

Means of Implementation in Nepal (Priority 6)

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**The UNESCAP/UN-OHRLLS/UNECE Euro-Asian Regional
Midterm Review of the Vienna Programme of Action for
Landlocked Developing Countries for the Decade 2014-2024**

11-12, February, 2019
Bangkok, Thailand

Nepal : Geographical Location



Land Locked-East, West and South : India, North: China

Means of Implementation

Needs Assessment

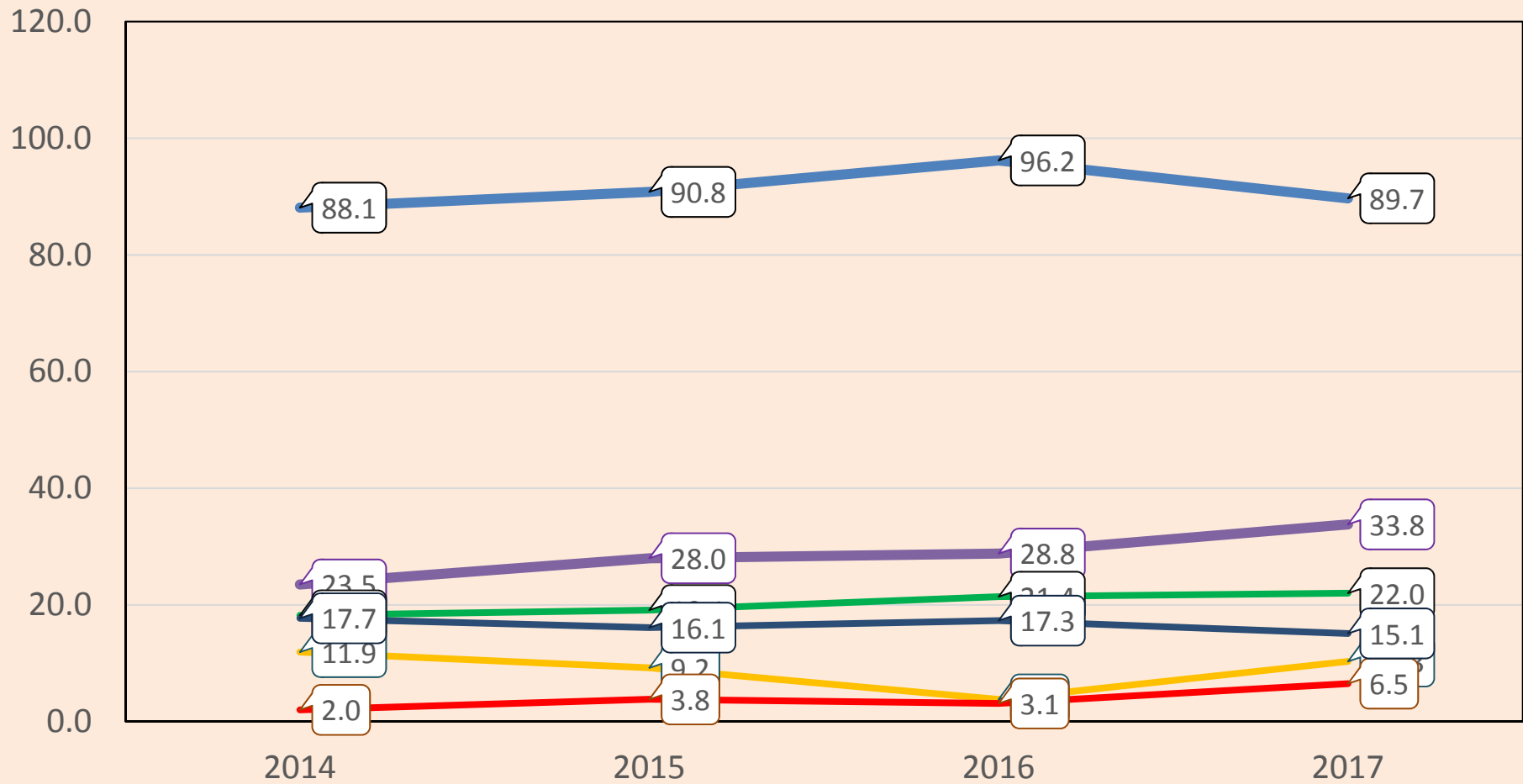
Costing

Financing

Financial Gap

Strategy

Some Economic Indicators (in percent)



