



## “Kathmandu Declaration” was endorsed during a high level Round Table Meeting on GRID

The Government of Nepal and development partners endorsed the milestone “Kathmandu Declaration” on 23 September 2021 as a joint commitment to Nepal’s Green, Resilient & Inclusive Development (GRID) agenda.

The Declaration was jointly endorsed by the Ministry of Finance, Asian Development Bank, Australia, European Union, Finland, France, Germany, International Monetary Fund, Norway, Republic of Korea, Switzerland, United Kingdom, United Nations, United States and the World Bank at a high-level roundtable event titled Nepal’s Transition to Green, Resilient, and Inclusive Development (GRID) for Sustainable Recovery, Growth and Jobs.

Under the Kathmandu Declaration, Nepal’s development partners have identified up to USD 4.2 billion in potential future support in addition to the USD 3.2 billion in previously committed resources to support GRID.

The government and development partners intended to scale up support for such areas as sustainable tourism,



renewable energy, cleaner transport and resilient roads, integrated solid waste management, sustainable forest management, watershed protection and water supply, biodiversity conservation, adaptive social protection, climate-smart agriculture and sustainable cities. Partnerships and opportunities will be sought with the private sector to increase green investment and support job-creating small and medium enterprises and businesses in these and other areas. [Contd P7](#)

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## Nepal Participated the Joint Annual Meeting of the WBG and the IMF



The 2021 Joint Annual Meetings of the World Bank Group and the International Monetary Fund were conducted virtually from 11 to 17 October 2021. The whole sessions were focused on the contemporary issues of international development, the global economy, and financial [Contd P6](#)

## Message from the Chief Editor



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For achieving the goal of LDC graduation and the Sustainable Development Goals, Nepal needs huge investment in major social sectors such as health, education, drinking water, governance as well as in building physical infrastructures.

Nepal is an eminently vulnerable country to climate change. The climate crisis is a deeply unfair one: the low income countries like Nepal contribute the least to climate change but they are also the hardest hit. Climate change, natural disasters and other weather-related shocks are recurring sources of risk to Nepal. To systematically address these challenges, Nepal is initiating a shift to a Green, Resilient and Inclusive Development (GRID) path and has issued the Kathmandu Declaration.

The emergence of Covid-19 has further widened the fiscal gap. The trajectory of the COVID-19 pandemic in Nepal and globally is extremely uncertain and will continue to weigh on the economic outlook. Hence, accessibility to vaccines and financing for vaccination campaigns is the upmost priority of the Government of Nepal. As projections remain highly uncertain, it is crucial to explore the further financing resources to meet unprecedented and deeply unfair development challenges.

In this regard, Government of Nepal is continuing with the reforms in domestic revenues, public expenditures, financial sector regulation and supervision and supporting fiscal transparency as well as in strengthening governance. Given the limited space for domestic resources, substantial fiscal and external financing needs remain over the next few years to help close financing gaps and support mitigation measures.

Assuming the responsibility of Joint Secretary of IECCD, I look forward to working closely with the development partners and stakeholders for the effective and efficient coordination and management of international economic cooperation. I would also like to extend my sincere appreciation to all development partners for their continued support in the development endeavor of Nepal.

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## Nepal Shared the Letter of Intent with LEAF Coalition

During the World Leaders Summit on 2 November 2021 as part of the United Nations Climate Change Conference (COP26), the Lowering Emissions by Accelerating Forest finance (LEAF) Coalition announced to mobilize its initial goal of USD1 billion for countries and states committed to increasing ambition to protect tropical and sub-tropical forests and reduce deforestation.

Nepal including Costa Rica, Ecuador, Ghana and Vietnam recently submitted proposals to LEAF and successfully completed an initial technical screening process led by a panel of technical experts. Nepal has been among the first five countries entering purchase agreement discussions with LEAF Coalition corporate participants and have signed Letters of Intent with Emergent.

On behalf of the Government of Nepal, Finance Secretary Mr. Madhu Kumar Marasini signed and shared the letter of intent at the US Center at COP26 in the presence of Mr. John Kerry, U.S. Special Presidential Envoy for climate, on lowering emissions by Accelerating



Forest Finance (LEAF) coalition to halt deforestation. It is a joint initiative supported by Norway, US and UK Government.

