



## Joint Press Statement

Kathmandu, 19 October 2014

**The European Union and Nepal launch their new seven years cooperation strategy: €360 million to expand opportunities for a prosperous Nepal.**

During the first ever top level EU visit to Kathmandu, European Commissioner for Development, Andris Piebalgs, and the Honourable Minister of Finance of Nepal, Dr Ram Sharan Mahat, officially launched today the new EU-Nepal Cooperation Programme 2014-2020.

With an envelope of €360 million (about NPR 44.8 billion) for 2014-2020 the strategy aims to boost rural development and job creation, foster quality education and strengthen democratic governance.

In the margins of the launch ceremony in Singha Durbar, Ministry of Finance, Commissioner Piebalgs stated: "Nepal has come a long way and it's very impressive how the Nepalese people managed peaceful democratic transition after a decade of internal conflict. At this crucial point of transition, and about to give itself a new Constitution, Nepal's democracy needs to show that it delivers for the people's development. To support this process, also as a sign of enhancing relations, the EU will triple the aid it gives to Nepal.

Meanwhile Dr. Mahat said that despite the difficulties Nepal achieved significant progress in different sectors. Poverty level that stood at 49 percent in the early nineties has come down to 23.8 percent and with determination and persistence Nepal can overcome the challenges ahead to further expand opportunities, well paid jobs and better livelihoods for people in the country, Minister Mahat stated.

He appreciated the support extended by the EU in the social and economic development of Nepal and said that Nepal was keen to jointly implement concrete actions with its European friends. Dr Mahat expected an enhanced cooperation

from the EU in the days to come especially in areas, such as Energy, Infrastructure, trade and agriculture.

## EU Cooperation in Nepal

Collectively, the EU and the EU Member States are the largest providers of official development assistance (ODA) in Nepal. For the last three decades, the EU has been supporting the people of Nepal on a range of key development issues such as education and health, stability and peace building and addressing climate change, food security and natural disasters. EU also helps protecting human rights in Nepal, because the way the most vulnerable are treated is the real benchmark for genuine and inclusive development.

Trade and tourism are important drivers for economic development and job creation. The EU is Nepal's second biggest export market (13% share) and Nepal enjoys preferential access ("Everything but arms scheme" which allows duty free entry to European markets for nearly all Nepalese products) to this biggest market in the world. 1 out of 5 tourists visiting Nepal in 2012 was a European and it could become many more.

The new EU Nepal Cooperation programme, the so called Multi-Annual Indicative Programme (MIP) was adopted in the autumn of 2014. It is aligned to the National Development Strategies of Nepal and the funds will triple to €360 million as compared to 2007-2013 . The MIP identifies three focal sectors:

Sector	Indicative allocation (in € million)	% financial envelop
<b>Sector I:</b> Sustainable Rural Development	<b>146</b>	<b>40.5%</b>
<b>Sector II:</b> Education	<b>136.4</b>	<b>38%</b>
<b>Sector III:</b> Strengthening democracy and decentralization	<b>74</b>	<b>20.5%</b>
Support measures	<b>3.6</b>	<b>1%</b>
<b>Total</b>	<b>360</b>	

For sustainable rural development the focus will be on agricultural productivity and value added, job creation, market access infrastructure and nutrition. The first

project will be the Partnership for enhanced Nutrition in Nepal: Support by the EU and UNICEF (€22.6 million EU contribution). Nepal has received international acknowledgement and recognition in the Scaling up Nutrition (SUN) movement.

On education, the aim is to improve basic education, in particular regarding quality, livelihood skills and equity for the vulnerable and disadvantaged. The EU will also support technical and vocational training linking it to the Nepali job market.

Democracy and decentralisation as a focus will allow to support governance and more generally the decentralisation process. The EU will also stay engaged with Nepal's Public Finance Management reform efforts at national and local level.

In addition, Nepal can benefit from the Asia Regional Cooperation, specifically regarding Aid for Trade cooperation, Aid to Uprooted People, the EU funded Asia Investment Facility and SAARC regional integration as well as a number of initiatives through calls for proposals reaching out to Civil Society such as the European Instrument for Democracy and Human Rights (EIDHR) and the Non State Actor/Local Authorities (NSA/LA) Initiative.

Government of Nepal has expressed its sincere appreciation to the EU for the keen interest and continued support in the socio-economic development of Nepal.

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