



NEPAL

National Review Report on the Implementation of the Doha Programme of Action, 2022-2031



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

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Foreword

The National Planning Commission is pleased to present this National Report on the Implementation of the Doha Programme of Action (DPoA) for Least Developed Countries for the decade 2022–2031. For Nepal, the DPoA remains a key global framework. Effective implementation of the DPoA complements and reinforces our national development efforts in line with national priorities and international development frameworks. The Programme of Action supports Nepal's aspiration to achieve the Sustainable Development Goals (SDGs) by 2030 and to ensure smooth and irreversible graduation from the LDC category.

This report provides a comprehensive overview of Nepal's progress, achievements, and challenges in implementing the priority areas of the DPoA. It highlights key policy measures and development initiatives undertaken by the Government of Nepal to strengthen productive capacity, promote structural transformation, expand international trade, mobilize domestic and international resources for development, and enhance resilience to climate change, disasters, and other external shocks. It also reflects Nepal's ongoing efforts to advance SDG implementation and align with the priorities of the Sixteenth Plan.

March, 2026

Implementation of the DPoA has led to notable progress in several areas. However, Nepal continues to face structural vulnerabilities, including geographical constraints, limited productive capacity, and high exposure to climate change and natural disasters. These challenges have been further compounded by an increasingly complex and adverse global environment. In this context, the effective implementation of the DPoA requires strengthened international support measures, enhanced development cooperation, and meaningful global partnerships, alongside sustained and coordinated national commitment.

The National Planning Commission has prepared this report in close collaboration with line ministries, government agencies, development partners, the private sector, and other relevant stakeholders. It is expected that this report will contribute constructively to the High-Level Midterm Review of the DPoA and inform global discussions on strengthening support for Least Developed Countries. Nepal remains fully committed to working with the international community to accelerate the implementation of the DPoA and to achieve sustainable, resilient, and inclusive development.

Prakash Kumar Shrestha

Acknowledgement

The National Planning Commission of Nepal presents the National Report on the Implementation of the DPoA in support of the High-Level Mid-term Review of Doha. Programme of Action (DPoA), to be held in March 2027 for the Least Developed Countries.

This report reflects Nepal's continued commitment to the effective implementation of the DPoA, and presents progress, achievements, and remaining challenges.

The Commission extends its gratitude to the Steering Committee led by the Secretary of National Planning Commission, Mr. Rabi Lal Pantha, for his leadership and guidance in preparation of this report.

The Commission also expresses its appreciation to the United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLS) and the United Nations Resident Coordinator's Office (UNR-CO) in Nepal for their support and collaboration.

Special appreciation is extended to Mr. Bikram Acharya for his contribution to drafting the report.

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The Commission also expresses its appreciation to all ministries, departments, and government agencies, as well as development partners, international organizations, stakeholders from the private sector, academia, and civil society, for their active engagement and cooperation during the consultation and preparation process.

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Singhadurbar, Kathmandu, Nepal

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Abbreviations

AI	Artificial Intelligence
BCG	Bacillus Calmette–Guérin
CBS	Central Bureau of Statistics
COVAX	COVID-19 Vaccines Global Access
DFQF	Duty-Free Quota-Free
DNIDCR	Department of National ID and Civil Registration
DoED	Department of Electricity Development
DoHS	Department of Health Services
DPoA	Doha Programme of Action
DPT	Diphtheria, Pertussis and Tetanus
DRRM	Disaster Risk Reduction and Management
ECTS	Electronic Cargo Tracking System
EGDI	E-Governance Development Index
EMIS	Education Management Information System
EVI	Environmental Vulnerability Index
FDI	Foreign Direct Investment
FY	Fiscal Year
GAVI	the Vaccine Alliance
GDP	Gross Domestic Product
GNI	Gross National Income
GoN	Government of Nepal
GSP+	Generalized Scheme of Preferences Plus
HMIS	Health Management Information System
ICT	Information and Communication Technology
ILO	International Labour Organization
INFS	Integrated National Financing Strategy
ITU	International Telecommunication Union
kWh	Kilowatt-hour
LDC	Least Developed Countries
MICS	Multiple Indicator Cluster Surveys
MIS	Management Information System
MoEST	Ministry of Education, Science and Technology
MoF	Ministry of Finance
MoHP	Ministry of Health and Population
MoICS	Ministry of Industry, Commerce and Supplies
MoLESS	Ministry of Labour, Employment and Social Security
MSME	Micro, Small and Medium Enterprises
MTEF	Medium-Term Expenditure Framework
MW	Megawatt

N/A	Not Available
NAP	National Adaptation Plan
NDC	Nationally Determined Contributions
NEA	Nepal Electricity Authority
NLSS IV	National Living Standard Survey IV
NPC	National Planning Commission
NPR	Nepalese Rupees
NRB	Nepal Rastra Bank
NSO	National Statistics Office
NTA	Nepal Telecommunication Authority
OECD	Organization for Economic Co-operation and Development
PCV	Pneumococcal Conjugate Vaccine
RAPID	Research and Policy Integration for Development and UK International Development
SDGs	Sustainable Development Goals
SESP	School Education Sector Plan
STS	Smooth Transition Strategy
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UN	United Nations
UN CDP	United Nations Committee for Development Policy
UNCTAD	United Nations Conference on Trade and Development
UN-DESA	United Nations Department of Economic and Social Affairs
UNECE	United Nations Economic Commission for Europe
UN-ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNESCO-UIS	United Nations Educational, Scientific and Cultural Organization, Institute for Statistics
UNFCCC	United Nations Framework Convention on Climate Change
UNICEF	United Nations Children’s Fund
UNODC	United Nations Office on Drugs and Crime
UN-OHRLLS	United Nations Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States
UNSDCF	United Nations Sustainable Development Cooperation Framework
USD	United States Dollar
WASH	Water, Sanitation, and Hygiene
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Executive Summary

Nepal has made meaningful and measurable progress in implementing the DPoA since 2022, building on a decade of development gains despite significant structural vulnerabilities as a landlocked LDC. In Nepal, the Sixteenth Plan (2024/25-2028/29) has incorporated 80 out of the 167 DPoA measurable long-term and periodic indicators. Out of the 53 DPoA priority indicators, 27 indicators have shown improvement, 6 indicators have regressed, data are not available for 18 indicators, and 2 indicators are not country specific and therefore not reported. This midterm review captures progress against DPoA indicators, highlighting achievements and challenges to ensure sustainable and irreversible LDC graduation by 24 November 2026.

Development progress has been significant. Multidimensional poverty has declined from 30.1 percent in 2014 to 17.4 percent in 2022, and under-five mortality (per 1,000 live births) has decreased from 33 in 2022 to 27 in FY 2024/25.

Primary school net enrolment ratio has reached 95.6 percent in FY 2024/25, while social protection coverage has reached 32 percent of the population, and contributory social security coverage has expanded to over 2.7 million workers, including informal and migrant workers.

Electricity access has reached 99 percent of the population, with per-capita energy consumption of 465 kWh, supported by approximately 3,937 MW of installed capacity by the end of 2025.

Structural transformation remains a work in progress. Nepal's Gross Domestic Product (GDP) growth has averaged 4.2 percent annually over the past decade, below the DPoA target of 7.1 percent for Least Developed Countries (LDCs). Nepal's GDP growth is significantly supported by remittance inflows (28.2 percent of GDP), which primarily drive consumption. The agriculture, forestry and fisheries sector contributes 25 percent to GDP, while the service sector contributes 62 percent, and the industrial sector accounts for only 12.8 percent in FY 2024/25.

Youth unemployment (15-24 years) stands at 20.6 percent, alongside high levels of informal employment and a mismatch between labour supply and demand.

Foreign direct investment realization remains low, constrained by limited market size, underdeveloped infrastructure, and weak business environment.

Climate vulnerability is intensifying. Nepal ranked among the ten most climate-affected countries globally in 2024. Between 2018 and 2024, a total of 32,375 small and large disaster incidents occurred, claiming 2,996 lives (1,278 men and 1,678 women), with 446 individuals reported missing. Total economic losses due to these disasters were reported at NPR 23.60 billion during this period. Disaster frequency and economic losses are rising, with 467 deaths and NPR 2.4 billion in losses recorded in 2025 alone.

While Nepal has adopted NDC 3.0, a National Adaptation Plan, and climate budget cod-

ing across all three tiers of government, the financing gap for NDC implementation stands at USD 73.74 billion for 2025, with USD 62.9 billion required from international sources. Access to climate finance in post-graduation is likely to remain one of Nepal's most critical transition risks.

Graduation downside risks require proactive management. Post-graduation, Nepal faces the loss of LDC-specific trade preferences. It is estimated that 22 percent of Nepal's exports will see an increase in tariffs after graduation. Vegetable products, cereals, and cereal products will face the largest tariff increases, with average applied tariffs rising by 27 and 25 percentage points, respectively (ITC, 2022).¹ The pharmaceutical sector, which supplies 80 percent of essential medicines domestically, will lose TRIPS flexibility after graduation. Graduation may also have direct impacts on ODA which has already been declining. For instance, support from development partners in the health sector has declined from 63.1 percent during the COVID-19 period to 27.7 percent in FY 2024/25.

Nepal has responded with a robust institutional and policy architecture. The STS, adopted in February 2024 and integrated into the Sixteenth National Development Plan (2024/25–2028/29), provides a framework across six strategic pillars. An Integrated National Financing Strategy (2025), Domestic Revenue Mobilization Strategy (2024), and a revised Foreign Aid Mobilization Policy (2025) are in place. The govern-

ment has also enacted a National Statistics Act and is piloting AI-assisted data systems to support evidence-based policymaking.

Key recommendations for the remaining period of the DPoA implementation include:

- (i) securing extended and enhanced trade transition support from key trade partners, particularly for sectors facing tariff increases after graduation;
- (ii) accelerating access to climate finance, including the Green Climate Fund and Loss and Damage Fund, with LDC-equivalent access terms maintained post-graduation;
- (iii) identifying alternative measures to fill the financing gap, including through green bonds, carbon markets, and increased foreign direct investment;
- (iv) investing in demand-side labour market programmes and formalization to reduce structural mismatches constraining productivity growth; and
- (v) ensuring continued access to concessional vaccine procurement and health financing support to protect gains in universal health coverage.

International partners are called upon to honour the principle of incentive-based graduation enshrined in the DPoA, ensuring that Nepal's transition does not result in a development setback.

¹ https://umbraco.exportpotential.intracen.org/media/jqrl0bu3/nepal-after-ldc-graduation_202204.pdf



Chapter I

Introduction

Nepal, as a LDC with a target of graduating from LDC status by 2026, has aligned national development policies, plans, and sectoral strategies with the priorities of the DPoA. The Government of Nepal has integrated the programme's objectives into national frameworks, including periodic plans, sectoral policies, and commitments to the 2030 Agenda for Sustainable Development.

This mid-term review of the implementation of the DPoA in Nepal assesses progress since the adoption of the programme in 2022. The report examines achievements, challenges, and emerging opportunities across the DPoA priority areas, drawing on national data, policy analysis, and stakeholder consultations. It also evaluates the contributions of global commitments and international support measures to Nepal's development efforts.

The review aims to inform policymakers, development partners, and stakeholders about the status of implementation and to identify policy priorities and strategic actions needed to accelerate progress over the remaining implementation period.

1.1 Socioeconomic, institutional, and policy environment

Nepal's economic growth averaged 4.2 percent over the period of 2016/17 to 2024/25.²

In 2019/20, GDP contracted by 2.37 percent due to the COVID-19 pandemic, before recovering to 1.98 percent in FY 2022/23.

Nepal's GDP reached NPR 6,107 billion (equivalent to USD 44.89 billion) in FY 2024/25. The major contributors to GDP were agriculture, forestry, and fisheries (25.16 percent), and wholesale and retail trade (14.55 percent).