It is assumed that Nepal will transform sustainable forest management through LEAF Coalition partnership with other stakeholders. It would support Nepal by reducing deforestation, valuing natural wealth and sustaining livelihoods through mobilizing public private partnership.

## The Fifth Nepal-EU Sub-Commission Meeting on Development Cooperation

The fifth Nepal-EU Sub-Commission on Development Cooperation was held in Kathmandu on 23 November 2021 and reviewed the ongoing cooperation and discussed the priorities of the Multi-Annual Indicative Programme (MIP) for Nepal for 2021-2027.

The Nepal-EU Joint Commission mechanism was set up in 1996 and it was made annual since the



10th Joint Commission meeting between Nepal and EU in 2018. During the Joint Commission Meeting, a separate sub Commission meeting on Development Cooperation holds with Ministry of Finance to focus on development Cooperation extended by the EU and bilateral members of the EU. It has proved to be a useful platform of engagement and providing momentum to further deepen the partnership between Nepal and the EU.

The EU team shared that the European Union would step up the joint implementation with EU Member States and would prioritize green recovery for the Nepal-EU Partnership. With France, Finland, Germany and the European Investment Bank, the EU will work as 'Team Europe'. The 'Team Europe Initiative on Green Recovery'

will focus on investments in priority sectors in support of Nepal's Green Recovery with instruments such as grants, loans,

blending, technical assistance, budget support and private sector mechanisms such as guarantees.

The meeting reviewed all aspects of Nepal-EU cooperation and discussed coordination and monitoring of the ongoing projects. Both sides expressed their commitment to continue joint engagement to assist the overall reform agenda of the Government of Nepal and agreed to cover [Contd P7](#)



## Grant Agreement Between GoN and World Bank

The Government of Nepal and the World Bank signed a \$60 million financing agreement for the Nurturing Excellence in Higher Education Program on 19 August 2021 to improve the quality of Nepal's higher education, scale up online learning and expand access to academic institutions for underprivileged and vulnerable students.

"Investing in human capital is a key priority of the Government of Nepal to help young people in Nepal realize their development potential," stated Mr. Madhu Kumar Marasini, Finance Secretary. "This project supports the Government's focus on recovery from the COVID-19 pandemic by strengthening the higher education sector and ensuring students all across Nepal including those from disadvantaged groups have access to quality education amid the pandemic's challenges."

The Nurturing Excellence in Higher Education Program builds on Nepal's successful higher education projects supported through results-based financing. It will help



the Government of Nepal align its higher education sector with labor market needs, boost collaborative research and entrepreneurship, improve governance and access to quality higher education, especially for disadvantaged students. The COVID-19 pandemic has created strong incentives to expand online platforms and blended learning which the program will help scale up across Nepal's universities.

The program will also expand targeted **Contd P6**

## Nepal Participated in the Sixth Annual Meeting of the Board of Governors of AIIB

The sixth annual meeting of the Board of Governors of Asian Infrastructure Investment Bank concluded in Abu, Dhabi, UAE on 26 October 2021. Governors were invited to attend the meeting physically as well as virtually.

"We are at a defining moment in history-one which calls for bold, fast and wide-ranging collective action if we are to limit global warming and protect our fragile planet," said Jin Liqun, AIIB President and Chair of the Board of Directors. "Today's announcement reinforces AIIB's long-standing pledge to support climate action in line with the Paris Agreement. We think the way forward needs greater participation by the private sector on all fronts, so that we can collectively deliver on the promise of building an inclusive, equitable and sustainable future", he added further.

Addressing the Governor's Business Roundtable session via video conference, Mr. Madhu Kumar Marasini, Finance Secretary and Alternate Governor for AIIB from Nepal, stressed on the need for the global integration and collaboration from all international communities to combat climate change. "I expect AIIB



could extend more support for country like Nepal and take a lead for enhancing climate friendly sustainable growth by special investment scheme under climate financing", he said.

Mr. Marasini, on behalf of Government of Nepal, spoke on the theme "Climate Financing" during Governor's Business Roundtable session. In this session, governors were allowed to put their voices on two themes i.e. The COVID-19 crisis & post-COVID support and climate financing.

