



2015 Annual Meetings of the World Bank Group and the IMF held in Lima, Peru

The Annual Meetings of the Boards of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) took place in Lima, the capital city of Peru, during 9-11 October 2015. Lima welcomed delegations from 188 countries, members of the business, financial, and academic communities, journalists, and civil society representatives, who attended the events.

The Annual Meetings, which generally take place in September-October, have customarily been held in Washington for two consecutive years and in another member country in the third year. The Annual Meetings, inter alia, facilitate networking, mutual interactions among member states and give update on the latest domestic, regional and global economic outlook. This forum can also be utilized for bilateral dialogues in the sidelines.

Finance Secretary and Alternate Governor of the World Bank Group for Nepal led the Nepalese delegation which consisted of Dr. Chinanjibi Nepal, Governor of Nepal Rastra Bank and Governor of the IMF for Nepal, Mr. Madhu Kumar



Governor for Nepal

Statement by Suman Prasad Sharma, Governor of the World Bank Group for Nepal

Marasini, Joint Secretary of the IECCD, Ministry of Finance and Alternate Governor of the IMF for Nepal and Mr. Narayan Dhakal, Under Secretary looking after the World Bank Coordination Desk in the IECCD, Ministry of Finance. As the then Hon. Finance Minister had to cancel his participation in the last minutes due to the new political development in the Country, Finance Secretary was accredited as Governor and leader of Nepalese Delegation.

Head of Nepali delegation Mr. Sharma delivered **Contd P6**

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14th Nepal Portfolio Performance Review



From Left: IECCD Joint Secretary, Finance Secretary, Finance Minister, Vice Chairman NPC and ADB Country Director

Ministry of Finance organized the 14th Nepal Portfolio Performance Review (NPPR) Meeting in Kathmandu on September 11, 2015. The NPPR has been an **Contd P5**



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Ministry of Finance

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Message from the Chief Editor



Madhu Kumar Marasini

Nepal Portfolio Performance Review (NPPR) meeting has been annually organized as joint mechanisms of Development Partners (DPs) and Government of Nepal (GoN). Since 2006, the GoN is taking lead to organize the NPPR. It is a matter of satisfaction that the NPPR has evolved as a master review mechanism in Nepal. The NPPR process has been helping to objectively identify the challenges we are facing, introspect into our own performances and come up with the pragmatic solutions for effective implementations of development projects.

Walking through our current development path along with the direction manifested in the current year budget is not that easy as the absorption capacity of the GoN has yet to improve coping with newer challenges emerged through natural disaster in the Country. Overcoming the vacuum in the local bodies to institutionalize democratic structures for disaster management effectiveness is another challenge in portfolio performance. To address these challenges, Budget has set objectives such as achieving higher economic growth by continuing reform programs, concentrating national resources on rehabilitation and reconstruction, reform in governance for effective budget implementation and service delivery by enhancing capacity of government mechanism. Despite this, low expenditure often ends up with under performance.

To address such challenges, current year's budget has declared this year as the "Budget Implementation Year" and numbers of policy measures have been adopted such as quicker issuance of budget authorization, rolling over budget for multi-year projects, mandatory surrender of the unspent budget and allowing the use of such budget in needy and good performing sectors, among others. Likewise, effective administrative measures have been introduced to address the problem of land acquisition and compensation and policy of reforming existing laws regarding procurement and construction works and simplification of environment impact assessment procedure to speed up the project implementation. We believe that these measures will contribute to improve the budget implementation.

We will have to achieve results to meet our development goal. The NPPR 2015, therefore, focused on results. We believe that this shift will contribute to better manage our development adopting international best practices on development effectiveness as mentioned in Nepal's Development Cooperation Policy 2014. We need to be focused rather than fragmented if we are to reduce unnecessary costs and realize better value for money.

April 25 earthquake has posed further challenges in managing resources efficiently to help ill-fated victims in the face of approaching severe winter. Reconstruction of houses and other basic services in war-footing level of a must to help disaster victims. We have to realize the solidarity and generous pledges committed by the international community to support post earthquake reconstruction at the soonest. The extended focus of the NPPR 2015 on results will back up the expeditious realization of the pledges.

Finally, the IECCD appreciates for the hard work and dedications of all concerned government officials as well as development partners' officials in successfully organizing the 2015 NPPR in a short notice. Periodic review of the progresses against the approved action plan will further substantiate the effectiveness of this process.

