



World Bank and Nepal Partner to Strengthen Climate and Disaster Risk Response

KATHMANDU, March 30, 2020 – The Ministry of Finance signed a \$50 million (NPR 6 billion) financing agreement with the World Bank on March 27 for a contingent financing that can be availed in the case of a natural disaster or health emergency in the country. This operation aims to enhance the government capacity to manage the risk of climate change and natural disasters including disease outbreaks.

The agreement on the Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO) was signed by Mr. Sishir Kumar Dhungana, Secretary, Ministry of Finance and Mr. Faris H. Hadad-Zervos, World Bank Country Manager for Nepal.

“Proactive disaster risk management is at the core of the government’s priorities given Nepal’s physical and financial vulnerability to natural and health hazards,” stated **Sishir Kumar Dhungana, Secretary, Ministry of Finance**. “We are thankful to the World Bank for its support that will contribute to Nepal’s overall efforts to strengthen climate and disaster risk response.”

The Cat DDO is an innovative type of disaster risk financing instrument that would allow the government to respond quickly to emergency needs, following a disaster event without having to divert resources from its ongoing development programs. It will complement the Government’s existing response mechanisms, such as the National Disaster Management Fund and the Prime Minister’s Disaster Relief Fund.

“Natural disasters and health emergencies are almost annual events in Nepal and represent a significant financial shock to the mountainous land-locked country, as we have witnessed in the recent past,” said **Faris H. Hadad-Zervos, World Bank Country Manager for Nepal**. “This operation will provide Nepal with a contingent line of credit while supporting its reform efforts to build resilience to disasters, climate and health risks. The Cat DDO financing can be immediately availed to meet critical financing needs after a disaster.”

The Cat DDO operation supports the country’s policy reforms aimed at increasing overall resilience, such as improvement of the disaster risk management regulations, national building code, climate change policy, and national pandemic preparedness and response plan.

The Cat DDO funds may be drawn in the case of a natural hazard or public health outbreak. The line of credit will be available to be partially or fully drawn down at any time within the next three years and can be renewed for an additional three years for a total of 6 years.

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