PERMANENT REPRESENTATIVE OF NEPAL
TO THE UNITED NATIONS

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NEW YORK

Dear Mr. Mollerus

New York on 12 February 2018

further honour to share with herewith, on instruction, a written statement of
the Government of Nepal in the form of its additional submission for distribution to the CDP

Additional Submiss

March 2019

interactive dialogue that its del with

the distinguished experts of the CDP on February 1, 201

providing the opportunity to submit

additional inf

group

meeting. For th

this stage

requires deferral.

2. Nepal has taken the process of graduation with utmost seriousness and had

engaged in a broad analytical and consultative process for over seven years. Th

thresholds

for good

ability fulfilled

3. While the calculation of Nepal's statistic [illegible] for 2018 [illegible] differ from that of 2015, the country context has deteriorated [illegible] border blockade, and the 2017 floods.

Table 1: Adverse EHR [illegible] relevant to Graduation Criteria

[illegible]	Adverse effects
Health index	Earthquake damage
[illegible]	2015, UNICEF warned that more than three million children under the age of five were at risk of death or disease due to the acute [illegible] shortage [illegible]
[illegible] reached in 2011 [illegible]	[illegible] below the level [illegible]
[illegible]	[illegible] the population [illegible] the 2015 earthquakes. In 2017, the damage from [illegible] and landslides is estimated at [illegible] GDP.
[illegible]	Agricultural production in 2016/17 impacted by severe flooding damage to paddy [illegible]

Source: Graduation of Nepal from LDC Status, Strategic Options, NPC, 2017.

[1] UNCTAD (2017), "Vulnerability Profile of Nepal", United Nations Conference on Trade and Development, Geneva, DRAFT [illegible] November 2017.

4. Two additional caveats on the economic vulnerability index [illegible]

[illegible] remote,

[illegible] markets than [illegible] less distant from wo[illegible] say, Bangladesh. Second, environment is a great concern of low-lying coastal zones and [illegible] and landslid[illegible] experienced in Nepal in 2017 [illegible] environment is desirable in assessing the economic [illegible] vulnerability index.

5. The [illegible] LDCs are not likely to be seismic in scale. However [illegible]

[illegible] ne year. Export [illegible] jumped to 38.09% in the sa[illegible] grew on av[illegible] average of only 4.79% in the last 10 years. Fi[illegible] like Ne[illegible]

to a

ctor which Nepal basically failed to create even after

Table 2: Trade Preferences [illegible] for Nepal

Importer	Trade [illegible] before graduation	Coverage [illegible]	Effective [illegible] latest [illegible]	Trade [illegible] after graduation	Smooth transition [illegible]
[illegible]	[illegible]	[illegible] lines	[illegible] 31/3/2021	GSP (3,559 tariff lines) or MFN	No smooth transition provision. Cabo Verde, Maldives and Samoa have access to GSP as of 4/2017.
[illegible]	GSP-LDC	[illegible]	1/1/2012- [illegible]	GSP or MFN	No explicit smooth transition provision. Maldives MFN. Cabo Verde access to GSP as of 2017.
[illegible]	GSP-LDC, MFN	5,000 tariff lines	29/1/2015-31/12/2017	GSP (3,500 tariff [illegible]	No explicit smooth transition provision.

Source: Ex-ante Impact Assessment of Likely Consequences [illegible] from LDC category, UNDESA, 2017.

Nepal upon its [illegible]

[illegible] figures in the Table 2 show a high reduction of tariff [illegible] for [illegible] graduation. In most cases smooth transition is elusive to the grad[illegible]

[illegible] tariff lines go down from 9,[illegible] to [illegible] transition. With Canada alone, 1212 tariff [illegible] mere 3,559 without a grace period for smooth [illegible] lines are [illegible]

[illegible] Nepal. Major export items of Nepal [illegible] go to the US, Germany and other EU market. Almost [illegible] 87% of Nepal's [illegible] to the countries that provide duty free access. For [illegible]

limited application of technology, and lack of packag[illegible] and marketing, loss of duty free market will have a toll on limited exports that [illegible] currently enjoys.

8. In overall, Nepal is [illegible] ready to graduate meaningfully, smoothly [illegible] sustainably. Many and irreversible at this stage. Unique [illegible] vulnerable group [illegible] so, that Nepal lags behind at attempt for graduation [illegible]

9. The Economic [illegible] Vulnerability Index (EVI) takes into account population size, remoteness, me[illegible] production, inte[illegible] living in low [illegible] historically over exports of goods and services, the share of population [illegible] level and coastal zone. Not all of these [illegible] capture the [illegible]

10. The share of agriculture stands at [illegible] % of the G[illegible] 2016 that too is suffered mor[illegible] lack of innovation, low pro[illegible] diversity, non-use of technology and limited [illegible] subsistence [illegible]

[illegible] with the devastating earthquakes that struck Nepal in [illegible] Country [illegible] was impacted by earthquake damage to mon[illegible] uments and infrastructure. Overall, economic growth fell by half in 2015 and was [illegible] .01 percent in 2016. [illegible] projected [illegible]

disruptions as a re[illegible] of a border blockade from September 2015 to February 2016, are also a reminder of [illegible] forms of vulnerability [illegible] shocks which are not adequately capt[illegible]

[illegible] reflect the challenges of quality in public services in Nepal. Both the human assets and economic [illegible] Vulnerability indices, therefore, provide an imperfect fit to the country situation of Nepal.

