



NEPAL

Yuba Raj Khatiwada, Governor

*President Mr. Takehiko Nakao,
Fellow Governors,
Ladies and Gentlemen.*

It is indeed a great honor and privilege for me and my delegation to participate in this 52nd Annual Meeting of the Board of Governors of the Asian Development Bank in this beautiful country Fiji. I take this opportunity to commend the Government of Fiji, the Fijian people and the Asian Development Bank for the excellent logistic arrangement and warm hospitality extended to us.

We are attending this meeting at a critical juncture when the world economy is at the cross roads of progression. It is good to note that the global economy is growing at a satisfactory rate of about 3 per cent for the immediate years. However, it is worrying to note that the medium term outlook reveals significant weaknesses for the sustainability and quality of the current global economic growth. The escalating trade protectionism, bilateral trade tensions and disputes, sanctions, financial stress and volatility, geopolitical tensions along with the intensity of climate change effects, persistently high levels of inequality, and resistance to further reforms and liberalization are restraining the higher trajectory of the global economic growth.

It is satisfying to observe that the world has averted the cyclical path of financial crises that have been occurring once in a decade notably since 1987. I firmly believe that the global policies and actions are successful in averting such recurring crisis and effective to escort Asia and the Pacific region to a sustainable growth trajectory. In this regard, I applaud ADB vision under Strategy 2030 of having a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while continuing its determination to eradicate extreme poverty from the region.

The world has observed that more than one billion people have been lifted out of extreme poverty during the last two and half decades, due mainly to the fast-growing economies of East and South Asia contributing to this outcome. However, not all the countries in the region have been equally successful to reduce poverty. Sustaining the encouraging development outcomes requires that the low income countries like ours are protected against global and regional economic shocks, natural disasters, and the impact of environmental degradation. Besides, for small economies like ours, it is necessary that macro and sectoral economic policies are designed to minimize the impacts of such shocks. Strong regional development cooperation would help in addressing such shocks in countries like Nepal.

Trade protection measures adopted by some large economies have adversely impacted regional ties and global partnership for achieving common development goals. This new trend has influenced trade structure, capital flows, exchange rate, and commodity prices in many countries. The revolution in information technology and rapid progress in automation following technological advancement has been squeezing labor market opportunities.

Rising inequality within and among nations has been posing a global threat to peace and sustainable development. As such, high or even growing inequality has undermined the speed of poverty reduction in several countries. This calls for reorientation of our macro and sectoral policies along with rebalancing the roles of the state and the market. I urge the ADB to work together with the developing member countries towards this direction, and play a proactive role to develop credible policies which foster equality and efficiency without undermining social justice and fair distribution of resources and opportunities so that every citizen in the region benefits from the development outcome.

Mr. President,

I feel happy to share that the promulgation of the democratic and progressive constitution in 2015 has led Nepal towards an era of inclusive and representative democracy in a federal set up. The end of protracted political transition, attainment of political stability, elected governments at all the three levels of the state, and commitments of our government to rapidly deliver development services to the people has fostered a sense of high optimism towards the present day government. Accordingly, the elected governments at all the levels are committed for eradicating extreme poverty, ending illiteracy, improving living standards of people, and driving economic development through the institutionalization of the federal system.

Political transformation that Nepal has witnessed must be translated into social and economic transformation which offers a solid ground for modern and developed Nepal. In this regard, our immediate goal is to graduate from the Least Developed Country status; and the medium term goal is to become a middle-income country and achieve SDGs by 2030. To realize this, we need to attain a double-digit growth over the next several years. Domestic resources alone are not sufficient to meet this requirement. This is where we would like to urge you to come and assist us in meeting our huge public investment needs.

Nepal has now emerged as one one of the fastest growing countries in Asia with its GDP growing by more than 7 per cent on average during the last 3 years. We are mindful that high growth requires more investment and such investment requires transparent and responsive governance and rule of law. With elected representatives at all three tiers of our federal set up, governance attributes are improving. There is already a healthy competition among the provinces and local governments on incentivizing investment and getting more of it. The private sector is geared up to carry on more investment in manufacturing, services and infrastructure.

While achieving high economic growth, we have been able to contain inflation at around 5 per cent, maintain fiscal balance, and secure financial stability. However, the external sector remains at stress due mainly to rising imports of capital goods to support the high economic growth. Besides, the risks associated with disasters, climate change, and global

shocks are posing threat to sustainable development and achieve our vision of Prosperous Nepal: Happy Nepali.

As we have managed to reduce absolute poverty by more than one percentage point every year during the last two decades or so, we want to accelerate the pace of such poverty reduction to end it within a decade. Then, there is higher challenge to tackle hard core poverty and hard to reach people. Significant progress has been observed towards achieving the SDGs through implementation of credible policies and programs in partnership of all the actors of development of the state.

Mr. President,

Nepal's goal of graduating from LDC status in near future, meeting the fundamental civil rights of the citizens as protected in the constitution, and achieving the SDGs calls for synchronizing our development programs with these goals. The country needs to invest at least 50 per cent of GDP annually to meet the SDGs alone during the entire period till 2030, and this translates to public sector financing gap of more than 10 percent of GDP on average for the SDG period. Such gap exists to implement the SDGs even after accounting for highest efforts to mobilize all the existing sources of public and private finance. This is where I see a greater role that ADB can play for meeting the SDGs financing gap. Achievement of the SDGs being our shared responsibility, I urge all the development partners to upscale their support, including through ODA, to countries like ours which are lagging behind in the development ladder.

Beyond traditional ODA financing, we have urged domestic and international private sector to invest in Nepal and partner with the government for development through mutually agreed win-win solutions. Just one month back, Nepal convened an International Investment Summit with a view to mobilize more domestic and external financing for investment in several areas including agriculture, tourism, manufacturing, services, energy and infrastructure. There was overwhelming response from the investors in terms of participation and expression of interest to invest in a number of projects offered for investment. I take this opportunity to express my sincere thanks to ADB, particularly Vice President Mr. Shixin Chen, who participated in the summit and reaffirmed commitments and support to Nepal's development efforts.

We are the late starter in developing modern infrastructures specially in railways, speedways and tunnel ways. Here we see the big role of ADB not only in leveraging project financing but also transferring appropriate technology. We need strong cooperation in project design and provisioning of most concessional financing for project preparation.

Let me note that ADB has provided assistance, among others, in energy, transport, water and urban infrastructure services, agriculture and irrigation, and education sectors of Nepal. It has provided a record high commitment of \$592 million through five projects in 2018. The ADB is currently preparing a new Country Partnership Strategy covering the five-year period of 2020 to 2024 for Nepal. We expect scaled up commitment during this period as well.

Mr. President,

I acknowledge that with a view to translating the dream of prosperous, inclusive, resilient, and sustainable Asia and the Pacific, ADB has been working very sincerely and effectively. It has also been able to addressing ever increasing demand of public and private sector financing. I would like to congratulate President Nakao for the excellent leadership and ADB team for tireless efforts to realize the outstanding achievements.

Finally, I am extremely thankful to ADB for its longstanding support to Nepal's development endeavors. Government of Nepal and its people are very much confident of getting substantial support from ADB to take our country to the path of prosperity at the backdrop of long term vision "Prosperous Nepal Happy Nepali".

I thank you all.