United Nations

Committee for Development Policy

2025 Monitoring Report

Nepal

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Summary

Nepal has made steady progress across all LDC criteria and socioeconomic indicators, now meeting the thresholds with a margin. Significant advancements have also been achieved in enhancing productive capacity and promoting business development. However, challenges persist, including limited private sector capacity, vulnerability to climate change and extreme natural events, inadequate infrastructure, and trade difficulties due to its landlockedness. Nepal finalized its Smooth Transition Strategy (STS) in early 2024, with a strong focus on its effective implementation from this point on. The country has requested continued support from UN entities, particularly in capacity development, to address these ongoing challenges.

Macroeconomic situation

UN DESA estimates GDP growth has increased to 3.7 per cent in 2024 (see table 1), with the IMF projecting 3.1 per cent, while ADB and EIU forecast 3.9 per cent.[1] The government estimates real GDP growth at 3.5 per cent for FY23/24[2]. The growth was driven by improved agricultural output, higher electricity generation, and increased tourist arrivals. Growth is expected to further accelerate in 2025, fueled by planned infrastructure projects and their expedited implementation, continued monetary easing, ongoing financial sector reforms, and the revitalization of tourism and related services.[3] For 2025, GDP growth projections are 4.4 per cent by DESA, 5.2 per cent by IMF, 4.9 per cent by ADB, and 4.5 per cent by EIU[4], with the government targeting 6.0 per cent in FY24/25.[5]

Inflation has been reduced from 7.0 per cent in 2023 to 4.8 per cent in 2024 (see table 1). The Government estimates the CPI has been reduced from 7.3 per cent in FY22/23 to 3.6 per cent in FY23/24. Nepal Rastra Bank will keep the Nepali rupee pegged to its Indian counterpart in 2024-25. Continued inflows of foreign aid will ensure that foreign-exchange reserves remain sufficient to support the peg.

Sustained economic growth in India -Nepal's main trading partner- will underpin local economic activity in 2024-25. Steady remittance inflows will support private consumption. Labour mobility will improve, boosting construction and manufacturing activity.[6]

Table 1. Selected macroeconomic data for Nepal, 2018-2024

Indicator	2018	2019	2020	2021	2022	2023	2024
GDP growth rate (per cent, constant price)	7.6	6.7	-2.4	4.8	5.6	2.0	3.7
Inflation rate (%)	4.1	5.6	5.1	4.1	7.7	7.0	4.8
Government revenue (billions of national currency)	766.0	862.6	865.0	1,012.8	1,141.3	1,033.7	1,149.7
Government expenditure (billions of national currency)	967.6	1,055.0	1,073.6	1,186.0	1,296.8	1,345.3	1,435.6

