

**Speech delivered by Mr. Gyan Chandra Acharya, Chair of the SAWTEE
CSD at its launch program in Kathmandu, August 6, 2018**

Mr. Chair, Dr. Posh Raj Pandey,
Hon. Pradeep Kumar Gyawali, Foreign Minister
Dr. Prakash Sharan Mahat, former Foreign Minister,
Excellencies, senior government officials,
friends from Media
Distinguished ladies and gentlemen,

Let me begin by also expressing my sincere gratitude to you all for your gracious presence here today.

The establishment of the SAWTEE Centre for Sustainable Development is an expression of our commitment to create a strong research and advocacy platform to help bring structural transformation of the economy and substantial improvement in the lives of the people, consistent with SDG principles. We work to support the national leadership and other stakeholders to achieve these goals with enhanced regional and global partnerships.

We believe that we have now an unique opportunity. In fact, we are at an inflection point now. There is a consensus now that our national energy, efforts and focus should be all geared towards delivering an inclusive, rapid and sustainable development in Nepal. There is no excuse for our under-performance. The government at all levels will have to take the lead role, but we all have a stake in it. The countries in similar situation like ours have gone quite ahead of us.

We believe that the stars have aligned very well now.

At the global level, international community has agreed to an ambitious and transformative global development framework, SDGs. It calls for the eradication of poverty and a holistic and integrated approach to sustainable development. As a successor to MDGs, it builds on those goals. All the three dimensions social, economic and environmental sustainability are to be ensured in meeting every goal. It has duly focussed not only on human and social development but also on economic growth through promotion of sustainable agriculture, sustainable industrialization, sustainable energy and infrastructure development and sustainable environment and peace and justice, among others. If we can make resolute progress towards meeting SDGs, this could very well be a game-changer for an LDC like Nepal. The Istanbul program of action for LDCs has also given the highest priority to productive capacity development together with human development and good governance at all levels.

The Addis Ababa Conference on financing for development also stressed that international support and cooperation should be mobilized in a comprehensive manner. They should be enhanced and strengthened for those countries which are most vulnerable and which are most in need. It also stressed that such international support should be diverse in nature and should cover all types of financing. The Paris principles and Busan partnership for effective development cooperation should be fully taken into account.

We can very well see that there is a clear case of mutual accountability here.

National governments, working together with all the stakeholders including the private sector and the beneficiaries themselves, have to show a strong national ownership and leadership. International community has to deliver on their side of the commitment, which is an enhanced level of support and cooperation.

Similarly, at the regional level, being strategically located between the two emerging powers, India and China, we hardly need to stress here that there is a tremendous opportunity for Nepal to get due benefit from this dynamic regional progress as well. There are challenges as well. But the two fastest growing major economies, have come out with breathtaking progress and

concurrent innovations in social, economic and environmental fields as well as in science, technology and infrastructure development. We have not been able to seize the opportunity with clear articulation of our policies and their effective implementation. Similarly there are many potential areas that could be promoted within SAARC and BIMSTEC framework, especially in regard to connectivity of people, goods and ideas and participation in regional and global value chains.

And at the national level, SDGs have been well integrated into our national plans and programs and there is a firm commitment to achieve them in a holistic manner. Now we have to take them down to the local levels. There is a clear benefit here as we have adopted SDGs early on. This gives us a good lead on how to go about it.

Let us for a moment critically look at our current development status.

It is true that we have made **reasonable progress in human and social development**, some infrastructure development and energy access in the last one decade and a half. That was made possible with strong support from and partnership with our development partners. Despite being in conflict for a decade and the post conflict situation for another decade, our general poverty rate and maternal as well as infant mortality rates have come down substantially. Our progress in primary education have been remarkable. Community participation, gender empowerment and mainstreaming have brought some dividend throughout the country. There is a good macroeconomic stability as well. Yet, we face the challenge of acceleration and sustainability of the progress, and further improvement in providing quality and affordable health services to all, especially the most vulnerable among them.

