



NEPAL

LDC Graduation

Progress Review Report of the
Smooth Transition Strategy



GOVERNMENT OF NEPAL
NATIONAL PLANNING COMMISSION
SINGHADURBAR, KATHMANDU
MARCH, 2026

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Foreword

Nepal is approaching a historic milestone in its development journey, with its scheduled graduation from the category of Least Developed Countries (LDCs) in November 2026. This achievement reflects sustained efforts in strengthening human assets, build resilient institutions, and advance inclusive and sustainable development over the past decades. At the same time, graduation presents both opportunities and challenges that require careful preparation and coordinated national action.

Recognising the importance of a smooth and sustainable transition, the Government of Nepal, under the leadership of the National Planning Commission formulated the LDC Graduation Smooth Transition Strategy (STS) 2024. The strategy provides a comprehensive policy framework to guide Nepal's transition by addressing key structural constraints and strengthening national capacity across its strategic pillars.

This progress review offers an important opportunity to assess the implementation of the STS. It finds that implementation is broadly on track, with several actions completed and the majority under implementation. Progress to date reflects strong national ownership and sustained commitment from line ministries, government agencies, sub-national governments, the private sector, development partners, and other stake-

holders towards ensuring a smooth and irreversible graduation.

At the same time, the review highlights the need to accelerate implementation in key strategic areas to ensure readiness for the post-graduation environment. Strengthening macroeconomic resilience, enhancing trade competitiveness, promoting investment and productive capacity, mobilising alternative sources of finance, and expanding social protection systems remain critical priorities. As Nepal moves closer to graduation, it is essential to further strengthen coordination and implementation efforts across all stakeholders. Effective collaboration will be key to ensuring that the benefits of graduation translate into sustained economic growth, reduced vulnerability, and improved well-being for all citizens.

The National Planning Commission will continue to play its central role in guiding implementation of the strategy, strengthening results-based monitoring, and facilitating collaboration across sectors and institutions. I would like to acknowledge the valuable contributions of all ministries, agencies, development partners, and stakeholders involved in the preparation of this report. I am confident that its findings and recommendations will support effective implementation of the STS during the transition period and beyond.

March, 2026

Prakash Kumar Shrestha



Rabilal Pantha
Secretary

Government of Nepal
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Preface

It is my pleasure to present the Progress Review of the LDC Graduation Smooth Transition Strategy (STS) 2024, which aims to support Nepal's smooth, sustainable, and irreversible graduation from the category of Least Developed Countries (LDCs). This review assesses the progress made since the launch of the strategy in February 2024 and examines the status of implementation of the actions across its strategic pillars.

Overall progress reflects strong national ownership and close alignment of the strategy with Nepal's broader development priorities. The review underscores the importance of strengthening coordination across federal, provincial, and local governments, while enhancing collaboration with the private sector and development partners to ensure effective implementation. At the same time, the findings highlight the need to accelerate efforts in key areas, including trade competitiveness, investment promotion, productive capacity development, climate finance mobilisation, and resilience-building measures to address structural vulnerabilities.

March, 2026

The National Planning Commission acknowledges the valuable contributions of all line ministries, government agencies, provincial and local governments, private sector representatives, development partners, and other stakeholders who provided valuable inputs to the review. Special appreciation is extended to the United Nations Resident Coordinator Office for providing technical support, and to Mr. Uttam Paudel for his valuable contribution to the preparation of this report. The Commission extends its appreciation to the contribution of officials of the Secretariat of National Planning Commission, Joint Secretary Mr. Khomraj Koirala; Programme Directors Ms. Anita Paudel, Dr. Chakrapani Acharya, and Mr. Yadu Nath Acharya; and Planning Officers Ms. Pratika Regmi, Mr. Arun Timalsina, Ms. Pushpa Ghimire, and Mr. Suraj Aryal.

The National Planning Commission is confident that the findings and recommendations presented in this report will further strengthen the implementation of the Smooth Transition Strategy and support Nepal's successful transition from LDC status.

Rabi Lal Pantha

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Executive Summary

The LDC Graduation Smooth Transition Strategy (STS) 2024 Progress Report shows that, as Nepal approaches its planned graduation in November 2026, progress across the six strategic pillars remain mixed. Out of the 167 actions identified under the strategy, 26 have been completed, 127 are in progress and 14 have not yet been initiated. Overall progress since the launch of the STS in February 2024 reflects strong national ownership and alignment with national development priorities. However, the scale of ongoing actions requires agencies to accelerate their implementation efforts.

Under Pillar 1 (Macroeconomic Stability and Fiscal Sustainability), actions led mostly by Ministry of Finance (MoF) and related institutions have advanced in fiscal management and macroeconomic stability, contributing positively to income-related graduation criteria. However, closer coordination between the MoF, Nepal Rastra Bank, and development partners is required to strengthen macroeconomic resilience, enhance post-LDC financing readiness, mobilise domestic resources, and expand access to alternative sources of development finance.

Progress under Pillar 2 (Trade and Investment), coordinated by the Ministry of Industry, Commerce and Supplies (MoICS), remains largely at the implementation stage. While policy and regulatory frameworks for trade promotion and facilitation, quality infrastructure, and investment promotion are in place, further progress is needed in export diversification, utilisation of trade preferences, and investment facil-

itation. Stronger implementation momentum and greater private sector engagement will be critical to enhancing post-graduation competitiveness.

Actions under Pillar 3 (Economic Transformation), led by sectoral ministries including MoICS, the Ministry of Agriculture and Livestock Development, and the Ministry of Energy, Water Resources and Irrigation, show mixed progress. While foundational initiatives have been initiated, the pace of implementation must accelerate to strengthen productive capacity, support value-chain development, and drive structural transformation necessary for sustaining income growth beyond LDC status.

Pillar 4 (Building Productive Capacity and Human Capital) demonstrates comparatively strong performance, with several actions completed or nearing completion under the leadership of the Ministry of Education, Science and Technology, the Ministry of Health and Population, and the Ministry of Labor, Employment and Social Security. These interventions have contributed to improvements in human assets and social inclusion. Sustained efforts are needed to consolidate these gains, improve service quality, and align better skills development with labour market needs.

Progress under Pillar 5 (Climate Change, Environment, and Disaster Risk Management), coordinated by the Ministry of Forests and Environment and relevant sectoral agencies, remains relatively slow. While policy and planning frameworks are largely in place, implementation gaps persist in cli-

mate finance mobilisation, resilience-building investments, and the mainstreaming of disaster risk reduction across sectors. Given its direct relevance to reducing economic/environmental vulnerability, this pillar requires urgent acceleration.

Under Pillar 6 (Social Inclusion and Protection), led by the Ministry of Women, Children and Senior Citizens, Ministry of Labor, Employment and Social Security, and social sector agencies, implementation has progressed steadily, particularly in policy and institutional strengthening. However, improved coordination with provincial and local governments is needed to enhance coverage, targeting, and effectiveness of inclusion and social protection programmes.

Nepal has made significant progress in meeting the Committee for Development (CDP) graduation criteria, particularly in human development. However, sustained and coordinated efforts are required to reduce structural vulnerabilities and accelerate economic growth. As the prima-

ry coordinating and monitoring body, the National Planning Commission (NPC) will continue to strengthen results-based monitoring, support timely course correction, and facilitate inter-ministerial collaboration to ensure measurable outcomes across all pillars. A smooth, sustainable, and irreversible transition from LDC status will depend on targeted action by lead ministries during the remaining transition period.

Going forward, lead ministries and agencies should prioritise the timely completion of ongoing actions under each pillar, with clear accountability and delivery targets. The MoF and MoICS should accelerate efforts to strengthen trade competitiveness, investment promotion, and development finance mobilisation. The Ministry of Forests and Environment (MOFE) should accelerate climate finance mobilisation and resilience-building initiatives. Stronger coordination across federal, provincial, and local governments will be essential to align planning, implementation, monitoring, and evaluation processes, including engagement with the private sector.



Chapter I

Introduction

1.1. Background

The category of Least Developed Countries (LDCs) was established by the United Nations in 1971 to identify countries with the lowest levels of socio-economic development and to facilitate targeted international support measures (e.g., trade preferences, development assistance) to support structural transformation and poverty reduction (UNCTAD, 2016). LDC status is assessed every three years by the United Nations Committee for Development Policy (CDP) based on three quantitative criteria: Gross National Income (GNI) per capita, the Human Asset Index (HAI), and the Economic and Environmental Vulnerability Index (EVI). Countries must meet the graduation criteria in two consecutive triennial reviews to become eligible for graduation from the LDC category (UNDESA/CDP, 2024; UNCTAD, 2016).

Nepal has been classified as an LDC for several decades. Over time, the country has made significant progress in macro-economic stability, human capital development, and structural resilience. Following recommendations by the CDP in 2021 (UNGA, 2021) and endorsement by the United Nations General Assembly, Nepal is scheduled to graduate from the LDC category in November 2026. Meeting the graduation criteria reflects progress in reducing poverty, improving health and education outcomes, and decreasing structural vulnerabilities (e.g., exposure to disasters and

external shocks), while also highlighting remaining challenges, particularly in export competitiveness and economic diversification (NPC, UNDP, 2024; WTO, 2024).

In response, the Government of Nepal, with support from the United Nations system and development partners, formulated the LDC Graduation Smooth Transition Strategy (STS) 2024. The strategy provides a results-based framework aimed to support a smooth, quality, and sustainable transition from the LDC status. It aligns with Nepal's national development agenda, the Sustainable Development Goals (SDGs), and other international commitments, and consolidates priority strategies and actions across six strategic pillars: macroeconomic stability, trade and investment, economic transformation, productive capacity development, climate change and disaster risk management, and social inclusion.

As Nepal approaches the graduation deadline, a systematic progress assessment of STS implementation is essential to track progress against planned actions and targets. This progress review examines the status of implementation by identifying completed, ongoing, and not yet initiated actions across the six pillars. The assessment aims to generate evidence for course correction, strengthen inter-agency coordination, and inform policy and implementation priorities during the remaining transition period, thereby supporting a smooth and irreversible graduation.