From a macroeconomic perspective, the tertiary (62 percent) and primary (25.62 percent) sectors remain the largest contributors, while the share of the secondary sector continues to decline. Remittance inflows, at 28.2 percent of GDP in FY 2024/25, remain a key driver of domestic consumption and aggregate demand. GNI per capita increased from USD 1,419 in FY 2021/22 to USD 1,517 in FY 2024/25 (NSO, 2025).

Nepal's development efforts have witnessed significant socioeconomic progress over the last decade, despite cascading economic shocks, including the 2015 earthquake and the COVID-19 pandemic.

The poverty headcount ratio in Nepal has declined from 25.16 percent in FY 2010/11 to 20.27 percent in FY 2022/23. Multidimensional poverty has declined from 30.1 percent in 2014 to 17.4 percent in 2022. Notable progress has also been made in reducing maternal mortality, under-five, and neonatal mortality rates.

² Note: fiscal year in Nepal starts in mid-July of each year, ending at the same time in the next.

The maternal mortality ratio has also declined to 151 per 100,000 live births in 2022, down from 258 in 2015. Likewise, the infant mortality rate declined to 27 deaths per 1,000 live births in 2025, down from 38 in 2015.

Life expectancy at birth increased to 71.3 years (73.8 years for women compared to 68.2 years for men) in 2021. Progress has been also made in advancing inclusive, equitable and quality education.

The literacy rate has reached 76.2 percent with female literacy rate being 69.4 percent in 2021 (NSO, 2023). The Government of Nepal has integrated major global and national development priorities into its periodic development planning framework.

The Twelfth Periodic Plan (2010–2013) marked a significant milestone by articulating a long-term vision to transform Nepal into a developing country through graduation from the LDC category, while also committing to achieving the Millennium Development Goals by 2015 (NPC, 2010).

Nepal is strongly committed to achieving the 2030 Agenda for Sustainable Development Goals, and ensuring a smooth transition from LDC status, as reflected in subsequent development plans, including the Sixteenth Periodic Plan (2024/25–2028/29). A national Smooth Transition Strategy (STS), as recommended by DPoA, is being implemented in alignment with the Sixteenth Plan. Provincial and local governments have mainstreamed DPoA and SDGs into their periodic plans and annual budgets.

The enactment of the Monitoring and Evaluation Act 2024, coupled with the country's

enhanced statistical capacity, has enabled the tracking of progress in SDGs and DPoA indicators. However, vertical coordination challenges persist across the three tiers of the government in policy formulation, resource allocation and programme implementation.

1.2 Methodology and data

Progress in the implementation of the DPoA in Nepal has been assessed in accordance with DPoA reporting guidelines, the DPoA Roadmap 2022, and the associated monitoring framework (UN-OHRLS, 2024).

Where data were not available, progress has been assessed using the SDG progress assessment methodology, developed by UN-ESCAP, along with the estimates produced by custodian agencies for SDG monitoring.

The analysis primarily uses 2022 as the reference year, marking the first year of DPoA implementation. Quantitative data are drawn from multiple sources. The National Statistics Office (NSO) serves as the primary data source for the indicators used in this report. Published data from other government agencies, including Education Management Information System (EMIS), Health Management Information System (HMIS), publications of Nepal Rastra Bank (NRB), and the Ministry of Finance are also used.

Preference is given to government data sources where available, while data from international agencies are used to supplement the data gaps. The LDC Graduation Committee, chaired by the Secretary of the National Planning Commission, oversaw

the preparation of this national assessment report.

Extensive consultations were conducted with stakeholders, including government agencies, provincial and local government representatives, the private sector, and civil society organizations.

The United Nations in Nepal Taskforce on LDC Graduation and Finance for Develop-

ment supported data collection and verification.

The United Nations Office of the High Representative for Least Developed Countries, Landlocked Developing Countries and Small Island Developing States (UN-OHRLLS) supported consultations and provided a consultant to assist in preparation of this report.



Chapter 2

The National Development Planning Process

2.1 Strategic Vision and Institutional Framework for Planning

Nepal’s development planning process is anchored in the long-term vision of “Prosperous Nepal, Happy Nepali,” which aims to transform the country into a prosperous economy with the active participation of the public, private and cooperative sectors by 2043.

The Fifteenth Plan (2019/20 – 2023/24) established Vision 2043 and defined quantitative indicators for long term targets, which have been carried forward into the current Sixteenth Plan (2024/25–2028/29).

The Sixteenth Plan further operationalises this vision under the framework of “Good

Governance, Social Justice, and Prosperity” (NPC, 2024a).

Eight DPoA indicators are reflected in the main quantitative targets of Nepal’s long-term vision (see Table 1). Eighty of the 167 DPoA indicators are incorporated into the Sixteenth Plan.

The vision, scope, and targets of Nepal’s Sixteenth Plan (2024/25–2028/29) and the Medium-Term Expenditure Framework (MTEF) are closely aligned with DPoA. A central ambition shared by these national frameworks and the DPoA is achieving sustainable and irreversible graduation from the LDC category. Nepal is committed to graduating on the scheduled date, consistent with the DPoA’s goal of enabling a

Table 1: Main quantitative targets of the Long-term Vision (Vision 2043) aligned with DPoA indicators

Indicators	Performance F.Y. 2022/23	Progress 2025	Target F.Y. 2043/44	Remarks
Gross national income per capita (USD)	1,456	1,517	12,100	NSO, National Account 2024/25
Formal sector share in employment	36.5	N/A ³	70	Latest data not available
Electricity generation (MW)	2,877	3,937	40,000	Department of Electricity Development
Households with access to electricity	96.7	99	100	NEA
Population with access to the internet	69.2	N/A	100	MTEF 2082/83-2084/85
Under-five mortality rate (per 1,000 live births)	33	31	8	Economic Survey, Statistical Pocket Book 2024
Population with access to improved drinking water facilities	25.8	53.9	95	Nepal Living Standard Survey IV 2022/23
Population covered by basic social security	32.0 ⁴	N/A	100	No updated aggregate data available

³ Latest figures are due in end 2026 from the upcoming national labour force survey.

⁴ NPC, 16th Plan.

“new generation” of LDCs to meet graduation criteria through a smooth transition.

To ensure graduation is underpinned by robust economic foundations, the Sixteenth Plan targets an average GDP growth rate of 7.1 percent, in line with the DPoA’s target for LDCs. The Sixteenth Plan shares the DPoA’s emphasis on structural transformation as a driver of prosperity.

While the DPoA seeks to double the share of industry in LDC GDP by 2030, the Sixteenth Plan identifies 13 priority areas of structural transformation, targeting an average growth of 11.3 percent in the secondary sector to enhance national competitiveness. Both the Sixteenth Plan and the DPoA emphasise on the formalisation of the economy.

The Sixteenth Plan aims to reduce the share of informal employment from 62.2 percent to 40 percent, directly supporting the DPoA’s objective of strengthening labour markets through the transition from informal to formal employment. Both frameworks prioritize investment in human capital and poverty eradication to “leave no one behind”.

The Sixteenth Plan reinforces this focus by targeting a reduction in the population below the national poverty line from 20.3 percent to 12.0 percent.

In education and health, the Sixteenth Plan targets an 85 percent literacy rate and an increase in the Human Development Index to 0.650, supporting the DPoA’s goals of universal access to quality education and improved health outcomes.

Furthermore, the MTEF (2025/26-2027/28) sets medium-term targets for per capita income, aiming to reach USD 2,103 by FY2027/28.

In the areas of Science, Technology, and Innovation and infrastructure, the Sixteenth Plan adopts the DPoA’s ambition to leverage the “fourth industrial revolution” and digital transformation.

The Sixteenth Plan targets 90 percent internet access and an E-Governance Development Index of 0.600, aligning with the DPoA’s objective of bridging the digital divide and ensuring meaningful connectivity by 2030. Connectivity targets also extend to energy; the Sixteenth Plan aims to ensure 100 percent access to electricity and increase power generation to 11,769 MW, complementing the DPoA’s focus on universal access to modern energy.

The Sixteenth Plan and the MTEF mainstream climate change resilience and the green economy, reflecting the DPoA’s fifth key focus area. The Sixteenth Plan targets increasing the climate-responsive budget to 20 percent of total allocation and implementing local adaptation plans across all 753 local levels. The MTEF serves as an implementation tool for translating the targets set and major interventions of the Sixteenth Plan into annual budgets and programmes.

The pillar of investing in people is well articulated in the Sixteenth Plan, focussing on building domestic capacity and reducing systemic poverty. It aligns with the pillar of leveraging science, technology, and innovation by emphasising technological advancement and research to address multidimensional vulnerabilities.

In international trade, the plan aims to enhance Nepal's global presence and regional integration by diversifying markets and strengthening participation in global value chains. The plan is aligned with the DPoA's objective of mobilising partnerships by prioritising sustainable graduation from the LDC category through international solidarity and innovative mechanisms.

2.2 LDC Graduation Smooth Transition Strategy

Nepal has developed a STS in February 2024, in line with Article 277 of DPoA, to ensure a smooth, high-quality, and sustainable transition (NPC, 2024b). The STS comprises six strategic pillars "macroeconomic stability and financial sustainability"; "trade and investment"; "economic transformation" to boost GNI per capita; "improving productive capacity" to strengthen the Human Asset Index; "climate change and disaster risk management"; and "social inclusion and integration" to improve economic and environmental vulnerability indicators.

The STS's six strategic pillars encompass 39 strategic interventions and 167 actions to support post-LDC graduation. The prioritization of the 167 STS actions was based on four criteria: (i) potential impact on graduation readiness; (ii) fiscal feasibility; (iii) alignment with the Sixteenth Plan's results framework; and (iv) implementation capacity of ministries.

Furthermore, the STS aligns with the Doha Programme of Action (2022-2031), as well as with the perspective periodic plan and sectoral policies and strategies at the national, provincial, and local levels. The STS is integrated into the national budget and the Sixteenth Plan to ensure an irrevers-

ible transition and to mitigate the risk of a "graduation trap" characterized by stagnant post-graduation growth.

The Committee on Development, Economic Affairs and Good Governance of the National Assembly, building on the STS, has issued specific recommendations to line ministries. These include amending or repealing selected legal frameworks and enacting additional legislations to foster a conducive environment for post-LDC graduation.

All federal ministries have assessed the impact of graduation on their respective programmes and activities to identify necessary compensatory measures. Ministries have identified opportunities and developed action plans to leverage International Support Measures. For example, the Ministry of Industry, Commerce and Supplies has developed a sector-specific strategy a sector-specific strategy focussed on addressing the impacts of graduation on trade and investment.

Nepal has conducted an STS implementation progress assessment in consultation with relevant implementing agencies. The report noted that 153 actions of the 167 STS actions had been initiated, of which 26 have been completed and 127 are ongoing. The government is developing a results-based STS implementation plan with annual milestones to strengthen accountability. The United Nations Country Team's LDC Graduation Taskforce is supporting this process through technical assistance and independent progress verification.

The government has conducted a needs assessment, costing and financing strategy for the SDG implementation in the context of post-LDC graduation in 2024. The Ministry of

Finance has approved an Integrated National Financing Framework (INFF)-based Integrated National Financing Strategy (INFS) for Pro-Employment Economic Growth to provide a financing architecture for SDG implementation in both the lead-up to and post-graduation period (MoF, 2025).

2.3 Best Practices

Nepal's experience highlights several practices that have sustained development progress. These include mainstreaming the STS into national planning processes, strengthening the development financing architecture, and the expanding social protection systems across the life cycle.

Additional efforts include promoting food systems transformation, accelerating climate adaptation and disaster resilience, expanding clean energy production and consumption, and increasing investment in science, technology, and digital infrastructure. Together, these initiatives reflect a balanced approach that combines domestic reforms with international engagement to support sustainable and resilient development.

Key initiatives are highlighted below.

