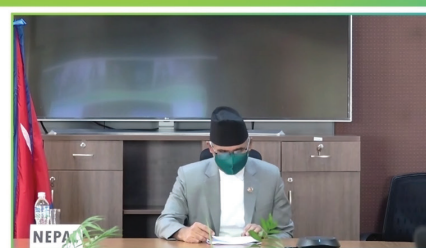




Nepal Participated in the ADB's 54th Annual Meeting

Fifty fourth Annual Meeting of the Board of Governors of Asian Development Bank (ADB) was held in virtual mode from the 3rd to 5th of May 2021. A delegation led by the Finance Secretary and Nepal's Alternate Governor for ADB Mr. Sishir Kumar Dhungana participated in the Business Session of the Meeting. Similarly, Joint Secretary and Chief of International Economic Cooperation Coordination Division Mr. Shreekrishna Nepal participated in the ADB Constituency Senior Officials' Meeting (CSOM) that is organized every year during the ADB's Annual Meeting.

An informal meeting of the SAARC's Finance Ministers was also held during the event. Honourable Finance Minister Mr. Bishnu Prasad Paudel chaired the meeting. Addressing the delegates from the SAARC countries and ADB, Mr. Paudel appreciated the spirit of collaboration between ADB and SAARC in enhancing economic cooperation



Bishnu Prasad Paudel
Nepal, Chair



and attaining sustainable development in the region. He further commended the South Asia Sub-Regional Economic Cooperation (SASEC) initiatives to promote regional integration through better connectivity, trade [Contd P5](#)

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Virtual Pre-budget Meeting held with DPs



A virtual Pre Budget Consultation Meeting between the Ministry of Finance and the development partners of Nepal was held on May 6, 2021 under the chairmanship of Hon. Finance Minister Mr. Bishnu Prasad Paudel. Hon. Vice Chairman of National Planning Commission, Finance Secretary and Revenue Secretary, senior [Contd P6](#)

Message from the Chief Editor



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Nepal needs a vast influx of financing to meet the level of investment required to achieve the Sustainable Development Goals (SDGs). This financing challenge is further exacerbated by the COVID-19 pandemic, as well as by ongoing risk of natural disasters, including those caused by climate change.

As Nepal looks to an inclusive and green recovery that builds resilience to future risks, more and effective development financing becomes essential.

The significant strides achieved by the country in domestic revenue performance, largely due to import duties, is not adequately sufficient or sustainable to meet development financing needs. Additionally, following a devastating second wave of COVID-19 that again acutely impacted socio-economic progress, the Government faces all time challenge of saving the lives of citizens through massive vaccination campaign as well as in achieving fiscal balance to support economic economy.

The rapid rollout of COVID-19 vaccinations to all people is the topmost priority of the Government, alongside providing immediate relief to the most vulnerable groups of the population. There is also a clear need to ensure financing to continue ongoing large infrastructure projects for the long-term development of the country. In this vein, international development cooperation has gained more importance than ever.

Development cooperation from Nepal's partners has been and continues to be an important source of financing for development in the country. Beyond financial resources, development cooperation also provides indispensable skills and technological transfer.

Development Effectiveness principles have stressed the need of cooperation aligned with country's plan and priorities using the country systems. There have been some improvements in this area. However, significant portion of development cooperation is still mobilized outside country financial management systems.

In order to promote compliance with the international commitment to use country Public Financial Management Systems, Nepal will continue to work to strengthen its national systems, ensuring they are robust, comprehensive and transparent. We also call upon the development partners to take note of the reforms that have been carried out to date and to trust these systems to provide the necessary oversight over financial resources.

To end, the Government of Nepal remains grateful to its development partners for their continued support and engagement and calls for more effective delivery of development cooperation to ensure a full vaccine rollout and to put in place short-term social protection measures, while at the same time building back a stronger and more inclusive, green and resilient economy.

GoN and World Bank Signed Loan Agreement

The Government of Nepal and the World Bank signed \$150 million (Rs. 17.78 billion) concessional loan agreement to support Nepal's resilient recovery from the COVID-19 pandemic, protect the most vulnerable, and support sustainable growth on June 27, 2021.