The LDC Category and Graduation Process

The graduation thresholds for the 2024 review are: GNI per capita \geq USD 1,306, HAI \geq 66, and EVI \leq 32. The CDP also considers complementary country-specific data and qualitative information as part of its assessment. Only a limited number of countries have successfully achieved this milestone since inception of the LDC category, reflecting persistent structural challenges across LDCs.

As of December 2024, eight countries have graduated from LDC status: Botswana (1994), Cabo Verde (2007), Equatorial Guinea (2017), the Maldives (2011), Samoa (2014), Vanuatu (2020), Bhutan (2023), and São Tomé and Príncipe (2024). Several other countries are in the pipeline for graduation, including Nepal, Bangladesh, Lao People's Democratic Republic, and Solomon Islands, with graduation scheduled for 2026–2027.

Graduation from the LDC category represents a significant development milestone but also entails potential risks if structural vulnerabilities are not adequately addressed. Upon graduation, countries gradually lose access to LDC-specific international support measures, such as preferential market access, concessional finance, and technical assistance. Strategic planning for a smooth and irreversible transition is therefore essential to consolidate gains and mitigate post-graduation risks.

1.2. Review and Method

The review adopts a results-based and evidence-driven analytical framework aligned with the strategic pillars, objectives, and action areas defined in the STS. The assessment is also aligned with national development priorities reflected in the Fifteenth and Sixteenth Periodic Plans, annual policies and programmes, and sectoral strategies. The analysis examines the status of implementation of each action and its effectiveness in achieving intended outcomes.

The progress review has been conducted in accordance with the directives of the LDC Graduation Monitoring and Evaluation Committee. The methodology primarily relies on a comprehensive desk review of official policy, legal, financial, and progress documents prepared and published by 25 government and non-government agencies. Key documents reviewed include the STS 2024; the Fifteenth and Sixteenth Periodic Plans; Annual Policies and Programmes; Annual Progress Review Reports; ministry-wise annual performance reports; the

Economic Survey of the Ministry of Finance; sectoral policies and implementation guidelines; as well as provincial and selected local government plans and progress reports. In addition, relevant UN country-specific analytical reports, SDG status reports, and development partner assessments have been reviewed to ensure consistency with international monitoring frameworks and to strengthen the evidence base.

To complement the desk review, structured data collection was conducted using standardised reporting templates shared with relevant ministries and agencies. These templates captured action-wise implementation status and outputs achieved. Consultation meetings were held with focal person, technical officials, and high-level officials to validate reported progress, clarify data gaps, and discuss coordination challenges. Follow-up communication was undertaken, where necessary, to ensure completeness and accuracy of information. Each STS action has been categorised as completed, on-going, or not implemented based on predefined criteria.

While the review has been conducted comprehensively, certain limitations remain, including variations in reporting quality across agencies, limited availability of disaggregated subnational data, and time constraints for extensive field verification. Nevertheless, through consultations, and cross-referencing with official data sources, efforts have been made to minimise inconsistencies and ensure the credibility of findings. The methodology therefore ensures that the review remains transparent, evidence-based, institutionally grounded, and aligned with national and international monitoring standards.

1.3. Major Implementing Agencies

The main agencies responsible for the implementation of STS actions are:

1. Office of Prime Minister and Council of Ministers (OPMCM),
2. Ministry of Agriculture and Livestock Development (MoALD),
3. Ministry of Communication, Information and Technology (MoCIT),
4. Ministry of Culture, Tourism and Civil Aviation (MoCTCA),
5. Ministry of Education, Science and Technology (MoEST),
6. Ministry of Energy, Water Resources, and Irrigation (MoEWRI),
7. Ministry of Federal Affairs and General Administration (MoFAGA),
8. Ministry of Finance (MoF),
9. Ministry of Foreign Affairs (MoFA),
10. Ministry of Forest and Environment (MoFE),
11. Ministry of Health and Population (MoHP),
12. Ministry of Home Affairs (MoHA),
13. Ministry of Industry, Commerce and Supplies (MoICS),
14. Ministry of Labor, Employment and Social Security (MoLESS),
15. Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLMCPA),
16. Ministry of Physical Infrastructure and Transportation (MoPIT),
17. Ministry of Women, Children and Social Welfare (MoWCSW),
18. National Planning Commission (NPC),
19. Nepal Rastra Bank (NRB),
20. Provincial governments,
21. Municipalities,
22. Development Partners (DPs),
23. Private sector umbrella organisations,
24. Public Financial Institutions and University Grants Commission (UGC).



Chapter 2

Findings

2.1 Progress on the Key Indicators

2.1.1 Global Comparisons of LDC Graduation Pathways

To contextualize Nepal's experience, it is useful to examine comparative data from countries that have already graduated or are on the path to graduation. Cross-country analysis shows that progress across graduation indicator varies significantly (Table 1).

A similar pattern is observed when comparing broader socioeconomic indicators:

- **Human Development:** Nepal's HDI (0.622) has improved but remains lower than that of Bangladesh, Samoa, and Bhutan, reflecting ongoing challenges in health, education, and living standards.
- **Economic Performance:** GDP per capita and growth trends indicate that Nepal lags behind Bangladesh and Bhutan but performs better than Vanuatu in nominal income terms, highlighting

differences in structural economic dynamics.

- **Poverty and Inclusion:** While poverty rates have declined in Nepal and Bangladesh, multidimensional poverty remains significant in Nepal, particularly in remote and disadvantaged communities (UN DESA, 2024).

2.1.2 Nepal's Status and Key Indicators Progress Toward LDC Graduation

The CDP's 2025 monitoring report indicates continued improvement in Nepal's performance against all three graduation criteria (Table 2). Nepal's GNI per capita increased from USD 1,041 in 2020 to an estimated USD 1,404 in 2025. The revised estimate for 2024 surpassed the graduation threshold of USD 1,306. The HAI increased from 72.0 in 2020 to 77.6 in 2025; and the EVI has remained consistently below the vulnerability threshold, reaching approximately 29.0 in 2025 (UN CDP, 2025). These trends reflect sustained progress across key structural dimensions relevant to graduation eligibility.

Table 1: Selected Graduated and Graduating LDCs - CDP Criteria

Country	GNI per capita (US\$)	HAI	EVI	Graduation Status
Bhutan	High (above threshold)	Meets threshold	Slightly above threshold	Graduated (2023)
Samoa	Above threshold	Strong	Low	Graduated (2014)
Vanuatu	Above threshold	High	Low	Graduated (2020)
Bangladesh	Well above threshold	Strong	Below threshold	Scheduled (2026)
Nepal	Crossing threshold	Strong	Crossed threshold (vulnerable)	Scheduled (2026)

Sources : UN LDC Portal, 2024; UN DESA/CDP 2024; UN CDP triennial review data, 2025

Table 2: Nepal's LDC Graduation Criteria Performance (2020–2025)

Key Indicators	2020	2021	2022	2023	2024	2025	Threshold
GNI per capita (USD)	1,041	1,154	1,222	1,273	1,329	1,404	≥ 1,306
HAI	72.03	72.58	75.00	76.31	77.23	77.58	≥ 66
EVI	28.87	28.87	28.52	29.22	29.21	28.96	≤ 32

Source: UN CDP (2025)

2.1.3 Post-Graduation Considerations and Smooth Transition Strategies

Experience from other countries shows that graduation requires careful advance planning to sustain development outcomes following the gradual withdrawal of LDC-specific international support measures, including preferential market access, concessional finance, and technical assistance. While meeting the graduation criteria reflects progress in structural development, it also raises concerns regarding potential loss of support measures and increased financing costs. A well-planned smooth transition is therefore essential to sustain resilience, competitiveness, and productivity in the post-graduation period.

In response, Nepal's LDC Graduation Smooth Transition Strategy (STS) 2024 provides a results-driven framework aligned with national development priorities, the SDGs, and international commitments. The strategy is structured around six strategic

pillars, with clearly defined outputs, timelines, and institutional responsibilities.

Effective and continuous monitoring and evaluation of STS implementation is critical to support evidence-based adjustments, strengthen inter-agency coordination, and inform policy and programme priorities during the remaining transition period. This will help ensure a smooth, sustainable, and irreversible transition from the LDC status.

2.2. Implementation Progress on Actions

2.2.1 Overall Implementation Progress

Status: A total of 167 actions have been identified across the six strategic pillars of the STS. Of these, 26 actions have been completed, 127 are ongoing, and 14 have not yet been initiated (Table 3). Detailed action-level progress for each pillar is presented in the subsequent section.

Table 3: Progress Status in Strategic Actions by Responsible Agency

Responsible Agencies	Completed Actions	Ongoing Actions	Not Implemented Actions	Total
MoALD	0	7	0	7
MoALD and DPs	0	1	0	1
MoCIT	1	4	2	7
MoCTCA	0	4	1	5
MoEST	2	7	2	11
MoEWRI	1	2	0	3
MoF	3	19	1	23
MoFA	2	5	0	7
MoFAGA	0	0	1	1
MoFE	0	4	0	4
MoHA	0	5	0	5
MoHP	2	5	0	7
MoICS	7	34	3	44
MoICS, NPC and MoF	0	0	1	1
MoLESS	3	9	0	12
MoLMCPA	0	5	0	5
MoPIT	0	1	0	1
MoWCSW	0	3	0	3
Municipalities	0	2	0	2
NPC	0	1	2	3
NRB	3	1	0	4
OPMCM	0	2	1	3
Private sectors	2	1	0	3
Provinces	0	1	0	1
Public financial institutions, MoF	0	1	0	1
UGC	0	2	0	2
Not Specified	0	1	0	1
Total Actions	26	127	14	167

Policy-level Lesson: Implementation momentum remains strong, with the of actions underway. However, the relatively low number of completed actions indicates the need to accelerate delivery and address operational bottlenecks as Nepal advances toward post-LDC transition.

2.2.2 Cross-pillar Summary

Progress across all pillars is heavily concentrated in ongoing actions. This is particularly evident in Pillars 2, 5 and 6, suggesting a need to shift focus from initiation to completion. Non-initiated actions are concentrated mainly in Pillar 2 (table 4).

