

# Country Presentation of Nepal on Inclusion

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## The Socio-Economic Context of Nepal

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- Nepal is located between India and China and with 26.5 million of population and 147,181 square kilometers of area; Nepal occupies 0.3 and 0.03 percentage of land area in Asia and world respectively.
- The altitude ranges from minimum 70 meters to maximum 8848 meters whereas the climate varies with its topography.
- The Mount Everest top of the world-is both identity and glory of this Himalayan country.
- Nepal is a multiethnic; multilingual, multi-religious and multicultural country.

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\*The last census 2011 revealed that there are 123 languages being spoken in Nepal whereas 125 caste and ethnic group residing in a uniquely harmonized Nepalese society.

\*There were recorded ten different religions, viz, Hindu, Buddha, Islam, Kirat, Christian, Prakarti, Bon, Jain, Bahai, and Sikha respectively by their dominance in the last census 2011.

\*Also Known as the light of Asia, Lord Gautam Buddha was born in Lumbani of Nepal some 2500 years ago.

\*Ruled by Shaha dynasty for about 240 years as a kingdom, the country turned to a federal republic of Nepal in 2006/2007.

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\*According to the population census of 2011, the total population is 26.5 millions with annual growth rate of 1.35 per annum and 5427,302 individual households.

•\*From the same census it is found that 6.7, 43.0, 50.3 percentages of population living respectively in hills, mountain and terai.

•\*As such geographical distribution of population is uneven. The population density in the year 2011 was 153 people per square kilometer.

•\*Similarly, the literacy rate of male and female are 75.1% and 57.4% giving on average of 65.9%. In reference to Human Development Report 2011 of UNDP, Nepal's HDI is 0.458.

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\*Tourism is the largest industry and one of the key sources of foreign exchange in Nepal.

\*Nepal is the unique destination for mountaineering, trekking, rafting, and jungle safari.

\*It possesses eight out of ten highest mountains in the world.

\*There are 10 world heritage and unbeatable combination of natural beauty and cultural riches.

\* In 2011, it welcomed around 545 thousands tourists and earned about 369 million US dollar income from tourist. However, Nepal's population mostly depends on subsistence agriculture for livelihood.

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## Brief Country Economic Profile

SN.	Indicators	Situation in FY 2009/10	Three Year Plan's Targets
1	Economic growth rate (%)	4.4	5.5
	Agriculture sector growth rate (%)	3.3	3.9
	Non-agriculture sector growth rate (%)	5.1	6.4
2	Population living below poverty line (%)	25.4	21
3	Employment growth rate (%)	3.0	3.6
4	Delivery attended by trained health workers (%)	29	60
5	Contraceptive prevalence rate (%)	50	56
6	Total fertility rate (women of 15-49 year age group) (%)	2.9	2.6
7	Maternal mortality rate (per 100 thousand)	229	170
8	Neo-natal mortality rate (per 1000 live birth)	20	16
9	Infant mortality rate (per 1000 live birth)	41	36
10	Child mortality rate (per 1000 live birth)	50	40
11	Population with access to drinking water services (%)	80	85
12	Population with sanitation services (%)	43	60
13	Primary level net enrolment rate (%)	93.7	98
14	District head quarters connected with roads (%)	71	75



## Country Macroeconomic Profile

Indicators\Scenarios	2009/10	2014/15	
		Baseline	MDGs
Poverty rate	25.4	22.1	19.2
GDP growth at producer's price	4.6	4.8	6.5
GDP growth at factor cost	3.9	4.3	6.1
Share of agriculture	0.35	0.34	0.34
Share of industry	0.15	0.14	0.14
Share of service	0.50	0.52	0.52
Share of change in stock in GDP (%)	14.8	13.5	10.8
Total consumption as % of GDP	92.6	93.4	93.0
CPI inflation	9.5	10.2	12.5
Total expenditure as % of GDP	22.2	23.2	26.7
Budget deficit as % of GDP	3.5	4.9	7.7
External loan as % of GDP	1.0	2.9	5.7
Broad money supply (growth rate)	14.1	17.8	22.8
Current account balance as % of GDP	-2.7	-3.0	-4.6
Remittance as % of GDP	19.8	24.4	26.3
BOP (Rs. in billion)	-3.6	31.9	63.8

