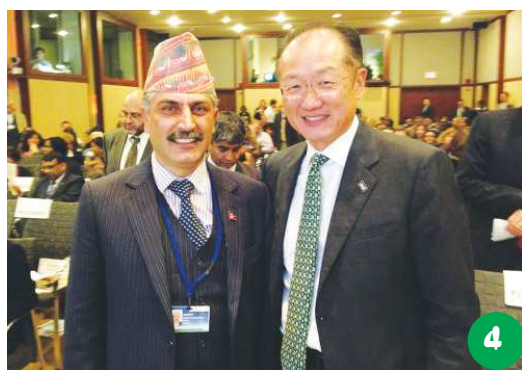


From left: Governors of Ethiopia, Afghanistan, Nepal, and Indonesia

initiative, and the 2013 Nutrition for Growth's Global Compact.

The discussion also underscored the challenges countries continue to face in bringing together multiple sectors to promote the needed changes to accelerate progress.

WB/IMF Annual Meeting 2013: Photo Gallery



1: Nepali delegates participating in WB/IMF SEA group joint constituency meeting; 2: Nepali delegates and WB / IFC joint meeting; 3: Logo of the annual meetings of WBG / IMF; 4: Hon. Finance Minister Mr. Koirala and the World Bank President Mr. Jim Yong Kim; 5: Finance Secretary Mr. Subedi with the World Bank President Mr. Jim Yong Kim; 6: IECCD Chief Mr. Marasini with WB Vice-President Mr. Philippe Le Houverou; 7: Nepali delegates with IMF Deputy Managing Director Mr. Naoyuki Shinohara and his team

GEF National Stakeholders' Review Workshop Conducted

"GEF National Stakeholders' Review Workshop" was organized by IECCD, Ministry of Finance, on September 26, 2013. The workshop was organized under GEF Operational Focal Point (OFP) Support Program. Speaking as the Chief Guest of the Workshop, Finance Secretary and GEF Political Focal Point Mr. Shanta Raj Subedi expressed his satisfaction over the encouraging participation of GEF related stakeholders. He expected that the participation of experts in this field in the workshop will definitely provide meaningful recommendations. He noted that various problems in the field of climate change have been seen that are increasing day by day. He underscored the need for conservation to address the problem of climate change. He expected that this workshop will help in providing feedback on policy formulation for conservation areas in upcoming three year plan. In the meantime, Mr. Subedi also expressed his happiness over the recent GEF related activities like the series of workshops, creation of GEF Nepal website, creation of resource center at IECCD and others.

Delivering his opening remarks, IECCD chief and GEF Operational Focal Point Mr. Madhu Kumar Marasini said that the goal of this workshop is to explore GEF's works in Nepal and to discuss ways to make them more inclined and favourable towards Nepal's interests. He further expressed that Nepal hopes to get increased collaboration and financial assistance under GEF. He emphasized on shared knowledge and expertise among institutions for enhancing capacity and expertise. Giving his remarks in the workshop, UNDP Assistant Country Director Mr. Vijaya Prasad Singh reminded that

GEF related workshop started in Nepal in 2002 as country dialogue workshop. He appreciated that the workshops of recent nature have

been conducted after a long gap. He appreciated the effort of the organizer in bringing all the national level stakeholders of GEF in common platform so as to familiarize the activities of GEF in Nepal.

The workshop had four presentations and two experience sharing sessions including general discussion session. Mr. Bhuvan Karki, IECCD Undersecretary, presented on "GEF Funding in Nepal", Mr. Vijay Keshari from UNDP Nepal presented on "Lesson Learnt from GEF Program Implementation by UNDP Nepal", Mr. Vivek Dhar Sharma from UNDP/GEF/SGP presented on "UNDP GEF Small Grant Programme in Nepal, an Update", and Mr. Ugan Manandhar from WWF Nepal presented on "UNFCCC: Climate Change Negotiation". Similarly, there was experience sharing session regarding two UNDP/GEF/SGP projects that were related to Matribhumi improved cook-stove and improved charcoal kiln for Blacksmiths.



From left: IECCD Chief, Finance Secretary, and IECCD Under Secretary

Agreement between GoN and Norway for an Additional Contribution to NPTF

The Government of the Kingdom of Norway has agreed to provide an additional grant assistance of Norwegian Kroner 50 million (approximately Nrs. 88 crore) to the Government of Nepal. The grant assistance will mainly be utilized for conduction of the forthcoming Constitutional Assembly election slated for 19 November 2013 and for the local election to be held in 2014 through Nepal Peace Trust Fund(NPTF). An addendum to the main agreement for its extension upto December 2015 with the said additional contribution was signed between the Government of Nepal and the Government of the Kingdom of Norway at this Ministry on 24 October 2013.

Mr. Madhu Kumar Marasini, Joint Secretary, Ministry of Finance and His Excellency Mr. Kjell Tormod Pettersen, Ambassador of the Kingdom of Norway to Nepal



Finance Secretary Mr. Subedi(center), HE Mr. Pettersen(third from the left), IECCD Chief, and IECCD Under Secretary signed the agreement on behalf of their respective Governments.

On this occasion, the Government of Nepal has expressed its sincere appreciation for the continued partnership of the Government of Norway with the Government of Nepal in various sectors of socio-economic development, including in peace process.