1. Mainstreaming the Smooth Transition Strategies (STS) into national planning:

Nepal's STS is a standalone document, with priorities and indicators embedded into the Sixteenth Plan and the MTEF. The integration of STS actions into individual ministry implementation plans has helped prevent resource fragmentation and prioritise ready-to-implement investments.

2. Establishing a robust financing architecture:

The 2024 SDG Costing Assessment called for

strengthening development financing in response to LDC graduation. Nepal responded by adopting the Domestic Revenue Mobilization Strategy 2024 and the INFS 2025, revising the Foreign Aid Mobilization Policy 2025, and developing an Alternative Finance Bill to expand financing options and protect social spending during the transition.

3. Ensuring social protection for all across the life cycle:

The adoption of the Integrated National Social Protection Framework 2022 marked a shift towards aligning national social protection programmes. Contributory schemes for informal sector workers, the self-employed, and migrant workers were launched in 2023 to expand coverage among working-age population, which faces significant gaps in social protection access, while also promoting formalisation.

4. Driving Food-systems transformation:

The scaling of "homegrown" school meals with the Food Systems Transformation Strategic Plan (2022-2030) and the Food Hygiene and Quality Act 2024, reflects a shift from calorie sufficiency to holistic food systems that prioritise climate smart practices and quality standards.

5. Accelerating climate adaptation and disaster resilience:

NDC 3.0, together with the National Adaptation Plan (NAP), is being mainstreamed across provincial and local governments through Local Adaptation Plan of Action (LAPA). These efforts are complemented by the expansion of early warning systems across all major river basins, alongside measures to address climate-induced glacial lake outburst floods (GLOFs). Nepal has advocated for the "mountain agenda" in collaboration with other countries, contributing to the inclusion of a dedicated dialogue on mountains and climate

change under the United Nations Framework Convention on Climate Change (UNFCCC).

6. Shifting towards clean energy:

Nepal meets its electricity demand through clean energy sources and has begun exporting surplus electricity to India and Bangladesh. This is accompanied by a broader shift towards clean energy consumption on the demand side. Examples include the promotion of electric vehicles to reduce petroleum imports (the largest imported commodity), and the adoption of electric cookstoves to reduce reliance on traditional biomass, which accounts for 63.87 percent of total energy consumption.

7. Investing in science, technology and digital infrastructure:

Spending on science and technology is

gradually increasing towards the target of 2 percent of GDP target. Measures to operationalize increased spending include restructuring the National Academy of Science and Technology, establishing an AI centre, and creating a research and development unit in manufacturing and sustainable infrastructure, including a forensic laboratory. Taken together, these practices demonstrate a pragmatic mix of domestic sector reforms and international engagement. They reflect a sequencing of macro-fiscal stability and financing, investment in human and productive capital, and climate resilience, while safeguarding market access and protecting vulnerable populations through strengthened social protection systems. This integrated approach accelerates development progress while securing a resilient path to sustainable graduation.



Chapter 3

Assessment of progress and challenges in the implementation of the Doha Programme of Action for the decade 2022-2031

Nepal has made notable progress towards achieving the targets of the DPoA and advancing towards graduation from the LDC category. Over the past decade, national development planning has increasingly integrated the objectives of sustainable development and LDC graduation.

The Twelfth Periodic Plan first incorporated considerations for LDC graduation. The Thirteenth Plan set the goal of graduating from the LDC category by 2022. The Fourteenth Plan integrated the SDGs into the planning process and set the goal of achieving middle-income status by 2030. The Fifteenth Plan articulated the national aspiration of “Prosperous Nepal, Happy Nepali”, while localising the SDGs and targeting graduation from the LDC category by 2026.

Nepal has met the HAI and EVI criteria for graduation in the Triennial Reviews of 2015 and 2018 and was therefore eligible for graduation. However, in 2018, the government decided to defer graduation due to the devastating earthquake and supply chain disruptions.

The Sixteenth Plan further consolidates this direction and explicitly emphasizes the importance of a smooth and irreversible transition from LDC status, including through a dedicated section on graduation preparedness.

Together with the STS, these frameworks guide the formulation of sectoral policies, strategies, and programmes that integrate SDG priorities and graduation-related considerations. The policy environment supporting DPoA implementation is comprehensive, encompassing a wide range of national policies, laws, procedures, and strategic frameworks.

These instruments collectively strengthen institutional coordination, policy coherence, and long-term development planning. The following sub-sections present a review of progress against key monitoring indicators, based on available DPoA indicator data. DPoA priority monitoring indicators (as per the guideline) are presented in tabular format at the end of each sub-section. The latest available are used, with years clearly indicated. The structure of the sub-sections follows the DPoA monitoring framework.

3.1 Investing in People

Nepal has made substantial progress across key indicators under the “Investing in People” pillar of the DPoA. Improvements in health and education outcomes have been key drivers in enabling the country to meet the Human Assets Index (HAI) threshold required for graduation from the LDC category.

In addition, significant gains have been made in strengthening peace and expanding social protection systems, contributing to broader improvements in human development and social inclusion. Progress on the DPoA priority indicators under this pillar (Table 2) is discussed below.

Table 2: Priority Indicators: Investing in people in the Least Developed Countries:

Key action areas	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Universal social protection systems	1.1 Achieve a sustainable increase in coverage of nationally appropriate comprehensive, and universal social protection systems and measures, including floors, for all in LDCs	1.1.1 Proportion of population covered by social protection floors/systems, by sex, distinguishing children, unemployed persons, older persons, persons with disabilities, pregnant women, newborns, work-injury victims, and the poor and vulnerable	21	N/A	32	N/A	ILOSTAT ⁵	
	1.2 End hunger and malnutrition and ensure access for all people in LDCs, especially the poor and vulnerable, to safe and healthy diets through sustainable food systems	1.2.1 Prevalence of undernourishment	5.4	5.7	N/A	N/A	Department of Health Services (DoHS)	
		1.2.2 Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES)	12.5	N/A	N/A	N/A		
Achieving universal access to quality education, skills, and lifelong learning	1.4 Ensure that all girls and boys complete free, equitable, inclusive, and quality primary and secondary education, leading to relevant and effective learning outcomes and inclusive, sustainable economic growth.	Primary education completion rate	81.19	69.22	62.00	83.80	Ministry of Education, Science and Technology (MoEST) ⁶	
		Lower Secondary Education Completion Rate	73.17	55.45	82.40	77.10	MoEST	
		Upper Secondary Education Completion Rate	71.38	50.32	48.00	75.00	MoEST	

⁵ ILO Stat, SDG indicator 1.3.1 - Proportion of population covered by social protection floors/systems (%) (total 21%, Male 19.8% and Female 22.1%), https://rplumber.ilo.org/data/indicator/?id=SDG_0131_SEX_SOC_RT_A&lang=en&type=label&format=.xlsx&channel=ilostat&title=sdg-indicator-131-proportion-of-population-covered-by-social-protection-floorsystems-annual

⁶ Education MIS, Ministry of Education, Science and Technology

Key action areas	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Population and health	1.20 Achieve universal health coverage, including financial risk protection, access to quality essential healthcare services, and nutrition, and access to safe, effective, quality, and affordable essential medicines, diagnostics, vaccines, and other health technologies for all.	1.20.1 Coverage of essential health services	58	N/A	N/A	N/A	World Bank ⁷	See Table A5
		1.21.3 Under-five mortality rate	33	27	31	N/A	DoHS (NSO and UNICEF, 2026)	Latest data from MICS
		1.22.1 Proportion of children under five years of age whose births have been registered with a civil authority, by age	77.2	N/A	85.4	N/A	Department of National ID and Civil Registration (DoNIDCR), NSO and UNICEF, 2026)	Latest data from MICS
Investing in young people	1.26 Increase access to safe and healthy working conditions, decent work opportunities, knowledge, and skills for all young people in the least developed countries.	1.26.2 Unemployment rate for youth (15-24 years), by sex	22.7	20.4	20.6	N/A	National Statistics Office, Nepal Living Standards Survey, NLSS IV, 2022 Rest ILO harmonized estimates	
Achieving universal access to quality education, skills, and lifelong learning	1.10 Expand professional training and quality apprenticeships and promote other active labour market policies to facilitate a smooth school-to-work transition for young people, especially young women.	1.27.2 Proportion of youth (aged 15–24 years) not in education, employment, or training	35.3	N/A	N/A	N/A	35.3, Nepal Labour Force Survey, 2017	
Water, sanitation, and hygiene	1.28 Achieve universal and equitable access to safe and affordable drinking water and access to adequate and equitable sanitation and hygiene for all in Least Developed Countries by 2030.	1.28.1 Proportion of population using safely managed drinking water services	25.81	40.2	53.9	N/A	NLSS (NSO 2024)	Latest data from MICS
		1.28.2 Proportion of population using (a) safely managed sanitation services	25	N/A	39.9	N/A	(NSO and UNICEF, 2026)	Latest data from MICS
		(b) a handwashing facility with soap and water	61.1		87.5	N/A	(NSO and UNICEF, 2026)	Latest data from MICS

⁷ WHO, UHC Service Coverage Index (SDG 3.8.1) <https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage>

Key action areas	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Building and sustaining peace for sustainable development	1.12 Achieve women’s full, equal, and meaningful participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life.	National Parliaments	33.6	33.5	33.5	N/A	National Parliament	
		Provincial Parliaments	34.5	36.36	36.36	N/A		
		Local Governments	40.9	41.2	41.2	N/A		
		Proportion of women in the judiciary system	N/A	N/A	N/A	27.94	(Supreme Court, 2025)	
		Women in civil service decision-making positions (% of total employees)	N/A	28.81	N/A	N/A	Department of National Personnel Records, 2024	

Universal social protection system

The Constitution of Nepal 2015 recognizes social security as a fundamental right. National budget allocation for social protection has increased from 8.79 percent of the national budget in FY 2014/15 to 11.04 percent by 2024/25. Social security coverage has reached 32 percent of total population (NPC, 2024a) in 2022.

Social protection programmes and schemes are diverse and designed in line with the “leave no one behind” principle. Target groups include senior citizens (aged 68+), single women (aged 60+), senior citizens in designated areas (aged 60+), persons with disabilities, children in designated areas, Dalit children, and marginalized communities (DNIDCR, 2024).

For instance, in FY 2023/24, a total of 213,822 persons with disabilities received social protection allowances (DNIDCR, 2024). The percentage of women age 15-49 years covered by health insurance was 17.8 percent (NSO and UNICEF Nepal, 2026), indicating need for expansion of health insurance coverage.

Gaps remain in social security coverage. Social security coverage for the work-

ing-age population is lower than for other age groups. Contribution-based schemes under the Social Security Fund have been made mandatory for all formal sector employers and workers through the Social Security Act 2018 and the Labour Act 2017. These schemes provide maternity, work injury, retirement, and family benefits. However, uptake has remained slow due to the predominance of informal employment and labour outmigration.

The government responded by launching schemes for informal sector workers and self-employed workers, and migrant workers in 2023 to close this gap. Together with awareness campaigns, total coverage has now increased to over 2.3 million workers, equivalent to 38 percent of the total labour force (CBS, 2019), and 20,976 employers in 2025.

Reducing duplication across social protection programmes remains challenging. The Integrated National Social Protection Framework, 2022, was launched in response, offering a roadmap for integration across national and subnational levels. The framework is currently under implementation, with provisions such as Integrated In-

formation Management System and a social protection costing assessment underway.

Nepal aims to build equitable, resilient, and sustainable food systems. Ensuring sustained progress in food security and nutrition remains critical for maintaining gains in the Human Assets Index (HAI). There has been progress in addressing undernourishment, which declined from 8.4 percent in 2019 to 5.4 percent in 2022, before increasing slightly to 5.7 percent in 2023 (NSO, 2026).

The prevalence of moderate or severe food insecurity was recorded at 12.5 percent in 2022. Trends in stunting improved from 35.8 percent in 2016 to 24.8 percent in 2022, wasting from 9.7 percent in 2016 to 6.6 percent in 2022, and underweight from 27 percent in 2016 to 18.7 in 2022 (MoHP et al., 2023; MOHP et al., 2017).