[1] IMF, World Economic Outlook Database, accessed October 2024; ADB, Asian Economic Outlook, accessed Oct 2024; EIU, Nepal Country Report, accessed Oct 2024.
[2] Nepal Central Bank, https://www.nrb.org.np/, accessed Oct 2024.
[3] Asian Development Bank, Asian Economic Outlook, Sep 2024.
[4] UN DESA, World Economic Situation and Forecast, Jan 2024; IMF, World Economic Outlook Database, accessed October 2024; ADB, Asian Economic Outlook, accessed Oct 2024; EIU, Nepal Country Report, accessed Oct 2024.
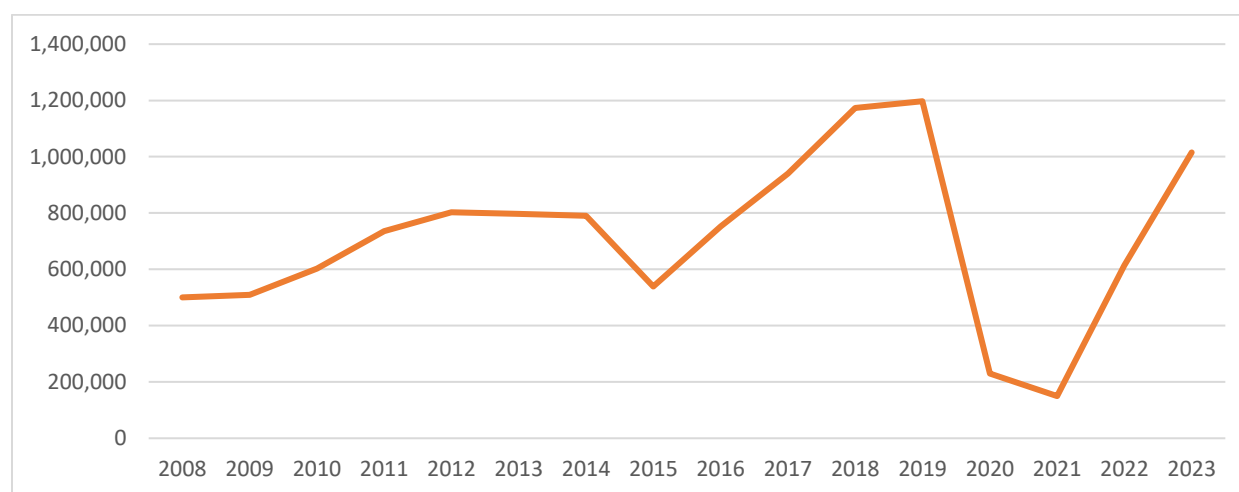[5] Ministry of Finance, Fiscal Policy Statement for FY 2024/25, June 2024.
[6] EIU, Nepal Country Report, accessed Oct 2024.

Government balance (billions of national currency)	-201.6	-192.4	-208.6	-173.2	-155.4	-311.5	-285.9
Government balance (per cent of GDP)	-5.8	-5.0	-5.4	-4.0	-3.2	-5.8	-4.9
Net ODA received (millions of US dollars)	1,452.4	1,333.6	1,760.1	1,599.6	1,198.7		
Balance of Payments (millions of US dollars)							
Current Account	-2,748.5	-1,753.6	-84.1	-5,363.0	-2,517.8	939.4	
Goods, Credit (Exports)	932.3	1,110.9	890.1	1,721.7	1,497.8	1,359.1	
Goods, Debit (Imports)	12,863.0	12,118.4	9,597.0	15,428.6	13,435.0	11,823.6	
Balance on Goods	-11,930.7	-11,007.5	-8,706.9	-13,706.9	-11,937.2	-10,464.6	
Services, Credit (Exports)	1,745.3	1,615.3	881.2	797.9	1,235.1	1,640.3	
Services, Debit (Imports)	1,775.3	1,717.9	1,097.4	1,564.5	2,027.4	2,274.9	
Balance on Services	-29.9	-102.6	-216.2	-766.7	-792.3	-634.5	
Balance on Goods and Services	-11,960.7	-11,110.1	-8,923.1	-14,473.6	-12,729.5	-11,099.1	
Balance on Income	220.0	519.4	174.7	247.5	335.2	662.2	
Balance on Current Transfers	8,992.1	8,837.0	8,664.3	8,863.1	9,876.4	11,376.3	
Capital Account	133.9	142.1	115.4	118.0	71.7	47.2	
Financial Account	-1,567.3	-653.4	270.8	-5,240.8	-1,284.7	1,761.8	
Direct investment (net)	-68.3	-185.6	-126.6	-196.3	-65.5	-73.8	
Portfolio investment (net)	0.0	0.0	0.0	0.0	0.0	0.0	
Financial derivatives (other than reserves) and employee stock options	...	...	...	...	...	...	
Other investment (net)	-842.0	-806.2	-2,531.8	-2,670.1	-2,139.4	-1,279.0	
Reserve assets	-657.1	338.4	2,929.2	-2,374.3	920.1	3,114.7	
Reserves (months of imports)	6.6	7.5	12.5	6.7	7.1	10.4	

Source: GDP growth and inflation are from UN DESA, WESP 2025 edition, Government balance is from IMF, World Economic Outlook Database. Net ODA is from OECD, OECD.Stat. All external sector indicators are from IMF, Balance of Payment Data Reports.

