



## Project Data Sheet

### Project 45217-002

Project Name	Support for Formulating an Economic Development Vision
Project Number	45217-002
Country / Economy	Nepal
Project Status	Closed
Project Type / Modality of Assistance	Technical Assistance

Source of Funding / Amount	<b>TA 8261-NEP: Support for Formulating an Economic Development Vision</b>	
	Technical Assistance Special Fund	US\$ 700,000.00

Strategic Agendas	Inclusive economic growth
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Drivers of Change	Governance and capacity development Partnerships Private sector development
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Sector / Subsector	<b>Energy</b> / Energy sector development and institutional reform <b>Finance</b> / Finance sector development <b>Industry and trade</b> / Industry and trade sector development <b>Public sector management</b> / Economic affairs management <b>Transport</b> / Air transport - Road transport (non-urban)
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Gender

Description	<p>The proposed TA will support the Government in developing a long-term economic vision for Nepal aimed at higher and inclusive economic growth and forging a national consensus on such vision so that Nepal's economic policies and reform agendas going forward will be focused, coherent and within the framework of the long-term development vision. The TA will comprise 3 components:</p> <ul style="list-style-type: none"><li>- An review of Nepal's existing policies and development strategies and plans at the macro and key sectoral levels, and their performance against the present and emerging socioeconomic challenges.</li><li>- Development of strategy and policy options for achieving higher, sustainable and inclusive economic growth and generating employment opportunities. In this context, a thorough and focused assessment will be made as to the reforms required to create enabling conditions for the private sector at policy, institutional, legal and regulatory levels. The impact of reforms in areas related to public resource and fiscal management, financial and capital market sector development, trade and investment, and good governance, vis- -vis private sector development will be examined.</li><li>- Development of a long-term economic vision by organizing a high-level economic summit, which will guide and inform the formulation of the next (starting FY2014) and other future medium-term development plans of the country.</li></ul>
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Project Rationale and  
Linkage to  
Country/Regional  
Strategy

Nepal has been undergoing a historic peace process following the end of the decade-long civil in April 2006. The peace process has, however, been protracted given the complex and challenging tasks of reconciliation between the parties to the conflict, reconstruction of damaged infrastructure, rehabilitation of the conflict victims including the demobilization of the former Maoist combatants, and framing a new constitution that promises a new social and political order and a more inclusive and prosperous Nepali society. While the peace process has achieved substantial progress, the constitution drafting process a key milestone--has been particularly challenging given the task of building consensus in the 601-member diverse constituent assembly represented by some 25 political parties on the complex and divisive issues of federalism, form of governance and electoral system.

Despite the conflict and the protracted peace process, Nepal has been able to maintain reasonable macroeconomic stability. The country's economic reform and development agenda during this period have, however, been overshadowed by its preoccupation with the post-conflict political transition, preventing the realization of the country's potential for stronger economic growth which is estimated at 6-7% given its natural resource endowments, strategic geographic location and young population. Economic growth has, however, slowed to an average of 3.5% per annum since the conflict began, compared to about 5% in the previous years.

Nepal has been following planned economic development since the launch of the First Five-Year Plan (FYP) in 1956 followed by a series of such medium-term plans. Among these plans, the Tenth FYP (FY2003-2007) is considered the most significant and strategic in terms of candid recognition of the country's development challenges and the underlying causes of the civil conflict, and a focused vision for reducing poverty. Considered as the country's poverty reduction strategy, it included Medium Term Expenditure Framework to focus and prioritize investments contributing to poverty reduction. The period that followed the Tenth FYP was, however, marked by political uncertainties associated with the protracted peace process. The planning cycle was truncated to three-year plans since FY2008. While these three-year interim plans (TYIP: FY2008-2010 and FY2011-2013) continued to focus on addressing poverty reduction and social exclusion, they lacked a clear longer-term strategic framework, understandably so given the prevailing political uncertainties.