Source: Simulation result from the MDGcMEM

## Latest GDP per-capita in 2005 purchasing power parity dollars

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*\*The latest value for GDP per capita, PPP(constant 2005 international \$) in Nepal was 1,105.72 as of 2011.*

*\*Over the past 31 years, the value for this indicator has fluctuated between 1,105.72 in 2011 and 568.48 in 1980.*

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**Source: World Bank, International Comparison Program database, 2012**

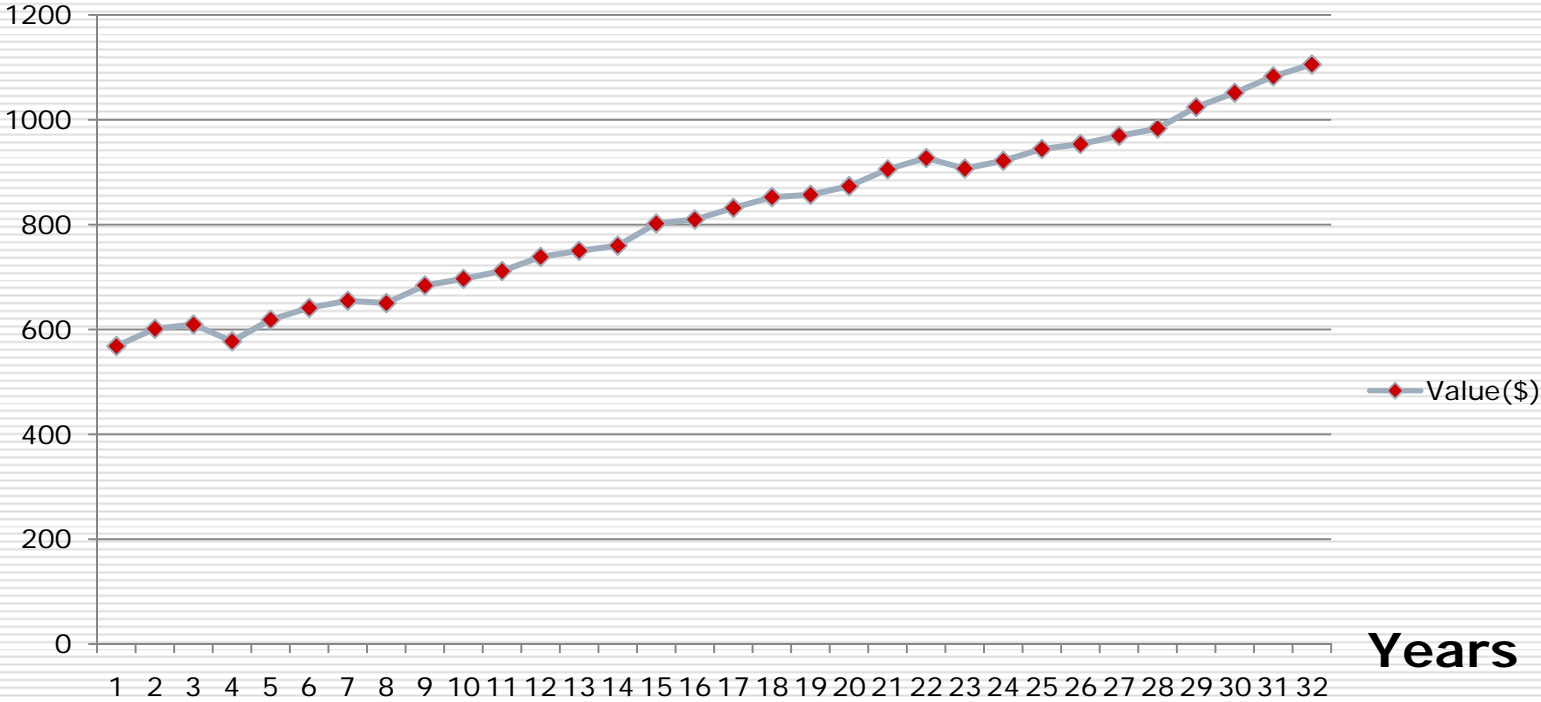
## Data of 1980 to 2011 in constant 2005 international dollars