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

"The project will help Nepal build back better and greener through reforms to the tax and customs systems, public investment management, environmental regulations and debt management," stated Sishir Kumar Dhungana, Finance Secretary. "The proposed budgetary support will be utilized in the physical infrastructural projects and economic recovery sectors as per the requirement and priorities of the Government of Nepal."

The first Fiscal Policy for Growth, Recovery and Resilience Development Policy Credit further supports reforms aimed at protecting the most vulnerable and supporting business growth. Reforms in this area



focus on social protection, the intergovernmental framework and supporting access to capital for firms. It will help speed up the ongoing large development projects to create job, accelerate markets and support green recovery. The financing will be provided to the Government of Nepal through budgetary support.

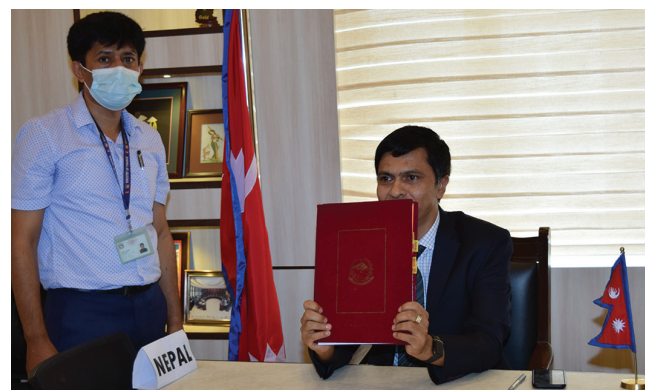
"This project will help the country achieve sustained growth during and after the COVID-19 pandemic that is inclusive, job-creating and environmentally sustainable," stated Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka. He further added "The World Bank is committed to support the government's pandemic response to protect lives and stimulate economic recovery in Nepal."

Grant Agreement Between GoN and ADB

The Government of Nepal and the Asian Development Bank signed \$5 million grant for Prevention and Control of coronavirus disease (COVID-19) through WASH and Health initiatives in Secondary and Small Towns, on 29 July 2021.

The agreement to this effect was signed by Mr. Dhani Ram Sharma, Joint Secretary and Chief of International Economic Cooperation Coordination Division, Ministry of Finance and Mr. Arnaud Cauchois, ADB Country Director for Nepal on behalf of the Government of Nepal and ADB respectively.

"We thank the Government of Japan and ADB for its support to Nepal towards improving local governments' capacity to respond better to the COVID-19 pandemic and similar health emergencies in the future." said Mr. Sharma. "This project will support the Government's plan to strengthen our public health systems of the local



governments."

"ADB remains fully committed to supporting Nepal in this challenging time and will continue to work closely with the Government in strengthening the capacity of local governments and communities in secondary and small towns of Nepal to respond better to COVID-19 pandemic and similar health emergencies in **Contd P5**

GoN and World Bank Sign Additional Financing Agreement for COVID-19

The Government of Nepal and the World Bank signed an agreement for additional financing of \$75 million to support access to safe and effective COVID-19 vaccines for Nepal's prioritized population on April 2, 2021.

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

"The additional financing is an important and timely support to the government's overall plans to vaccinate at least 72 percent of the Nepali population," stated Sishir Kumar Dhungana, Finance Secretary. "It supports the government's health response to the pandemic, by supporting procurement of COVID-19 vaccines as



well as strengthening health systems for their effective deployment as per the National Deployment and Vaccination Plan."

The additional financing builds on the [Contd P7](#)

Japan Extends Grant Aid for Improvement of Medical Equipment

The Government of Japan extends grant assistance of up to nine hundred and ninety-six million Japanese Yen (¥996,000,000), equivalent to about NRs. 1,096 million to the Government of Nepal for the project to improve medical equipment in eight Advanced Public Hospitals in Nepal.

His Excellency, Mr. KIKUTA Yutaka, Ambassador of Japan to Nepal, and Mr. Sishir Kumar Dhungana, Secretary of the Ministry of Finance, signed notes to this effect at the Ministry of Finance on April 26, 2021.