— Consumption/GDP

— Fixed Capital Formation/GDP

— Budget Deficit/GDP

— Domestic Saving/GDP

— Revenue/GDP

— Foreign Debt/GDP

Official Development Assistance (in million USD)

Development Partner	ODA for 2017	% of Total
World Bank Group	346	24.8
Asian Development Bank	254	18.2
USAID	134	9.6
UN Country Team	121	8.7
United Kingdom	128	9.2
European Union	84	6.0
Japan	78	5.6
India	59	4.2
China	41	3.0
Others	150	10.7
Total	1,395	100.0

Source: Ministry of Finance, Aid Management Platform

Foreign Direct Investment (in Million USD)

S.N.	Country	FDI for 2017	% of Total
1	India	809	40.49
2	China	554	27.74
3	South Korea	94	4.72
4	USA	74	3.72
5	UK	52	2.59
6	Others	415	20.74
	Total	1,999	100

Source: Department of Industry, Nepal

Resource Mobilization-Domestic Investment

- Domestic resource mobilization- **public-private partnership**.
- The Gross Domestic Savings (GDS) - 10.9% in 2014 and 10.3% in 2017 is **low to meet investment needs**.
- Gross Domestic Investment (GDI)- **7.3% of GDP for the government and 26.5% for the private sector** in 2017.
- The gross fixed capital formation - **41% in 2014 and 43% in 2017**.
- Private sector investment - **22.79% of the GDP in 2015 and 26.52% in 2017**.

Resource Mobilization-ODA

- The Official Development Assistance (ODA)- USD 1074.06 million in 2016 and USD 1394.6 million in 2017.
- The number of foreign aided projects - 369 in 2016 and 436 in 2017.
- Top 5 multilateral DPs (2017): World Bank, Asian Development Bank, UN Country team, European Union and IFAD.
- Top 5 bilateral DPs (2017) : USAID, United Kingdom, Japan, India and China.
- The amount of ODA will have to double from the current levels for Nepal to meet the SDG goals by 2030.

Resource Mobilization- Aid For Trade

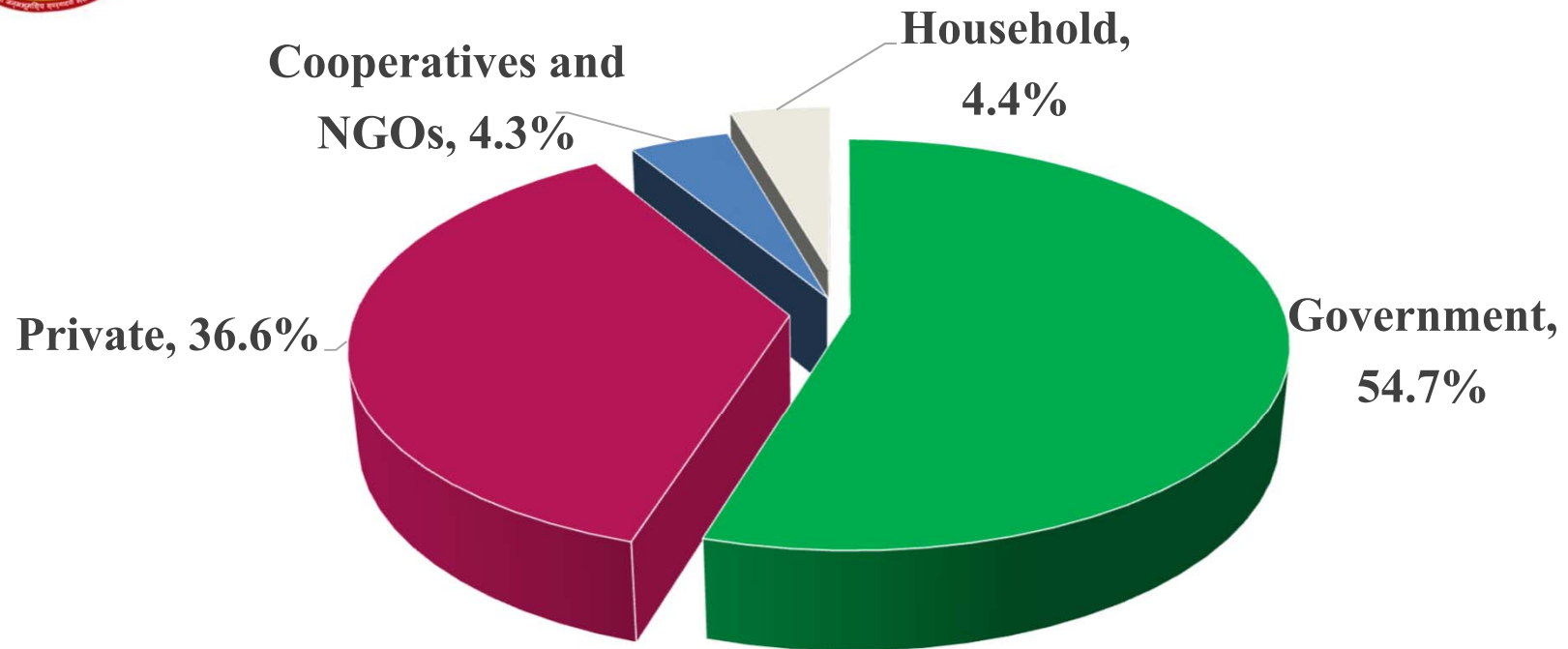
- Aid for Trade (AfT) and the Enhance Integrated Framework (EIF) under the WTO framework- Assistance from development partners.
- In 2017, inflow of AfT: USD 400 million among which transport sector: USD 87 million, energy sector: USD 73 million.