Tourism, a significant contributor to the national GDP, has shown remarkable recovery since the pandemic. Figure 1 presents a fast recovery in the tourist arrivals, nearly returning tourist numbers to pre-pandemic levels.

Figure 1. Number of Tourist Arrival, Nepal, 2008-2023

Source: Nepal Rastra Bank, Macro and Financial Data, accessed Oct 2024.

LDC Criteria and Supplementary Indicators

Nepal currently meets all graduation criteria with some margins. Nepal's per capita GNI in 2025 is $1,404, above the graduation threshold of $1,306 established at 2024 Triennial Review (see table 2). Nepal's EVI score stands at 29.96, and the HAI continues its upward trajectory, reaching 77.58, meeting the graduation criteria.

Table 2: Indicators for LDC Identification, Nepal, 2020-25

Year	GNI per capita (threshold 1,306)	HAI (66 or above)	EVI (32 or below)
2020	1,041	72.03	28.87
2021	1,154	73.58	28.87
2022	1,222	75.00	28.52
2023	1,273	76.31	29.22
2024	1,329	77.23	29.21
2025	1,404	77.58	28.96

Source: CDP Secretariat, Time series estimates (LDC criteria) dataset (2002-2025), available at https://bit.ly/LDC-data

Note 1: For GNI per capita, Year refers to the year of a (actual or hypothetical) review. The data reflects the latest three-year average available for a review, i.e., the value for 2025 refers to the 2021-2023 average. Data differ from previous official triennial review data due to data revisions.

Note 2: For EVI and HAI, Year refers to the year of a (actual or hypothetical) review. The timeliness of source data varies by indicator; generally, criteria capture data up to two years prior to a review. See the 'read me' in the source.

Note 3: Data differ from previous official triennial review data due to data revisions, changes in data sources, methodological changes and most notable, changes in composition of the composite indices HAI and EVI. Minor differences can also occur due to rounding.

Nepal has shown ongoing progress in enhancing selected supplementary graduation indicators, as outlined in Table 3. The country has maintained its Human Development Index (HDI) and women's empowerment index, while also making strides in improving access to water and sanitation. For more SGIs, see Annex 1.

Table 3: Selected Supplementary Graduation Indicators for Nepal, 2019-2023

Indicator	2019	2020	2021	2022	2023
Water Access	90.3	90.8	91.2	91.2	
Sanitation access	72.9	76.6	80.4	80.4	
Human development index	0.6	0.6	0.6	0.6	
Women empowerment index	0.8	0.8	0.8	0.8	0.8

Source: CDP Secretariat, Supplementary graduation indicators (SGI) dataset (2000-2025), available at https://bit.ly/LDC-data

Productive Capacity

Nepal's score on the composite PCI (40) is way above the average score of LDCs (30.9) in 2022. With this score, not only is Nepal fast distancing itself from the performance of LDCs but it is also increasingly converging towards the performance of ODCs (46.8). Nepal performed particularly well in the Human Capital, ICTs, Structural Change, and Institutions categories. However, the country lagged behind ODCs in the Energy and Transport categories although its performance in these two categories was far better than the average for LDCs. For Nepal, to reach the level of ODCs, it needs to address gaps in the Energy and Transport categories and move forward with the graduation processes.

Table 4: Productive Capacity Index, Nepal, 2022

	PCI	Human capital	Natural capital	Energy	Tran sport	ICT	Institutions	Private sector	Structural Change
Nepal	40.4	41	43.1	33.8	25.4	43.2	44.2	46.3	52.5
Other developing countries	46.8	44.3	38.4	61.2	34.1	49.6	51.1	50.9	53.2
LDCs	30.9	27.9	49.8	26.3	19.7	25.2	38.3	37.8	41

Source: UNCTADstat

Data gap

Nepal's Statistical Performance Indicator (SPI) is currently 62, placing the country in the second quintile among 186 nations globally.[7] While Nepal performs well in data use, services, and products, it lags in the strength of its data sources and infrastructure. Despite these challenges, the country provides most of the essential data needed to assess progress on LDC criteria and SGIs, and monitor high-frequency indicators.