ADB Extends Support to SASEC Road Connectivity Project

The Asian Development Bank has agreed to provide a loan assistance of SDR 49.6 million or USD 75.0 million (equivalent NRs 7322 million) to the Government of Nepal for the implementation of SASEC Road Connectivity Project. Mr. Shanta Raj Subedi, Secretary, Ministry of Finance and Mr. Kenichi Yokoyama, Country Director of the Asian Development Bank, Nepal Resident Mission, signed the agreement on behalf of the Government of Nepal and the Asian Development Bank respectively, on 20 October 2013.

The main objective of the project is to improve road transport system in the eastern part of Nepal. The project will improve the country's road network totaling about 187 km, providing (i) alternate crossing over Koshi River for East-West Highway at Sunsari District, (ii) three missing linkages for the Mid-Hill Highway and (iii) a feeder road connecting East West Highway at Birtamod and a new bridge across Mechi River, which will

connect to India and Bangladesh. Additionally, capacity enhancement of the institutions responsible for construction and maintenance of roads will be provided through technical assistance. The project will contribute to development and expansion of the Strategic Road Network and expand connectivity with



From right: Finance Secretary Mr. Subedi and ADB Country Director Mr. Yokoyama

Contd P 8

Joint Financing Arrangement Signed

The Governments of Norway and Switzerland, together with UNICEF, UNFPA and UN Women have jointly signed a Joint Financing Arrangement with the Government of Nepal. This arrangement will provide financial assistance to the Government of Nepal for the successful implementation of the second phase of Local Governance and Community Development Program, LGCDP- II.

The first phase of LGCDP was completed in July 2013. Considering the importance of the Program, the Government of Nepal has decided to implement the second phase of LGCDP under the joint funding approach. The Program is aligned with the national development plan of Nepal which includes poverty reduction, inclusive growth, social transformation, sustainable peace and good governance as its major objectives along with an emphasis on devolution, social inclusion and meeting peoples' demands at the local level.



A glimpse of signing ceremony

The total estimated cost of the Program is USD 1,362 million which is equivalent to NPR 136.2 billion. The Government will contribute USD1,126 million and the development partners will contribute USD236 million. The Program will be executed by the Ministry of Federal Affairs and Local Development and implemented through local bodies. It covers all 75 districts, 58 Municipalities and 3,915 Village Development Committees, and will run from 16th July 2013 to 15th July 2017.

Through this Joint Financing Arrangement, the Development Partners have committed to the principles of harmonization and aid effectiveness by aligning with the budgetary and accountability systems and legislation of Nepal. This will help reduce the administrative burden and minimize transaction costs so as to enhance effective implementation of the Program.

Together with Mr. Shanta Raj Subedi, Finance Secretary, Ministry of Finance, H.E. Mr. Urs Herren, Ambassador of Switzerland to Nepal; H.E. Mr. Alf Arne Ramslie, Ambassador of Norway to Nepal; Ms Hanaa Singer, UNICEF Representative; Ms. Contd P 8

Agreement with the World Bank

The International Development Association (IDA) of the World Bank Group has agreed to provide an additional assistance of 39 million US dollars (equivalent to Nepalese Rupees 4 billion) to the Government of Nepal for the



From right: IECCD Chief Mr. Marasini and the World Bank Country Manager for Nepal Ms. Sayed

implementation of Nepal India Electricity Transmission and Trade Project (NIETTP). Out of the total US \$39 million financing, US \$ 37 million is loan and the rest US \$2 million is grant.

The objective of the project is to facilitate export and import of electricity to and from India and to reduce extreme power shortage especially in the dry season. The project also aims at exporting the surplus power in future when there will be surplus electricity generated in the country. The Transmission line project is under construction since 2011 and IDA had financed US \$ 99 million for this purpose.

The Additional Financing Agreement to this effect was signed by Mr. Madhu Kumar Marasini, Joint Secretary, Ministry of Finance and Ms. Tahseen Sayed, Country Manager, the World Bank on behalf of the Government of Nepal and the Bank, respectively, on September 11, 2013.

Joint Financing

Giulia Vallese, UNFPA Representative; and Mr. Ziad Sheikh, UN Women Representative signed the Joint Financing Arrangement on behalf of their respective Governments and UN agencies on 26th September 2013.

Hon. Finance Minister

on November 19th of this year, a success. Talking on the development front, he said that Nepal has set the goal of graduating from the LDC status by 2022 and the Government is effortful to achieve this goal. He urged the development partners to scale up their support to Nepal to achieve this goal.

Under the leadership of Hon. Minister, Nepali delegate comprising of Finance Secretary Mr. Shanta Raj Subedi, Nepals Ambassador to USA Dr. Shankar Prasad Sharma, NRB Deputy Governor Mr. Gopal Prasad Kaphle, IECCD Joint Secretary Mr. Madhu Kumar Marasini and IECCD Under Secretary Mr. Tek Bahadur Khatri participated the Meeting.

Development Cooperation ...

The bilateral cooperation will also be expanded on development of hydropower, rural electrification and universal access to sustainable energy and effective implementation of the Nepal's School Sector Reform Program and its successive plans. The Cooperation is expected to support Nepal in achieving sustainable peace, reduction of poverty, inclusive growth, policy reforms and good governance.

ADB Extends SASEC

remote hilly areas to increase the economic activities in project areas.

The Ministry of Physical Infrastructure and Transport is the executing agency and Department of Roads is the implementing agency of the Project. The Project is expected to be completed by 31 December 2018.

Foreign Aid Commitment

At the end of October 2013, the new foreign aid commitment received by the GoN from DPs has reached the total of Rs. 17172 million (Rs. 3072 million as grant and Rs.14100 million as loan) for the implementation of various development projects/ programs.