Year	Value	Year	Value
1980	568.48	1996	831.98
1981	601.51	1997	852.65
1982	609.63	1998	857.09
1983	577.64	1999	873.49
1984	618.73	2000	905.78
1985	641.38	2001	927.23
1986	654.99	2002	907.19
1987	650.52	2003	922.03
1988	684.15	2004	944.45
1989	696.87	2005	953.81
1990	711.71	2006	969.65
1991	738.72	2007	983.69
1992	750.31	2008	1,024.55
1993	760.09	2009	1,051.80
1994	802.33	2010	1,083.08
1995	809.75	2011	1,105.72

Source: World Bank, International Comparison Program database, 2012

Over the past 32 years, the value for this indicator has fluctuated between \$1,105.72 in 2011 and \$568.48 in 1980.

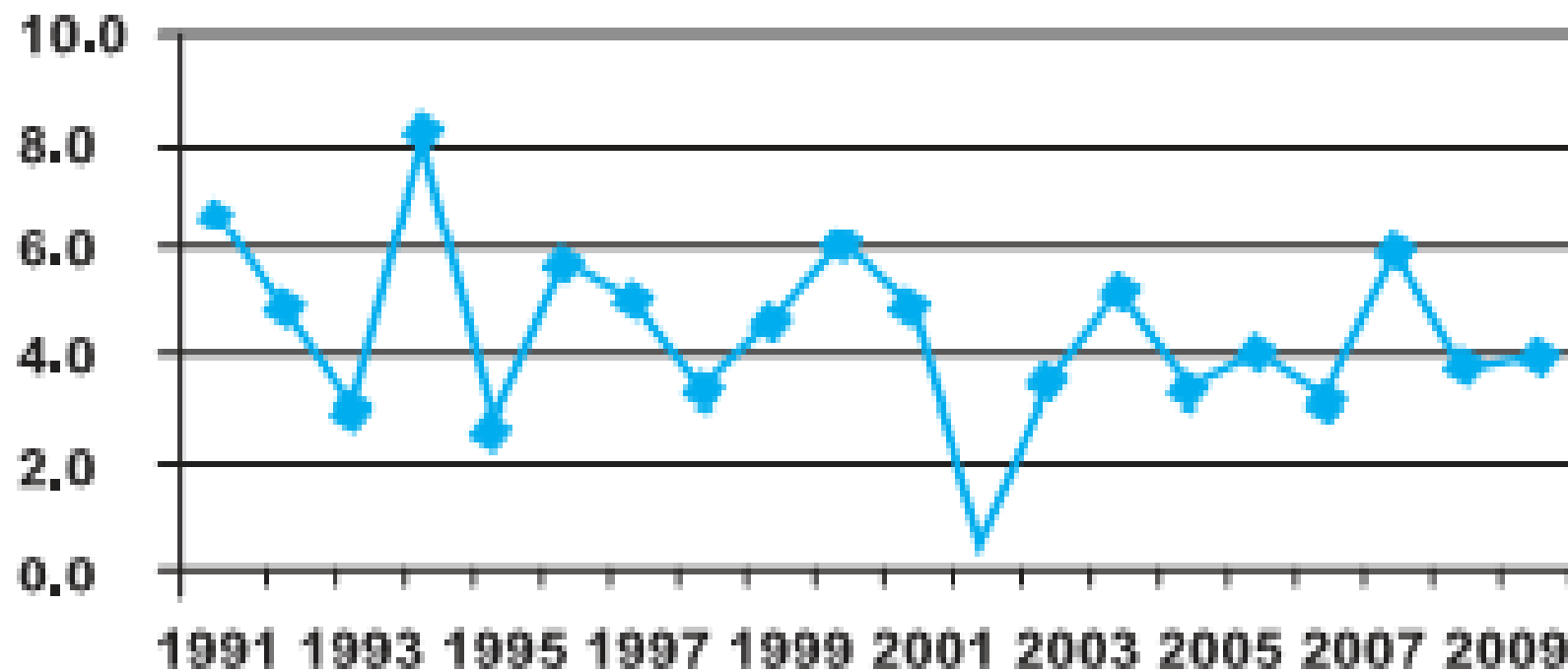
**Value(\$)**



## GDP Growth Trends

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### GDP Growth Rate at constant price



Source: Millennium Development Goals Consistent, Macroeconomic Model Nepal, 2012

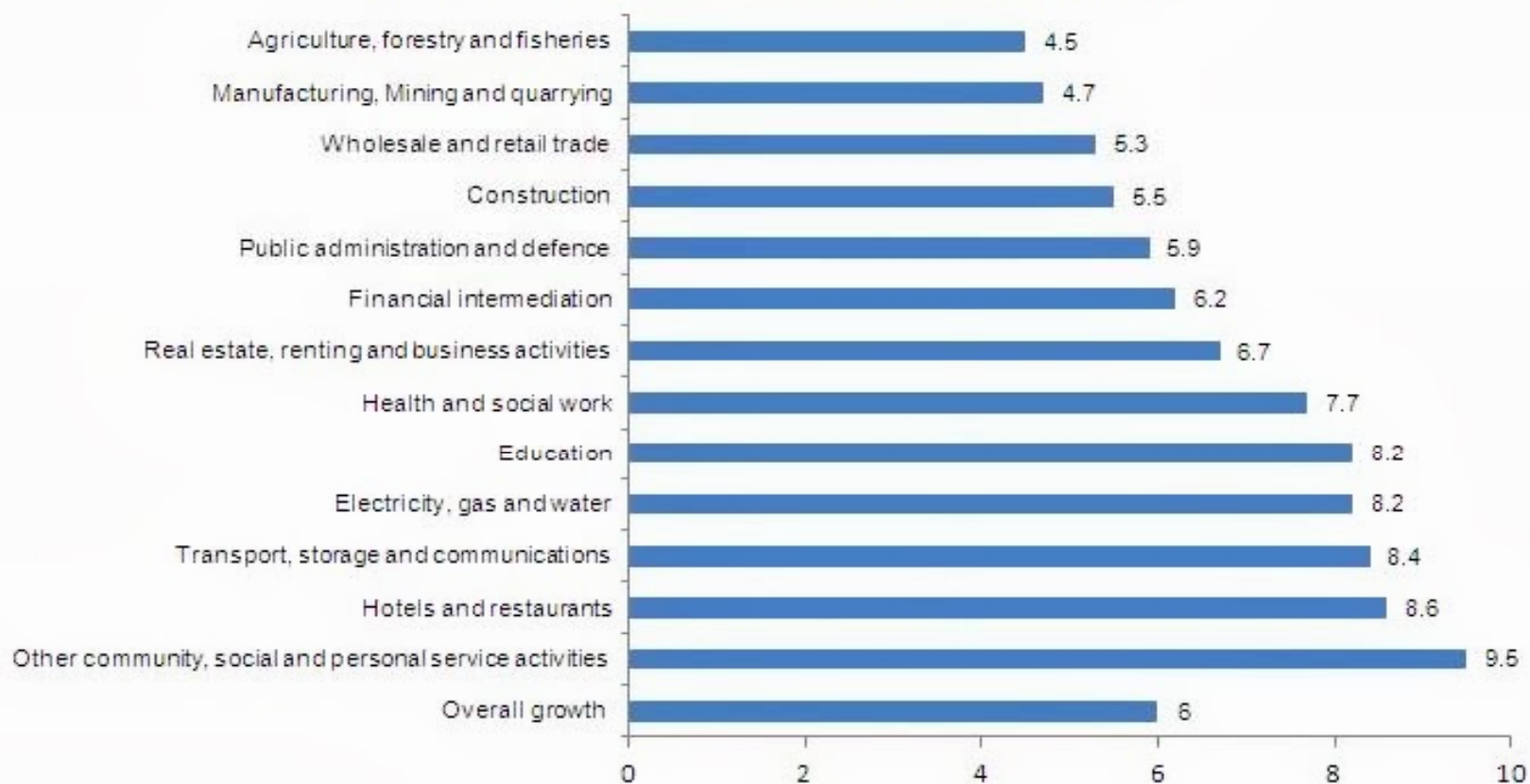
## Government education, health and social protection expenditures as a share of GDP