The latest Multiple Indicator Cluster Survey shows further changes, with wasting at 6.6 in 2024, underweight at 16.9 percent in 2024, and stunting 26.6 percent in 2024 (NSO and UNICEF Nepal, 2026).

Despite gradual improvements, chronic undernourishment, the increasing frequency of climate-induced disasters (such as floods and droughts), constraints in agricultural production and productivity, and rising food prices require a multisectoral approach to improve food security and nutrition. The government responded to these challenges by introducing the Multi Sector Nutrition Plan (2023-2030) to reduce malnutrition and food insecurity.

This was complemented by the Rules (2024) under the Right to Food and Food Sovereignty Act 2018, which operationalizes the identification of vulnerable households and emergency mechanisms. These measures

complement social protection schemes and programmes, contributing to increased effective coverage.

Achieving universal access to quality education, skills and lifelong learning

Access to education has improved, with the primary net enrolment rate rising from 94.4 percent in FY 2023/24 to 95.6 percent in FY 2024/25. The primary education completion rate increased from 81.19 percent in 2022 to 83.8 percent in 2025 (MoEST, 2025a). However, declines in completion rates at the basic and secondary education were observed in 2022 and 2023, due to cascading effects of the COVID-19 pandemic.

Retention rate in 2025 was 87.6 percent for grades up to five, 86.5 percent for grades up to eight, and 66.8 percent for grades up to ten. Mainstreaming human capital priorities into national development plans is vital for building resilience against future shocks. To improve school education, the government has implemented the School Education Sector Plan (2022-2032).

The Sixteenth Plan also targets the establishments of additional research institutions across the seven provinces, as well as incubation and innovation centres, to enhance productive capacity.

Building and sustaining peace for sustainable development

Gender equality is enshrined as a fundamental right in the Constitution of Nepal with full and equal access guaranteed through various policies and legal frameworks. An example is the ratification of ILO Convention No. 111 on non-discrimination in the workplace and the subsequent Labour Act 2017, which operationalizes the provisions of the Convention.

The Government of Nepal was an early adopter of the gender-responsive budgeting, which has now been mainstreamed across federal, provincial, and local governments. Women's representation in political institutions and at decision-making levels has been gradually increasing. The Sixteenth Plan aims to accelerate these gains, incorporating gender equality, social justice, and inclusive transformation as a separate priority area.

The proportion of seats held by women in national and local governments has slightly increased from 2022 to 2024, with vacancies increasingly filled by the women candidates. The Constitution mandates at least 33 percent representation of women in the national parliament and provincial assembly. Accordingly, the national parliament and provincial assembly had 33.5 percent and 36.36 percent representation of women in 2022, respectively.

In local government, women held 41 percent of leadership positions in 2022. In the cooperative sector, women's participation stood at 53 percent in 2022. The share of decision-making positions held by women in civil service increased from 26.61 percent in 2019 to 28.18 percent in 2022 and 28.81 percent in 2024 (DoNPR, 2024).

The judiciary comprises approximately 28 percent women, including 34.08 percent in Supreme Court, 25.68 percent in the High Court, and 27.83 percent in the District Court (Supreme Court, 2025).

Despite these gains, gender-based violence remains prevalent in Nepal. Among the women aged 15-49 years, 23 percent have experienced physical violence, 7 percent experienced sexual violence, and 13 percent experienced emotional violence in their lifetime (NDHS, 2022).

The elimination of all forms of violence against women and girls is outlined in the National Gender Equality Policy 2021, and the Government of Nepal is also exploring the ratification of ILO Convention No. 190 on violence and harassment in the workplace.

Population and health

Nepal has made significant progress in health and wellbeing systems by strengthening its health system, positioning itself on a favourable trajectory to meet key health-related SDG indicators by 2030. Overall coverage of essential health services in 2022 reached 58 percent (WHO and World Bank, 2025).

Remarkable improvements are evident in maternal care. The proportion of women receiving four antenatal care visits remains approximately 85 percent in 2025 (NSO and UNICEF Nepal, 2026). Institutional deliveries among expected childbirths increased from 79.4 percent in FY 2021/22 to 90.5 percent in FY 2024/25 (NSO and UNICEF Nepal, 2026).

Postnatal care coverage also increased from 68 percent in 2022 to 91.6 percent in 2024 (NSO and UNICEF Nepal, 2026). Moreover, awareness of cervical cancer testing is increasing. Out of 205,332 screened cases, 3.2 percent tested positive in FY 2022/23, and in FY 2023/24, 3.2 percent tested positive out of 259,459 screening (DoHS, 2025b).

Key initiatives that bolstered these services include improving road access, mass enrolment in health insurance, promoting institutional deliveries through incentives, and operating ambulance services by rural and urban municipalities, along with customs duty exemptions for ambulance import.

In 2019, only 49.3 percent of households were within 30 minutes of a health facility.

⁸ WHO, UHC Service Coverage Index (SDG 3.8.1) <https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage>

ty. By 2022, this improved to 77 percent of households, exceeding the national SDG target of 75 percent for 2022. Increased access to facilities, combined with expanded social security coverage, particularly for senior citizens and marginalized populations, has played a vital role in improving access to essential health services.

Other indicators of essential healthcare, such as hepatitis B vaccination and the proportion of households within 30 minutes of a health facility, have also improved. In 2022, the prevalence of raised blood pressure among the population aged 15 years and above was 18 percent among women and 23 percent among men (MoHP, et al., 2023).

Changing lifestyle, along with inadequate awareness, are key drivers of increased blood pressure prevalence (Bista et al., 2026). The NDHS 2022 reports that 48 percent of women and 52 percent of men with raised blood pressure or hypertension are not aware of their condition (MoHP et al., 2023).

The Multisectoral Action Plan for the Prevention and Control of Non-Communicable Disease (2021-2025) targets a 25 percent reduction in prevalence of raised blood pressure from 2013 levels to 19 percent, by 2025 (MoHP, 2021).

The under-five mortality rate and neonatal mortality rate were 33 and 21 per 1,000 live births, respectively, in 2022 (MoHP et al., 2023). In 2024, the under-five mortality rate declined to 31, and neonatal mortality to 17 per 1,000 live births (NSO and UNICEF Nepal, 2026).

The immunisation programme, implemented by the Government of Nepal with the

support of development partners, including GAVI, the Vaccine Alliance, has achieved significant progress, with full immunisation coverage reaching 89.4 percent in FY 2024/25 (BCG 97.6 percent, Polio (3 doses) 84.7 percent, DPT (3 doses) 90.0 percent, and PCV (3 doses) 85.8 percent (DoHS, 2025).

Furthermore, child-centric schemes launched by local governments to support overall child development and maternal care, including birth registration, have increased from 74 percent in 2022 to 85.4 percent in 2024 (urban 85.3 percent, rural 85.6 percent) (NSO and UNICEF Nepal, 2026).

As Nepal transitions to a developing country, access to essential vaccines may become more costly upon surpassing the income threshold of accessing GAVI support.

The Nepali pharmaceutical industry, which supplies 80 percent share of essential medicines to the domestic market (DoHS, 2025a) will be affected as LDC-specific support under the WTO's agreement on TRIPS expires (Research and Policy Integration for Development and UK International Development, 2024).

This may place additional pressure on access to medicine for lower-income households, as out-of-pocket health expenditure has increased to 55 percent in 2025, from 54.2 percent in 2024 (MoHP, 2025).

The resulting impact may be reflected in the Universal Health Coverage Index for essential health services, which reached 58 percent in 2023, up from 56 percent in 2022.⁸

Investing in young people

The youth literacy rate increased significantly from 70 percent in 2001 to 93.8 percent in 2021 (NSO, 2025b). This suggests

⁸ WHO, UHC Service Coverage Index (SDG 3.8.1) <https://www.who.int/data/gho/data/indicators/indicator-details/GHO/uhc-index-of-service-coverage>

that Nepal is well on track to reach its national SDG 4 target of 98 percent by 2025.

The Labour Force Survey 2017/18 showed that 35.3 percent of youth aged 15- 24 were not in education, employment, or training. The overall unemployment rate was 12.6 percent (14.7 percent for women) in 2022 (NSO, 2023), an increase from an average of 11.4 percent (13.1 percent for women) in 2017 (CBS, 2019).

The youth unemployment rate among the 15-24 age group was 22.7 percent in 2022/23 (NSO, 2024). ILO estimates show only marginal improvement in youth unemployment rate in recent years, with rates of 20.4 percent in 2023, and 20.6 percent in 2024 compared to the FY 2022/23. The right to employment is guaranteed by the Constitution of Nepal, and the Right to Employment Act 2019. The government approved the National Employment Promotion Programme (NEPP) in January 2026, under the Act, to operationalise employment support and services delivered through 753 local governments. More than 17,000 people are expected to benefit from the NEPP in FY 2025/26.

The ongoing development of a national roadmap on jobs and social protection, under Nepal's commitments as a pathfinder country for the Global Accelerator, will complement these efforts by identifying interventions to unlock job creation.

Water, sanitation and hygiene

Difficult geographic terrain, rapid urbanisation, and sparse settlements in rural areas pose practical challenges to expanding access to adequate water and sanitation services.

Despite these challenges, Nepal has made progress. The proportion of the population using safely managed sanitation services

improved from 25 percent in 2019 to 39.9 percent in 2024 (urban 37.1 percent, rural 45.6 percent). Meanwhile, the proportion of the population using a handwashing facility with soap and water improved from 61.1 percent in 2022 to 87.5 percent in 2025 (NSO and UNICEF Nepal, 2026).

In 2023, the proportion of households with access to drinking water through piped supply was 40.2 percent (NSO, 2024), although disparities persist between poor and non-poor households, as only 23.5 percent of poor households have access to piped water.

A similar pattern is observed for households accessing bottled or jar water, where only 1.5 percent of poor households use such sources compared to 6.9 percent of non-poor households. In FY 2024/25, access to piped water with no E-Coli contamination at the household level increased to 45.9 percent.

In FY 2024/25, access to piped water with no E Coli contamination at the point of collection reached 53.9 percent (NSO and UNICEF Nepal, 2026). The achievement of 87.5 percent in the proportion of the population using (a) safely managed sanitation services and (b) a hand-washing facility with soap and water by 2023 exceeds the planned national SDG target of 65 percent by 2025.

Urbanization and shelter

The proportion of the urban population living in slums, informal settlements, or inadequate housing declined from 66.31 percent in 2000 to 40.06 percent in 2022 (World Bank, n.d.). However, the decline has been slower than anticipated due to the rapid pace of urbanisation during this period.

The municipal population as a share of the total population increased from 31 percent in 2000 to 66 percent in 2022, reaching 67 percent in 2024 (World Bank, n.d.). Analysis based on DEGURBA (Degree of Urbanisation) shows that the urban population stands at 27 percent, while the peri-urban population accounts for 40 percent of the total (NSO, 2025).

Migration and mobility

Migration is a defining feature of Nepal's labour market. More than 5.7 million new labour approvals were issued between 2008/09 and 2023/24 for Nepali workers seeking employment abroad (MoLESS, 2024). In 2022/23 and 2023/24 alone, a total of 954,319 new labour approvals, including 113,056 for female workers, were issued.

In recent years, Nepal has signed bilateral labour agreements with primary destination countries to protect migrant workers, while introducing policy frameworks such as the Labour Migration Policy 2025, which facilitates safe, orderly and regular migration.

Nepal has implemented an 'employer pays' modality, ensuring that all recruitment costs are borne by the employer, and criminalising any overcharging. Further, efforts are underway to ensure the transfer of skills and experience from migrant workers, with this priority reflected in the Sixteenth Plan and operationalised through the Reintegration Programme (Operation and Management) Directives for Returnee Migrant Workers 2022.