## Agreement Between GoN and Government of Switzerland

The Government of Nepal and the Government of Switzerland signed a CHF 14.7 million financing agreement on 10 September 2021 to continue with a second phase of the Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE-II) project in Nepal for the next 4 years. Mr. Dhaniram Sharma, Joint Secretary, Ministry of Finance and Ms. Silvana Hogg, Acting Ambassador, Embassy of Switzerland in Nepal signed and exchanged a bilateral agreement on behalf of their respective governments.

“Development of human resources is crucial for socio-economic transformation. I believe that this project will support to develop a skilled, competitive and creative human resource and ensure the opportunity to have gainful employment, provide career guidance service for Nepalese youth and also meet the need of business and industries in achieving skilled human resource” stated Mr. Sharma.

With the right balance of skills and knowledge among the people, businesses and industry can be more productive and creating more jobs that would contribute to reduce unemployment in the country. This project will contribute to enable Nepalese youths, women and men to gain social and economic benefits



from a federalised Technical and Vocational Education and Training (TVET) system, said by Silvana Hogg, Acting Ambassador, Embassy of Switzerland in Nepal.

The ENSSURE II project will continue scaling up apprenticeships, a formal programme of 2 years duration, which is a sustainable model in the TVET sector. It will also continue to offer short courses with on-the-job training, skill upgrading training for existing workers, Occupational Health and Safety (OHS) at the workplace as well as career guidance for youth. The project will further enhance the collaboration between the education sector and employers and thereby contribute to sustainable and rewarding job

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## GoN and ADB Signed Loan Agreement

Government of Nepal and the Asian Development Bank (ADB) signed a USD165 million loan agreement on 11 August 2021 for the Responsive COVID-19 Vaccines for Recovery Project financed by ADB's Asia Pacific Vaccine Access Facility.

The ADB assistance will support the Government of Nepal's National Deployment and Vaccination Plan to procure an estimated 15.9 million doses of COVID-19 vaccines, which will benefit at least 6.8 million people.

The agreement was signed by Finance Secretary, Mr. Madhu Kumar Marasini and ADB Country Director for Nepal Mr. Arnaud Cauchois on behalf of the

Government of Nepal and ADB respectively.

“The important and timely assistance from ADB will support the Government of Nepal's efforts to purchase safe and effective vaccines and ensure vaccine availability throughout the country. Vaccination not only save lives and livelihoods, but also helps get the economy back on track,” said Mr. Marasini.



“Access to safe and effective vaccines is key to breaking the chain of virus transmission, saving lives, accelerating economic and social recovery from the shock of the pandemic, and moving towards a resilient recovery,” said Mr. Cauchois. “ADB will continue to support the government in managing the impact of the COVID-19 pandemic on public health and the national economy.”

## ADB Provides Additional Loan Assistance

The Asian Development Bank (ADB) has agreed to provide additional loan assistance worth USD 60 million for the implementation of the Electricity Grid Modernization Project (EGMP). An agreement to this effect was signed and exchanged at the Ministry of Finance on 26 November 2021.

The additional finance to the Electricity Grid Modernization Project (EGMP) aims to further improve transmission

and distribution system of Nepal. The assistance amount will be used in expanding, strengthening and modernization of both transmission capacity and distribution network in the project areas. Under this, a total of 16 km of 132 kilovolt transmission lines will be constructed from Nepalgunj to Kohalpur and from Chovar to Lagankhel and an additional 477 megavolt ampres of substation capacity will be introduced to the system through the construction of sub-stations in



Dumkibas, Lagankhel, Mulpani and Nepalgunj. In addition to this, an enterprise resource planning system and a revenue management system will be implemented and a project supervision consultant firm will be appointed to oversee improvements to the integration of Nepal Electricity Authority's (NEA) financial and

customer information systems.

The Electricity Grid Modernization Project (EGMP) was

implemented in Nepal with financial assistance from the Asian Development Bank with the high priority for the reform and improvement of transmission and distribution system in Nepal as well as sector reform and the financial sustainability of NEA. The project will install the smart meters in the Kathmandu valley and automate existing grid substations throughout the country and finance the modernization of the other distribution and transmission system in **Contd P8**

## Nepal Participated ....

markets.