There is an expectation that the constitution building and peace process is nearing conclusion as early as the end of May 2012. With political stability going forward, there is a wide recognition within the Government that stronger and inclusive economic growth is critical for sustaining the hard-earned peace and establishing lasting stability. The Government is, therefore, making efforts to bring the country's economic development agenda to the forefront. The Nepal Investment Board was established in November 2011, and the Immediate Action Plan for Economic Progress and Prosperity and the Action Plan for Good Governance were announced in January 2012. They are aimed at strengthening governance and promoting both public and private investments for improving public service delivery and accelerating economic growth. With a new constitution expected to be in place in the near future marking a new era for the country, the Government envisages the need for a new long-term economic development vision, policies and priorities to respond to the people's aspirations for economic progress. In this regard, the Government sees the need to build a broad consensus on these directions at the political level. Further, given that the current TYIP will conclude in July 2013, the Government is considering to prepare the next plan based on the proposed long-term economic vision. Such vision and consensus will be critical for the country to realize its true potential for stronger economic growth and fulfill the aspirations of its people for economic progress and prosperity in the new era. The Government, whose capacity is stretched by the tasks involved in the peace process, needs support for developing a long-term economic development vision based on the views and priorities of key stakeholders, including the political parties, the private sector, civil society and the academia. In order to build consensus on the country's economic development agenda against the backdrop of divergent views with different political, ethnic and social dimensions, the Government intends to organize a high-level economic summit (the Summit) as early as September 2012 inviting internationally renowned development economists and practitioners to interact with key political leaders and other stakeholders on Nepal's development opportunities and appropriate strategies and policies including reform measures to attain them.

Impact	Economic reform and development programs initiated toward achieving the government's vision of achieving double-digit and more inclusive economic growth by 2022
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## Project Outcome

Description of Outcome	<p>Broad-based national consensus on economic policies, reform agenda, strategic directions and actions, and key programs for achieving the vision of double-digit and more inclusive economic growth by 2022</p> <p>The process of formulating a Socioeconomic Development Vision 2030 envisaging these agendas has been initiated by NPC since February 2016. Since the inception seminar in March 2016, there was a change in the government in August 2016, leading to a change in the NPC team. As a result of this it took some time to reassess the concept and give momentum to the envisioning exercise.</p> <p>In early 2017, three high-level study visits were organized with the Vice Chairman and different members of NPC participating in the trip to Viet Nam, Sri Lanka and Malaysia.</p> <p>Dr. Ajay Chhibber (Consultant, Senior Economic Development Specialist/Advisor) presented key elements and a road map for the long-term economic vision, to NPC team, including members.</p> <p>NPC organized a high-level meeting of key economic thinkers from different political parties, current and former top government officials and representatives of the private sector. Dr. Ajay Chhibber also made a presentation to this group.</p> <p>NPC is currently revising the concept note and is expected to finalize it with inputs from all NPC members and subsequently endorse it by end-September 2017.</p>
Progress Toward Outcome	

## Implementation Progress

Description of Project Outputs	<p>A comprehensive diagnostic synthesis report prepared on Nepal's key development challenges and opportunities</p> <p>A high-level international economic summit organized.</p> <p>A framework for Nepal's long-term development vision and a medium-term development plan prepared</p>
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A conceptual framework of Envisioning Nepal 2030 is being prepared. A high-level inception seminar was organized on 28 March 2016 to deliberate on the concept paper. A comprehensive proceeding of the seminar has been prepared.

At the request of NPC, a time extension of the TA until September 2018 is being processed. Of late, the vision work is progressing at pace with the change in leadership at NPC. One expert (Data Evaluation) has been recruited, another (Modeling Expert) is nearly finalized. More experts will be hired subject to approval of TA extension. Output wise progress is summarized below.

Output 1 Several background papers have been completed or nearly so . These include the sectoral framework and development vision for energy, transport, urban, education, agriculture sector and thematic and special topics on private sector growth and investments, trade deficit, city-based growth, and governance areas such as federalism.

Output 2 is designed to support a high-level international economic summit. This output has been completed (item a' below). In addition, a series of consultations and other activities have been accomplished under the TA as follows:

a. A one-day high-level international seminar titled Envisioning Nepal 2030' was organized in March 2016. The seminar was attended by various eminent persons of international repute. ADB's VPO1 participated and made a key note speech.

b. A public lecture by Professor Jeffrey D. Sachs (4 December 2016)

c. Interaction with eminent economic thinkers of Nepal representing different political parties and a presentation on the way ahead for Vision 2030 (3 February 2017)

d. Three study visits by the then Vice-Chairman and various members of the NPC to Viet Nam, Sri Lanka and Malaysia to learn from their experience in planning and implementing development strategies (December 2016 January 2017)

e. A strategic country direction workshop for members of the Cabinet, leaders of political parties, and high-level officials in the government was organized by NPC and Malaysia's Performance Management and Delivery Unit (9 10 April 2017).

