

Nepal's Statement on LDC Graduation

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National Planning Commission
Government of Nepal



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Background

- The 15th Plan along with Long Term Vision 2043 has articulated the national aspiration of ‘Prosperous Nepal, Happy Nepali’,
- The Constitution aims to foster good governance, development, justice and prosperity,
- Remarkable achievements in poverty reduction, education and health, social protection coverage and access to drinking water, sanitation and electricity,
- Encouraging women’s representation in the public and private sectors.
- The earthquake in 2015, border disruption in 2015/16 and flood in 2017 impacted in economic growth among others,



Impact of COVID-19 in the Economy

- ▶ The growth is estimated to be 2.3% against the target of 8.5% in FY 2019/20.
- ▶ Travel restrictions canceled the flagship campaign 'Visit Nepal 2020'.
- ▶ Disruption in regular health.
- ▶ About 35 thousand schools closure affected about 8.7 million students directly.
- ▶ Delay, and time and costs overrun of development programs and projects,
- ▶ Labor market (Domestic and Global) disturbance.
- ▶ Tourism, transport and manufacturing sectors hit the hardest along with education, construction, agriculture, trade and supply.



Recent Government Initiatives

- Formulation and implementation of the 15th Plan along with Vision 2043 which includes 10 national goals aligned with the 2030 Agenda,
- Implementation of National Pride Projects, Game Changer Projects, major programs,
- Relief packages, tax rebates, delayed payment of taxes, and concessional loan, recovery plan, policy and programs to minimize the adverse effects of COVID-19,
- Priority in health, agriculture, infrastructure and social development in the budget,



Possible Impacts of Graduation

- Positive impact as graduation will increase the country's creditworthiness and boost foreign direct investment,
- Negative impact on export-oriented small and medium enterprises
- Loss of flexibilities possible as a WTO member such as LDC-specific international support measures, however, LDC graduation may increase country's credit worthiness and boosts FDI.



Nepal's Readiness for Graduation

- An integral component of national aspiration and plan documents.
- Ensuring the sustainability of graduation.
- Needs to navigate alternative sources of development finance including blended finance.
- Best use of LDC specific preferential markets and diversification.



Expected Support Measures

- Investment in infrastructure, employment, production and productivity,
- Support for health infrastructure, quality education, sustainability of social security,
- Support for ICT, reducing digital divide, technology transfer and disaster-risk reduction,
- Continued preferential market access to promote the exports,
- Continued export subsidies as a WTO member on pharmaceutical products among others,



Way Forward

- ▶ Formulation of a transition strategy with the engagement of all stakeholders;
- ▶ Institutional arrangement for strategy development and capacity development,
- ▶ Coordination and consultation with development and trading partners,
- ▶ Develop productive capacity through investment in human capital, infrastructure, health and entrepreneurship, reducing inequality and building resilience.
- ▶ Request for maximum preparatory period of 5 years for ensuring a smooth, meaningful, irreversible and sustainable graduation.

Thank you!

National Planning Commission

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