Similarly, quality and vocational education, skills development and gainful employment opportunities to a large number of youth entering the market every year remains among our principal concerns. We have a window of opportunity to enjoy the demographic dividend, if we can provide them with decent jobs.

Moreover, **our current economic situation requires major** improvement and the change of direction. We are trapped in a low equilibrium, more so when we compare our status with other countries in the region. The current pattern of consumption-oriented, remittance-based and import-led economy is highly volatile and vulnerable. We need to change that. We have to move away from consumption to production oriented economy in a balanced manner. We have to use remittances as a window of opportunity to develop and support a strong foundation of entrepreneurship in an institutionalized way and build productive capacity at micro, small and medium industries and services sector. We need to maintain a fair and sustainable ratio between import and export that is supportive of our transformation objective.

Our economic growth over the last five years has been low at around 4 per cent.

GDP to remittances ratio has skyrocketed. and comparison with other countries in similar situation shows that those with such a high level of dependence have faced a high degree of volatility in the past with severe impact on the welfare of the people at one time or the other.

Kyrgyzstan 35% with US\$ 2.5B, Tonga 33% with US\$0.1B, Tajikistan 31% with US\$ 2.2B, Haiti 29% with US\$ 2.5B, Nepal 29% with US\$ 6.9B.

Import to GDP ratio, total trade to GDP ratio, and import export ratio of Nepal all indicate a very high dependence on external sector and again a high degree of vulnerability to external shocks.

Contributions of agriculture, industries and nature of services have gone through a big shift in the last ten years with deindustrialisation, reduction of contribution of agriculture to the total economy with both lower production and lower level of productivity and dominance of non tradeables and informal sectors in the services industry.

Domestic savings and investment to GDP ratio is one of the lowest among the countries with a comparable situation.

Furthermore, we are a disaster-prone country. Unplanned urbanization and equally unplanned exploitation of resources compounded by the global climate change impacts have further worsened the delicate balance between sustainable stewardship of our resources and our activities, hitting the most vulnerable populations hard.

Our natural resources, our human resources and the regional and global partnerships are key to the transformative change. Therefore we should build our productive capacity in a way that is, broad based, resilient, participatory and sustainable. In short, the type of rapid economic growth that lifts all boats, including of small, and micro entrepreneurs and of those living in the rural areas. **This is not only desirable but it is urgent and it is doable, given the richness of our resources.**

Why am I saying this? **Some tremendous individual success stories are also there for all to see.** Entrepreneurship is slowly developing. They are clearly visible at micro to small firms level, in urban settings and in rural areas; such as vegetable farming, raising livestock, fisheries, and in services sector like tourism and IT and some consumer industries and construction related industries. But they are few and far between and they are not in scale. How do we make sure that in some of the niche areas, they are able to grow to their full potentials and compete at the national, regional and global levels. Consistent and forward looking commitments and effective delivery will make a huge difference.

Let us also look at where we stand on some of the global indices. They are eye opening to us.

Logistics index, competitiveness index, doing business index, corruption perception index.

we should have a clear idea about how far we can go within a certain period of time in all these areas. A benchmark for our progress and its monitoring in some critical areas of these indices would be very important. we will look at them working together with all the relevant stakeholders.

Against this background of both the strengths and weaknesses, and challenges and opportunities,

the Centre will initially focus on the economic transformation in line with the SDG principles of inclusiveness, equity, sustainability, gender mainstreaming, multistakeholder approach, good governance and global partnership, while also looking at all SDGs in an integrated manner.

Talking about productive capacity building and structural transformation, we will look across all the three sectors, agriculture, industry and services and equally crucial sectors that facilitate their progress like human development, energy and infrastructure. They will have our primary focus in the beginning. In analyzing them, we will take a holistic approach, in view of their interrelationships.

We believe that we have to look at the policies, institutions, with their modality of implementation, and resources in an integrated manner.

First, Policies. Are our policies integrated, holistic, forward looking and coherent in a systematic way? Are these policies capture all levels of government, especially now that we have a federal structure. Bottom up approach and all hands on the deck approach are critical in our research and analysis and suggesting policy options.