Smooth transition

Nepal is scheduled to graduate on 24 November 2026, after a transitional period of five years. Nepal's departure from LDC status will be a turning point in its socioeconomic progress. The participation rate of Nepal in monitoring is 86 per cent - three annual national report on STS and four consultation meetings in four monitoring cycles.

On 7 November 2024, the CDP held a consultation meeting with Nepal, attended by representatives from the National Planning Commission, relevant line ministries, and UN entities, including the RCO, ESCAP, and OHRLLS. The discussion focused on the implementation of Nepal's STS, which was published in February 2024. Key priorities included the need for comprehensive monitoring of STS implementation,

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[7] World Bank. Accessed Oct 2024. https://www.worldbank.org/en/programs/statistical-performance-indicators/explore-data

strengthening South-South cooperation, advancing climate action, and enhancing disaster risk reduction efforts. The implementation of the STS is coordinated by the National Planning Commission under the Prime Minister, with monitoring and evaluation overseen by a steering committee. The CDP recommended prioritizing trade promotion and investments in education. Nepal has actively engaged in the LDC proposal to WTO member states since 2022, advocating for an extended transition period for trade support, which remains under consideration. Nepal also requested continued support from UN entities, including ESCAP, DESA, and OHRLLS, particularly in economic diversification, capacity development, support for micro-enterprises, and addressing infrastructure challenges as a landlocked country.

Annex 1. Data for LDC criteria and supplementary indicators (SGIs)

LDC criteria data

The data table below shows the latest available data and corresponding year for the country based on the 2025 retrospective review.

The calculations of all composite indices and indicators are based on the refinements of the LDC criteria adopted by the Committee for Development Policy (CDP) at its 25th Plenary session in February 2023.

For more detailed information on indicators and data sources, see the '*Time series estimates (LDC criteria) dataset (2000-2025)*' available on the [LDC Data](#) website.

All data are current as of 22 January 2025.

Indicator	Latest available data	Year latest available data refer to	LDC average*
GNI - Gross national income (GNI) per capita in US dollar, using Atlas conversion (3-year average)	1,404.37	2023	1,388.26
HAI - Human assets index	77.58	2023	59.42
U5M - Under-5 mortality rate (per 1,000 live birth)	27.34	2022	59.20
STU - Prevalence of stunting	26.70	2022	29.28
MMR - Maternal mortality ratio (per 100,000 live birth)	174.41	2020	381.86
LSEC - Lower secondary education completion rate	79.32	2023	42.60
ALR - Adult literacy rate	71.15	2021	64.26
GPIC - Gender parity index for lower secondary education completion	1.05	2023	1.00
EVI - Economic and environmental vulnerability index	28.96	2023	39.84
AFF - Share of agriculture, forestry and fishing in GDP (% of GDP)	24.72	2023	24.59
REM - Remoteness and landlockedness (location index)	50.62	2023	57.61
XCON - Merchandise export concentration (Theil index)	7.17	2023	7.76
XIN - Instability of exports of goods and services (20-year regression)	4.98	2023	12.39
LECZ - Share of population living in low elevated coastal zones (percentage of population)	0.00	2015	7.94
DRY - Share of population living in drylands (percentage of population)	0.67	2023	33.99
AIN - Instability of agricultural production (20-year regression)	2.42	2022	6.06
VIC - Victims of disasters (per 100,000 population) (15-year average)	3.09	2023	3.34

Source: Time series estimates (LDC criteria) dataset (2000-2025) available on the [LDC Data](#) website.

Supplementary graduation indicators (SGIs)

The supplementary graduation indicators (SGIs) complement the official LDC criteria. They provide quantitative, internationally comparable data for vulnerabilities and other factors that are not fully captured by the LDC criteria but that might be relevant for graduation from the LDC category.