Madhu Marasini

DPs Meeting called upon to inform about the Promulgation and the Salient Features of the Constitution of Nepal, 2072

On 28 September 2015, Ministry of Finance organized a special local donors meeting at the Ministry of Finance. Hon. Finance Minister Dr. Ram Sharan Mahat chaired the meeting which was intended mainly to inform local development partners about the salient features of the recently promulgated Constitution of Nepal. The meeting started with welcome address by Finance Secretary Mr. Suman Prasad Sharma followed by Hon. Finance Minister's address with the highlights of the Constitution of Nepal, 2072. On behalf of all Development Partners, Swiss Ambassador Dr.

Urs Herren delivered a written speech on the present situation of the country. Ambassador Dr. Herren applauded for new Constitution for Nepal and hoped that this will open up avenues for rapid reconstruction and development of Nepal. He expected that the early set up of Reconstruction Authority would help expedite recovery works for earthquake victims.

During his address, Hon. Finance Minister presented major points of inclusion, empowerment, social protection and institutional arrangement in the Constitution through which federal structure could be smoothly implemented. Hon Finance Minister recalled the recent earthquake disaster that back-tracked the country from its smooth and positive journey towards macroeconomic performances. He continued saying that the political forces of Nepal came together more united than ever before in the aftermath of the natural disaster and focused on finalizing the Constitution of Nepal which was supposed to be in the center stage of development and reconstruction.

Referring to the context surrounding dissatisfaction from certain section of society on the Constitutional provisions regarding provincial demarcation, Hon. Finance Minister highlighted on major inclusion, empowerment and social protection related features of the Constitution that made it distinct not only from what we had in the past but also from what other Countries in the region has at present. Following points depict major features of the Constitution:

General Features:

- The Constitution of Nepal (2072), written and adopted by the popularly elected Constituent Assembly, was promulgated by the President of Nepal on 20 September 2015.
- The Constitution, which proclaims Nepal as a Federal Democratic Republic was endorsed by 507 members in favour, with 25 voting against. The remaining members of the total of 598 members were absent. The Constitution provides for a bi-cameral parliamentary form of government with the President as the constitutional head. It provides for an independent judiciary with provision for a constitutional bench. The Constitution provides a three-tier governing structure incorporating the centre, federal provinces and local governments. The Constitution guarantees for one-third of legislative memberships at all levels of governance to women. Forty percent of parliamentary seats are set aside for fulfillment through proportional representation of various ethnicities and regions, primarily based on population. The erstwhile unitary system of the country is now replaced with a 7- federal provincial structure.
- The Constitution of Nepal is a modern-day document which responds to aspirations of Nepali people living in mountains, hills and the Tarai/Madhesh plains. The Constitution provides extensive coverage of fundamental rights including social, economic and cultural rights, with the state bound to work towards progressive realisation. The Constitution extends affirmative actions for groups who have been historically disadvantaged and marginalized. The rights of women, Dalits, indigenous and other minorities have been guaranteed. Independent constitutional commissions are provided for women and the Dalit, Janjati, Madhesi, Tharu and Muslim communities, and the Human Rights Commission has been given the mandate to recommend reforms related to laws, policies and practices in order to end discrimination.
- This long-awaited statute written and promulgated by a popularly elected Constituent Assembly reflects the collective aspirations of the Nepali people. There is national commitment

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A Glimpse of DPs Meeting

DPs Meeting called

to build an equitable, just, inclusive and prosperous society based on the principles of equality and proportional inclusiveness. Some specific highlights of socio-economic provisions in the Constitution makes it unique in the modern era, including among countries developed or developing, in terms of inclusive character and empowerment of the socially marginalized communities are given below.