The project aims to strengthen both diagnosis and treatment of non-communicable diseases (NCDs) by procuring medical equipment, providing consulting services and undertaking renovation and

maintenance services at eight public hospitals.

In Nepal, health care system is weak while NCDs, such as cardiovascular and chronic respiratory diseases, diabetes and cancer are serious problems. Patients with underlying diseases of NCDs are at higher risk of critical condition once they are infected with COVID-19. Against this background, the enhancement of diagnostic and therapeutic services for NCDs in public hospitals has become more important and urgent than ever.

However, medical equipment for treating NCDs in Nepal's public hospitals is often insufficient or out-dated due to the lack of financial resources for replacements. The Government [Contd P8](#)



Agreement Between GoN and the Federal Republic of Germany

The Government of Nepal and the Government of the Federal Republic of Germany have signed the new development cooperation agreement on 14 June 2021 in a virtual ceremony. The German side has pledged fresh funds (grants) of EUR 34.4 million (more than NPR 4.8 billion) for the continuation of German support until the year 2023 for Technical Cooperation and 2025 for Financial Cooperation.

The signing of these agreements follows the Government Negotiations, held between Germany and Nepal in November 2020. The German Development Cooperation is focusing on three thematic areas: Health, Sustainable Economic Development and Energy Efficiency/Renewable Energy.

“Today’s signing underlines the good relations between our two nations and also our ongoing common efforts for the people of Nepal. With our focal sectors of Health, Sustainable Economic Development and Energy we are strongly committed to achieving development

together with the Nepali people. Besides our bilateral cooperation we see an important role with the civil society, which is an indispensable part of any development effort in Nepal”, the Ambassador Mr Schaefer said.

The significant portion of the committed funds will be allocated to the sectors health (EUR 23.7 million), energy EUR 17.5 million and sustainable economic development (EUR 15.4 million). The geographical focus of the cooperation will remain on the rural regions in Nepal’s Karnali and Sudur

Pachchim Provinces.

In times of COVID-19 Germany also strongly supports the people of Nepal in tackling the ongoing crisis. On 8 June 2021 the first German airplane with medical supplies landed at Tribhuvan International airport, carrying goods like ventilators, isolation tents or KN95-masks. Also additional funding of almost EUR 11 m. has been provided **Contd P8**



Nepal Participated

facilitation and energy sector development. The theme of this year’s meeting was “Economic Recovery from COVID-19: Inclusive and Resilient Growth”. With the

initiation and technical support from ADB, such type of informal meeting is organized as the sideline meeting of this event every year.

Grant Agreement Between....

the future,” said Mr. Arnaud Cauchois, ADB’s Country Director for Nepal.

Prevention and Control of coronavirus disease (COVID-19) through WASH and Health initiatives in Secondary and Small Towns Project is funded by the Government of Japan through Japan Fund for Poverty Reduction COVID-19 Window financing. The total cost of the Project is estimated at \$5.50 million with \$0.50 million Government contribution.

The Project will support the construction of at least 20 multi-purpose community shelter which will be equipped with fever clinics and oxygen-related equipment with gender, age and person with disability friendly design features. Similarly, it will support the selected local governments in establishing and operating health desks and procurement of GESI responsive mobile toilets, among others. The project will follow a long-term approach into project design for the sustainable operation of the created facilities.

Japan Agreed to Provide Grant Assistance

The Government of Japan agreed to provide a grant assistance of JPY 356 million equivalent to NRs 386 million to the Government of Nepal for implementing the Human Resource Development Scholarship (JDS) Project in the Fiscal Year 2021/22.

Mr. Sishir Kumar Dhungana, Finance Secretary and H.E. Mr. KIKUTA Yutaka, Ambassador of Japan to Nepal have signed and exchanged the notes on behalf of their respective Governments on July 12, 2021. Similarly, grant agreements of this effect was signed by Mr. Dhani Ram Sharma, Joint Secretary, the International Economic Cooperation and Coordination Division of the Ministry of Finance and Ms. ASAKUMA Yumiko, Chief Representative of JICA Nepal.