Table 4: Progress updated by STS Pillars

STS Pillars	Completed Action	Ongoing Action	Not Implemented Action	Total Actions
Pillar 1: Macro-economic Stability and Fiscal Sustainability	5	11	3	19
Pillar 2: Trade and Investment	10	41	5	56
Pillar 3: Economic Transformation	4	28	4	36
Pillar 4: Building Productive Capacity	6	18	2	26
Pillar 5: Climate Change and Disaster Risk Management	1	18	0	19
Pillar 6: Social Inclusion and Integration	0	11	0	11
Total	26	127	14	167

2.3. Progress by Pillars

2.3.1 Progress in Pillar 1: Macroeconomic Stability and Fiscal Sustainability

Key Priorities: Strengthening monetary policy, fiscal policy supporting growth and employment, ODA mobilisation, enhancing capacity building and access to finance.

Status: Total Actions: 19; Completed: 5 | Ongoing: 11 | Not Implemented: 3

The status of the implementation of STS actions by responsible agency is presented in Table 5.

Table 5: Progress on STS actions by Responsible Agency

Responsible Agencies	Completed Action	Ongoing Action	Not Implemented Action
MoEST	0	1	0
MoF	2	7	0
MoFAGA	0	0	1
MoFE	0	1	0
MoICS,	0	1	0
MoICS, NPC and MoF	0	0	1
NPC	0	0	1
NRB	3	0	0
Public financial institutions, MoF	0	1	0
Total	5	11	3

The description of the progress in each action is given in Table 6.

Table 6: Progress updates of Actions

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A*	Ong. A.**	Not Imple. A.***
Maintain stable monetary policy.	Maintain a narrow and flexible interest rate corridor	Narrow interest rate corridor is maintained	Interest rate corridor is maintained within the boundary set by monetary policy using standing repository facility and OMO along with regular monitoring.	NRB	X		
	Maintain stable and flexible spread rate	Stable spread rate is maintained	Spread rate is maintained within the target.	NRB	X		
	Maintain low inflation rate	Inflation rate is managed at low level	Inflation rate is maintained within the threshold set by monetary policy.	NRB	X		
Incline the fiscal policy towards broad base and sustainable economic growth and employment generation.	Increase revenue mobilization by expanding revenue base and rate	Revenue is increased by 20% at all levels	Annual Action Plans for the Revenue Management Division and departments were prepared.	MoF		X	
	Strengthen revenue mobilization capacity of Revenue Department (adding new skills and upgrading technology and infrastructure)	Skill of all Revenue Department staff members is enhanced	O&M Survey completed. Revenue Policy Analysis Section (RPAS) established. BPR and Online Valuation Data Base System introduced in 10 major custom points.	MoF		X	
	Prepare/strengthen and implement the revenue mobilization plan by all provinces and municipalities	761 revenue improvement plans are prepared/strengthened	PAN coding system is established in provinces and local levels.	MoF		X	
	Restructure the revenue composition in Nepal (Decrease the share of custom and import duties revenue, increase the share personal income in total revenue, and expand the VAT coverage)	% share of custom revenue is decreased, and personal income tax is increased in total revenue	Financial Act has made the revision in income tax and tax rate has been reviewed in financial act as per the requirements.	MoF		X	
	Increase the amount of consolidated capital expenditure (Federal, Provincial and Local) in total government expenditure	The amount of consolidated capital expenditure of the government is increased	Improvement in capital expenditure has been stagnant.	MoF		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A*	Ong. A.**	Not Imple. A.***
Mobilize official development assistance for development projects with special attention on LDC specific funds available before graduation and for short transition period.	Organize capacity development training on proposal writing for LDC specific funds to government officials of the federal ministries and NPC	50 high level government officials are trained on proposal writing	Yet to be initiated.	NPC			X
	Prepare and submit project proposal for Least Developed Country Fund (LDCF) dedicated for climate change	Nepal's Project Proposal is selected for funding	CRAFT Nepal project has been approved, and a concept of Mainstreaming nature-based solutions has been approved for funding from LDCF.	MoFE		X	
	Prepare and submit project proposal for UN Technology Bank to LDC dedicated for technology development and transfer	Nepal's Project Proposal is selected for funding	Hiring of National and International Consultants for conducting Technology Need Assessment in Nepal done by UNTB/ISA.	MoEST		X	
	Prepare and submit proposal for Enhanced Integrated Framework (EIF) dedicated for trade-related Assistance for Least Developed Countries	Nepal's Project Proposal is selected for funding	Communicated with EIF for EIF- Phase III. Proposal (CPD) draft prepared.	MoICS,		X	
	Prepare and submit the project proposal for Investment Support Programme for LDCs (ISP/ LDCs) dedicated for investment related capacity development on negotiation	Nepal's Project Proposal is selected for funding	Yet to be initiated	MoICS, NPC and MoF			X
	Prepare and submit project proposal for United Nations Capital Development Fund (UNCDF) dedicated for local economy development	Nepal's Project Proposal will be selected for funding	Yet to be initiated	MoFAGA			X
	Request WTO for technical assistance to strengthen Nepal's capacity on trade diplomacy and other preparatory works, UN agencies to prepare project proposals for dedicated LDC funds and ADB for preparation of commercial proposals	WTO, UN agencies, and ADB provided technical assistance to Nepal for capacity development in trade diplomacy and proposal writing	USD 20 million was allocated under the GEF aid cycle for three projects. One project agreement amounting to USD 10 million has been signed, while the remaining projects are currently in the project preparation phase.	MoF	X		

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A*	Ong. A.**	Not Imple. A.***
Strengthen technical capacity of government professionals for commercial analysis and preparation of competitive projects of high returns for submission to DPs for ODA	Train government officials on commercial analysis and preparation of competitive projects of high return for submission to DPs for ODA	20-member government team is trained on commercial proposal writing	Capacity development programs (including supported by various donor agencies) are ongoing. Specialized training programs will be conducted after finalization of the course content.	MoF		X	
	Prepare a national strategy to take commercial loan from bilateral and multilateral development partners for high return projects	A strategy to facilitate commercial loan is prepared	Various specific strategies have been incorporated into the Foreign Aid Mobilization Policy, 2082.	MoF	X		
	Explore opportunity for other funds like EU mutual fund for ODA	Opportunities of Nepal in other funds are explored	Potential opportunities were explored during the EU-Nepal Joint Commission Meeting and the EU-Nepal Sub-Commission Meeting.	MoF		X	
Increase access to finance	Increase financial literacy among people of Nepal covering concepts like saving, credit, investment, return on profit from investment etc.	Financial literacy rate of adult population is increased by 2% per year	Increasing the Financial literacy rate of adult population is in progress.	Public financial institutions, MoF		X	

*Comp. A: Completed Actions

**Ong. A.: Ongoing Actions

***Not Impl. A.: Not Implemented Actions

Major Progressed Actions

- Interest rate corridor and spread have been maintained within the targeted range to ensure monetary stability (NRB)
- Alternative ODA, blended finance, and commercial financing options have been explored for high-return projects (MoF)
- Technical assistance mobilized to strengthen trade and financing readiness for the post-LDC transition (MoICS / MoF)

Policy Level Lessons

Macro-fiscal reforms are taking momentum; however, financing strategies for post-LDC transition require faster execution.

2.3.2 Progress in Pillar 2: Trade and Investment

Key Priorities: Strengthening trade negotiation capacity, product and market diversification, regional integration, quality enhancement, regulatory reform, trade infrastructure and logistics, investment promotion and facilitation, utilisation of remittance in productive sectors, private

sector development, and improvements in quality and efficiency.

Status: Total Actions: 56; Completed: 10 | Ongoing: 41 | Not Implemented: 5

The status of the STS action implementation by responsible agency is presented in Table 7.

Table 7: Progress on STS actions by Responsible Agency

Responsible Agencies	Completed Actions	Ongoing Actions	Not Implemented Actions
MoF	0	4	1
MoFA	1	5	0
MoICS	6	26	3
MoLESS	1	3	0
MoLMCPA	0	2	0
NRB	0	1	0
OPMCM	0	0	1
Private sector	2	0	0
Grand Total	10	41	5

A brief review of the progress in each action in pillar two is presented in Table 8:

Table 8: Progress updates of Actions

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Strengthen national capacity for international trade negotiation and facilitation.	Set up an inter-ministerial team of experts composed of sectoral specialists and private sector for trade negotiation and facilitation	A team of experts is formed for trade negotiation.	Trade negotiation teams have been formed by the cabinet case by case, based on sectoral issues.	OPMCM			X
	Organize capacity development training to the expert team on trade negotiation and facilitation with the technical assistance of WTO and other relevant development partners	The expert team is trained on trade negotiation.	National workshops have been organized within the budget of the government.	MoICS	X		
	Prepare a trade negotiation manual for effective trade negotiation with trading partners	One trade negotiation manual is prepared for use.	A preliminary discussion has been conducted.	MoICS		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Organise public-private joint trade missions and communication campaigns in close coordination with diplomatic missions of Nepal, with importers/ buyers across the globe and trading countries to promote Nepal's products and services	Forty trade missions are organized.	One virtual meeting with a diplomatic mission was held. Participation in international trade fairs (World Expo) in Japan, Belgrade, and Dehradun (India) was undertaken.	MoICS		X	
	Prepare an action plan and work to comply with the WTO trade-related requirements like AoA, TRIPS, SCM etc.	An action plan to comply with WTO requirements is prepared.	Commerce sector transition strategy with an action plan is prepared and is under implementation.	MoICS	X		
	Upgrade Nepal's trade portal with relevant information of trade destination countries	Nepal's trade portal is upgraded with trade information.	Upgradation of Nepal Trade Portal has been initiated.	MoICS		X	
Negotiate and sign non-reciprocal preferential trade agreements with selected trade partners to minimise the likely impacts of graduation on trade.	Study the opportunities and challenges of ILO Convention No. 81 and 87 and the Cartagena Protocol on Biosafety (which are pre-requisites for GSP+ eligibility)	ILO Convention No. 81 and 87 and the Cartagena Protocol are studied.	A comprehensive study on ILO 81 and 87 has been conducted; the gap analysis (ILO 87) draft has been shared with concerned ministries for feedback.	MoLESS	X		
	Negotiate with the EU for GSP+ and for the GSP Enhanced Framework with the United Kingdom and Turkey	GSP+ facility is granted to Nepal by EU and facilities under Enhanced Framework by UK.	Preliminary discussions are being held by the respective ministries.	MoICS		X	
	Promulgate the Act on ILO Convention No. 81 and 87 and the Cartagena Protocol on Biosafety	The acts are promulgated by the Parliament of Nepal.	A proposal for Ratification of ILO Convention No. 81 has been submitted to OPMCM for presentation at the Federal Parliament.	MoLESS		X	
	Initiate preparatory work for simplification of tariff preferences with China and negotiate for extension of these preferences for additional years	Preferential trade period with China is extended after graduation.	This matter was raised with China and incorporated as a main agenda item during the Third Meeting of the Nepal–China Coordination Mechanism on Border Trade and Cooperation, held on 20 January 2026 in Lhasa.	MoICS		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Initiate dialogue with Australia, Canada, Japan, Norway, Korea, and Switzerland for continuation of preferential tariffs for Nepali goods after graduation	MoUs are signed for preferential trade with Australia, Canada, Japan, Norway, Korea, and Switzerland.	Requests have been made for extension of the existing facilities to Australia, Japan, and Korea during bilateral meetings.	MoICS		X	
	Initiate dialogue and negotiate with major trade partners for trade preference and along with simplified rules of origin	Negotiations with major trade partners for preferential trade arrangements.	Requests were made for the extension of existing facilities to Australia, Japan, and Korea during bilateral meetings.	MoICS		X	
Examine the opportunity of market diversification with bilateral trade partners for expansion of export trade.	Carry out a study to explore the possibility of bilateral free trade agreements with selected existing and potential trade partners, including China and USA	A study on the possibility bilateral free trade with USA and China is completed.	A high-level consultation has been held under the chairmanship of Honorable Minister regarding the possibility of concluding PTAs with major trade partners. A review study on the 'Trade and payment agreement' with China has been conducted.	MoICS		X	
	Negotiate bilateral free trade agreements with selected countries as indicted by the study	Bilateral free trade agreements are negotiated with selected trade partners.	Initiation of a Preferential Trade Agreement with Bangladesh has been undertaken, and others will be initiated gradually.	MoICS		X	
	Study the possibility of Nepal's membership in the Regional Comprehensive Economic Partnership (RCEP)	A study on the possibility of RCEP membership is completed.	A study on the possibility of RCEP membership is conducted.	MoICS	X		
	Negotiate with the US government for continuation of the Nepal Trade Preference Act (NTPA), signed in 2015, beyond 2025 with a longer period and additional product coverage	The US Government agrees to extend the duration of the NTPA with a longer timeframe.	Different rounds of discussions were held in Kathmandu and Washington, D.C., with the respective officials, and requests were made through diplomatic channels.	MoICS		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Initiate dialogue and sign trade agreements with regional organisations	Collaborate with Bhutan and Bangladesh and initiate dialogue with SAFTA countries for continuation of preferential trade for Nepal after graduation, as granted to the Maldives	Preferential trade facility is extended for Nepal under SAFTA after LDC graduation.	A formal request has been sent to SAFTA for preferential trade for Nepal. This issue has also been raised during bilateral meetings.	MoICS		X	
	Discuss with BIMSTEC countries on the potential list of Nepali products for exports	A list of potential Nepali exportable goods is prepared and discussed with BIMSTEC countries.	The issue has been raised during negotiations.	MoICS		X	
	Continue efforts to include energy and services as important items of trade in regional discussion and agreements	Energy and services of Nepal are recognised by trading countries as export items of Nepal.	This matter has been raised during the meetings of BIMSTEC, SAFTA, and bilateral meetings.	MoICS		X	
Establish and strengthen cooperation between LDCs and newly graduated LDCs for joint action and experience sharing.	Work jointly with LDCs and newly graduated countries for utilisation of WTO facilities and access for preferential tariff for low-income developing countries	Annual meetings are held with LDCs and newly graduated countries.	Necessary initiatives have been taken at the WTO, UN, and other multilateral forums through the LDC Group. This matter has also been discussed during bilateral meetings, such as Bangladesh.	MoICS		X	
	Learn from already graduated countries about possible problems and constraints after graduation and prepare to cope with them	Lessons learned from graduated countries are documented.	Not yet initiated.	MoICS			X
Diversify export products and markets.	Carry out a study in close coordination with the private sector and explore the possibility of trade diversification by countries and products	A study on trade diversification of Nepal is completed, and trade items and countries are identified.	Preliminary studies on NTIS-prioritised products, such as carpet, garments, and MAPs-specific export strategies, are ongoing.	MoICS		X	
	Explore further markets for apparel in the USA, China, and India; for carpets in the USA, Switzerland, and Japan; for glass articles in the EU, India and China; for metal products in India, the EU and the USA, for leather products in India, the EU, and Turkey; and for synthetic textile fabric in the EU, India and Bangladesh	The number of countries and types of exportable goods are identified for the trade expansion of Nepal.	TEPC and the private sector undertook promotional activities through participation in and organisation of trade fairs and trade expos.	MoICS		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Provide foreign currency exchange facilities to Nepali firms for branding and marketing of their products in the international market	The private sector is provided with foreign currency exchange facilities for branding and marketing of their products.	Recent amendments to the foreign exchange bylaws have provided foreign currency exchange facilities to Nepali firms for international branding and marketing.	MoICS	X		
	Revisit the potential export items list based on market opportunities	The export items list is revised based on market opportunities.	Thirty-two goods and five service sectors have been identified in NTIS 2023.	MoICS	X		
Improve quality of goods likely to be affected after graduation.	Increase the competitiveness of SMEs such as handicrafts, pashmina, and carpets by improving production efficiency	Competitiveness of selected SMEs producing exportable goods is increased.	The SME Policy 2024 and the Start-up policy have been formulated and are under implementation. A total of 765 start-up businesses have been selected, and NPR 110.2 crore in soft loans have been disbursed.	MoICS		X	
	Facilitate private sector entrepreneurs to maintain the purity and biosafety of exportable agricultural and forest products	Purity and biosafety are maintained in most agricultural and forest-related SMEs products.	Private sector entrepreneurs are facilitated to maintain the purity and biosafety of exportable agricultural and forest products. This has been carried out regularly by PQPMC.	MoICS		X	
	Train private sector herbal medicine and cosmetic goods producers on quality check of their products before export	Selected herbal medicine and cosmetic goods producers are trained on quality check of their products.	Not yet initiated.	MoICS			X
	Strengthen national quality infrastructure to certify international quality requirements	Testing and certification capacity of the quality infrastructure is improved.	A national accreditation centre has been established. The organisational structure and staffing are yet to be finalised. Regular training programmes are being conducted.	MoICS		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Strengthen trade infrastructure, regulatory environment, and governance.	Develop a standard manual for industrial infrastructure	A standard manual for industrial infrastructure is prepared.	Not yet initiated.	MoICS			X
	Establish an internationally accredited laboratory in Kathmandu for quality testing of exportable agricultural and forest products	An internationally accredited laboratory for quality testing and certification is established in Kathmandu.	Internationally accredited laboratories have been established in Kathmandu and Biratnagar for quality testing of exportable agricultural and forest products and are currently fully functional.	MoICS	X		
	Strengthen quarantine facilities at 10 major custom points to ensure the biosafety of goods and commodities	Quarantine facilities at 10 customs points are strengthened. Dedicated corridors for SPS are developed at 7 land customs points and 3 international airports.	A quarantine building has been completed in Damak, Jhapa. Laboratory facilities are strengthened at Birgunj, Bhairahawa and Nepalgunj. A fumigation chamber has been established and operationalised at Nepalgunj.	MoICS		X	
	Learn from already graduated countries about possible problems and constraints after graduation and prepare to cope with them		Not yet initiated.	MoF			X
	Develop a paperless declaration system at custom points	A paperless declaration system is developed at major custom points.	Following a detailed study, the online declaration system is under implementation.	MoF		X	
	Improve trade logistics services and facilities to minimise trade logistics costs	Time and cost of trade are reduced.	A draft logistics master plan has been prepared.	MoICS		X	
Reorient the scope of work of the Nepal's diplomatic missions towards economic diplomacy.	Develop a separate economic diplomacy strategy for Nepal	An economic diplomacy strategy of Nepal is prepared.	Country-specific strategies are being prepared. Economic diplomacy has been mainstreamed in Nepal's foreign policy.	MoFA	X		

