

**PRESS RELEASE**

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**Framework Agreement between European Investment Bank (EIB) and Nepal Government expected to improve economic conditions and energy supply**

On Monday the 7<sup>th</sup> of May, the EIB, the European Union's long-term financing institution, and the Government of Nepal signed a Framework Agreement under which the Bank may start financing capital investments in Nepal.

The agreement was signed by the EIB Vice-President with special responsibility for the Bank's activities in Asia, Magdalena Álvarez Arza and Krishna Hari Baskota, Secretary of the Ministry of Finance, Government of Nepal.

Following the signing, the EIB Vice-President called on Prime Minister Dr. Baburam Bhattarai at his office in Singhadurbar where the two discussed the future role of the EIB in supporting Nepal's sustainable development.

During the signing ceremony the EIB Vice-President emphasized "the importance of this Framework Agreement in this very significant moment in Nepal's recent history" and stated "I am confident that this first milestone in the cooperation between Nepal and the EIB will soon result into the implementation of projects, especially in the area of renewable energy and energy infrastructure. These will help Nepal develop further its huge hydropower potential and improve economic prosperity and quality of life for the Nepalese people."

Dr. Alexander Spachis, Ambassador, Head of the European Union Delegation to Nepal, welcomed the agreement. He expressed the optimism that it would open up additional avenues for the Government of Nepal to acquire funds for further pursuing development initiatives on important social, economic and development sectors. He also underlined that the agreement was in line with the European Union's recent initiatives designed to assist developing countries in achieving inclusive economic growth, including providing access to sustainable energy to their populations.

Finance Secretary Baskota stated that "This agreement will provide Nepal a basis for sufficient financing at low cost and create conducive environment for foreign investment in different projects like infrastructure development, energy, sustainable environment and so on. We are confident that this venture will support Nepal to achieve sustainable and inclusive economic development. Let's hope this collaboration will grow further in the days to come."

The EIB is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investment in order to contribute towards EU policy goals. Outside the EU, the Bank supports projects that contribute to economic development in countries that have signed association or cooperation agreements with the EU or its Member States. Of EUR 61 billion lent in 2011, EUR 7 billion went for projects outside the EU.

The EIB finances projects in countries which have concluded cooperation agreements with the European Union. In Asia, the Bank has so far signed Framework Agreements with Bangladesh, China, India, Indonesia, Laos, Maldives, Mongolia, Pakistan, the Philippines, Sri Lanka, Thailand, Vietnam and Yemen.

At the request of the European Council, the EIB's Board of Governors authorised lending of up to EUR 750 million for a period of three years (1993-1996) for projects of mutual interest located in Asia and Latin America. This mandate has been successfully renewed: EUR 275m (1997), EUR 900m (1997-1999), EUR 2 480m (2000-2006). Under the current mandate (2007-2013) the EIB is authorised to lend up to EUR 5.8 billion for financing operations that contribute to climate change mitigation and adaptation or the development of sustainable economic infrastructure.

In addition to the mandate, the Bank is managing a Facility for Energy Sustainability and Security of Supply (ESF), a multi-annual (2007-2013) EUR 4.5 billion facility designed to reinforce the EIB's contribution to renewable energy and energy efficiency in non-member countries. Under these authorisations, from 1993 until 2011, the EIB has already provided EUR 4.3 billion for projects in Asia.

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