This grant will be utilized to administer the scholarship program, including for payment of the university tuition fee, living allowances, settlement allowances, insurances and other basic allowances as well as supply of educational materials. This scholarship provides



opportunity of pursuing 2 years' Master's Degree and 3 years PhD courses to young Nepalese civil servants who are academically sound and are motivated to be engaged in Nepal's socio economic development after completion of the study in Japan. **Contd P8**

Virtual Pre-budget

authorities from Ministry of Health and Population and Ministry of Finance along with the representatives of various development partners of Nepal participated in the meeting.

Joint Secretary Mr. Shrikrishna Nepal made a brief presentation on the status of the economy as well as the broad principles and priorities of the Annual budget to be presented in the parliament on May 15 followed by a short presentation from Ministry of Health and Population on the state of COVID-19 pandemic and Government's efforts and challenges in meeting the immediate needs to fight against the pandemic.

Representatives of various development Partners reiterated their strong commitment to support Nepal in its immediate needs to fight against COVID-19 as well as in building back the economy.

Finance Secretary Mr. Dhungana briefed the meeting on the broad principles and priorities of the Government. He thanked all the representatives of DPs for their continued and generous support extended to the Government in the very critical situation created by the pandemic.

Concluding the meeting, finance minister Mr. Paudel thanked all the representatives of the development partners in Nepal for their constructive participation in the meeting. He further said "With this extremely difficult situation of crisis in front, Government's high priority will be in saving the lives of citizens from the pandemic, quick recovery of the economy and preservation of the achievements made. The government is committed to come up with programs and policies with a focus on the fight against the pandemic by ensuring the availability of additional vaccines for all targeted citizens and provisioning of medical equipments, health personnels and expansion of health infrastructures, developing alternative means of imparting education and learning, giving continuity to infrastructure development, social security and social protection as well generation of employment and quick recovery of the economy.

Finally, Minister Mr. Paudel adjourned the meeting by thanking all the development partners for their constructive inputs and suggestions and expressed sincere appreciation for the continued support for the socio-economic development of the country.

Discussion Between GoN and CIDCA

A video conference meeting was held between Ministry of Finance, the Government of Nepal and China International Development Cooperation Agency (CIDCA) on 14 May 2021. During the meeting, comprehensive discussions were made regarding the implication of COVID-19 pandemic, implementation status of the China-funded development projects in Nepal, the upcoming initiations need to be taken from both sides for expediting the implementation of the pipeline projects and to fight against the pandemic.

Addressing the meeting, Mr. Sishir Kumar Dhungana, Secretary, Ministry of Finance expressed sincere appreciation for the prompt action and the commitment of 3500 Oxygen Cylinders and 10 ventilators to Nepal. He also highlighted that it is gratifying that the projects undergoing with the grant assistance and

concessional loan from China were being smoothly implemented. Due to the COVID-19 pandemic, there is some disturbance in implementing the ongoing projects. He also added “we are committed to upscale the partnership to a new height with China”.

On his concurrent remarks, Mr. Deng Boqing, Vice Chairman of CIDCA said that they will continue the cooperation for fighting to COVID-19 pandemic and have taken initiations to resolve the issues



related to the execution of the ongoing projects and are committed to carry forward the important pipeline projects. During the meeting Chinese side had presented their success history over controlling the COVID-19 pandemic and Chinese Ayurveda technology. Her Excellency Hou Yanqi, Ambassador Embassy of China in Nepal also participated in the meeting.

GoN and World Bank Sign

\$29 million for the original COVID-19 Emergency Response and Health Systems Preparedness Project that was signed in April 2020. The project will be implemented through Ministry of Health and Population by the Department of Health Services and associated institutional bodies.

About 90 percent of the additional financing will support the purchase, supply and distribution of safe and effective COVID-19 vaccines. The rest of the financing will support existing public health measures to test, trace and treat the COVID-19 infection through a strengthened health system; community engagement and risk communication to improve the demand and uptake of COVID-19 vaccines and project implementation, monitoring and evaluation, and learning.