Social Inclusion and Equality:

- The Preamble of the Constitution ensures the building of an equitable society on the basis of proportional, inclusive and participatory principles. The preamble further states the determination to achieve economic equality and social justice by recognizing the diversity of caste, language, religious and cultural beliefs and geography prevailing in the country.
- Exploitation based on religion, custom and culture, ethnic and other kinds of bias is prohibited. (Article 29-2)
- A person who is a permanent resident at the time of promulgation of this Constitution, and is a child born of a father or mother having a Nepali citizenship, will be entitled to a citizen by descent (Article 11-2 (b))
- Any foreign woman married to a Nepali citizen is entitled to the naturalized citizenship, upon her wish (Article 11-6).
- Economically deprived, disabled, vulnerable, helpless single woman and disabled children and endangered ethnic communities, as well as those not being able to care themselves, are entitled to social protection in accordance with law. (Article 43)
- Equal participation is ensured in all national apparatus through the principle of inclusiveness: socially deprived Women, Dalit, indigenous groups, Ethnic groups, Madeshi, Tharu, Minorities, Disabled, Marginalized, Muslim, backward groups, gender minorities, youth, farmers, labor, those underprivileged or located in backward areas, and economically deprived Khas-Arya. (Article 42-1 and 71-6)
- In the National Assembly, each province shall elect eight members, of which at least three shall be women. One member shall be from Dalit and one from either physically impaired or minority groups



A Glimpse of DPs Meeting

(Article 86(2-a))

- Appointment to constitutional bodies shall be based on the principle of inclusion. (Article 283)

Empowerment:

- Women shall have the right of participation under the principle of proportional inclusiveness in all national apparatus (Article 38-4)
- The President and Vice-President elected in accordance to this Constitution shall be of different gender or community of different gender group and communities. (Article 70)
- The Cabinet shall be constituted bearing in mind the principle of inclusion. (Article 76-9)
- Political parties are required to ensure the

proportional representation principle in election candidacies through the 'closed list' system, with references to women, Dalit, indigenous and ethnic groups, Khas-Arya, Madeshi, Tharu, Muslim, and

those from backward area. (Article 84-2)

- The President, under recommendation of the Government, shall nominate three members to the National Assembly, of whom at least one shall be a woman. (Article 86-2 b)
- Either the Speaker or the Deputy-speaker of the House of Representative shall be a woman. (Article 91(2))
- Either the Chair or the Deputy-Chair of the National Assembly shall be a woman (Article 91-2).
- At least one-third of the total number of members to be elected from each political party to the Provincial Assemblies shall be women. (Article 176 -9)
- Either the Speaker or the Vice-Speaker of the Provincial Assemblies shall be a woman. (Article 182-2)
- At least one third of the total number of members to be elected from each political party to the Provincial Assembly shall be a woman (Article -182-2)
- Similarly, provisions have been made to ensure inclusion of women and Dalit in all municipal and other local bodies.

Employment and Livelihood:

- There shall be no discrimination in wages **Contd P5**

DPs Meeting called

and social security for similar jobs on the basis of gender. (Article 18 -4)

- All siblings have equal rights to ancestral property. (Article 18 -5)
- There shall be no discrimination and untouchability on the grounds of origin, caste, community, society, job, profession and physical conditions. (Article 24)
- No one shall be subjected to human trafficking,

slavery and bonded labor. (Article 29-3)

- All disabled and economically-deprived citizens have right to free higher education. (Article 31-3)
- Free access to education is assured to visually-impaired persons in the Brail script and speech-impaired persons through symbolic language. (Article 31-4)
- All communities have the right to impart **Contd P8**

14th Nepal Portfolio

effective and harmonized mechanism of joint review of the performances of the projects/programs funded with development cooperation. It helps chart out future action plan. The NPPR mechanism helps identify bottlenecks in the implementation and to pursue the resolute course of action to overcome such impediments, thereby increasing the efficiency of public investment and achieving the expected development results. The Government of Nepal has declared the current fiscal years as “Budget Implementation Year” in order to focus on implementation. The NPPR helps to materialize the GoN campaign of improving implementation. It is one of the important government initiations to advance efficiency of aid money for development results. Ministry of Finance has been organizing such meetings annually for these purposes.

The opening session of the meeting was chaired by Hon. Govinda Raj Pokhrel, Vice Chairman of National Planning Commission, attended by Hon. Finance Minister Dr. Ram Sharan Mahat and Hon. Members of National Planning Commission. Finance Secretary Mr. Suman Prasad Sharma, Secretaries, Joint Secretaries and other officials from different line Ministries, Head and representatives from Development Partners and media persons were also present on the occasion.

