

## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with Nepal

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

### 4.3 Implementation of the Budget Support Component

#### 4.3.1 Rationale for the Amounts Allocated to Budget Support

The amount allocated for the budget support component is EUR 21 000 000, and for complementary support is EUR 2 000 000. This amount is based continuing the previous level of support to Nepal's nutrition sector and on an assessment of an effective strategic balance between direct financial support to be paid in 3 tranches and a three-year period of complementary technical support covering the period 2024 to 2026.

Financial allocations will be spread across variable tranches indicators to reflect priority areas of focus. Overall, the amount allocated to budget support corresponds to approximately 5% of the yearly MSNP estimated costs and 16% of the total resources expected by the government from external DPs in the MSNP-III estimated cost by funding source, over the first 3 years of the plan.

The programme is expected to be implemented over four years, with three foreseen budget support payments. The indicative share of the fixed and variable tranche is 40% fixed tranche (EUR 8 million) and 60% variable tranche (EUR 13 million).

#### 4.3.2 Criteria for Disbursement of Budget Support

##### a) Conditions.

The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the Multi-Sector Nutrition Plan III (2023-2030) and continued credibility and relevance thereof or of the subsequent policy.
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme.
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information.

b) The performance indicators for disbursement to be used for variable tranches may focus on the following policy priorities: inclusiveness, result-based orientation, governance, evidence-based planning and budgeting.

##### c) Modifications.

The chosen performance indicators and targets to be used for the disbursement of variable tranches will apply for the duration of the action. However, in duly justified cases, the partner country and the Commission may agree on changes to indicators or on upward/downward revisions of targets. Such changes shall be authorised in writing ex-ante, at the latest at the beginning of the period under review applicable to the indicators and targets.

In exceptional and/or duly justified cases, for instance where unexpected events, external shocks or changing circumstances have made the indicator or the target irrelevant and could not be anticipated, a variable tranche indicator may be waived. In these cases, the related amount could either be reallocated to the other indicators of the variable tranche the same year or be transferred to the next variable tranche the following year (in accordance with the original weighting of the indicators). It could also be decided to re-assess an indicator the following year against the original target, if there was a positive trend and the authorities did not reach the target because of factors