[illegible] ster estimates [illegible] [illegible] ity. As current EVI are pre-dis[illegible]

[illegible] port on Vulnerability Profile of Nepal poignantly captures the [illegible] *[illegible] inadequacy to the case of Nepal of* [illegible] *components of the economic vulnerability index. Nepal is economically* [illegible] *half of the* [illegible] ns across the [illegible] indices.

[illegible] inbalance in Nepal's achieve[illegible]

[illegible] ors ar[illegible] First, while eight of the 14 indi[illegible]

[illegible] As [illegible]

Second, the gross national income (GNI) [redacted]

15. More worrying is Nepal's drawn-out [illegible]

[illegible] domestic stagnation going back decades [illegible]

[illegible] of a twenty-year [illegible] armed conflict

followed by a protracted transition (1996-2006) folk[illegible]

world, with a per capita income well below the average income [illegible] poorest countries in the [illegible] of LDC peers. The [illegible]

[illegible] challenges to meet the [illegible] at present enc[illegible] of graduation i.e. income [illegible] GDP growth remained about 4 [illegible] (2016/17). [illegible]

[illegible] investment and productivity growth [illegible] kinds of stimulating higher domestic

17.[17] Nepal's cu[illegible] GNI is largely [illegible] contributed by remittances—the ratio of [illegible]

[illegible] be

[illegible] predicted. As some of the major labour destination [illegible] GCC countries [illegible]

[illegible] are reaching

[illegible] saturation, and experiencing economic slowdown due to [illegible] [illegible]

[illegible] decline [illegible]

[illegible] remittance grew on [illegible]

[illegible] substantially changed and

contribution of services [illegible] 68% [illegible] rged to 52% whereas industry [illegible] declined to mere

[illegible]

[illegible] Nepal, UNCTAD, 2017.

10 It is noteworthy that the countries that went through the graduation process had all

d to

assumed responsibilities from these measures, and also from

important to fully

her major sources of

international development cooperation, such

Fund, KFW, Sowf, Saudi Fund and

constrain

opportunities for official repres

capacity building of nati

institutions as well as young citizens

be under stu[illegible] the economic transition w[illegible]

competing political [illegible]

and 2004, and further dec[illegible] fled to 4.4% of [illegible] by half between 1994

GNI in 2014. Nevertheless, Nepal [illegible]

received as much resources from external aid ($88[illegible]

from di[illegible] ($901 million). During the last [illegible] million in 2014, as it el[illegible] earned

to GDP ratio [illegible] years, the average level [illegible] 27% and expenditure

[illegible] among others, due to

reconstruction after the disasters, implementation [illegible] of federal [illegible] structure, and targeted

commitment to the [illegible] (SDGs). A[illegible] Nepal will [illegible]

[illegible] to earthquake response. The United Nations [illegible]

[illegible] challenges, [illegible] landlocked developing

co[illegible] countries, and countries adversely affected by disasters. Similarly, the United Nations

[illegible] Assistance [illegible] (UNDAF) for the next five years [illegible]

202[illegible] budgeted at $47[illegible]

[illegible] Nepal also benefits from [illegible]

[illegible] technical assistance) to financial

big agricu[illegible]ure, energy [illegible] governments [illegible] governments [illegible] sp[illegible]

projects promote financial inclusion. Ne[illegible] rebuilding after natural disasters. The projects promote [illegible]

ercent of GDP) and could [illegible] receives negligible foreign direct inve[illegible]ment (less than 1 [illegible]

26. The preconditions for sound graduation are eligibility a

nd timing. Statistical

thresholds confer eligibility but tim

the

be only prudent that the transition to graduati

d to commence after the efforts und way to recov

way to recover from the 2015 earthquakes a

e completed in 2020. It would confo

conducted, over five phases.

ancies of elections for local, pro

incial and federal parliaments and governments.

ring the successful completion of the demographic tra

the successful

ansition to grad

the econo

o a sustained growth path that

would facilitate the

could generate ap

understand that grace periods, in practice, have varied according to specific country contexts.

30. The purpose of a transi

giving it un

and civil society.

31. Moreover, the economic fragility of Nepal's

above the inclusion threshold f

graduation path that is random and sustainable, the a

in particular, should not be bel

years of political strife and tepid develo

treat the backlog of pending legislation, and

32. The Government of Nepal

operative transition strateg

nd fas

stability a

triennial review of