

Nepal Country Statement

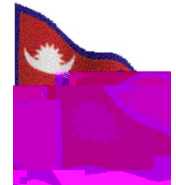
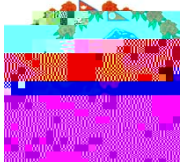
Expert Group Meeting on the Preparation of the Triennial Review of the List of Least Developed Countries (LDCs)

1-2 February 2018

New York

Government of Nepal
National Planning Commission
Kathmandu





Introduction

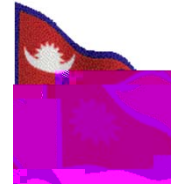
In 2015, Nepal was found to have met two LDC Graduation Criteria the Economic Vulnerability Index (EVI) and Human Assets Index (HAI).

However, the country was far behind in the income threshold.

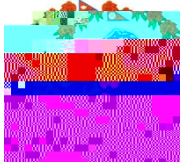
Nepal has taken the graduation process with utmost seriousness and has engaged in a broad analytical and consultative process for over over seven years.



The UNDESA Report Issues and Constraints



Ex

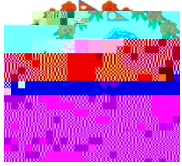


The UNDESA Report contd.....

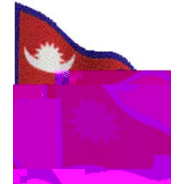


Nepal would be deprived of LDC targeted funds in the area of climate change in the future.

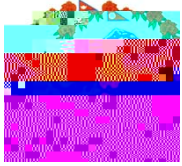
Restrictions on the availability of other forms of development assistance, such as travel aid and



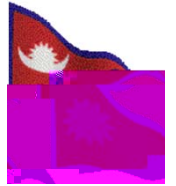
Towards a Meaningful and Sustainable Graduation

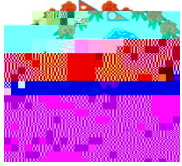


What is at stake on LDC graduation of Nepal is the overall readiness of the country to graduate meaningfully, smoothly, sustainably and irreversibly. It is on these substantive grounds, and not technical criteria per se, that Nepal lags behind.

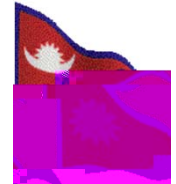


Taking





UNCTAD Report on the Vulnerability Profile of Nepal



The intrinsic economic vulnerability of Nepal is significantly underplayed because of the inadequacy to the case of Nepal of half of the components of the Economic Vulnerability Index.

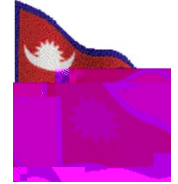
The EVI indices do not adequately capture Nepal specific vulnerabilities, such as landlockedness, impact of mega natural disasters, etc.

Nepal is economically much more vulnerable than it appears to be on the methodological and statistical grounds the United Nations presently leans on.

The report concludes with “the progress in the social status of the country is deemed appropriately reflected under the human assets criterion.”



UNCTAD Report on the Vulnerability Profile of Nepal

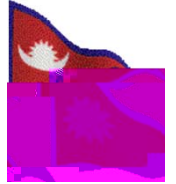


The report shows the imbalance in Nepal's achievements across the three indices.

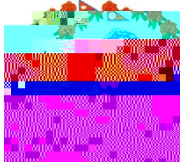
- (I) While eight of the 14 indicators appear to be satisfactory, five of them constitute the Human Assets Index (HAI); 5 of these 8 indicators make up the entire composition of the Human Assets Index (HAI),
- (II) The gross national income (GNI) per capita is not only low, but it also does not reflect a worrying process of structural transformation ongoing in Nepal, where people are leaving agriculture, but are not being absorbed into higher productivity industrial and service activities,
- (III) The EVI appears to be truly deficient in accounting for Nepal's difficulties, with four of the eight components underplaying the structural disadvantage of landlockedness.



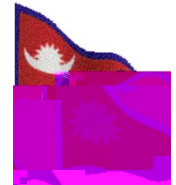
Ushering in Federalism



Political stability might finally pave the way for a degree of economic momentum and provide impetus to augmented growth in average per capita incomes.



Transition to Graduation

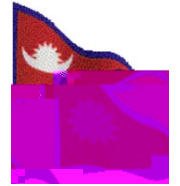
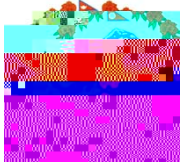


In view of the historical processes and events described above, there is a need for an amplified transition trajectory.

It would be prudent for the transition to graduation to commence once the economic recovery and political revival are well underway.

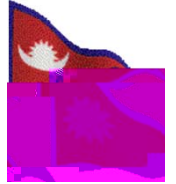
A more gradual withdrawal of international support measures would facilitate the shift to a sustained growth path that could generate adequate alternative resources for development subsequent to the loss of LDC status.

While the stipulated transition interval is three years, we note that grace period, in practice, have varied according to specific country contexts.



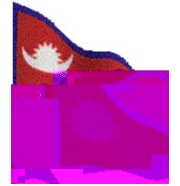
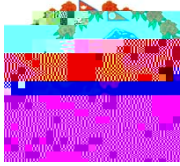


The Mood for an “irreversible” Graduation contd.....



Nepal recognizes that a robust preparatory effort will be needed to catch up after years of political strife and tepid development effort.

There is a need for a concerted effort to clear the backlog of pending legislation, and to accelerate the



Thank you!