During opening session, Mr. Madhu Kumar Marasini, Joint Secretary, International Economic Cooperation Coordination Division, Ministry of Finance welcomed the participants and revealed the fact that the orientation of the NPPR has been changed to result from process. He also highlighted that Ministry of Finance is always vigilant to increase the effectiveness of the project portfolio in Nepal and urged the line Ministries to improve the overall portfolio performance in Nepal. Dr. Narayan Dhakal, Under Secretary and national coordinator of the NPPR, reported the progress achieved against 2014 Action Plan with ratings of “Unsatisfactory”, “Moderately satisfactory” and

“Satisfactory” and “Highly Satisfactory”. He pointed out some reflections from the past year performance that high level officials started to engage in the process, previously agreed themes and result framework are blended for the current year implementation so as not to repeat the actions from last year. Dr. Teertha Dhakal, Joint Secretary of the National Planning Commission delivered his presentation on “Transition to Results Focused Portfolio Review (NPPR)” highlighting why, what and how of the shift from process to result brought about in the NPPR process. He thoroughly explained the need to align the NPPR with the GoN’s planning, budgeting and monitoring and evaluation system by ways of changing the modality from input to result focus. He further emphasized the need to Shift ownership and accountability from the staff agencies to implementing agencies

Hon. Finance Minister Dr. Ram Sharan Mahat highlighted on current political situation that has big implication on the portfolio performance and urged all the actors for honest and expeditious implementation of the development projects. Hon. Vice Chairman of the NPC Dr. Govindra Raj Pokhrel and Kenichi Yokoyama, Country Director of Asian Development Bank also addressed the meeting in the opening session.

The business session of the meeting was chaired by Dr. Som Lal Subedi, Chief Secretary. We had selected agriculture, energy, education, local governance and transport as the key sectors to be covered for reviewing the performance also from 5 thematic lenses - public financial management, procurement management, human resources management, managing for development results and mutual accountability. Joint secretaries from five ministries as a sector lead had highlighted and updated their progress in their respective sectors. Finally, the meeting adopted a result achievable NPPR action plan for 2015-16.

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a written statement (Can be downloaded from IECCD website: <http://www.imf.org/external/am/2015/mmedia/view.aspx?vid=4546997943001>). Appreciating the Government and the people of the Republic of Peru for their warm hospitality and wonderful arrangements of the meetings, Mr. Sharma emphasized the need of collective commitment as well as actions to achieve Sustainable Development Goals within next 15 years, which is possible only by ending extreme poverty, sharing prosperity and dealing with trans-boundary issues, such as climate change. He expressed a deep-felt appreciation of the Nepalese people to the WBG and the IMF for their support and solidarity expressed during and immediately after the devastating earthquakes that hit Nepal early this year. Finance Secretary Mr. Sharma reaffirmed Nepal's commitment to effectively utilize the support pledged during ICNR over the next five years.

Finance Secretary Mr. Sharma, through his statement, informed the international community that Nepal had promulgated on September 20 a new Constitution that is the most progressive to date and had been written for the first time by the representatives of the Nepali people themselves. This Constitution fully transforms Nepal into a Federal Republic resting on the foundations of secularism, inclusive parliamentary democracy, and independent judiciary. Finance Secretary further elaborated that the Constitution adopted a three-tier governing structure and guaranteed one-third of legislative seats at all levels for women. Forty percent of parliamentary seats were set aside for proportional representation of under-served ethnicities and regions reflecting the collective aspirations of the Nepali people for an inclusive, just, equitable and prosperous Nepal. Finance Secretary also highlighted on the challenges ahead in consolidating the social and political gains to realize higher trajectory of economic growth. Last year, he mentioned, was a significant year in terms of the country's macroeconomic performances, however, the recent earthquake disasters disrupted the momentum. Finance Secretary welcomed the WBG's continued interest in supporting Nepal's hydropower development, which is crucial to meet the acute power shortages within Nepal and across South Asia; and to revive manufacturing sector and create jobs. Finance Secretary Mr. Sharma hoped that the IDA resources can be leveraged creatively and innovatively based

on the lessons learned from previous IDAs and requested the Bank to step up investment in the areas of infrastructure building, renewable energy, and climate change. Finally, Finance Secretary expressed gratitude to the WBG and the IMF for their engaged and persistent support to Nepal's efforts in rising from the ruins caused by natural disasters and wished for great success of the annual meetings.

