

PRESS RELEASE

The Government of Nepal and the World Bank today signed a financing agreement for \$15 million (equivalent to approximately Nepalese Rupee 1.64 billion) in Kathmandu towards strengthening the country's Public Financial Management. The *Integrated Public Financial Management (PFM) Reform Project* is financed through a World Bank-administered Multi-Donor Trust Fund (MDTF) established in 2010 and currently funded by European Union (EU), UK Department for International Development (DFID), Government of the Swiss Confederation, Government of Norway, Australian Government Department of Foreign Affairs and Trade (DFAT), and United States Agency for International Development (USAID).

The agreements were signed by the Joint Secretary of International Economic Cooperation Coordination Division Shreekrishna Nepal and World Bank Country Manager for Nepal Faris H. Hadad-Zervos in the presence of senior government officials, World Bank officials and Development Partners of the MDTF.

The project supports the priorities of the government as expressed in the National PFM Reform Plan (2016/17-2025/26) and aims to strengthen the effectiveness of selected PFM and procurement institutions, systems, and procedures at the federal and subnational levels. Accordingly, the project expects tangible results as follows: (a) Improved aggregate capital budget out-turns at the federal level; (b) Comprehensive accounting and reporting procedures in place in federal and subnational governments; (c) Improved audit planning and quality management for audit of federal and subnational entities; and (d) Improved timeliness of contract award in selected key sector agencies (KSAs) at federal level and selected subnational governments. The project is organized around four complementary components with a multitude of linkages: (1) strengthening public expenditure and revenue management in federal and local governments; (2) strengthening the Office of the Auditor General; (3) public procurement improvement; and (4) PFM reform management and coordination.

During the signing ceremony, Hadad congratulated the government for its thoughtful leadership during the entire preparation period, resulting in an integrated project that views PFM in a holistic and comprehensive manner.

The project has a unique strategic fit that rests at three levels – policy, institutions, and processes wherein technical assistance will be provided to implement the new policy framework, build the capacity of key PFM institutions, while maintaining a strong downstream focus and strengthening essential upstream PFM processes.

Joint Secretary Nepal appreciated the cooperation of the World Bank and MDTF Development Partners supporting the government's PFM agenda to strengthen the public financial management system that would fit to support the federal transition. He added that the government will take the lead to drive the PFM agenda.

Ministry of Finance
Singhadurbar, Kathmandu
24th August, 2018

The World Bank
Yak and Yeti Complex
Kathmandu, Nepal