

PRESS RELEASE

Policy Based Lending Agreement for Civil Aviation Sector Improvement Program Signed

Asian Development Bank to provide US \$50 Million loan for the implementation of program

Kathmandu, 9th July, 2020– The Government of Nepal and Asian Development Bank (ADB) concluded a new 50 Million US dollar- policy based lending (PBL) agreement on 9th July, 2020 to finance the Civil Aviation Sector Improvement Program. Mr. Shreekrishna Nepal, Joint Secretary, Ministry of Finance signed the agreement on behalf of Government of Nepal while as Mr. Mukhtor Khamudkhanov, Country Director, Nepal Resident Mission, ADB signed the agreement on behalf of ADB.

As per the agreement, ADB will provide policy based loan worth 50 Million US dollar (nearly equivalent to NRs. 5.95 billion) for the said aviation reform program. The principal objectives of the program is to strengthen the aviation safety oversight capabilities and operational efficiencies of Nepal. The scope of program includes establishment of legal and implementation framework of civil aviation sector reforms and establishment and functionalization of civil aviation related agencies including Civil Aviation Authority, Nepal (CAAN) and Air Service Authority of Nepal (ASAN).

Addressing the signing ceremony held in the Ministry of Finance, Mr.Nepal said , “ This loan support shall be vital for us to enhance our airport capacity as we shall be undertaking various civil aviation sector reform initiatives from this loan”. He thanked ADB for its valuable support in the socio-economic development of Nepal and wished the bank to continue its similar support in the upcoming days too especially in this tough time of pandemic of COVID-19.

Similarly , on his remarks on the same occasion , Mr. Khamudkhanov reflected on the necessity of this policy based lending saying , “ strengthened oversight functions and airport management through the civil aviation reforms will help the government to improve substandard airports services, contributing to international tourism development that will ripple across the whole economy”. The quick disbursing program loan will also assist the government in securing external fiscal financing to mitigate economic and social shocks caused by COVID-19, he added further.

The loan agreement is said to be effective after 30 days of the signing of this agreement. The program is expected to be completed by 30 June, 2023.

Ministry of Finance,
Government of Nepal.

###