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Prepare/review country-wise economic diplomacy strategies	Country-wise economic diplomacy strategies are prepared.	Ten country-specific Economic Diplomacy Strategies were prepared in FY 2024/25 for India, China, the United States of America, the United Kingdom, Australia, Japan, Germany, Belgium, the Republic of Korea, and the United Arab Emirates. Work is ongoing on the preparation of ten additional country-specific Economic Diplomacy Strategies for France, Russia, Bangladesh, Pakistan, Thailand, Malaysia, Qatar, Saudi Arabia, Turkey, and Canada, planned for FY 2025/26.	MoFA		X	
	Establish a separate desk in Nepal's diplomatic mission for trade, FDI, and tourism promotion	A separate trade desk is established in Nepal's diplomatic missions for trade and FDI in relevant countries.	In most of Nepal's diplomatic missions for trade and FDI, and tourism promotion. In larger missions, such as those in India and China, there are dedicated posts of Economic Ministers, while in Washington D.C., and Geneva, a separate Economic Counsellor is in place. All embassies and consulates of Nepal have given top priority to economic diplomacy.	MoFA		X	
	Organise annual review meetings of all diplomatic mission heads and review the progress made in trade, FDI and tourism promotion	Annual review meetings of diplomatic mission heads are organized, and progress on trade promotion is assessed.	The Ministry of Foreign Affairs regularly conducts virtual meetings with Heads of Mission to provide guidance and instructions. The most recent meeting was held on 9 January 2026 under the chairmanship of the Honorable Minister for Foreign Affairs.	MoFA		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Mobilise trade cooperation to strengthen Nepal's export capacity.	Utilise the technical and financial cooperation from bilateral and multilateral development partner for trade promotion	Technical cooperation from development partners is received for trade promotion.	The Sustainable Tourism Project, RAISE Technical Assistance, MSME TAs, and other trade-related policy credit programmes are currently ongoing.	MoF		X	
	Utilise trade cooperation of DPs to obtain new technologies and skills to improve the quality of goods likely to be affected by graduation	New technologies and skills are received from DPs as requested by Nepal.	Aid for Trade (AfT) and donor coordination meetings are under discussion. The WIPO LDC graduation package is under implementation with support from WIPO.	MoICS		X	
	Utilise the development cooperation for studies on trade promotion, related research, and other capacity development	Development cooperation is utilised for trade promotion and capacity building.	Trade promotion studies have been completed, and various capacity-building programs are being implemented.	MoF		X	
Develop private sector capacity to compete in international markets for trade.	Develop a private sector development strategy for export trade	A private sector development strategy is prepared.	The "Make in Nepal, made in Nepal" initiative is being implemented. A study on USD 100 Billion economy by CNI is underway.	MoICS		X	
	Orient private sector entrepreneurs annually on the multilateral trade rules and export market-specific trade policies including tariff and non-tariff measures	Major private sector entrepreneurs are trained on WTO rules and regulations.	Programmes with the private sector have been conducted regularly.	MoICS		X	
	Encourage the private sector to improve technology and skills for quality enhancement	Export industries implement appropriate production technologies to meet rules of origin criteria of GSP-providing countries.	This falls under the mandate of MOICS, MOFA acting as facilitator particularly with foreign-based private sectors, as part of Economic diplomacy efforts.	MoFA		X	
	Reduce production cost for industries by implementing indirect support measures such as infrastructures, utilities, and soft loans	Private sector entrepreneurs are supported indirectly to reduce their costs.	Technical support programmes have been provided to the private sector, particularly for SMEs.	MoICS		X	
	Continue to provide cash incentives for the export of Nepali goods	An 8 percent cash incentive provision remains in place.	Continued.	MoF		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Increase loan disbursement by financial institutions in the production sector to stimulate growth	Increase the share of financial institutions' loan to the production sector, such as industry, agriculture, and energy	The share of production sector loans from financial institutions increased from 30 percent in 2023 to 40 percent in 2026.	The most recent data on the share of production sector loans from financial institutions is yet to be updated.	NRB		X	
Utilise remittance in production sector.	Develop a remittance utilisation strategy in the productive sector	A remittance utilisation strategy is prepared.	Budget has been allocated for the formulation of remittance utilisation strategy.	MoLESS		X	
	Provide entrepreneurship training annually to labour migrant families prioritising women and young people	Labour migrant families receive entrepreneurship training.	Migration Resource Centres have been established in 76 districts. A total of 433,387 people have received information and counselling on foreign employment; 4976 people have received psychosocial from these centres; intermediaries are linked to vocational training centres under MoLESS that provide entrepreneurship promotion training.	MoLESS		X	
Attract more FDI in production sector.	Develop bankable projects for FDI	A good number of bankable projects are developed.	A guideline for the PPP project bank has been prepared, and projects at various stages have been enlisted in the project bank.	Private sector	X		
	Organise an investment conference and invite international business community to invest in Nepal	One investment conference is being organised.	The Nepal Investment Summit was organised in 2024.	Private sector	X		
	Expedite efforts for economic diplomacy by Nepal's diplomatic missions abroad for FDI	All diplomatic missions of Nepal have expedited their efforts for economic diplomacy.	A dedicated Economic Diplomacy Division has been established within the Ministry, comprising three separate desks for trade, investment, and tourism. In the FY 2024/25, MOFA and its missions carried out approximately 350 economic diplomacy-related activities across these three areas. In FY 2025/26, as of mid- January, 100 economic diplomacy-related activities have been conducted.	MoFA		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Strengthen FDI facilitation capacity of relevant officials by organizing capacity building training	25 staff are capacitated for FDI mobilization	Yet to be initiated.	MoICS		X	
Motivate cooperative sector to invest its resources in production sector.	Strengthen monitoring and regulating capacity of Cooperative Departments at federal and provincial levels	100 staff working in the cooperative sector are capacitated in monitoring.	A total of 2,458 staff working in the cooperative sector have been trained over two years.	MoLMCPA		X	
	Motivate the cooperative sector to invest at least 30 percent of its resources in production sectors	The cooperative sector invested 30 percent of its resources in the production sector.	An integrated directive for Governance Promotion in Cooperatives, 2082 has been formulated and is under implementation. The directive includes provisions for investment in production sectors up to 45%.	MoLMCPA		X	

*Comp. A: Completed Actions

**Ong. A.: Ongoing Actions

***Not Impl. A.: Not Implemented Actions

Major Progressed Actions

- Productive investment has been promoted through cooperatives, private sector, and entrepreneurship programmes (MoLMCPA / MoLESS)
- Quality, biosafety, and standards of exportable products have been strengthened to enhance competitiveness (MoALD)
- Economic diplomacy and trade capacity has been enhanced to attract FDI and expand exports (MoFA / MoICS)

Policy Level Lessons

- This pillar carries the largest reform burden; focused implementation is needed to translate ongoing actions into tangible productivity gains.

2.3.3 Progress in Pillar 3: Economic Transformation

Key priorities: Strengthening the manufacturing sector; agricultural modernisation and commercialisation, strengthening service sectors including hydropower, tourism, ICT, health, education, and financial services; backward and forward linkages.

Status: Total actions: 36; Completed: 4 | Ongoing: 28 | Not Implemented: 4

The implementation status of STS actions by responsible agencies is presented in Table 9.

Table 9: Progress on STS actions by Responsible Agency

Responsible Agencies	Completed Actions	Ongoing Actions	Not Implemented Actions
MoALD	0	7	0
MoALD and DPs	0	1	0
MoCIT	1	4	2
MoCTCA	0	4	1
MoEWRI	1	2	0
MoFA	1	0	0
MoICS	1	5	0
Municipalities	0	1	0
NPC	0	1	1
OPMCM	0	1	0
Private sector	0	1	0
UGC	0	1	0
Total	4	28	4

A brief review of the progress on each action under Pillar 3 is presented in Table 10.

Table 10: Progress updates of Actions

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***	Note
Consolidate and strengthen Nepal's manufacturing sector to produce goods for import substitution and export.	Carry out a study to identify constraints affecting the full operation of existing industrial estates and Special Economic Zone (SEZ)	A study report identifying the constraints of industrial estates and SEZs in Nepal is prepared.	The study has been completed.	MoICS	X			
	Address the constraints identified by the study and operate industrial estates and SEZs at full capacity	Constraints of industrial estates and SEZ are addressed, and they operate at full capacity.	The operational modality for Bhairahawa SEZ has been amended. Simara SEZ (Block B and C) and Panchkhal SEZ are under construction with a PPP model in collaboration with IBN.	MoICS		X		

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***	Note
	Build infrastructures in all declared Industrial Village (Udyog Grams) and operate them with small and medium-sized industries and enterprises	Infrastructure in Industrial Villages is built and operational.	Annual data is yet to be updated.	Municipalities		X		
	Operate all manufacturing industries at full capacity.	The value added of the manufacturing sector to GDP is increased.	The share of the manufacturing sector in GDP had been declining for a long time but has been increasing since FY 2022/23.	Private sector		X		
	Protect 13 manufactured goods in Nepal that contribute to import substitution (including cement, paints, shoes and slippers, medicines, cloth, garments, woollen carpets, pashmina, biscuits and noodles, poultry, carbon dioxide, oxygen gas, iron rod, and selected agri-products)	Thirteen manufactured goods in Nepal are promoted and protected.	A committee has been constituted to revise existing export-import regulations to update the product list.	MoICS		X		
	Train SMEs, with high priority to women- and youth-led enterprises, to improve product quality to meet the export standards	SMEs are trained with due priority given to women- and youth-led enterprises, and the quality of their products is improved.	Entrepreneurship development programmes focusing on women and youth have been implemented by IEDI, local levels, and MCSIPC.	MoICS		X		
	Encourage the establishment of new SMEs led by young people and women	Fifteen thousand new SMEs led by young people and women are established annually.	New SMEs led by youth and women are being promoted, with support including start-up loans provided by IEDI	MoICS		X		
	Promote the "Make in Nepal Swadeshi" Abhiyan (Campaign), initiated by the private sector, to encourage production and consumption of locally produced goods	A campaign to promote the use of domestic products is implemented.	An agreement on the 'Make in Nepal Swadeshi' Abhiyan has been signed with the private sector and is being supported by the GoN.	MoICS		X		
Modernisation and commercialisation of the agricultural sector to transform labour productivity from low to high levels	Revisit the Agriculture Development Strategy (ADS) implementation plan and define the roles of the federal, provincial, and local governments	The ADS implementation plan is revisited, and the roles and responsibilities of federal, provincial, and local governments are defined.	A draft review report of the Agriculture Development Strategy has been prepared, and consultations are ongoing.	MoALD		X		
	Improve infrastructure and technology in all metrological and agrometeorological stations to enhance weather forecasting capacity is improved	Infrastructure and technology in all meteorological and agrometeorological stations are strengthened, and weather forecasting capacity is improved.	A total of 200 hydro-meteorological stations have been automated. Weather forecasting for three days have been implemented, and early warning systems for flooding has been installed.	MoALD		X		

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***	Note
	Organise capacity enhancement training for agricultural sector professionals to estimate damage and loss caused by climate change	100 agricultural sector professionals are trained to estimate loss and damage caused by climate change.	A total of 21 agricultural professionals have been trained over the last two years.	MoALD and DPs		X		
	Complete land classification in all municipalities agricultural land from encroachment	Land classification is completed in all municipalities, and agricultural land is protected.	Land classification is completed has been completed in 261 municipalities as of mid-November 2025.	MoALD		X		
	Construct basic agricultural infrastructure such as irrigation canals, link roads, electricity connections, market infrastructure, and cold storage to increase agricultural production	Basic agricultural infrastructure is developed.	Work is ongoing. Annual progress data is yet to be updated.	MoALD		X		
	Promote tea, coffee, large cardamom, turmeric, dog chew, cooking oil, woollen carpets, and pashmina for export	The export volume of tea, coffee, large cardamom, turmeric, dog chew, cooking oil, woollen carpets, and pashmina is increased.	Expansion of cultivation areas for tea, coffee, large cardamom, and turmeric has been undertaken. Post-harvest facilities have been enhanced.	MoALD		X		
	Promote the production of rice, maize, wheat, soybean, pulses, vegetables, fruits, livestock, and fish	Nepal achieves self-sufficiency in rice, maize, wheat, soybean, pulses, vegetables, fruits, livestock products, and fish by 2030.	Support for production technology and mechanisation has been provided. Post-harvest support has been strengthened. Marketing of fruits is being promoted through improved packaging and transportation.	MoALD		X		
	Increase inputs in agriculture and livestock sectors like high quality seed, improved breed, pesticide, fertilizer, irrigation, extension, and laboratory services and increase land productivity	Land productivity is increased up to \$3500/hectare in 2030	4 crop varieties are released; 17 varieties are registered within 2 years. A total of 472287 MT fertilizer imported in FY 2023/24 and 488017 MT in 2024/25). Vaccine production reached 884 lakhs (in dose) in two years.	MoALD		X		