Good governance at all levels

Nepal has improved its ranking in the E-Government Index moving from 125 in

2022 to 119 in 2024 (UN DESA, n.d.). The improvement reflects a significant push for digital governance in line with Digital Nepal Framework 2019.

However, challenges remain. Nepal is currently undertaking targeted efforts to address illicit financial flows, including through IMF Extended Credit Facility, the INFS 2025, and the Domestic Resource Mobilization Strategy 2025.

3.2 Leveraging the Power of Science, Technology, and Innovation

Technology adoption, particularly in information and communication technology (ICT), has significantly increased in recent decades. Access to the internet has reached approximately 69.2 percent of the total population in FY 2022/23. Internet user density has reached 144 percent of the population (subscriptions) in FY 2024/25, including fixed broadband access for approximately 50 percent of the population.

The government has significantly increased investment in research and development, from 0.36 percent of GDP in 2022 to 0.72 percent of GDP in 2024/25. However, the share of the manufacturing sector in GDP has declined from 5.65 percent in FY 2021/22 to 4.98 percent in FY 2024/25, reflecting persistently low growth in the sector.

Progress on the DPoA priority indicators under this pillar (Table 3) is discussed below.

Table 3: Priority Indicator for Leveraging the Power of Science, Technology, and Innovation

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Access to modern technologies for sustainable development and building human capital, infrastructure, and institutions, to reap the benefits of the fourth industrial revolution	2.1 Substantially increase investment from all sources in research and development, as well as human and institutional capacity-building, for Least Developed Countries within an international enabling environment.	2.1.1 Research and development expenditure as a proportion of GDP	0.3	N/A	0.72	N/A	MoF	
		Existence of a national development strategy, digital agenda, or digital stimulus strategy, including broadband	Yes	Yes	Yes	Yes	Yes	Digital Nepal Framework 2019, National Broadband Plans 2012
	2.6 Move away from low value-added natural resources and low-technology products to higher value-added manufactures and higher-technology products.	2.6.1. Manufacturing value added as a proportion of GDP	5.65	5.12	4.93	4.98	National Accounts	
		2.6.2 Proportion of medium- and high-tech industry value added in total value added	N/A	N/A	N/A	N/A	N/A	

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Science, technology, and innovation for development and recovery from the COVID-19 pandemic and building resilience against emerging challenges	2.14 Develop competitive digital innovation ecosystems in the least developed countries that are resilient to future pandemics and fit for purpose.	2.14.1 Proportion of population covered by a mobile network, by technology	123.98	118.38	100.99	100.60	NTA	
	2.10 Ensure universal and affordable access to and meaningful use of the Internet by all in the least developed countries by 2030.	2.10.2 Proportion of individuals using the Internet	69.2	N/A	N/A	NA	NTA	
		2.10.1 Price of mobile data broadband basket as a percentage of GNI per capita	2.4	2.14	1.99	N/A	ITU	
	2.11 Facilitate the expansion of broadband connectivity in the least developed countries to bridge the digital divide.	2.11.1 Fixed broadband subscriptions per 100 inhabitants, by speed	47.7	N/A	48.25	50.08	NTA	

Access to modern technologies for sustainable development and building human capital, infrastructure, and institutions to gain the benefits of the fourth industrial revolution

The National Science, Technology and Innovation Policy, the Startup Business Loan Operating Procedure 2024, the National Artificial Intelligence Policy 2025, and the Technology Support Program for Promoting Entrepreneurship to Women Entrepreneurs and Groups Operating Procedure, 2082 are under implementation, aligning with the need to promote science, technology, and innovation.

These policy and programmatic initiatives have contributed to improving Nepal’s Global Innovation Index ranking from 111th in 2022 to 107th in 2025 (WIPO, 2025). Nepal has increased its investment in research and development from 0.36 percent of GDP in FY 2022/23 to 0.72 percent in FY 2024/25, with a target allocation of 1 percent of GDP in FY 2025/26.

The Digital Nepal Framework (DNF) 2019 has set a path for the gradual transformation of the economy towards digitalisation. It outlines strategic sectors for digital integration using the 1-8-80 model (one nation, eight priority sectors, and 80 digital initiatives).

The digitization of government activities and the implementation of e-services have increased the government's effectiveness of public service delivery. As a result, the e-government development index increased from 0.5117 in 2022 to 0.578 in 2024 (UN DESA, n.d.).

A new DNF 2.0 is being drafted as a successor to DNF 2019, which will further accelerate digital governance. Sixty-seven government services have been integrated into 'Nagarik App' for providing services digitally.

Science, technology and innovation for development and recovery from the COVID-19 pandemic and building resilience against emerging challenges

The price of the data-only mobile broadband basket as a percent of GNI declined from 2.4 percent in 2022 to 2 percent in 2024. Similarly, the fixed broadband price basket declined from 10.3 percent in 2022 and to 7.2 percent in 2024.⁹

The proportion of individuals using the internet was 69.2 percent in FY 2022/23. Nepal's progress in expanding mobile network coverage is also notable, reaching close to universal coverage (approximately 100 percent of the population). Mobile broadband penetration of 92.39 percent and fixed broadband penetration of 50 percent are also significant achievements.

The increasing penetration of smartphones and the internet, along with supportive government policies, have contributed to these outcomes. The rising cost of production, exacerbated by multiple domestic and external shocks such as floods, landslides, and earthquakes, has contributed to a decline in the manufacturing sector's gross value added as a share of GDP. The contraction observed in 2023 and 2024 partly reflects a post-COVID-19 adjustment following the withdrawal of support measures. However, sector growth, in terms of value added to GDP per capita, rebounded in 2025 (Table 4).

Promoting private sector engagement, digitalization and broadband connectivity

Private sector actors have actively invested in and integrated ICT into their operations, facilitated by increased broadband network coverage. The extent of technology integration varies across sectors, largely depending on the cost of adoption.

Data on the number of firms in medium- and high-tech industries and their contribution to GDP are currently not available and are expected to be clarified following the completion of the upcoming national economic census by the National Statistics Office.

Table 4: Manufacturing sector

	2021	2022	2023	2024	2025
Annual Growth rate of the manufacturing sector (%)	8.66	6.70	-1.70	-2.02	3.78
Gross value added in the manufacturing sector as a percentage of GDP (DPoA priority indicator 2.6.1) (%)	5.1	5.65	5.12	4.93	4.98
Gross value added in the manufacturing sector per capita (DPoA priority indicator 2.6.1) (USD)	4,252.0	4,495.0	4,378.1	4,250.7	4,370.1

Source: National Accounts (NSO, 2025).

⁹ ICT Price Basket (IPB), <https://www.itu.int/en/ITU-D/Statistics/Dashboards/Pages/IPB.aspx>

3.3 Structural Transformation as a Driver of Prosperity

Nepal has been expanding productive capacity, but structural constraints persist. Growth in real GDP per worker was about 3 percent in 2024 (World Bank, 2024). Major investments in roads and the energy sector have yielded improvements. Access to electricity has reached 99 percent of households, while installed capacity reached 3,937 MW (NEA, 2025).

The private sector contributes approximately one-third of gross fixed capital formation (GFCF). Access to financing has been improving with the gradual expansion of digital finance, however, credit demand remains uneven. Informal employment, especially among women and youth, continues to constrain productivity and inclusive growth. Progress of the DPoA priority indicators under this pillar (Table 5) is discussed below.

Table 5: Priority Indicators for Supporting Structural Transformation as a Driver of Prosperity

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Productive capacity-building	3.1 Generate quality employment opportunities for all and increase labour productivity by 50 per cent by 2031, with particular attention given to the integration of women, young people and those in vulnerable situations.	3.1.2 Annual growth rate of real GDP per employed person	2.53	1.605	3.65	4.027	ILO modelled estimates ¹⁰	
Infrastructure development: Energy	3.5 By 2030, ensure universal access to affordable, reliable, sustainable and modern energy services.	3.5.1 Proportion of population with access to electricity	95	99	99	99	Nepal Electricity Authority (NEA)	
		3.5.2 Proportion of population with primary reliance on clean fuels and technologies	N/A	N/A	N/A	N/A	Department of Electricity Development (DoED)	
	3.6 Double the generation of electricity per capita in least developed countries by 2030.	3.6.1 Electricity generation capacity per capita (watts)	N/A	N/A	N/A	134	DoED	Electricity generation per capita is calculated as total installed electricity generation is 3905.43MW as of 2025 divided by population 29,651,054. (World Bank Estimation for 2025)

¹⁰ SDG indicator 8.2.1 - Annual growth rate of output per worker (GDP constant 2015 US \$) (%) - Annual https://rshiny.ilo.org/dataexplorer13/?lang=en&segment=indicator&id=SDG_0821_NOC_RT_A&ref_area=NPL

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Infrastructure development: Energy	3.7 Increase substantially the share of renewable energy in the energy mix (target 7.2 of the Sustainable Development Goals).	3.7.1 Renewable energy share in the total final energy consumption	7.6	9.09	N/A	N/A	DoED	
	3.10 Enhance technology transfer on mutually agreed terms to least developed countries to accelerate the transition to clean and renewable energy.	3.10.1 Total amount of funding for developing and developed countries to promote the development, transfer, dissemination and diffusion of environmentally sound technologies	N/A	N/A	N/A	N/A		
	3.11 By 2030, enhance international cooperation to facilitate access to and promote investment in clean energy research and technology, as well as infrastructure, in accordance with Sustainable Development Goal 7.	3.11.1 International financial flows to developing countries in support of clean energy research and development and renewable energy production, including in hybrid systems	N/A	N/A	N/A	N/A		
Connecting least developed countries to global and regional value chains and strengthening their services economy and trade	3.13 Significantly increase the value added and manufactured component of the exports of least developed countries, with the objective of integrating least developed countries into the regional and global value chains.	3.13.2 Manufactured exports (% of merchandise exports)	47.52	N/A	N/A	N/A	World Bank	
Support for private sector development	3.14 Create an enabling environment for private sector development, supporting its further alignment with the Sustainable Development Goals.	3.14.1 Domestic credit to private sector (% of GDP)	94.2	91.4	91.1	92.1	NRB	
		Firms using banks to finance investment (% of firms)	N/A	N/A	N/A	N/A		
	3.15 Ensure full and equal access to financial services and products for micro-, small medium-sized enterprises, including insurance, especially for women, and improve financial and digital literacy.	3.15.3 Proportion of informal employment in total employment	63.5	63.5	63.5	63.5	NSO	

Productive capacity-building

The annual growth rate of real GDP per employed person increased from 2.53 percent in 2022 to 4.03 percent in 2025.¹¹ There were minor declines in the export diversification index from 0.743 in 2022 to 0.741 in 2023, before recovering to 0.746 in 2024.¹² These fluctuations were driven by increased export concentration towards India, while overland exports to China were affected as key customs points (Rasuwa and Tatopani customs) were closed for an extended period during and after the COVID-19 pandemic. The manufacturing sector accounted for 15.1 percent of total employment in 2017 (CBS, 2019).

Nepal's productivity growth primarily reflects within-sector improvements rather than structural transformation through labour reallocation from low-to-high-productivity sectors. The agriculture sector, which employs the largest share of the workforce (50.1 percent) (NSO, 2023), continues to have significantly lower labour productivity, while manufacturing employment has not increased commensurately with the sector's potential. Meanwhile, persistent informality, accounting for over 84.6 percent of total employment (CBS, 2019), continues to undermine productivity gains, with formalisation lagging behind labour-force expansion, especially among women and youth. This pattern indicates premature deindustrialisation in Nepal. Addressing this situation requires targeted industrial policy, infrastructure investment, and labour market formalisation, as reflected in the priorities of the Sixteenth Plan.

Infrastructure development

A DPoA-specific indicator covering transport infrastructure development is not

available. However, all district headquarters have been connected to the national road network. As of FY 2024/25, Nepal's national road network extended to 36,132 km, with 19,163 km of blacktopped roads (MoF, 2025a). The Sixteenth Plan has set targets to construct 6,000 km of additional national highways with two lanes, 850 km of national highways with more than two lanes, and 150 km of railway track beds during the plan period.

