OPINION IN LEAD

Nepal’s quest for smooth LDC graduation

As Nepal is slated to be graduated from the Least Developed Country (LDC) category, it is worth noting that Nepal is the first country ever to graduate without fulfilling the per capita income criterion. As per the UN Committee for Development Policy (CDP), graduation requires to fulfil two of these three criteria --per capita income, Human Asset Index (HAI) and Economic Vulnerability Index (EVI). Nepal’s annual preliminary estimate of per capita income in 2021 was only US$1196 while the graduation requirement is US$ 1230. Since, per capita income is widely regarded as the most important determinant of the three, Nepal’s failure to meet this requirement has cast doubts if the graduation will be sustainable and irreversible.

Ambitious targets

The current level of per capita income notwithstanding, the National Planning Commission (NPC) envisioned plan for Nepal is to achieve a per capita income of US$ 1595 by 2024. While setting an ambitious target is a welcome move, it is also necessary to evaluate if such target can be achieved in the coming years given the current economic situation. To put this ambitious target into perspective, one can look into the per capita gross national income (GNI) growth trends over the last decade. In the decade between 2010 and 2020, Nepal recorded the highest per capita GNI growth at 8.07 percent on FY2018-19 and the lowest was at -0.73 percent on FY2015-16. Much of this high growth credit goes to the reconstruction activities undertaken in the post-Gorkha Earthquake period.

REPORT

Regional economic engagement within South Asia may gain increasing importance owing to several factors that are currently in play, including strategies to diversify global value chains and locate such value chains nearer home. These developments offer South Asia a chance to enhance its low levels of regional economic engagement and capitalize on significant unrealized development opportunities. This report “Regional Investment Pioneers in South Asia” shows that examining intraregional investment and knowledge connectivity enhances our understanding of the low levels of intraregional trade and limited regional value chains in South Asia. Creating a new and unique data set for South Asian investment, it provides a detailed and nuanced understanding of the drivers of outward investment, both regional and global, for South Asian firms.

There is particular scope to build on the digitalization initiatives in trade and investment facilitation taken during the pandemic. “Regional Investment Pioneers in South Asia” follows on, and is complementary to, the earlier World Bank report, “A Glass Half Full: the Promise of Regional Trade in South Asia”.
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SAWTEE and The Asia Foundation published a research report "Trade Policy Coherence and Coordination in Nepal: An Exploratory Assessment" that explores the coherence of policies, strategies and laws that have a bearing on Nepal’s international trade, and the mechanism and extent of coordination between government agencies and between the government and the private sector in trade-related decision making, including policy formulation and implementation. It outlines possible measures for achieving policy coherence and improved inter-agency coordination.