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***	Note
Harness hydropower and renewable energy potential for Nepal's economic transformation through increased domestic use and export to neighbouring countries.	Generate 10,000 MW of hydropower by 2030	10,000 MW hydropower is produced by 2030.	A total of 4,626 MW of hydropower has been generated. In 2024/25, 717 MW was added to the national grid. A further 900 MW is targeted to be added in the current fiscal year.	MoEWRI		X		
	Negotiate with India and Bangladesh for long-term agreements on energy trade	Long-term energy trade agreements are signed with India and Bangladesh.	Nepal, India, and Bangladesh signed the trilateral agreement on 3 October 2024 for Nepal to export 40 MW of electricity to Bangladesh via India's grid.	MoFA	X			
	Export surplus hydroelectricity to India and Bangladesh	Electricity is exported to India and Bangladesh.	Electricity exports of 40 MW to Bangladesh have commenced in 2025, and 1,000 MW is being exported to India.	MoEWRI	X			
	Increase per capita energy consumption (including use in transport, cooking, heating, cooling, and industry operations)	Per capita electricity consumption is increased to 1,500 Kilowatt- hours	Per capita electricity consumption is 450 Kilowatt-hours.	MoEWRI		X		
Promote Nepal as a competitive and high-value tourism destination.	Promote adventure, cultural, nature-based, educational, medicinal, and MICE (meeting, incentives, conferences, and exhibitions) tourism in Nepal	Tourism promotion activities are implemented.	Six major international events in Nepal including the BIMSTEC Network of Tour Operators; International Sagarmatha Diwas and World Summiters Summit with the Nepal mountaineering Association (NMA). Himalayan Travel Mart (HTM) with the PATA Nepal Chapter (PNC); the Nepal-India-China Expo (NICE) with the PATA Nepal Chapter (PNC); the Buddhist International Travel Mart (BITM) with NATTA; and partnerships under the Sagarmatha Sambad with the GoN SS Secretariat.	MoCTCA		X		
	Fully utilise the country's tourism infrastructure, such as Bhairahawa and Pokhara International Airports	Major tourism infrastructure in Nepal is fully utilised.	Both airports are ready for operation.	MoCTCA			X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***	Note
	Increase the number of foreign tourists	The number of foreign tourists is increased to 3 million.	The number of foreign tourists reached 1.17 million in FY 2024/25. Programmes to promote tourist arrivals are ongoing.	MoCTCA		X		
	Increase per capita expenditure of tourists	Per capita per daily expenditure of tourists is increased from USD 48 to USD 125.	Per capita daily expenditure of tourists increased to USD 55 in FY 2024/25.	MoCTCA		X		
	Organize tourism promotion campaigns in international markets	Tourism promotion campaigns are organised in major markets.	Tourism promotion activities have been conducted through participation in major international travel fairs, including WTM, ITB, CMT, Vakantiebeurs, ATS, FITUR, MATKA, ATM, MITT, IFTM, GIF, ITE, COTTM, BITE, OTM, SATTE, TTF, and IITM. Additional initiatives include MICE and luxury and leisure travel marts in Delhi; Nepal promotion events in Paris, Geneva, and Berlin; and destination promotion events in Rome, Bangladesh, Sri Lanka, Madrid, Tokyo, and Guangzhou.	MoCTCA		X		
Promote IT as an important export-oriented service industry.	Promulgate an Integrated ICT Act recognizing IT as a service industry	An integrated ICT Act is promulgated.	The Cyber Security Act has been promulgated, and the National Cyber Security Centre has been established. The National AI policy has been formulated, and an AI centre has been established. The IT and Cyber Security Bill has been submitted to the House of Representatives.	MoCIT		X		
	Implement the Digital Nepal Framework 2019 at all levels of governance	The Digital Nepal Framework is implemented at all levels of governance.	Discussions are ongoing regarding a loan agreement with the World Bank.	OPMCM		X		
	Develop an IT expert hiring and retention policy	An IT expert hiring and retention policy is developed.	Not yet initiated.	MoCIT			X	
	Establish an IT Council and initiate the registration of IT experts in Nepal	An IT Council is established to register IT professionals in Nepal.	Not yet initiated.	MoCIT			X	
	Revise existing IT courses in all 17 universities in Nepal and align them with international standards	IT courses are revised across 17 Universities in Nepal.	Twelve universities have introduced new programmes focusing on IT.	UGC		X		

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***	Note
	Harmonise the service data developed by different ministries	Service data across line ministries is harmonised	The Nagarik App has integrated 67 services on its platform.	MoCIT		X		
	Formalise income earned by IT experts working remotely in Nepal for foreign companies.	All IT experts in Nepal are registered with the IT Council and operate formally.	Income has been formalised through relevant laws.	MoCIT	X			
	Invite international IT companies to establish business operations in Nepal	Foreign IT companies have established business operations in Nepal.	Amendments have been made to 12 laws related to foreign investment to encourage FDI from IT-related foreign companies.	MoCIT		X		
	Increase access to internet, mobile broadband, and digital television services for all people of Nepal	Internet, mobile broadband, and digital television services reach all people in Nepal	Mobile services have been extended to 102.48 percent of the population; Internet services have been extended to 90.37 percent of the population. Television access reached 82 percent.	MoCIT		X		
Promote the health, education, and banking sectors as potential service industries.	Conduct a study to explore opportunities to attract foreign students and clients in the education, health, and banking sectors in Nepal	A study is conducted to attract foreign students and clients in the education, health, and banking sectors.	Not yet initiated.	NPC			X	
	Develop sectoral strategies to position these sectors as service industries in Nepal	Sectoral strategies are prepared for the education, health, and banking sectors.	The Second Financial Reform Strategy has been approved by the Cabinet.	NPC		X		

*Comp. A: Completed Actions

**Ong. A.: Ongoing Actions

***Not Impl. A.: Not Implemented Actions

Major Progressed Actions

- Constraints in industrial estates and SEZs have been eased to improve operational efficiency (MoICS)
- Energy and digital infrastructure have been advanced to support trade and services growth (MoEWRI / MoCIT)
- Policies have been introduced to attract IT investment and formalise digital economy income (MoCIT / MoF)

Policy Level Lessons

- Trade-related reforms are advancing, but sustained support is essential to maintain competitiveness beyond LDC-specific preferences.

2.3.4 Progress in Pillar 4: Building Productive Capacity

Key Priorities: Reforming the education sector, strengthening technical and vocational education; promoting entrepreneurship development; and strengthening health and nutrition.

Status: Total Actions: 26; Completed: 6 | Ongoing: 18 | Not Implemented: 2

The implementation status of STS actions by responsible agencies is presented in Table 11.

Table 11: Progress on STS actions by Responsible Agency

Responsible Agencies	Completed Actions	Ongoing Actions	Not Implemented Actions
MoEST	2	6	2
MoF	0	1	0
MoHP	2	5	0
MoLESS	2	5	0
UGC	0	1	0
Total	6	18	2

A brief review of the progress in each action under this pillar four is presented in Table 12:

Table 12: Progress updates against Actions

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Continue education sector reform to develop productive human resources.	Continue the school merger programme by reviewing past experiences and learned	The school merger programme is continuing.	A total of 150 schools have been merged to date.	MoEST		X	
	Carry out sector-wise human resource projections for the next decade by federal government and request universities to align curricula accordingly	Human resources requirements by sector for the next decade are projected, and universities are requested to align with these projections.	A draft National Human Resource Policy, 2080 has been prepared and is under consultation.	MoEST		X	
	Encourage universities to review their curricula based on market demand	All universities review their curricula based on market demand.	Thirty new academic programmes have been introduced by universities over the past two years based on market demand.	UGC		X	
	Prepare a list of new technologies required for teaching, research, and innovation	A list of new technologies required for teaching, research, and innovation is prepared.	Digital pedagogy has been introduced and implemented. Digitisation of teaching, learning, and assessment has been initiated.	MoEST		X	

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Develop partnerships between academic institutions and private firms for apprenticeship and skilled human resource development based on industry	Partnerships between academic institutions and private firms are established for skilled human resources development.	Not yet initiated.	MoEST			X
	Prepare resource mobilisation strategies for all universities and public sector colleges	All universities and public sector colleges prepare resource mobilisation plans.	Public universities continue to rely largely on government funding.	MoEST			X
	Finance the education sector budget by federal, provincial, and local governments	Governments adopt a balanced approach to education sector budget allocation.	Financing for the education sector across national and subnational levels is being carried out by the federal government.	MoF		X	
Strengthen and expand technical and vocational education and training to produce skilled labour force.	Conduct a study on the reasons for declining enrollment in the TVET sector	A study report exploring the reasons for declining student enrolment in the TVET sector is prepared	A case study on student attraction to engineering programmes have been conducted.	MoEST		X	
	Prepare a TVET sector reform plan based on study finding, including curriculum reform	A TVET sector reform plan is prepared and implemented.	The TVET Sector Strategic Plan (2023-2032) has been prepared.	MoEST	X		
	Increase student enrollment in TVET programmes and utilise full potential capacity	Student intake in TVET programmes reaches full capacity.	Enrolment occupancy is 47 percent and has been stagnant in recent years. Awareness campaigns are being conducted to increase enrolment.	MoEST		X	
	Establish linkages between industrial firms and TVET institutions	Linkages between TVET institutions and firms are established.	Subject matter experts are engaged in curriculum development. Apprenticeship training is being conducted in collaboration with 731 industries.	MoEST	X		
Develop entrepreneurship among youth in the production and service sectors.	Develop a separate act to regulate and certify employment- oriented, skill-based training of less than six-months	A separate act is promulgated to govern employment-oriented, skill-based training of less than six-months.	The National Vocational Training Academy Executive Order has been issued to provide skill development training of less than six months duration.	MoLESS	X		
	Establish a Skill Development Academy with authority to design the courses, conduct skill testing, and provide certification	A Skill Development Academy is established to regulate employment-based skill development training.	The National Vocational Training Academy has been established. A total of 24,084 people were trained in skill development in FY 2081/82.	MoLESS	X		