Resources Need for SGDs (Annual in Billion Rs.)

Sectors	Investment needed for 2016-30	% of Total
Government	1111.3	54.7
Private	739	36.6
Cooperative and NGOs	76	4.3
Households	88	4.5
Total	2025	100

Source; National Planning Commission, Nepal

Sources of Investment (in %)



Source; National Planning Commission, Nepal

Policies and Instruments

- Development Cooperation Policy 2014- Guiding policy for ODA. Objectives are:
 - To mobilize external resources to achieve development goals
 - To ensure effective utilization of development cooperation
 - To achieve development effectiveness by achieving best value for money
 - To reduce dependency on foreign aid to become a self-reliant economy
- Foreign Investment Policy 2015- The main sectors for receiving FDI are:
 - energy
 - manufacturing, services
 - tourism
 - construction.

Policies and Instruments

- FDI Policy Objectives: To attract foreign capital, technology, skill and knowledge
- The policy has defined the foreign capital investment:
 - share investment,
 - equity investment,
 - and technology transfer including the licensing, franchising, assigning and knowledge sharing as act of technology transfer.
- The foreign investors are also classified as institutional investors, individual investors and non-resident Nepali (NRN) investors.

Policies and Instruments

- Investment Board of Nepal
 - headed by the Prime Minister
 - with the objective to facilitate investments in the high potential sectors in Nepal.
- Nepal organized Investment Summit in 2017
 - attended by more than 250 investors from 23 countries
 - pledges in total investment intent worth USD 13.7 billion.
- Another investment Seminar is planned in March 29 and 30, 2019 in Kathmandu.
- Private sector as the main driver of economic growth by creating jobs.

Policies and Instruments

- Additional efforts were made to involve private sector in the implementation of VPoA through PPP. Technology and skill transfer through PPPs help improve competitiveness in sectors- energy, telecommunication etc.
- The Government is: creating an investment friendly business environment, making flexible labour laws and prioritizing investment in infrastructure in its periodic plans (15th plan is in drafting phase).

Challenges

- After promulgation of new constitution in 2015, the country entered into federalism with three tiers of Government (Federal, Provincial and Local). This new state structure is demanding huge resources. Therefore, to meet the new demands and to achieve the goals of SDGs and VPoA, we have a big resource constrain.
- We are receiving more than 30% of GDP as remittances, but remittances is not a sustainable resource, therefore we have to search for mobilization of new domestic resources as well as focus on FDI and ODA to meet these challenges.

Thank you