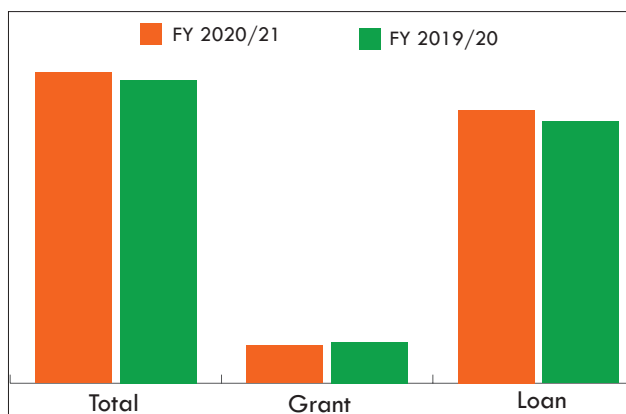
“Equitable and fast access to effective and safe COVID-19 vaccines is vital to save lives and support a resilient recovery from the pandemic,” stated Faris

Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka. “The World Bank is committed to support the government’s pandemic response to protect lives, strengthen systems for public health preparedness, and stimulate economic recovery in Nepal.”

The World Bank, one of the largest sources of funding and knowledge for developing countries is taking broad, fast action to help developing countries respond to the health, social and economic impacts of COVID-19. This includes \$12 billion to help low- and middle-income countries purchase and distribute COVID-19 vaccines, tests, and treatments, and strengthen vaccination systems. The financing builds on the broader World Bank Group COVID-19 response, which is helping more than 100 countries strengthen health systems, support the poorest households, and create supportive conditions to maintain livelihoods and jobs for those hit hardest.

Foreign Aid Commitments

As of July 2021 of the current FY 2020/21, new foreign aid commitments received by the GoN from DPs have reached a total of NRs. 225.37 billion (NRs. 27.39 billion as grants and NRs. 197.98 billion as loans) for the implementation of various development projects and programs. The total commitments received by the GoN from various DPs amounted to a total of NRs. 219.87 billion (NRs. 30.1 billion as grants and NRs. 189.77 billion as loans) in the same period of the previous fiscal year.



Japan Extends

of Nepal has prioritized treatment of NCDs, especially in public hospitals which many people can afford medical treatment.

The institutions to be supported are the Human Organ Transplant Center; Patan Hospital; Paropakar Maternity and Women's Hospital; National Trauma Center; Bir Hospital; Shahid Gangalal National Heart Centre; Manmohan Cardiothoracic Vascular and Transplant Center and Kanti Children's Hospital.

The Embassy of Japan expects this assistance will be beneficial for Nepali people to obtain better medical treatments at public hospitals within the country. The Embassy also hoped this support will contribute towards further strengthening the relationship, friendship and cooperation between the peoples of Japan and Nepal.

Japan agreed ...

The Government of Japan has been providing such scholarship grant to the Government of Nepal in a phase-wise manner. This grant will be spent to implement the second year of phase two (2020-2023). Under this scholarship, altogether 22 candidates (20 for master's degrees and 2 for PhD degree) will pursue their degrees in various Japanese Universities. To date, eighty civil servants have already completed and returned back to Nepal after completing their Master's Degree during phase one (2016-2019) of this project.

During the signing ceremony, Secretary Dhungana opined that this scholarship would be instrumental in developing human capacity in Nepalese public service. He further stated that scholars will be able to acquire not only academic degrees but also get exposure to the advanced level of development, and will be enriched by the cultural and developmental aspect of Japan. Similarly, H.E. Yutaka expected that the graduates will contribute to Nepal's socio economic development and expressed his confidence that the objectives envisaged by the project will be achieved and contribute towards further strengthening the bilateral relationship and cooperation between the peoples of Japan and Nepal.

The Government of Nepal expresses its sincere appreciation to the Government of Japan for its invariable support in socioeconomic and human resources development of Nepal.

Agreement Between

from the Emergency COVID-19 Support Program of the German Government. These funds will support efforts to increase and strengthen the resilience of the Nepali health sector in combating COVID-19 and other pandemic diseases, and to mitigate social and economic impacts.

"The EU has already exported 240 million doses to 90 countries, which is about as much we have used within the EU. Germany alone is contributing 100 million euros to the COVAX initiative for equal distribution of COVID-19 vaccines", added German Ambassador Roland Schäfer.