Though main events were scheduled for 9-11 October, the Nepal related meetings started from 7 October with the 5th Working Group Meeting on Staff Rotation Scheme for Southeast Asia Voting Group. Mr. Madhu Kumar Marasini, Joint Secretary of the IECCD led Nepalese delegation. On the same day, preparatory meetings for Vulnerable 20 Group (v-20) was conducted. Mr. Narayan Dhakal, Under Secretary of the IECCD, participated in this meeting. Finance Secretary led Nepalese delegation in the Inaugural meeting of v-20 group of Finance Ministers convened on 8 October in the National Convention Center of Lima. Nepal explaining its position in the climate changes initiatives supported the establishment of this group and agreed with the v-20 action plan. Other important meetings that Nepal participated on the 8 October were meeting with the World Bank South Asia Region Vice President Ms. Annette Dixon and the Joint Meeting of the World Bank-IMF Governors from Southeast Asia Constituency. The 31st SAARC Finance Group meeting was also convened on the 8 October.

October 9, 2015 was the Plenary Session of the 2015 Annual Meetings where all members of Nepal delegation led by Finance Secretary participated. Other important bilateral and sideline meetings were conducted on this day. Meeting with JICA Vice President Mr. Koderu and with United States Deputy Assistant Secretary Mr. Robert Dohner were two major bilateral meetings where Nepalese delegation comprehensively briefed them the situation Nepal was facing after earthquake and promulgation of the Constitution. The interactions centered around areas of reconstruction, development, fuel crisis including humanitarian crisis likely to be caused by obstruction in the border area and unofficial blockade imposed by India on Nepal. Nepalese delegation also met with officials from IMF and IFC and discussed on financial sector reform and investment potentials in Nepal.

AMP Refresher Training to INGOs

AMP refresher training was organized by the IECCD/MoF on 21, 23 and 24 September 2015 in Kathmandu separately. Altogether, the training was attended by 75 participants. AMP has set a milestone for reporting INGOs contributions in the development sector. MoF is able to highlight an analytical view of INGOs contribution in the overall development of the country through the publication of Development Cooperation Report. Step by step data entry process and report generating skills were shared during the training program. The training was facilitated by AMP team of IECCD/MoF.

For the purpose of aid transparency and aid predictability, the Aid Management Platform (AMP), an online web-based information system is set up in the Ministry of Finance. All development partners have been given access to this and they are reporting aid



AMP Training Participants

information into the system regularly. The AMP has currently been a very effective tool for the collection and dissemination of information related to foreign aid flows. MoF has encouraged all the AIN (Association of INGOs) Members to be a part of AMP and report their disbursement in every six months accurately. Similarly MoF is in the process of drafting Development Cooperation Report/DCR for the period of 2014/2015.

IECCD Officials Visited Cambodia and the Philippines

A Nepalese team of IECCD officials visited to Cambodia on 28-29 September and the Philippines on 1-2 October 2015. The main objective of the visit was to share knowledge and learn about the aid data management system of Republic Government of Cambodia and recovery practices in the Philippines. The team was led by Mr. Bhuban Karki and other members of the team were Mr. Mohan Singh Basnet, Mr. Thakur Prasad Gairhe, Mrs. Usha Pokharel and Mr. Ram Bahadur K.C.

At the time of visiting Cambodia, the Royal Government of Cambodia hosted "Learning Exchange on ODA Information Management" program for Nepal and Bangladesh. It was learning and sharing program on aid management system among all participant countries as south-south cooperation. The

team also visited the Philippines for attaining "Indicative Mission Program - Nepal ODA Management Team's Exposure and Peer-Learning Visit to the Philippines".

During visit, the team had meeting with Department of Finance - International Finance Group presented the FAiTH which records the normal Official Development

Assistance (ODA) of Philippines, National Economic and Development Authority (Yolanda Recovery), and National Economic and Development Authority (Aid Coordination, Management, and Cooperation Strategies). The team also met Titon Mitra, UNDP Country Director of UNDP Philippines with UNDP Program Teams, meeting with Department of Budget and Management and Meeting with Office of the Presidential Assistant for Rehabilitation and Recovery (OPARR) Officials. The team had focused the data management for the recovery from the Haiyan Typhoon

and knowledge sharing about their software system eMPATHI in detail.