For more detailed information on indicators and data sources, see the '*Supplementary graduation indicators (SGI) dataset (2000-2025)*' available on the [LDC Data](#) website.

All data are current as of 22 January 2025.

	Indicator	Latest available data	Year latest available data refer to	LDC average*
ECONOMIC VULNERABILITY	EC01 - GDP growth rate (%)	1.95	2023	3.51
	EC02 - GDP growth volatility	2.81	2023	5.29
	EC03 - External debt (% of GNI)	22.36	2022	55.98
	EC04 - Total debt servicing (% of exports and primary income)	12.27	2023	12.22
	EC05 - Personal Remittances, received (% of GDP)	26.31	2023	6.76
	EC06 - ODA received as percentage of GNI	2.92	2022	10.85
	EC07 - Tourism receipts as share of exports	13.44	2020	13.14
	EC08 - Current account balance (% of GDP)	2.44	2023	-4.46
	EC09 - Standard deviation of net barter terms of trade over 20 years	9.76	2021	15.11
	EC10 - Cereal import dependency	0.16	2022	0.41
	EC11 - Tax revenue as share of GDP	17.49	2021	13.21
	EC12 - Gross domestic savings (% of GDP)	7.41	2023	7.22
	EC13 - Adjusted net savings (% of GNI)	24.42	2021	3.43
	EC14 - Share of employment in agriculture	61.21	2023	47.82
	EC15 - Productive capacities index	40.35	2022	30.75
	EC16 - Percentage of individuals using the internet	49.56	2022	34.20
	EC17 - Renewable electricity capacity per capita	0.09	2023	0.07
	EC18 - Percentage of population with access to electricity	91.30	2022	54.31
ENVIRONMENTAL VULNERABILITY	EV01 - Environmental Performance Index	32.90	2024	36.42
	EV02 - Global Adaptation Index	43.27	2022	37.81
	EV03 - INFORM Climate Change Risk Index	5.00	2022	5.79
	EV04 - Economic loss from natural disaster (% of GDP)	0.00	2021	0.03
	EV05 - Annual mean levels of fine particulate matter (e.g. PM2.5) in cities (population weighted)	36.43	2019	27.87
	EV06 - Access to at least basic sanitation (% of population)	80.39	2022	41.15
	EV07 - Access to at least basic drinking water (% of population)	91.24	2022	68.27
	EV08 - Freshwater withdrawal as a proportion of available freshwater resources	8.31	2021	15.81
	EV09 - Proportion of water basins experiencing high surface water extent changes	17.00	2020	28.66
	EV10 - Red list index, showing trends in overall extinction risks of species	0.85	2024	0.86
	EV11 - Change in forest cover (percentage)	0.00	2020	-0.54
	EV12 - Domestic material consumption per capita	19.38	2022	14.84