Second on institutions. How do we consolidate them by enhancing further professionalism, accountability, effectiveness. We must strengthen the rule of law, transparency and anti-corruption measures. And how are the implementation and monitoring mechanisms working in terms of the constant feed back from the beneficiaries and the development impact on the ground. Independent and continuous evaluation would be important to complement what is being done at the government level. Effective monitoring and evaluation requires participation of all the stakeholders and the use of modern technology.

Third, What about the resources? how do we generate them, use them and what is the role of domestic and external resources in implementing and

sustaining them in the long term? For example, SDG investment requirement is about 50 per cent of GDP and public sectors to invest about 55 per cent of it. Big gap is in social as well as in infrastructure. Rise in domestic finance and external finance will be critical.

These three things are crucial to bring and sustain a transformative change in the country.

Therefore the Centre will concentrate itself on the following key activities: Research and analysis with a system-wide approach, advocacy of policy options, including monitoring and accountability mechanisms, multistakeholder forum and global partnership.

I have already talked about our approach to the research and analysis and advocacy of policy options. Let me also briefly touch upon the multistakeholder forum. Our objective is to be one of the important forums of all the stakeholders for structural transformation in Nepal. This will bring together the government, private sector, academia, civil society, beneficiaries and foundations and our long standing development partners. We will have a bottom-up approach in promoting this multistakeholder forum. As the responsibility of economic growth and progress including health and education lies with the local, state and federal units under our Constitution, our approach would be to start from the local level forums, which will feed the state level multistakeholder forum ultimately leading to the national and international dialogue forum. These forums will help promote coherence, and they will help create a robust and broad based ownership of the transformative change in the country. Regional and International dialogue forum will contribute to enhance mutual understanding, generate more resources, knowledge and technology and share the best practices both ways. We can explain what we have achieved and what constraints we face. Similarly, we can also learn from others what has worked for them with necessary adaptation to suit our conditions.

Finally let me say a few words about global partnership.

As a least developed, landlocked and post conflict country, Nepal depends a lot on genuine and meaningful global partnership. There is no doubt that Nepal has benefitted from the support of development partners over the decades. They are indeed clearly visible in many of our development indicators. Now is the time to look for enhanced global partnership for not only sustaining this progress, but also for bringing about economic transformation and promoting sustainable development in Nepal.

SDG envisages the widest form of global partnerships including in terms of the diversity of partners. To begin with, we are looking at further support for strengthening our own domestic resource mobilization. We are doing well on that account, but we need to do even better. The level of ODA should be enhanced and used more effectively given our resource constraints and our ambitions. There should be strong support for more meaningful market access provisions, at the global as well as at the regional levels, while building our productive and competitive capacity. We look for further improvement in both the host country measures and home country measures for investment and technology transfer and facilitation.

In terms of partners, we are looking at the developed countries of the North, as well as the growing strength of the emerging countries of the South in their respective fields of competence. The global private sector, foundations, academia and civil society will have to play a supportive role. How they could be brought together to ensure that they contribute to promote the attainment of SDGs, especially in countries like Nepal will also be a litmus test for the international community. Global success or failure of SDGs by 2030 will be sorely tested in such vulnerable countries like Nepal. Therefore, it is in our enlightened global interests that we make it a success with our collaborative efforts and commitments.

I wish to conclude by repeating what I said in the beginning. The establishment of the Centre is therefore our humble attempt to keep due focus on both national leadership and international cooperation to effectively attain SDGs, with a multistakeholder approach. We want a transformative and sustainable development, which will ensure that no one will be left behind, especially those at the bottom of the development ladder.

We seek strong collaboration and support from all the stakeholders in pursuing these noble objectives in the days ahead.

Goethe, the famous German literary luminary and statesman, said that

Knowing is not enough; we must apply.

Willing is not enough, we must act.

There is a time for everything,
and a season for every activity.

I believe that this is time for effective delivery on structural transformation of Nepal, consistent with SDG principles.

Thank you.