Several programs of the Annual meeting were joined virtually. Due to festive holidays in October in Nepal during the World Bank's Annual Meetings, the annual meeting between the World Bank South Asia Region Management and the Nepal Delegation was held on 27 October 2021.

Honorable Finance Minister Mr. Janardan Sharma led the Nepali delegation and Regional Vice President Mr. Hartwig Schafer led the World Bank delegation.

The meeting discussed the need to expedite the implementation of ongoing projects, discussed the preparation status of pipeline projects for FY 2023, ways to advance the GRID agenda and operationalize the Kathmandu Declaration.

Finance Secretary Mr. Madhu Kumar Marasini, Joint Secretary Mr. Ishwori Prasad Aryal and Under Secretary Mr. Prem Upadhyay also participated the program from Nepal and Country Director Mr. Faris Hadad-Zervos, Regional Directors, Operations Manager, and other high level staffs also joined the meeting from the Bank side.

## Grant Agreement ....

scholarships to help disadvantaged students pursue labor market-driven academic programs and support equity grants to higher education institutions in needy and disaster-affected areas in Nepal.

"An important aspect of Nepal's recovery efforts from the pandemic is to ensure that quality higher education

is accessible, inclusive and relevant to the demands of the labor market," said Mr. Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka. "This is key to helping Nepal build back better and strengthen its resilience. The World Bank is committed to support Nepal in this effort."



## GoN and World Bank Signed Additional Financing

The Government of Nepal and the World Bank signed two separate additional financing agreements of USD 50 million each on 15 September 2021 to support the implementation of the government's flagship School Sector Development Program in the education sector and Public Management Reforms in the health sector.

The agreements were signed by Mr. Madhu Kumar Marasini, Finance Secretary and Mr. Faris Hadad-Zervos, World Bank Country Director for Maldives, Nepal, and Sri Lanka on behalf of the Government of Nepal and World Bank respectively.

Strengthening Nepal's education and health systems is an essential element of building back better from the pandemic," said Mr. Marasini. "The reform agenda championed by the Nepal Health Sector Program for Results is critical to Nepal's vision of an efficient, effective, transparent and accountable health system and together with the School Sector Development

Program provides a catalyst for improved human capital development enabling Nepal to compete strongly in the post-COVID period.

These engagements contribute to Nepal's green, resilient, and inclusive development by making the country's education and health systems more inclusive and resilient to future shocks, which will in turn help to accelerate human capital development," stated Mr. Hadad-Zervos. "I am very hopeful that the additional financing will help propel Nepal closer to its goal of universal health coverage ensure equitable access and improve the quality of education and learning outcomes for children and young people in Nepal.

The Additional Financing to the School Sector Development Program will help reduce dropouts and mitigate learning losses by supporting pro-poor targeted scholarships, pro-science scholarships and catch-up programs. It will lay the foundation **Contd P8**

## The Fifth Nepal-EU ....

education, nutrition, promotion of sustainable development, economic growth under the Nepal-EU Partnership. Both sides agreed to focus on coordinated and joint effort for delivering positive development impacts in a highly diverse Nepali society.

The meeting was co-chaired by Mr. Ishwori Prasad Aryal, Joint Secretary, International Economic Cooperation Coordination Division (IECCD), Ministry of Finance and Mr. Mario RONCONI, Head of Unit for South and South-East Asia, Directorate-General for International Partnership, European Commission.

## "Kathmandu Declaration" was endorsed ....

"The Government of Nepal is committed to the Green, Resilient, and Inclusive Development vision that will support Nepal's recovery from the COVID-19 pandemic and help address the challenges of climate change and rising inequality," said Honorable Finance Minister, Mr. Janardan Sharma. "We look forward to working together with development partners, private sector, and key stakeholders to build back Nepal better and stronger."

