IMF Country Report No. 26/92

NEPAL

May 2026

REQUEST FOR AN EXTENSION OF THE EXTENDED CREDIT FACILITY ARRANGEMENT-PRESS RELEASE; AND STAFF REPORT

In the context of the Request for an Extension of the Extended Credit Facility Arrangement, the following documents have been released and are included in this package:

- A **Press Release**.
- The **Staff Report** prepared by a staff team of the IMF for the Executive Board's consideration on a lapse of time basis, following discussions with the officials of Nepal on economic developments and policies underpinning the IMF arrangement under the Extended Credit Facility. Based on information available at the time of these discussions, the staff report was completed on April 28, 2026.

The IMF's transparency policy allows for the deletion of market-sensitive information and premature disclosure of the authorities' policy intentions in published staff reports and other documents.

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International Monetary Fund
Washington, D.C.

IMF Executive Board Approves Extension of the Extended Credit Facility Arrangement with Nepal

FOR IMMEDIATE RELEASE

Washington, DC – May 6, 2026: The Executive Board of the International Monetary Fund (IMF) today approved the Nepali authorities' request for a two-month extension of the Extended Credit Facility (ECF) arrangement until July 11, 2026, to allow sufficient time for the completion of the seventh and final review of the ECF arrangement.

The 38-month ECF arrangement was approved by the Executive Board on January 12, 2022, with access of SDR 282.42 million (180 percent of quota) (see Press Release No. 22/6). An extension of the ECF arrangement to January 11, 2026 with rephasing of disbursements without additional access was approved by the Executive Board on May 1, 2023 (see IMF Country Report No. 23/158). An extension of the ECF arrangement to May 11, 2026 without additional access was approved by the Executive Board on December 1, 2025 (see IMF Country Report No. 25/331).

The Executive Board's decision was taken on a lapse-of-time basis.[1]

[1] The Executive Board takes decisions under its lapse-of-time procedure when a proposal can be considered without convening formal discussions.

700 19th Street NW
Washington, DC 20431
USA

INTERNATIONAL MONETARY FUND

NEPAL

April 28, 2026

REQUEST FOR AN EXTENSION OF THE EXTENDED CREDIT FACILITY ARRANGEMENT

Approved By:
Rupa Duttagupta (APD) and Koshy Mathai (SPR)

Prepared by the Asia and Pacific Department (APD) in consultation with the Strategy, Policy and Review (SPR) and Legal (LEG) Departments.

1. **The authorities of Nepal are requesting an extension of the Extended Credit Facility (ECF) arrangement to July 11, 2026**. The ECF arrangement is currently due to expire on May 11, 2026. It was approved by the Executive Board on January 12, 2022 for the equivalent of SDR 282.42 million (180 percent of quota) for 38 months. A 10-month extension with rephasing of disbursements without additional access was approved by the Executive Board on May 1, 2023. A four-month extension without additional access was approved by the Executive Board on December 1, 2025.

2. **The extension will allow sufficient time to complete the critical reform to submit the amendments to the Nepal Rastra Bank (NRB) Act to Parliament for the seventh and final review**. The sixth review was completed on October 1, 2025. The last test date for the program was mid-July 2025, and a mission to discuss the seventh review took place in February 2026. The Nepali authorities and the IMF team have reached staff-level agreement to conclude this review (see Press Release No. 26/058) and a Staff Report has been prepared. Additional time is needed to submit the NRB Act amendments related to bank resolution framework and certain safeguards assessment recommendations to Parliament, a prior action for the seventh and final review. This reform was delayed in part due to the March 2026 elections and transition of the administration.

3. **The program's quantitative targets for mid-July 2025 were met**. The authorities have met the mid-July 2025 quantitative performance criteria on primary balance and international reserves, as well as the indicative target (IT) on tax revenue. The standard continuous performance criteria have been met. The IT on child welfare grant was missed marginally, with actual spending about one percent below target. As in the past, all eligible children who applied received the allowance. While significant progress has been made on structural reforms, the submission of the NRB Act amendments to Parliament is ongoing, and staff are confident it may be completed by July 11, 2026.

4. **Staff support the authorities' request for the extension of the ECF arrangement to July 11, 2026**.

Letter Requesting the Extension of the ECF Arrangement

Kathmandu, Nepal

April 27, 2026

Ms. Kristalina Georgieva

Managing Director

International Monetary Fund

Washington, D.C. 20431

Dear Ms. Georgieva,

1. On behalf of the Government of Nepal, we would like to request an extension of the Extended Credit Facility (ECF) arrangement until July 11, 2026. The ECF arrangement was approved by the Executive Board of the International Monetary Fund on January 12, 2022 and is due to expire on May 11, 2026.

2. The program extension would provide additional time for the conclusion of the seventh and final review under the ECF arrangement. The extension is to complete the critical reform to submit the amendments to the Nepal Rastra Bank (NRB) Act to Parliament. The delay in completing this reform was in part due to the elections in March 2026 and the transition of the administration. The amendments to the NRB Act will help enhance the NRB's governance and strengthen the bank resolution framework, in line with the objectives of the ECF-supported arrangement.

3. The government remains committed to conducting stable macroeconomic policies and the achievement of program objectives.

Sincerely yours,

/s/	/s/
Dr. Biswo Nath Poudel Governor, Nepal Rastra Bank	Hon. Dr. Swarnim Waglé Minister of Finance