Output 3 relates to the formulation of a long-term and medium-term development plan. At this stage, most of the work needs to be completed under this output. As planned, this will synthesize and complete earlier analyses. Most of the sector analyses (e.g. energy, transport, urban, agriculture, education) done above under Output 1 were to inform the inception seminar organized in March 2016. These analyses will need to be supplemented with an analysis of goals and targets for Vision 2030. To support the sector analysis further, a macro-economic modeling exercise will be carried out that will tie up different sector targets to generate national targets. Moreover, different cross-cutting issues will need to be explored (e.g., governance, disaster mitigation, inclusion aspects, digitization, geo-political prospects). Also, the discussion with NPC reveals plans to process a comprehensive dissemination of Vision 2030 in different provinces and local units in 2018.

Status of  
Implementation  
Progress (Outputs,  
Activities, and Issues)

Geographical Location

## Summary of Environmental and Social Aspects

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Environmental Aspects

Involuntary Resettlement

## **Stakeholder Communication, Participation, and Consultation**

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	Ministry of Finance OPMCM National Planning Commission DFID World Bank
During Project Design	The consultations with Ministry of Finance, Office of the Prime Minister and Council of Ministers, National Planning Commission, DFID, and World Bank were held during a formal reconnaissance mission and frequent informal dialog meetings. The discussion focussed on conceptualizing the process of formulating the proposed economic development vision for the country, the timing for undertaking this process, preparations for the various TA activities, particularly the Summit, and the targeted development outcome and impact of the proposed TA.
During Project Implementation	Further stakeholder consultations were undertaken for the inception seminar on 28 March 2016, and the process thereafter.

## **Business Opportunities**

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The TA will require 20 person-months of consulting services (9 person-months international and 11 person-months national). The consultants will be recruited through a reputable organization (consultant firm) that is highly professional and experienced in preparing and organizing similar high-level international economic forums. Within this framework, the selected organization will also undertake specialized studies on the sectors and themes selected for the summit through the engagement of local experts, from which additional 12 person-months of inputs will be required. Based on the selected sectors and themes to be finalized in consultation with the government and other stakeholders (from among the tentative list in para. 12), these additional experts will be selected by the consultant firm in consultation with ADB from among the best-qualified and available local experts. In addition, the consultant firm will further engage an event management agent to manage the logistics for the summit. The outline terms of reference for consultants are in Appendix 3.

#### Consulting Services

In view of (i) the need to engage a highly reputed organization that can manage the summit with high-level international experts (a critical component of the TA), and (ii) urgency to organizing the summit by September 2013 and to reflect the outputs in the medium-term development plan of the government within 2013, the TA will recruit the consultant firm through the quality- and cost-based selection method with simplified technical proposals. ADB will adopt fast-track measures, including advance actions. The consultants will be selected in accordance with ADB's Guidelines on the Use of Consultants (2010, as amended from time to time). Office equipment required for the implementation of the TA will be procured in accordance with ADB's Procurement Guidelines (2010, as amended from time to time), and will be handed over to the government upon completion of the TA. Disbursements under the TA will be in accordance with ADB's Technical Assistant Disbursement Handbook (2010, as amended from time to time).

The TA will be implemented over 15 months, from 1 February 2013 to 30 April 2014. The steering committee will meet for the inception of the TA, and at least every 2 months thereafter to review the implementation progress and resolve any related issues. It will provide policy guidance to the SOC for effective day-to-day implementation of the TA and for organizing the summit. The steering committee and the SOC may invite representatives of the private sector, civil society, and other stakeholders to their meetings. ADB will field frequent missions to review implementation progress, and to guide the TA consultants (in consultation with MOF). These missions will make appropriate recommendations to MOF and ADB management should the implementation environment change drastically, affecting the achievement of the TA objectives.

Responsible ADB Officer	Panday, Anjan
Responsible ADB Department	South Asia Department
Responsible ADB Division	Nepal Resident Mission
Executing Agencies	<i>National Planning Commission Singha Durbar Kathmandu, Nepal or P.O. Box 1284</i>

#### Timetable

Concept Clearance	29 Oct 2012
Fact Finding	05 Jul 2012 to 06 Jul 2012
MRM	-
Approval	11 Dec 2012

Last Review Mission -

Last PDS Update 19 Sep 2017

## TA 8261-NEP

### Milestones

Approval	Signing Date	Effectivity Date	Closing	Revised	Actual
			Original		
11 Dec 2012	09 Jan 2013	09 Jan 2013	30 Apr 2014	30 Sep 2018	13 Nov 2018

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart		Project Sponsor	Others	Total	Date	Amount
		Gov	Beneficiaries					
700,000.00	0.00	0.00	0.00	0.00	0.00	700,000.00	17 Jun 2022	459,664.57

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