The proportion of the population with access to electricity increased from 85.7 percent in 2022 to 99 percent in FY 2023/24 (NEA, 2024), whereas national grid coverage reached 97.6 percent. Overall electricity consumption rose to 465 kWh in FY 2024/25 (NEA, 2025). Eighteen local levels are yet to be connected to the national grid but have access to electricity via alternative energy sources (NEA, 2025). Residential electricity intensity has also grown consistently over the past five fiscal years; electricity consumption per household was 649 kWh in 2021/22 and increased to 672.49 kWh in 2022/23 (WECS, 2024). This rise in consumption is attributed to increased investment, improved production and supply of reliable electricity, and a decline in average electricity prices.

The National Energy Development Roadmap, 2024 has identified opportunities and prospects in energy development, along with the need to boost domestic industry by providing reliable and consistent electricity. As of January 2026, Nepal's total installed electricity generation capacity reached 3,937 MW. This comprises 3,782 MW of hydropower generated from 189 projects with capacity above 1 MW, 142 MW of solar energy from 25 projects, 6

¹¹ ILO Modelled Estimates for SDG indicator 8.2.1 - Annual growth rate of output per worker (GDP constant 2015 US \$) (%), https://rshiny.ilo.org/dataexplorer09/?lang=en&segment=indicator&id=SDG_0821_NOC_RT_A&ref_area=NPL

¹² Merchandise: Product concentration and diversification indices of exports and imports, annual, <https://unctadstat.unctad.org/datacentre/dataviewer/US.ConcentDiversIndices>

MW from two co-generation projects, and 14 MW from 18 micro-hydro projects.¹³ The power generation capacity is approximately 134 watts per capita. More than 260 power plants with a combined capacity of 11,000 MW have received construction licences. The ministry has projected that 6,468 MW of capacity will be in operation by the end of 2026 (GoN, 2024a).

Traditional biomass remains a dominant source of energy, accounting for 64 percent of total consumption in FY 2023/24 (Table 6), whereas domestically produced clean energy accounts for only 9 percent (excluding imported electricity). The share of clean energy consumption is small but rising. Domestic consumers are the largest consumers of electricity, accounting for 42.3 percent, followed by the industrial sector, which accounts for 36.5 percent of total domestic consumption (NEA, 2025). The rise in clean energy consumption is attributed to the availability of reliable electricity and increased access across the country. Most electricity generation is based on run-of-river hydropower projects, resulting in seasonal gaps between electricity demand and generation during the dry season. The government has been promoting electricity generation from alternative clean sources such as solar energy. NEA has also signed the power purchase agreements (PPAs) for 375 MW with independent power producers of solar projects and is under process of signing additional PPAs for 790 MW (NEA, 2025).

Connecting least developed countries to global and regional value chains and strengthening their services economy and trade

The share of manufactured exports as a percentage of merchandise exports was 51.25 percent in 2019 and 47.52 percent in 2022. Furthermore, the merchandise product concentration and diversification indices of exports and imports were estimated at 0.198 in 2022, 0.156 in 2023 and 0.177 in 2024. The declines observed in 2020 and 2021 were due to disruptions in global trade logistics and supply chains caused by the Covid-19 pandemic. The direct domestic value added in the gross exports was USD 400 million out of a total export volume of USD 1.3 billion in 2022. The proportion of DVA to gross exports remains at 31.82 percent in 2022,¹⁴ indicating scope for increasing domestic value in addition to the national economy.

Support for private sector development

The government recognizes the private sector as a driver of economic growth and employment generation. Gross fixed capital formation was 24.1 percent of GDP in FY 2024/25, of which 60.9 percent was contributed by the private sector (NSO, 2025c). Domestic credit to the private sector declined from 94.2 percent of GDP in FY 2021/22 to 92.1 percent in FY 2024/25. The slowdown in economic activity, reduced investor confidence, and challenges in the real estate

Table 6: Share of Energy Consumption

Energy Source	2021/22	2022/23	2023/24
Traditional biomass energy (%)	66.26	64.17	63.87
Total renewable energy (only domestic production) (%)	5.89	7.48	9.09
Imported energy (also include imported electricity) (%)	28.71	28.50	27.04

Source: Energy Synopsis Report 2024 (Water and Energy Commission Secretariat, 2024)

¹³ Hydro power plants more than 1MW <https://doed.gov.np/pages/powerplantsmorethan1/>, Solar Power plants <https://doed.gov.np/pages/powerplantssolar/>, hydro power plants less than 1MW <https://doed.gov.np/pages/powerplantslessthan1/>

¹⁴ The DVA value was estimated using 17 sectors from the IO table,

Table 7: Number of internet, mobile banking and mobile wallet users (in thousands) (NRB Monthly statistics)

	2021	2022	2023	2024	2025
Internet Banking	1,556	1,767	1,825	2,118	2,307
Mobile Banking	16,212	20,053	23,216	26,336	28,875
Mobile Wallet Users		18,942	23,461	27,065	26,766

Source: NRB (NRB, 2025b)

and cooperative sectors have contributed to lower credit demand in recent years.

The Monetary Policy for FY 2022/23 introduced provisions to enable project-based lending for small enterprises and self-employed individuals, prioritising women and marginalised communities in access to finance. The policy mandated that commercial banks should allocate at least 11 percent of their total loans to micro, small, cottage, and medium enterprises (MSMEs), while development banks were required to allocate at least 17 percent of their loans to agriculture, tourism, energy and MSMEs by FY 2021/22 (NRB, 2022). However, commercial banks disbursed only 9.9 percent of their total loans to MSMEs in FY 2022/23 and 9.2 percent in FY 2023/24. Meanwhile, development banks and finance companies provided 26 percent and 21.6 percent of their total loans to agriculture, tourism, energy and MSMEs respectively, in FY 2023/24.

The number of internet banking users and mobile banking users has increased sharply with the adoption of fintech products (Table 7). This growth was supported by the National Payment System Development Strategy, 2014, under which enabling measures were introduced. Nine payment sys-

tem operators and 23 service providers are now providing digital payment services in Nepal (NRB, 2025a).

3.4 Enhancing International Trade and Regional Integration

Nepal has received duty-free and quota-free market access in major export destinations. However, the utilization of these preferences varies across sectors and export destinations. Nevertheless, as a landlocked country, Nepal continues to face geographical constraints in international trade and regional integration, including higher transport and production costs, longer transit times, and limited ease of access to regional and global markets. Graduation from the LDC category is expected to affect the DFQF trade preferences across sectors. Addressing these constraints and impacts will require strengthening trade facilitation, improve logistics and connectivity infrastructure, and enhance productive capacity to ensure sustained export competitiveness in the post-graduation period. Progress on the DPoA priority indicators under this pillar (Table 8) is discussed below.

Table 8: Priority Indicator: Enhancing International Trade and Regional Integration

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Duty-free and quota-free market access	4.1 Facilitate market access for products of least developed countries, including by developing simple and transparent rules of origin applicable to imports from least developed countries, in accordance with the guidelines adopted by WTO members at the Ministerial Conference held in Bali in 2013.	4.1.1 Weighted average tariffs faced by least developed countries (%)	1 ¹⁵	N/A	1.2	11 ¹⁶	ITC and UN-OHRLLS, (2022)	Nepal only
Agriculture and cotton	4.8 Correct and prevent trade restrictions and distortions in world agricultural and cotton markets, including through the elimination of all forms of agricultural export subsidies and disciplines on all export measures with equivalent effect, consistent with the decision taken at the WTO Ministerial Conference held in Nairobi in 2015, with a view to achieving the long-term objective of substantial progressive reductions in support and protection of agricultural products.	4.8.1 Agricultural export subsidies						
		Has the country eliminated agricultural export subsidies and equivalent export measures, in line with WTO Nairobi Decision (Yes/No)	YES	YES	YES	YES	WTO	
World Trade Organization Agreement on Trade Facilitation	4.9 Fully implement the Agreement on Trade Facilitation and provide assistance in and support for capacity-building of least developed countries in this regard, in accordance with development cooperation effectiveness principles.	4.9.1 Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff	N/A	N/A	N/A	N/A		
		4.9.2 Net official development assistance, total and to least developed countries, as a proportion of the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee donors' gross national income (GNI)	0.07%	0.08%	N/A	N/A	UNECE ¹⁷	

¹⁵ https://umbraco.exportpotential.intracen.org/media/jqrl0bu3/nepal-after-ldc-graduation_202204.pdf

¹⁶ ITC's Monthly Briefs on The Global State of Trade, <https://tradebriefs.intracen.org/2025/11/series>, The tariff shifts based on the 2025 US tariff measures affect different groups of economies and the extent to which their competitive position shifts. Tariffs after 2025 reflect IIEPA and Section 232 measures in force as of November 2025. Section 301 duties and trade remedies (antidumping, countervailing) are not included.

¹⁷ Net official development assistance (ODA) to LDCs as a percentage of OECD-DAC donors GNI, by donor countries, % <https://w3.unece.org/SDG/en/Indicator?id=167>, detailed list in Annex Table A20

Duty-free and quota-free market access

The graduation from the LDC category will affect the export of Nepali products to major destinations, including Europe, Korea, Japan and Australia. For instance, vegetable products and cereals are expected to face average tariffs increases of 27 percent and 25 percent, respectively (ITC and UN-OHRLLS, 2022). Apparel and textile products will also incur an additional 3 percent in tariffs after graduation. Nepali exports currently receiving LDC-specific preferential tariffs in 25 markets, of which 15 provide non-reciprocal preferences, will be affected due to the phasing out of these support mechanisms after graduation. Exports to the largest trading partner, India, are expected to be minimally affected. However, the external trade environment has become more uncertain due to recent tariff measures by the United States and India's Free Trade Agreement with the European Union.

Preferential rules of origin, the LDC services waiver, technical assistance and capacity-building (including through Aid for Trade), trade-related aspects of intellectual property rights (TRIPS), and agriculture and cotton remain key areas of support.

Nepal joined the WTO on 23 April 2004 through the accession process.¹⁸ Since then, the country has been reporting on agricultural export subsidies.¹⁹ However, no export subsidies have been provided for agricultural products in recent years, as confirmed by the annual notification under the Agreement on Agriculture (WTO, 2025a). For 118 tariff lines, applied MFN rates exceeded corresponding bound rates in FY2024/25,

up from 38 lines in FY2018/19. Tariffs were applied on chemical products, plastics, iron and steel, machinery, and motor vehicles. For 28 tariff lines, the applied rates have partially exceeded the bound tariff (WTO, 2025a). On the import side, Nepal applied zero import duty on 236 products with specific HS codes, including agriculture machinery, fertilizers, pharmaceutical products, and live animals, in FY 2024/25 (Department of Customs, 2024).

The NTIS 2023 provides an overall framework for boosting export performance, prioritising trade infrastructure, trade facilitation, and the development of food and agriculture commodity value chains and quality standards. The priority products identified in the NTIS reflect efforts to promote export diversification (GoN, 2023). The NTIS has also identified potential service sectors, including tourism, ICT services, construction, and professional services, for export promotion. ICT exports have shown encouraging growth in recent years. The national strategy on service trade and the Service Trade Restrictiveness Index is under discussion, aimed at strengthening the tracking and promotion of services exports from Nepal. Product-specific trade promotion strategies have been developed for priority products such as tea, coffee, and pashmina, while strategies for carpets and garments are under development.