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Expenditure items	2009/10	2010/11	2011/12
Education	0.2	0.4	0.3
Health	5.4	6.6	6.6
Public peace and security	9.9	7.5	6.2

# Growth Forecast for the medium-term (Three Year Interim Plan FY2014-FY2016 )

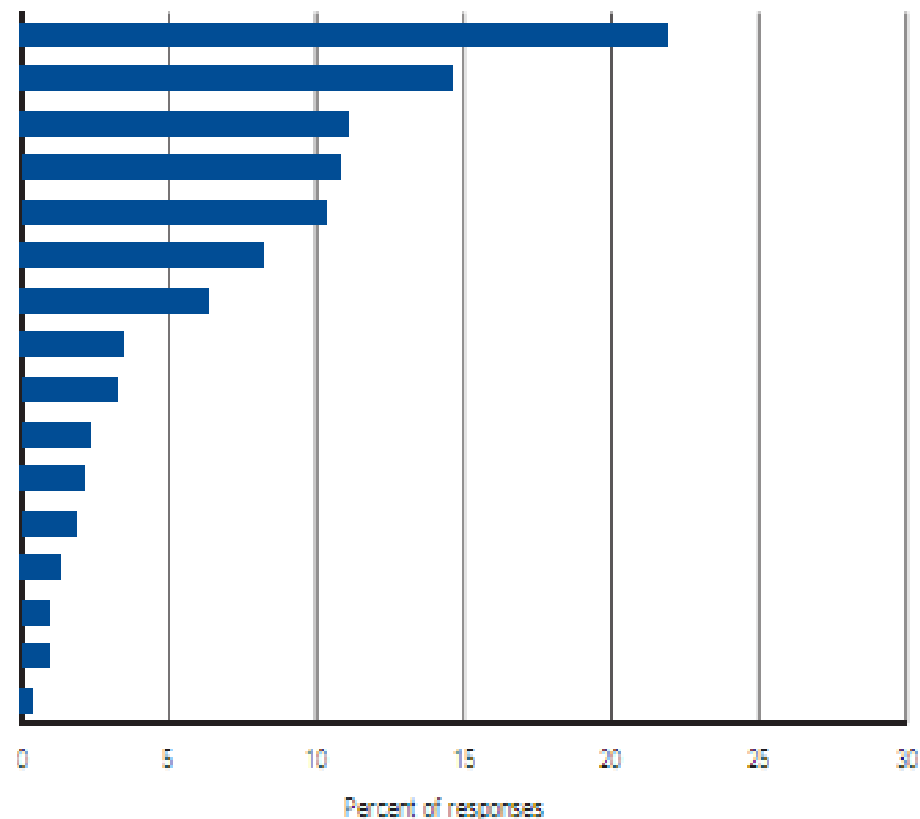
TYIP FY2014-FY2016 growth targets (%)