	Indicator	Latest available data	Year latest available data refer to	LDC average*
HUMAN ASSETS	HA01 - Human development index	0.60	2022	0.51
	HA02 - Multidimensional poverty index	0.07	2022	0.27
	HA03 - Proportion of population covered by at least one social protection benefit	21.00	2022	12.35
	HA04 - Prevalence of undernourishment	5.70	2023	21.56
	HA05 - Mortality from CVD, cancer, diabetes or CRD between exact ages 30 and 70 (%)	21.50	2019	24.93
	HA06 - Diphtheria tetanus toxoid and pertussis (DTP3) immunization coverage among 1-year-olds (%)	94.00	2023	76.57
	HA07 - Gross secondary school enrolment rate	89.55	2023	47.14
	HA08 - Mean years of schooling	4.49	2022	4.78
	HA09 - Learning-adjusted (expected) years of school	7.23	2020	4.87
	HA10 - Total fertility rate (live birth per woman)	1.96	2024	3.97
	HA11 - Dependency ratio, i.e. the ratio of youth (Age 0-14) and elderly (age 65+) to population of age 15-64	53.69	2024	75.09
	HA12 - Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate)	28.68	2023	53.45
INCOME	IN01 - Gross national disposable income (GNDI) per capita, market exchange rates	1,741.02	2023	1,373.28
	IN02 - GDP per capita, market exchange rates	1,363.34	2023	1,334.95
	IN03 - Gross national income (GNI per capita) at purchasing power parity conversion factors	5,460.00	2023	3,757.73
	IN04 - Gini coefficient of disposable income	37.60	2010	41.45
	IN05 - Percentage of population below international poverty line ($2.15)	0.40	2022	31.47
OTHER	OT01 - Battle deaths per 100,000, 20-year average	0.86	2023	2.79
	OT02 - Population of concern to UNHCR as percentage of total population	0.07	2024	3.33
	OT03 - Stock of persons internally displaced by conflict as percent of total population	0.00	2023	2.42
	OT04 - Intentional homicides (per 100,000 people)	2.29	2019	6.79
	OT05 - Voice and accountability, capturing perceptions of citizens' participation in selecting governments as well as of freedom of expression, association, and media	-0.02	2023	-0.72
	OT06 - Government effectiveness, capturing perceptions of the quality of public services and policies	-0.81	2023	-1.03
	OT07 - Women empowerment index, providing information on women's civil liberties, civil society participation, and political participation	0.77	2023	0.61

Source: Supplementary graduation indicators (SGI) dataset (2000-2025) available on the LDC Data website.

Notes:

* As not all countries and/or indicators have complete coverage LDC averages are calculated using the latest available data for each country and indicator.

Annex 2. Visualization of LDC criteria and SGIs

The following figures show the evolution of LDC criteria scores, LDC indicator values and SGI indicators value over the 2000 to 2025 period. The blue line shows the values for the country, abbreviated by its three-letter ISO code. The red and green lines show the simple country average value for least developed countries (LDC) and other developing countries (ODC), respectively. The shaded areas depict the interquartile range to indicate within-group heterogeneity. The group composition of LDCs and ODCs is based on the current list of LDCs and the classification of countries into developing and developed regions by the United Nations Statistics Division. Hence, all former LDCs are included in the ODC group. For details on the composition, see the 'Read-me' tab in the '*Time series estimates (LDC criteria) dataset (2002-2025)*' available on the LDC Data website.

For all details on the data, see *Time series estimates of the least developed country criteria (2002-2025)* and *Supplementary graduation indicators (SGI) dataset (2000-2025),* both available on the LDC Data website.

The figures omit several SGIs with insufficient data for a time-series consideration.

Some indicator names in the figures are shortened versions of the indicator names as contained in annex 1.

Missing data has been linearly interpolated, but not extrapolated. Hence, changes in the lines and shaded areas for LDCs and ODCs can be influenced by changes in data availability over time.

To increase visibility, the following transformation of the data have been undertaken, please refer to annex 1 for the names of the indicators:

- Three-year averages for EC01, EC03, EC04, EC05, EC06, EC07, EC08, EC010, EC011, EC012, EC013, EC018, EV04, EV05, HA06, IN01, IN02, IN03.
- Logarithmic transformation for GNI, VIC, IN01, IN02, IN03, OT01, EC17, EV08.
- Maximum value set to 1: GPIC
- All indicators have been normalized between 0 and 100 using the 'max-min' method, using 5 per cent and 95 per cent quantiles as lower and upper bounds.
- For each figure, the x axis ranges from 2000 to 2025, and the y axis ranges from 0 to 100

All data are current as of 22 January 2025.

Red list index   Material consumption   Human development index   Prevalence of undernourishment

Non-communicable diseases   Immunization   Gross school enrolment   Mean years of schooling

Total fertility rate   Dependency ratio   Female labor participation   GNDI per capita

GDP per capita   GNI per capita (PPP)   Gini coefficient of income   Extreme poverty

Battle deaths, 20 years   Population of concern   Internally displaced persons   Homicide rate

Voice and accountability   Government effectiveness   Women political empowerment

Group
NPL
LDC
ODC

Year