E-commerce

NTIS, in alignment with the Digital Nepal Framework 2019, prioritises the use of ICT in business activities for cost efficiency and productivity gains. The Electronic Transactions Act 2008 serves as the cornerstone for strengthening online transactions. To formalize and bring online businesses into

¹⁸ WTO, Nepal's Member profile, https://www.wto.org/english/thewto_e/acc_e/a1_nepal_e.htm

¹⁹ Agreement on Agriculture Notification, <https://notifications.wto.org/en/notification-status/agriculture/85>

a legal framework, the government enacted an E-Commerce Act in 2025. Driven by advancements in ICT, increased use of smartphones and computers, and expanding internet access, e-commerce activities have grown significantly. The proportion of the population covered by mobile networks with at least 2G, 3G, and 4G increased from 98.3 percent, 57.2 percent, and 2.1 percent in 2022 to 100 percent, 88.8 percent, and 11.8 percent, respectively, in 2025. Internet access increased from 69.2 percent in FY 2022/23 to 74 percent in FY 2024/25 (NSO, 2025). Mobile broadband penetration has increased to 93.8 percent, while fixed broadband coverage has reached 51.85 percent (MOICS, 2026).

Regional integration

Integrating into global and regional value chains and strengthening trade in services is a national priority. By streamlining trade facilitation and enhancing quality standards, Nepal aims to attract foreign direct investment and boost export competitiveness. The Trade Logistics Policy (2022), Commerce Policy (2025), Start-Ups Policy (2024), and Bilateral Investment Agreement Framework (2024) have been adopted. About a dozen of laws related to investment and trade facilitation have been amended in recent years. The STS prioritises effective implementation of the WTO Trade Facilitation Agreement to reduce the cost of international trade and enhance export competitiveness during the transition period.

Despite the commitment, net ODA to LDCs has stagnated at 0.07 percent of the GNI of OECD countries in 2022 and 0.08 percent in 2023. This funding gap has directly con-

strained the capacity enhancement of LDCs, including the modernisation of customs and digital trade infrastructure necessary for structural transformation and regional integration. This underscores the urgency of better aligning development assistance to ensure that trade-related capacity-building translates into structural transformation for the post-graduation period, thereby minimising potential adverse impacts.

3.5 Climate Change, Environmental Degradation, and Building Resilience

Nepal has made significant progress in strengthening resilience to health emergencies, climate change, and disaster risks through policy and legal reforms, institutional development, as well as vertical and horizontal coordination and international partnerships. These include national frameworks related to climate change, disaster reduction, and climate-responsive budgeting. The effective response to the COVID-19 pandemic, including early participation in global vaccine initiatives and sustained routine immunisation coverage, has demonstrated improvements in public health preparedness. However, growing climate-induced disasters, evolving multi-hazard risks, and significant financing gaps continue to pose constraints to these efforts. As Nepal approaches graduation from the LDC category, sustaining progress in health systems, climate resilience, and disaster preparedness will require strengthening domestic capacity alongside continued access to international finance, technology, and partnerships.

²⁰ <https://datahub.itu.int/data/?i=100095&c=1&v=chart&e=NPL>

Table 9: Priority Indicator: Addressing Climate Change, Environmental Degradation, and Building Resilience

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Building sustainable and inclusive recovery from COVID-19 and resilience against future shocks	5.2 Ensure equitable and affordable access for all to safe, quality, efficacious, effective, accessible and affordable COVID-19 vaccines, therapeutics and diagnostics.	5.2.2 Proportion of population with large household expenditures on health as a share of total household expenditure or income	N/A	N/A	10.7	N/A	Ministry of Health and Population, 2025 (MoHP, 2025)	
	5.3 Promote and encourage technology transfer on mutually agreed terms to increase production capacities of the entire supply chain of vaccines and any other health products in the regions of least developed countries.	5.3.1 Total net official development assistance to medical research and basic health sectors (%)	54.6%	31%	29%	27.7%	Ministry of Finance (MoF)	Allocation in health sector
	5.4 Support the supply and conservation environment, and the distribution and administration and surveillance of vaccines.	5.4.1 Proportion of the target population covered by all vaccines included in their national Programme	90.4	N/A	96	N/A	DoHS	
	5.8 Promote the building of strong health systems and regulatory authorities that ensure universal access to health care in the least developed countries to address current and future shocks.	5.8.1 Coverage of essential health services (%)	58				(WHO and World Bank, 2025)	Detail breakdown in Table A 5

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Climate adaptation and building resilience, including sustainable management of natural resources	5.10 Develop and strengthen national and regional platforms and strategies for disaster risk reduction to take action to achieve the targets of Sendai Framework for Disaster Risk Reduction.	Number of countries adopting and implementing national disaster risk reduction strategies in line with the Sendai Framework for Disaster Risk Reduction 2015–2030	YES	YES	YES	YES	National Policy and Strategic Action Plan for DRRM 2018-2030	
Access to finance and technology to address climate change	5.14 The provision of scaled-up financial resources should be intended to achieve a balance between adaptation and mitigation, taking into account country-driven strategies	5.14.1 Proportion of total climate finance allocated to adaptation (USD million) with breakdown on source	N/A	N/A	N/A	N/A		
		Proportion of total climate finance allocated to mitigation (USD million) with breakdown on source	N/A	N/A	N/A	N/A		
	5.15 Increase climate finance provided for adaptation and resilience, in particular for vulnerable countries, including least developed countries.	Total adaptation finance committed and disbursed to LDCs and other vulnerable countries (USD)	N/A	N/A	N/A	N/A		

Building sustainable and inclusive recovery from COVID-19 and resilience against future shocks

Nepal’s vaccination efforts have produced strong results; for example, all 77 districts declared full immunisation coverage for children aged under two years of age in 2025, with support from GAVI (Timsina, 2025). The proportion of the target popula-

tion covered by all vaccines included in the national programme reached 96 percent in 2024. A total of 62.3 million COVID-19 vaccine doses were administered in Nepal by the end of 2023. Approximately 84 percent of the population received the primary vaccination series, while 35 percent received booster doses. Coverage of essential health services reached 58 percent in 2022 (WHO

& World Bank, 2025). The Department of Health Services (DoHS) has also tracked and published data at disaggregated levels, indicating sustained progress across multiple health service areas.

The sustainability of these efforts remains uncertain after the post-graduation period. The share of development partners' support for the health sector was 20.6 percent before the COVID-19 pandemic, increased to 63.1 percent during the pandemic, and decreased to 27.7 percent in FY 2024/25 (MoHP, 2025). Increased per capita income might affect access to concessional support mechanisms for vaccination programmes such as GAVI, which have been instrumental in supporting Nepal's health sector progress. Rising out-of-pocket expenditure, increasing household health expenditure, and declining external support from development partners underscore the challenges in sustaining public health gains.

Climate adaptation and building resilience, including the sustainable management of natural resources, with a concise account of progress on NAP preparation and implementation, challenges experienced, and progress in implementing multi-hazard early warning systems

The frequency, intensity, and cascading nature of disasters have been increasing in recent years. During the period from 2019 to 2025, 39,117 disaster-related incidents claimed 3,756 lives, with 394 persons missing. In 2022, disaster incidents claimed 417 lives and caused an estimated economic loss of NPR 2.8 billion. In 2025, 467 people died, 1,898 were injured, and 41 were reported missing due to multiple disaster events, with estimated economic losses of NPR 2.4 billion. In 2025, the number of deaths, missing persons, and directly affected persons attributed to disasters per 100,000 population was 16.5,

1.4, and 84 respectively (NDRRMA, n.d.). Furthermore, the nature of these crises has been evolving, with cascading risks such as out-of-season floods, landslides, forest fires, windstorm, and compound disaster-health emergencies increasing both human vulnerabilities and economic losses. The estimated economic loss is likely underestimated, as the current approach only accounts for losses that are reported to police or associated with insurance claims.

Nepal has been listed as one of the ten most affected countries by climate-induced disasters in 2024 (WB & ADB, n.d.). The government has been shifting from a response- and relief-oriented approach to a disaster risk reduction approach in recent years. The National Disaster Risk Reduction and Management Authority (NDRRMA) has been established and is leading efforts in awareness-raising, capacity-building, and institutional development at the federal, provincial, and local levels. The Environment Protection Act, 2019, the Environment Protection Regulation, 2020, and other related policies, strategies, plans, and frameworks have been implemented to support climate change adaptation and mitigation. An updated Nationally Determined Contribution 3.0 (2025) has been approved. National disaster risk reduction strategies are also aligned with the Sendai Framework for Disaster Risk Reduction 2015–2030. These policy measures respond to the increasing frequency and intensity of climate-induced disasters that have claimed lives, damaged infrastructure, and affected economic growth.

Access to finance and technology to address climate change

Three tiers of government share responsibility for disaster risk reduction and management and mitigating effects of climate change. Local governments are at the forefront of responding to disaster incidents.

Local and provincial governments, in particular, face resource constraints together with gaps in technical capacity for building and monitoring disaster-resilient infrastructure. Nepal has a financing gap of USD 45.9 billion for disaster-resilient infrastructure development (GoN, 2021).

Nepal was among the first countries to implement national climate budget coding in 2012, and provincial and local governments have also adopted and localised this practice. The national budget shows that allocations for climate related activities have been increasing. Budgetary allocation directly contributing to climate change adaptation and mitigation was NPR 91.67 billion in FY 2021/22, which increased to NPR 128.51 billion in FY 2025/26. The budget classified under the category “indirectly related to climate change” increased from NPR 455.56 billion in 2021/22 to NPR 786.82 billion in 2025/26 (Ministry of Finance, 2022, 2025c). These measures demonstrate a strong commitment to financing resilience and adaptation. However, these efforts remain insufficient compared to the approximately USD 63 billion financing gap identified under Nepal’s NDC 3.0.

3.6 Mobilising International Solidarity and Reinvigorated Global Partnerships

Nepal continues to rely on strong international partnerships and global solidarity for development financing and to ensure a smooth and sustainable graduation from the LDC category. While progress has been made in strengthening domestic resource mobilisation and improving financial governance, challenges remain due to a large informal economy, low capital expenditure, persistent gaps between approved and realised foreign direct investment, and continued depen-

dence on official development assistance. At the same time, remittance inflows, ongoing reforms to facilitate investment, and efforts to mobilise innovative financing mechanisms such as green bonds and carbon markets are contributing to Nepal’s development financing landscape, albeit to a limited extent. Strengthening debt management, enhancing transparency, improving data systems, and sustaining international support measures will be essential to ensure that Nepal’s graduation remains irreversible and aligned with the principle of “incentive-based graduation” under the DPoA.

Support for domestic resource mobilisation and fight against illicit financial flows

Total government revenue as a proportion of GDP was 19.9 percent in 2021/22 and 19.6 percent in 2024/25 (GoN, 2024c; MoF, 2025a). The period coincided with the fiscal relief measures provided to enterprises affected by COVID-19 lockdowns, the impacts of mobility restrictions, and the subsequent transition to the post-COVID-19 period. Some studies estimate the size of the informal economy to be as high as 40 percent of GDP in 2020/21 (Adhikari & Raut, 2024; UNODC, 2023). Income from inward illicit financial flows (IFFs) related to forced labour in Nepal in 2021 was estimated at USD 3.3 million; however, a consolidated and up-to-date estimate of total illicit financial flows, including both crime and non-crime components, is not yet available (UNCTAD, n.d.; UNODC, 2023).

The Domestic Revenue Mobilisation Strategy, 2024 and the Integrated National Financing Strategy, 2025 are currently being implemented to accelerate revenue mobilisation. Nepal was part of a UNODC–UNCTAD pilot initiative to develop methodologies and produce national estimates of crime-related IFFs such as drug trafficking, trafficking in persons, and smuggling of migrants.