# Determinant Factors for Business Economy in Nepal

## The most problematic factors for doing business

Government instability/coups.....	21.9
Corruption.....	14.7
Inefficient government bureaucracy.....	11.1
Inadequate supply of infrastructure.....	10.8
Policy instability.....	10.3
Restrictive labor regulations.....	8.2
Poor work ethic in national labor force.....	6.4
Inadequately educated workforce.....	3.5
Access to financing.....	3.3
Inflation.....	2.3
Tax regulations.....	2.2
Tax rates.....	1.9
Insufficient capacity to innovate.....	1.3
Crime and theft.....	0.9
Foreign currency regulations.....	0.9
Poor public health.....	0.4



Note: From the list of factors above, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.



# Indicators of the Inclusion

## National Poverty Line year wise

Year	Poverty Rate
1985	78.15
1990	60.18
1996	67.97
2003	53.13
2004	49.4
2010	32.68
2012	24.82
2013	23.8

Source: World Bank's Report, 2010 and Economic Survey of Nepal, 2012-2013

## Poverty headcount ratio in 2000-2009

Attributes	Percentage
PPP \$125 a day	55.10%
National Poverty Line	30.90%
Income Share Held by lowest 20% population	5.90%
Income Gini-coefficient	47.30%

Source: Asia Pacific Human Development Report, UNDP, 2012

# National Poverty Profile

## Nepal 1995-96 and 2003-2004, Poverty Measurement

	Headcount rate (P0)			Poverty Gap (P1)			Squared Poverty Gap (P2)		
	1995-96	2003-04	<i>change in %</i>	1995-96	2003-04	<i>change in %</i>	1995-96	2003-04	<i>change in %</i>
<b>Nepal</b>	<b>41.76</b>	<b>30.85</b>	<b>-26</b>	<b>11.75</b>	<b>7.55</b>	<b>-36</b>	<b>4.67</b>	<b>2.7</b>	<b>-42</b>
st. err.	1.09	0.93		0.4	0.3		0.21	0.14	
<b>Urban</b>	<b>21.55</b>	<b>9.55</b>	<b>-56</b>	<b>6.54</b>	<b>2.18</b>	<b>-67</b>	<b>2.65</b>	<b>0.71</b>	<b>-73</b>
st. err.	2.87	1.13		1.02	0.32		0.51	0.13	
<b>Rural</b>	<b>43.27</b>	<b>34.62</b>	<b>-20</b>	<b>12.14</b>	<b>8.5</b>	<b>-30</b>	<b>4.83</b>	<b>3.05</b>	<b>-37</b>
st. err.	1.15	1.06		0.43	0.35		0.23	0.17	

Source: Poverty Trends in Nepal, Central Bureau of Statistics, 2003-2004

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**\*The government is targeting to reduce proportion of population living below the national poverty line to 18% from 25.2% in FY2011 and an estimated 23.8% in FY2013.**

**\*The targets for maternal mortality rate (per 100,000 birth) is 134 from 229 in FY2013, net enrolment rate at primary education target is 100% from 95.3% in FY2013, and area under forest cover is targeted at 40%, marginally up from 39.6% in FY2013.**

## Measures of income inequality

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Year	Gini's Coefficient of Income Inequality %	
1985		30.08
1996		35.23
2003		43.83
2010		32.82
2010	India's Gini	33.90
2009	China's Gini	42.06

*Source: World Bank Report, 2010*

*The HDI Trends of the Nepal of the years 1990, 2000 and 2011 are 0.34, 0.398, and 0.458 respectively. Inequality adjusted HDI is 0.301, gender inequality index (2011) is 0.558 and Multidimensional Poverty Index is 0.35*