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Train 40,000 youth and women are trained annually in enterprise development	40,000 youth and women are trained annually in enterprise development.	Approximately, 24,000 youth and women have been trained annually in enterprise development.	MoLESS		X	
	Provide technical and financial support to establish new enterprises for young people and women.	Technical and financial support is provided to establish new enterprises for young people and women.	Arrangements for providing concessional loans to youth entrepreneurs through the Agriculture Development Bank have been initiated under the K-Hami project.	MoLESS		X	
	Introduce at least one enterprise development course in all universities in Nepal	All universities in Nepal introduce entrepreneurship development courses in most academic programmes.	Twelve universities have introduced entrepreneurship development courses as core or credit-based programmes.	MoEST		X	
	Increase the share of manufacturing sector employment in total employment	The share of manufacturing sector employment in total employment is increased by 23 percent (15.1 percent in 2018).	The share of manufacturing sector employment is estimated to have increased, but accurate data will be available upon the publication of the Fourth Nepal Labor Force Survey.	MoLESS		X	
	Increase the share of formal sector employment in total employment	The share of formal sector employment in total employment is increased to 54 percent (37.8 percent in 2018)	The Social Security Scheme for employees in both formal and informal sectors has been expanded under Social Security Fund.	MoLESS		X	
	Increase the labour force participation rate of women	Labour force participation rate of women increased to 42% (26.3% in 2018)	Women targeted skill development programs have been employing.	MoLESS		X	
Strengthen and expand health and nutrition programmes to promote a healthy and productive population.	Assess the likely impact of LDC graduation on the health sector and prepare a resource mobilisation strategy	The likely impact of LDC graduation on the health sector is assessed, and a resource mobilisation strategy is prepared.	The National Health financing Strategy (2023-2033) has been prepared and endorsed by the government.	MoHP	X		
	Strengthen human resources and system competencies in the health sector based on WHO standard for lower- middle-income countries	Human resources and system competencies in the health sector are strengthened in line with WHO standards for lower-middle-income countries.	The National Human Resource for Health Strategy (2021-2030) has been formulated and endorsed.	MoHP	X		

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Strengthen the resilience capacity of the health system to respond to health emergencies	Health system resilience is strengthened to respond to health emergencies.	The Public Health Emergency Guideline 2025 has been formulated and is under implementation.	MoHP		X	
	Increase health insurance coverage to 100 percent of the population by 2030	Health insurance coverage is increased to 100 percent population (22 percent in 2022).	Health insurance coverage has reached 33 percent of the population by 2025.	MoHP		X	
	Expand health insurance coverage and free health service packages for targeted populations and reduce out-of-pocket health expenditure	The share of out-of-pocket health expenditure in total health expenditure is reduced substantially (OPHE was 55 percent in 2016).	Out of pocket payment health expenditure remains at 54 percent (NHA, 2020/21).	MoHP		X	
	Increase the resource absorption capacity of the health system	The resource absorption capacity of the health system is improved.	Action plans to increase budget expenditure have been prepared. Research and discussions are ongoing.	MoHP		X	
	Consolidate and expand nutrition programmes and reduce stunting rate among children under five years of age.	The stunting rate among children under five is reduced by 1 percent annually (25 percent in 2021)	The stunting rate among children under five is reduced by 25 percent (NDHS, 2022) percentage. The MSNP programme is being implemented.	MoHP		X	

*Comp. A: Completed Actions

**Ong. A.: Ongoing Actions

***Not Impl. A.: Not Implemented Actions

Major Progressed Actions

- The education system has been rationalised through school mergers, and human resource planning has been aligned with labor demand (MoEST/NPC)
- Health system capacity has been strengthened to improve service coverage and efficiency (MoHP)
- Health insurance and free basic services have expanded to reduce out-of-pocket expenditure (MoHP)

Policy Level Lessons

- Human capital investments show relatively stronger completion rates, supporting inclusive and resilient growth.

2.3.5 Progress in Pillar 5: Climate Change and Disaster Risk Management

Key Priorities: Implementing climate change adaptation practices; adopt GRID approach; strengthening DRRM; building seismic-sensitive and resilient infrastructure; and reducing economic vulnerability.

Status: Total Actions: 19; Completed: 1 | Ongoing: 18 | Not Implemented: 0

The implementation status of STS actions by responsible agency is presented in Table 13.

Table 13: Progress on STS actions by Responsible Agency

Responsible Agency	Completed Actions	Ongoing Actions	Not Implemented Actions
MoF	1	4	0
MoFE	0	3	0
MoHA	0	5	0
MoICS	0	2	0
MoPIT	0	1	0
Municipalities	0	1	0
Province	0	1	0
Not specified	0	1	0
Total	1	18	0

Progress in Actions: A brief summary of the progress in each action in this pillar five is presented in Table 14:

Table 14: Progress updates against Actions

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
Implement climate change adaptation practices across all production and development activities.	Implement adaptation activities under the National Adaptation Plan (NAP 2021-2050) across all relevant agencies and sectors	The NAP is implemented at federal, provincial, and local levels across all sectors.	The NAP is under implementation. A total of 264 LAPAs have been formulated.	MoFE		X	
	Prepare and implement Province-Level Climate Change Adaptation Plans of Action (PLCCAAP) in line with the NAP	All seven provinces of Nepal have prepared Climate Change Adaptation Plans of Action.	Annual data is yet to be updated.	Province		X	
	Prepare and implement the Climate Change Local Adaptation Plan of Action (LAPA) in line with the NAP and PLCCAAP across all municipalities of Nepal	All 753 municipalities of Nepal have prepared or strengthened Local Adaptation Plans of Action.	Annual data is yet to be updated.	Municipalities		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Strengthen the technical capacity of forest professionals in proposal writing for submission to climate-related funds such as Green Climate Fund (GCF)	The technical capacity of key forest professionals is strengthened to prepare project proposals for funding.	A total of 28 forest officials have been trained in project proposal writing.	MoFE		X	
	Submit project proposals for the implementation of the NAP to potential funds and development partners	Project proposals are submitted to potential funds and development partners for funding.	Six projects have been approved by development partners and funding sources over the past two years and are under implementation. Additionally, three country-level and four regional project proposals have been submitted during the same period.	MoFE		X	
Adopt the GRID approach at all level of government.	Adopt Green, Resilient and Inclusive Development (GRID) approach in all development activities.	The GRID approach is adopted in all development activities in Nepal.	The Kathmandu Declaration on GRID has been adopted. Policy Credit has been received to Implement GRID.	MoF	X		
	Negotiate with development partners to increase their technical support for GRID implementation	Technical support from development partners is increased to implement the GRID approach.	Several prior actions have been completed with technical assistance regarding the GRID Approach.	MoF		X	
Develop shared responsibility for disaster risks reduction and management (DRRM) across federal, provincial, and local levels.	Implement the Sendai Framework for Disaster Risk Reduction in Nepal	The Sendai Framework is implemented to reduce disaster risk in Nepal.	The Sendai Framework Action Plan (2018-2030) is being implemented.	MoHA		X	
	Clearly delineate authority, responsibility, and accountability across federal, provincial, and local levels according to the nature, intensity, and scale of the disasters	Authority, responsibility, and accountability are clearly defined across the federal, provincial, and local governments for disaster management.	Annual data is yet to be updated.	MoHA		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Adopt early detection, prevention, rescue, and rehabilitation approaches in all disaster risk reduction and management activities	Early detection, prevention, rescue, and rehabilitation approaches are adopted in disaster risk management in Nepal.	A draft action plan has been prepared.	MoHA		X	
	Reduce the average annual economic loss from climate-induced disasters	Annual economic loss from climate-induced disasters as a share of GDP is gradually reduced in Nepal (0.08 percent of GDP in 2018/19)	Annual data is yet to be updated.			X	
Build seismic-resistant and resilient infrastructure to reduce deaths and injuries during catastrophic events.	Effectively implement Nepal National Building Code 2020 for seismic design and construction of building in Nepal	National building code is implemented effectively	Program is under implementation.	MoPIT/MoUD		X	
	Implement the UN-declared Road Safety Decade (2021-2030) in Nepal, targeting at least a 50 percent reduction in road traffic deaths and injuries by 2030	The Road safety Decade (2021-2030) is implemented in Nepal to reduce road traffic deaths and injuries.	The Road Safety Decade (2021-2030) is under implementation.	MoHA		X	
	Reduce the road fatality rate in Nepal	The road fatality rate is reduced by half in Nepal (9.9 per 100,000 population)	Annual data is yet to be updated.	MoHA		X	
Strengthen backward and forward linkages in the economy by improving value chains and reducing economic vulnerability.	Strengthen backward and forward linkages in the economy	Backward and forward linkages in the economy are strengthened.	The Kathmandu Declaration on GRID has been adopted, and policy credit has been received for the implementation of the GRID framework.	MoF		X	

Working Strategies	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.*	Ong. A.**	Not Impl. A.***
	Strengthen rural-urban linkages	Rural-urban linkages are strengthened	Programmes and activities related to rural-urban linkages have been identified and included in the implementation plan of Sixteenth Plan.	MoF		X	
	Adopt a do-no-harm approach in strengthening the rural-urban linkages and harness the combined potential of both areas	A do-no-harm approach is adopted to strengthen rural-urban linkages.	Programmes and activities related to rural-urban linkages, including the do-no-harm approach, have been identified and included in the implementation plan of Sixteenth Plan.	MoF		X	
	Develop partnerships between large and small firms within the country	Partnerships between large and small firms are developed.	A contract manufacturing provision has been introduced through an amendment to the Industrial Enterprises Act.	MoICS		X	
	Develop partnerships between multinational and national companies with due caution	Partnerships between multinational companies and national companies are developed with caution.	Data is yet to be updated.	MoICS		X	

*Comp. A: Completed Actions

**Ong. A.: Ongoing Actions

***Not Impl. A.: Not Implemented Actions

Major Progressed Actions

- National Adaptation Plan actions have been operationalised across sectors to build climate resilience (MoFE)
- Disaster risk reduction measures have been adopted to reduce climate-induced economic losses (MoHA)
- Inclusive and balanced development has been promoted through rural-urban linkages and firm partnerships (MoUD / MoICS)

Policy Level Lessons

- Actions are well initiated, but results will depend on scaling implementation and mobilising climate finance.