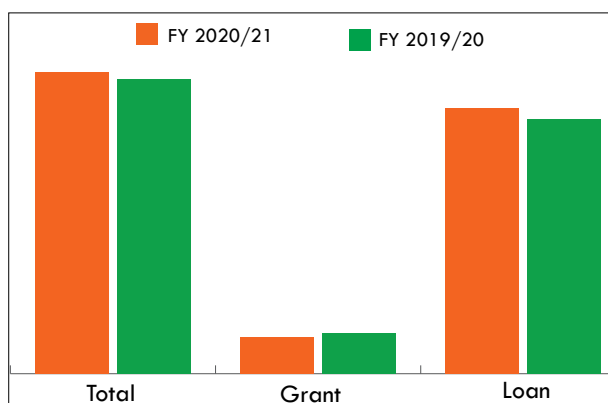
The roundtable, organized on the road to COP26, included representatives from the federal and local government, development partners, private sector, and climate experts.

The Kathmandu Declaration was endorsed by the Madhu Kumar Marasini, Finance Secretary, Ministry of Finance on behalf of Government of Nepal and Hartwig Schafer, World Bank Vice President for South

Asia, Ken O'Flaherty, UK Regional Ambassador for Asia Pacific and South Asia at COP26 Climate Summit, Shixin Chen, Vice-President, South Asia Department and Central and West Asia Department, Asian Development Bank, Jean-Louis Ville, Acting Director for Asia, Central Asia, Middle East/Gulf and the Pacific, European, Dr. Anne-Marie Gulde-Wolf, IMF Deputy Director, Asia and Pacific Department, Neil Buhne, Regional Director, United Nations Development Coordination Office, Asia-Pacific in the presence of Honourable Finance Minister Mr. Janardan Sharma. Altogether thirteen Development partners- Asian Development Bank, Australian Embassy, European Union, Nepal, Embassy of British, Embassy of the Federal Republic of Germany, Embassy of the French Republic, Embassy of the Republic of Korea, Embassy of Switzerland, Embassy of USA, International Monetary Fund, Norwegian Embassy, United Nations, Nepal and the World Bank endorsed the declaration.

## Foreign Aid Commitments

As of November 2021 of the current FY 2021/22, NRs. 63.07 billion (NRs. 5.81 billion as grants and NRs. 57.26 billion as loans) has been received by the Government of Nepal (GoN) from Development Partners (DPs) as new foreign aid commitments for the various development projects and programs. It was NRs. 133.25 billion (NRs. 14.09 billion as grants and NRs. 119.16 billion as loans) during the same period of the previous fiscal year.



## AMIS Refresher Training for INGOs

IECCD/MoF provided Refresher Training on Aid Management Information System (AMIS) to the INGOs on 15 and 22 September 2021 in hybrid model. The training was attended by more than 90 focal points representing various organizations. Mr. Dilli Raj Lekhak, Under Secretary, MoF welcomed the participants and highlighted the purpose and expectations of the training. He explained the usefulness of AMIS data in decision making. He also urged the participants to update the disbursement of this fiscal year. IECCD IT team provided step by step training on how to enter the data successfully in the newly launched AMIS and generate various output reports. Likewise, there was open discussion on various issues of data management and sharing of experiences in updating project information. The training and interaction have been found to be fruitful for the increased use of AMIS by the relevant stakeholders.

## ADB Provides ...

various parts of the country. The project is scheduled to complete on March, 2026.

Mr. Madhu Kumar Marasini, Finance Secretary, Ministry of Finance and Mr. Arnaud Cauchois, Country Director, Nepal Resident Mission, Asian Development Bank signed the Loan Agreement on behalf of the Government of Nepal and the ADB respectively. Similarly, Mr. Kulman Ghising, Managing Director, NEA and Mr. Arnaud Cauchois signed the project agreement.

## Agreement Between ....

prospects for Nepalese youth. The project will benefit a total of 70,000 people.

The project will be implemented by Provincial governments in Province 1, Bagmati Province and Lumbini Province, including 33 local governments, in close collaboration with the CTEVT at federal level.

## GoN and World Bank ....

for the next school sector successor program in two areas – assessment and data systems and help create the fiscal space to fill the gap in financing the government's flagship program.

The Additional Financing will support to the original Nepal Health Sector Management Reform Program for Results implemented under the leadership of the Ministry of Health and Population. It spearheads reforms in public procurement, financial management, data for decision making and citizen engagement for greater accountability in the health sector.