## Unemployment Rate

### Attributes

	1998/1999	2008
All	1.1	1.3
Male	1.5	1.6
Female	0.7	1.1
Urban	4.5	5
Rural	0.7	0.7
<b>Youth Unemployment Rate(15-24)</b>		
All	2.4	3.5
Male	3.3	4.2
Female	1.7	2.9
Urban	7.6	13
Rural	1.6	2.1

*Source: Labour Force Survey Nepal, 2008*

## Labour Participation Rate(15+)

Percentage of Female in different time			Percentage of Male in different time		
1990	2000	2009	1990	2000	2009
52.4	59.9	63.3	84.6	81.4	80.3
Employment of Population ratio (age 15+)					
52.2	58.8	62.0	82.5	79.7	78.6
Adult Literacy Rate(2001-2009)					
Female-47%			Male-72%		

Source: Asia Pacific Human Development Report,UNDP,2012

# Millennium Development Goals

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Nepal has made a significant progress in achieving its MDGs and has received international praise for doing so. The following are the selected goals and the achievements.

1. Eradicate extreme poverty and hunger (likely)

- Reduce extreme poverty by half (Strong)
- Full and productive employment for all (potentially likely)
- Reduce Extreme Hunger (likely)

2. Achieve universal Primary education (Potentially likely and lack of data)

3. Gender equality and employment of women (unlikely and fair)

4. Reduce child mortality (Likely and strong)

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### 5.Improve maternal health(likely and strong)

- Reduce maternal mortality by three quarters(achieved and strong)
- Achieve universal access to reproductive health(likely and strong)

### 6.Combat HIV/AIDS, Malaria, and TB(Likely and Strong)

- Have halted and begun to reverse the speed of HIV/AIDS(Likely and Strong)
- Achieve universal access to treatment for HIV/AIDS(Likely and Strong)
- Have halted and begun to reverse the incidence of Malaria and other diseases(achieved and strong)



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## 7. Ensure environmental Sustainability

- Reverse loss of forest(Likely and strong)
- Reduce bio-diversity loss(likely and strong)
- Halve proportion of people without sanitation(potentially likely, strong)
- Improve lives of slum dwellers(Strong, weak)

**Note: The measurement of the indicators has been done as follows;**

Attributes	Measurement				
Likelihood of achievement	Achieved	Likely	Potentially Likely	unlikely	
Status of supportive environment	Lack of data	Strong	Fair	Weak but Improving	weak

## **Challenges & Implementation of the inclusive growth policies**

- \* The MGD progress report of 2010 outlined several bottlenecks stymieing the implementation of poverty-reducing policies, including the political transition from conflict to peace and effect of transitions to employment generation as well as domestic and foreign investments.
- \* Currently, Investment on service sectors especially in tourism, has grown and there is more attention to and interest in investing in the agriculture sector.
- \* Plans and Strategies to make adequate and nutritious food available are constrained by various factors relating to production, supply and distribution of food along with food processing and social behavior.

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- \* Children living in remote, poverty stricken areas with low rate of literacy often cannot access school.
- \* The ratio of girls to boys in primary education has improved significantly since 1990, so that the target for 2015 has already been achieved.
- \* Eliminating discriminatory social and cultural practices poses considerable challenges to fostering gender equality in practice in Nepal.
- \* The Neonatal mortality rate of Nepal did not decrease between 2006 to 2010.

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- \* Poor referral networks are a major contributory factor in many maternal deaths. Women are too late to an appropriate health facility, and their transfer is further delayed by the lack of transport and poor communication between health facilities.
- \* High level political commitment to eliminate HIV/AIDs is revealed in government's intensification of effort in planning, programming and reviewing which laid out in the national HIV/AIDs strategies of 2011-2016.
- \* For ensuring the environmental sustainability, Nepal is initiating the process of preparing the methodology, mechanisms and program for reducing emission from deforestation of forest degradation.

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Thank you!