2.3.6 Progress in Pillar 6: Social Inclusion and Integration

Key Priorities: Revisiting social protection programmes, strengthening poverty alleviation programmes, gender and development, and improving governance.

Status: Total Actions: 11; Completed: 0 | Ongoing: 11 | Not Implemented: 0

The implementation status of STS actions by responsible agency is presented in Table 15.

Table 15: Progress on STS actions by Responsible Agency

Responsible Agency	Completed Actions	Ongoing Actions	Not Implemented Actions
MoF	0	3	0
MoLESS	0	1	0
MoLMCPA	0	3	0
MoWCSW	0	3	0
OPMCM	0	1	0
Grand Total	0	11	0

A brief status of the progress in each action in pillar six is presented in Table 16.

Table 16: Progress updates of Actions

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.	Ong. A.	Not Impl. A.
Revisit social protection programmes and shift from a blanket approach to a need-based intervention approach.	Increase participation of people in contribution-based social security programmes	Participation of people in contribution-based social security programmes is increased.	The Social Security Scheme for employees in both formal and informal sectors, including Nepali workers abroad, has been expanded under Social Security Fund.	MoLESS		X	
	Revisit social protection programmes and shift from blanket approach to a needs-based intervention approach	A needs-based social protection approach is adopted in Nepal.	The Integrated National Social Security Framework has been approved by the Cabinet and is under implementation.	MoF		X	
	Limit the social protection budget to an affordable level of the economy	The social protection budget is allocated based on the affordability of the economy.	Social protection systems have been interlinked with the National ID and payment processes through bank accounts for beneficiaries of social security allowances.	MoF		X	

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.	Ong. A.	Not Impl. A.
Consolidate existing poverty alleviation programmes and focus on targeted interventions at family and individual levels.	Distribute identification cards to all poor households and implement targeted interventions at family and individual levels for poverty alleviation	Identification cards are distributed to all poor households, and targeted interventions are strengthened.	Poor ID cards have been distributed to households in 64 districts; ID cards for 10 additional districts are under the process of printing, and public hearings are ongoing in the remaining three districts.	MoLMCPA		X	
	Reduce the proportion of the population living below the national poverty line	The national poverty rate decreases by 1 percent annually.	Annual data is not available. However, 20.17 percent of the population was below the poverty line in 2022/23 (NLSS IV).	MoLMCPA		X	
	Reduce the multidimensional poverty index (MPI)	Multidimensional poverty is reduced (17.4 in 2021).	Annual data is not available.	MoLMCPA		X	
Integrate gender and development across all spheres of socio-economic development programmes.	Reduce gender inequality	The Gender Inequality Index decreases gradually (0.470 in 2019)	The National Gender Equality Policy (2021) and its implementation action plan (2024) are under implementation to promote an inclusive society with a long-term vision. Programmes at all levels of government are contributing to reducing the Gender Inequality Index; however, updated progress data is not yet available.	MoWCSW		X	
	Implement programmes for gender empowerment	Gender empowerment indicators improve gradually.	The National Gender Audit Guidelines, 2025 have been approved and are under implementation to strengthen gender-responsive governance. The process includes reviewing public institutions' policies, programmes, budgets, decision-making systems, and work environments from a gender perspective. A draft roadmap has been prepared to implement the recommendations of the Seventh CEDAW Report. In addition, awareness programmes on the rights of rural women, Indigenous and tribal women, and women with disabilities have been conducted, along with capacity-building initiatives for elected representatives at provincial and local levels to internalise CEDAW, the Beijing Platform for Action (BPFA), and the National Gender Equality Policy and Action Plan (NGEPAP).	MoWCSW		X	

Working Strategy by Pillars	Actions for Strategies	Expected results	Progress in Actions (against the expected results)	Main Responsible agency	Comp. A.	Ong. A.	Not Impl. A.
	Reduce the physical and sexual violence against women	The prevalence of violence against women decreases gradually.	The Mangala Sahana National- Level Long-term Rehabilitation Centre has been operationalised, supporting 148 GBV survivors to date, with 18 currently residing. Conditional grants have been provided to 21 short-term service centres in coordination with local governments, alongside regular nationwide campaigns, such as the 16 Days of Activism. The IGBVRN Project has strengthened systems through federal-level capacity building, integration of case management procedures, development of national guidelines, and action plans, and improvement of the GBV data management systems. Coordination mechanisms have been institutionalised through Provincial GBV Response and Coordination Committees and municipal GBV Platforms. Service mapping, recruitment of case workers and psychosocial counsellors, establishment of safe spaces, mobilisation of male leader networks, and development of SOPs have enhanced coordinated local service delivery. Under the Asian Development Bank-funded Strengthening Systems to Protect and Uplift Women (SSPUW) Project, four long-term rehabilitation centers are being constructed, Nepal Police are receiving GBV-related capacity building, 15 Women, Children and Senior Citizens Service Centres are being established, and awareness and institutional strengthening activities are ongoing.	MoWCSW		X	
Strengthen governance that contributes to enhance accountability among public sector personnel	Improve the rule of law	Public perception of the rule of law improves in Nepal	National Security measures are being strengthened. The government is committed to establishing the rule of law across socioeconomic sectors.	OPMCM		X	
	Improve digital financial transaction system across sectors.	Digital financial transaction system are strengthened.	Various institutions, including the Financial Comptroller General Office (FCGO), Nepal Rastra Bank (NRB), and the Inland Revenue Department (IRD), are working collaboratively to strengthen digital financial transactions.	MoF		X	

*Comp. A: Completed Actions

**Ong. A.: Ongoing Actions

***Not Impl. A.: Not Implemented Actions

Major Progress against Actions

1. Social security schemes have been expanded to cover employees in both formal and informal sectors, including Nepali workers abroad. (MoLESS)
2. The Integrated National Social Security Framework has been approved and is under implementation, reflecting a shift towards a need-based approach. (MoLESS)
3. Implementation of the National Gender Equality Policy, gender audits, GBV response systems, and rehabilitation services have been strengthened across levels. (MoWCSW)

Policy Level Lessons

1. While policy frameworks and programmes are well established across social protection, poverty alleviation, and gender inclusion, greater emphasis is needed on effective implementation, data availability, and result-based monitoring to ensure tangible and measurable outcomes.



Chapter 3

Conclusion and Way Forward

The mid-term review of Nepal's LDC Graduation Smooth Transition Strategy (STS) 2024 confirms that the transition process remains partially on track, with mixed implementation progress across all six strategic pillars. The strategy demonstrates clear alignment with national development priorities, international commitments, and the three CDP graduation criteria: GNI per capita, HAI and EVI.

A large share of actions has progressed into the implementation phase, reflecting strengthened policy ownership, improved inter-agency coordination, and the establishment of foundational systems to support income growth, human capital development, and structural resilience. While completion rates remain modest at this stage of the transition period, progress in GNI per capita and HAI-related actions is relatively strong. However, reducing economic vulnerability, particularly in the context of climate risks, trade dependence, and external shocks, continues to require attention.

As Nepal approaches its scheduled graduation in 2026, accelerating the timely completion and effective scaling of ongoing interventions will be critical to consolidating graduation gains and ensuring a sustainable and irreversible transition beyond the LDC framework.

Implementation of actions remains largely at the initiation stage, with a predominance of ongoing actions, indicating that early ef-

forts have focused on system-building and policy reform rather than completion and outcome delivery. Progress across key indicators (CDP criteria) is uneven: actions supporting GNI per capita growth and the HAI show relatively stronger performance, while reducing EVI remains highly sensitive due to structural, climate, trade, and disaster-related risks.

Human capital-related interventions demonstrate comparatively higher completion rates, highlighting the effectiveness of focused sectoral reforms and sustained public investment in education, health, and skills development. However, financing constraints, implementation capacity gaps, and coordination challenge -- particularly in some pillars such as trade, investment, climate action, and social inclusion -- remain key bottlenecks. This underscores the importance of strengthened financing readiness and inter-agency coordination for sustain post-LDC progress.

3.1 Way Forward

The following actions are recommended going forward:

- Shift the focus from action initiation to action completion through time-bound delivery plans.
- Prioritise actions with direct relevance to post-LDC sustainability, particularly those affecting economic and environmental vulnerability, access to finance, and competitiveness.

- Enhance coordination among federal, provincial, and local governments to ensure effective implementation of cross-cutting STS actions.
- Strengthen integrated data systems and evidence-based monitoring to support timely and effective implementation during the remaining transition period.

3.2 Pillar-Specific Way Forward

- Pillar 1 (Macroeconomic Stability and Fiscal Sustainability): Accelerate implementation of post-LDC financing strategies, including blended finance, domestic resource mobilisation, and access to alternative development finance.
- Pillar 2 (Trade and Investment): Promote product and market diversification, strengthen trade facilitation, enhance quality infrastructure, and advance investment promotion reforms to transform ongoing actions into export growth and productivity gains.
- Pillar 3 (Economic Transformation): Reinforce intersectoral backward and forward linkages in manufacturing, agriculture, and services to sustain competitiveness beyond LDC-specific trade preferences.
- Pillar 4 (Building Productive Capacity): Consolidate gains in education, skills, health, and nutrition by improving service quality and strengthening labor market relevance.
- Pillar 5 (Climate Change and DRRM): Shift focus from planning to scaled implementation by mobilising climate finance and integrating resilience measures into sectoral and infrastructure investments.
- Pillar 6 (Social Inclusion and Integration): Enhance effectiveness of social protection and inclusion programmes through improved targeting, governance reforms, and institutional capacity strengthening.

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