The team observed that ODA database of Cambodia is well recorded the three year projection, availability of predefined report which is more user friendly, and able

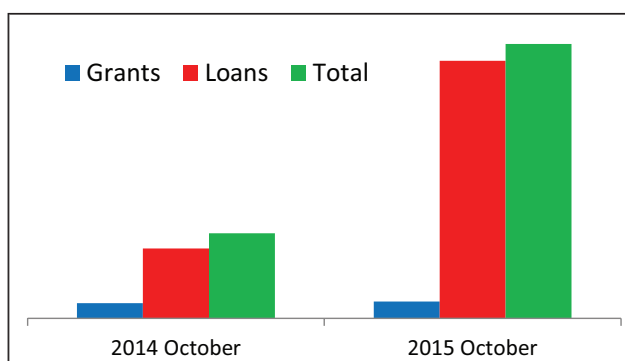
to capture the NGOs data. However, the ODA database is controlled by Council for the Development of Cambodia (CDC), not by Finance Ministry and the focal person of DPs and NGOs are responsible for data entry of the related projects. The team also had chance to learn about the homegrown aid management database of Bangladesh.



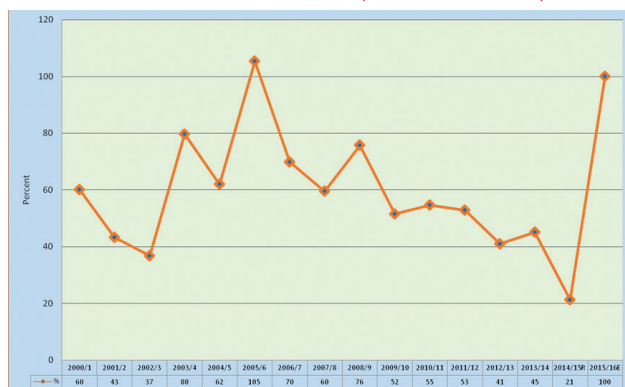
Representatives from Nepal and other Countries

Foreign Aid Commitment

As of October 2015 of the current FY, the new foreign aid commitment received by the GoN from DPs has reached the total of Rs. 55,397.10 million (Rs. 3,397.10 million as grant and Rs. 52,000 million as loan) for the implementation of various development projects / programs. In the same period of previous fiscal year, the total commitment received by the GoN from various DPs had reached the total of Rs. 17,172 million (Rs. 3,072 million as grant and Rs. 14,100 million as loan) .



Disbursement as % of Commitment (2000-2015)



Source: MoF, Economic Surveys

DPs meeting

education through the mother tongue, and have the right to open schools and to administer them towards this purpose. (Article 31-5)

- All communities have freedom of communicating in their local languages. (Article 32-1)
- All communities have freedom to lead distinctive cultural lives. (Article 32-2)
- All communities are empowered to protect and preserve their languages, scripts, cultural civilization and heritage. (Article 32-3)
- The right to employment is ensured. (Article 33)
- Entry into the Nepal Army based on the principle of equality and inclusiveness is ensured. (Article 267(3))
- Right against untouchability and discrimination is guaranteed. (Article 24 (1) to (5))
- Recruitment into Provincial Government Service including Provincial Civil Services through the provincial laws shall be carried under the principle of proportional inclusiveness. (Article 285-2)

Social Security:

- The Constitution provides a number of rights to ensure social security for all the Nepalese people, some of which are
 - » The Right to Food (Article 36)
 - » The Right to Housing (Article 37)
 - » The Rights of Dalits as enshrined in Article 40.
 - » The Rights of Children as enshrined in Article 39.
 - » The Rights of Senior Citizens as enshrined in Article -41.
 - » The Right to Social Security as enshrined in Article 43.
 - » Further, the Constitution protects the rights of LGBTs by not permitting any discrimination on the basis of sexual orientation.

Additional Constitutional Bodies:

- Following additional Constitutional bodies have been set up to monitor, further define and facilitate the implementation of the rights and provisions assured by the constitution so that the citizens are not impaired from freely availing them.
 - » The National Women Commission. (Article 252)
 - » The National Inclusion Commission. (Article 258)
 - » The Indigenous Peoples' Commission. (Article 261)
 - » The Madheshi Commission. (Article 262)
 - » The Tharu Commission. (Article 263)
 - » The Muslim Commission. (Article 252)

Finally, the floor opened for discussions and comments was closed by the Chair with his response to the queries from the participants and concluding remarks.