Table 10: Priority Indicator: Mobilising International Solidarity and Reinvigorated Global Partnerships

DPoA Action Area	DPoA Target	Indicator	2022	2023	2024	2025	Data Source	Note
Support for domestic resource mobilisation and fight against illicit financial flows	6.1 Increase tax revenue as a proportion of GDP to at least 15 per cent in all least developed countries to enable them to become self-sustainable.	6.1.1 Total government revenue as a proportion of GDP, by source	18.85	15.54	16.27	19.60	MoF	
Support for domestic resource mobilisation and fight against illicit financial flows	6.3 Enhance intergovernmental coordination to prevent illicit financial flows.	6.3.1 Total value of inward and outward illicit financial flows (in current United States dollars, million)	3.3	N/A	N/A	N/A	UNODC, 2023	
Debt sustainability and debt cancellation initiative through improved and transparent debt architecture	6.6 Address the debt distress of least developed countries by 2025 and provide coordinated and appropriate debt solutions in a timely manner	6.6.1 Debt service as a proportion of exports of goods, services and primary income	10.2	11.9	12.4	N/A	World Bank	
Remittances	6.7 By 2030, reduce to less than 3 per cent the transaction costs of migrants' remittances. In addition, eliminate remittance corridors with costs higher than 5 per cent.	6.7.1 Remittance costs as a proportion of the amount remitted	2.25	2.53	N/A	N/A	World Bank	
Extension of international support measures to graduating and graduated least developed countries to make graduation sustainable and irreversible	6.9 Improve the scope, where necessary, and use of smooth transition measures and incentives for all graduating least developed countries.	6.9.1 Existence and implementation status of national STS (Yes/No)			Yes	Yes	NPC	LDC Graduation: Smooth Transition Strategy
Extension of international support measures to graduating and graduated least developed countries to make graduation sustainable and irreversible	6.10 Provide specific support measures to recently graduated countries for making graduation sustainable and irreversible.	6.10.1 Duty-free quota-free coverage provided to graduated countries	N/A	N/A	N/A	N/A		N/A
Availability and use of data	6.11 Significantly increase the availability of high-quality, timely, reliable and disaggregated data.	6.11.2 Number of countries that have national statistical legislation that complies with the Fundamental Principles of Official Statistics	Yes	Yes	Yes	Yes	National Statistics Act, 2022	

International public and external finance to contribute to sustainable development in least developed countries

Reliance on official development assistance remains a significant source of financing. The shares of foreign grants and loans were 3.09 percent and 13.51 percent respectively in the budget of the Government of Nepal in FY 2021/22, while they were 2.72 percent and 11.90 percent in FY 2025/26 (MoF, 2025c). However, the realisation of ODA relative to commitments remains very low, particularly in recent years. For instance, only 23.58 percent of grants and 47.01 percent of loans were realised against the allocation in FY 2021/22 (Office of the Comptroller General, 2025). To address the financing gap, Nepal has been exploring alternative financing mechanisms such as green bonds, thematic bonds, AND carbon markets, while establishing legal arrangements and strengthening institutional capacity to access and utilise these instruments. Declining grant support needs to be complemented by well-operationalised concessional financing and supported through technical assistance. Enhanced support from development partners is also essential to ensure that the principle of “incentive-based graduation” under the DPoA is effectively realised in practice.

Foreign direct investment

In Nepal, FDI inflow has remained weak in recent years. Data reveal a significant gap between FDI approvals and actual inflows. In FY 2020/21, NPR 32,172 million in FDI was approved, of which 60.6 percent was realised. However, this ratio has continued to decline in subsequent years (Table 11). The primary constraints to low realisation of FDI include: (i) political instability affecting long-term investment decisions; (ii) policy instability; (iii) land acquisition difficulties due to fragmented ownership and complex titling processes; (iv) infrastructure bottlenecks, particularly in transport connectivity and logistics; and (v) weak dispute resolution mechanisms. The government has attempted to address these barriers through amendments to legal provisions, institutional strengthening, procedural reforms, and strengthening of the one-stop service centre.

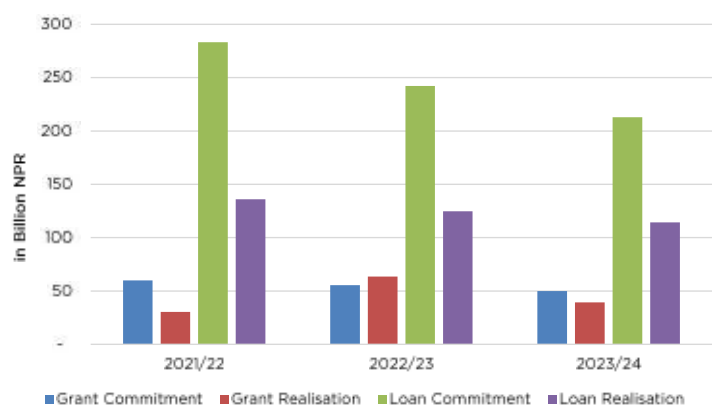
Debt sustainability and debt cancellation initiative through improved and transparent debt architecture

Outstanding public debt has increased in recent years, particularly due to reconstruction following the 2015 earthquake, weak revenue mobilisation during and after the COVID-19 pandemic, and increased expenditure on National Pride and strategic projects. Public debt reached about 44 percent of GDP in 2026. Debt servicing has also increased, and its proportion to exports of goods, services, and primary income rose from 10.2 percent in 2022 to 12.4 percent in 2024.²¹ Concerns regarding debt sustainability remain moderate, given the strong macroeconomic fundamentals.

Remittances

Remittances play a vital role in the economy, amounting to 22.8 percent of GDP in FY 2021/2022 and rising to 25.3 percent in FY

Amount of Foreign Assistance in the Budget



Source: Ministry of Finance Red Book and Financial Comptroller General Office.

²¹ Total debt service (% of exports of goods, services and primary income) - Nepal, <https://data.worldbank.org/indicator/DT.TDS.DECT.EX.ZS?locations=N>

2024/25. They are a key driver of aggregate demand and contribute to a positive balance of payments and the accumulation of foreign reserves. They have also contributed to poverty reduction and to household expenditure on education and health. However, the cost of remittance as a proportion of the amount remitted increased from 2.25 percent in 2022 to 2.53 percent in 2023.²² Nevertheless, efforts are underway to further increase remittance inflows through formal channels and mobilise them into the productive sector using financial instruments such as foreign employment development bonds.

Extension of international support measures to graduating and graduated least developed countries to make graduation sustainable and irreversible

Nepal has consistently met EVI and HAI criteria across triennial reviews since 2015. The 2025 UN Committee for Development Policy (CDP) monitoring report shows that Nepal has also met the GNI criteria for the first time. The Government of Nepal reported the implementation status of the STS under the UN CDP enhanced monitoring mechanism in October 2025. Nepal also requires continued support for the effective implementation

of the STS, including in economic transformation, export promotion, investment facilitation, capacity development, technology transfer, governance reform, improved service delivery, and strengthened data systems. Duty-Free Quota-Free (DFQF) measures and other trade-related mechanisms also need to be maintained after graduation to facilitate a smooth transition.

Availability and use of data

The National Statistics Act, 2022 has been enacted in compliance with the Fundamental Principles of Official Statistics. The National Strategy for Development Statistics (NSDS) provides strategic orientation for strengthening Nepal's statistical system. The establishment and operationalisation of application programming interfaces (APIs) to enable government agencies to exchange administrative data has begun. One example is the digital integration of Know Your Customer (KYC) systems across financial institutions licensed by the government, enabling the development of a unified electronic KYC system and laying the foundation for a credit scoring mechanism. These actions, underpinned by the Sixteenth Plan, aim to foster transformative progress, ensuring that graduation is not an endpoint but a milestone towards resilient and inclusive sustainable development.

Table 11: Foreign Direct Investment in Nepal (in million NPR)

Year	Approved FDI	Actual Net FDI	Difference (Approved – Actual) (%)
2017/18	55,760	17,513	31.4
2018/19	25,484	13,069	51.3
2019/20	38,155	19,479	51.1
2020/21	32,173	19,513	60.6
2021/22	54,159	18,560	34.3
2022/23	30,699	6,171	20.1
2023/24	69,834	8,401	12.0

Source: NRB (Nepal Rastra Bank, 2025)

²² Average transaction cost of sending remittances to a specific country (%) – Nepal, <https://data.worldbank.org/indicator/SI.RMT.COST.IB.ZS?locations=NP>



Chapter 4

Progress towards Graduation

Nepal has made significant progress towards LDC graduation despite severe external shocks, including the 2015 earthquake, supply chain disruptions, the COVID-19 pandemic and a series of climate-induced disasters. The country surpassed the graduation thresholds for the Human Assets Index and the Economic and Environmental Vulnerability Index (EVI) from 2015 onwards. There was a small shortfall in meeting GNI per capita levels under the last triennial review (2024); however, the Committee for Development Policy (CDP), Enhanced Monitoring Mechanism Report (2025) notes that Nepal has now exceeded the GNI criterion as well.

A national STS was implemented in February 2024. The Sixteenth Plan has mainstreamed the STS, with a strong focus on LDC graduation and a smooth transition, integrating its priorities across government budgets and the planning cycle. The STS progress report highlights progress in implementation. The government has also incorporated LDC graduation priorities into

the Medium-Term Expenditure Framework (MTEF). Additionally, Nepal’s graduation readiness assessment is being carried out to assess the ongoing process, implementation challenges, and measures to expedite STS implementation.

The LDC Graduation Smooth Transition Strategy (STS) 2024 Progress Report reveals that, as the country approaches its planned graduation in November 2026, implementation of the six strategic pillars is largely progressing as planned. A total of 26 actions has been completed, 127 are ongoing, and 14 have not yet been initiated out of the total of 167 actions identified. Progress since the launch of the STS in February 2024 demonstrates strong national ownership and alignment with national development priorities. However, the remaining actions require accelerated implementation by lead and supporting agencies.

Under Pillar 1 (Macroeconomic Stability and Fiscal Sustainability), actions led by the Ministry of Finance (MoF) and related in-

Table 12: LDC Graduation Criteria and Nepal’s Performance

Criteria	Graduation Threshold	Nepal's Performance				
		2015	2018	2021	2024	2025*
GNI Per Capita (USD)	≥ 1,242 (2015) ≥ 1,230 (2018) ≥ 1,222 (2021) ≥ 1,306 (2024)	659	745	1,027	1,300 ²³	1,404
Human Assets Index (HAI)	≥ 66	68.7	71.2	74.9	76.3	77.6
Economic and Environmental Vulnerability Index (EVI)	≤ 32	26.8	28.4	24.7	29.7	29.0

Source: UN CDP, Triennial Review Reports, *Enhanced Monitoring Mechanism, 2025.

²³ Triennial review data used for consistency

stitutions have advanced in areas of fiscal management and macroeconomic stability, contributing positively to income-related graduation criteria. The MoF, Nepal Rashtra Bank, and development partners must work more closely together to advance post-LDC financing readiness, domestic resource mobilisation, and access to alternative development finance.

Progress under Pillar 2 (Trade and Investment), primarily coordinated by the Ministry of Industry, Commerce and Supplies (MoICS), remains largely at the implementation stage. While policy and regulatory frameworks for trade facilitation, quality infrastructure, and investment promotion are in place, delays persist in export diversification, utilisation of trade preferences, and investment facilitation. Stronger implementation momentum and private-sector engagement are required to ensure that trade and investment reforms contribute meaningfully to post-graduation competitiveness.

Actions under Pillar 3 (Economic Transformation), led by sectoral ministries including the Ministry of Industry, Commerce and Supplies, the Ministry of Agriculture and Livestock Development, and the Ministry of Energy, Water Resources and Irrigation, show mixed progress. While foundational initiatives have begun, the pace of implementation needs to be accelerated to strengthen productive capacity, value-chain development, and structural transformation, which is essential 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 Labour, Employment and Social Security. These interventions have contributed directly to improvements in human assets and social inclusion. Sustained efforts are required to consolidate gains, improve service quality, and align 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 planning and policy frameworks are largely in place, implementation gaps persist in climate finance mobilisation, resilience-building investments, and mainstreaming disaster risk reduction across sectors. This pillar requires urgent acceleration due to its direct relevance to reducing economic and environmental vulnerability.

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

Nepal has achieved significant progress in meeting the Committee for Development Policy (CDP) graduation criteria, particularly in human development. However, continued and concerted efforts are needed to reduce structural (economic and en-

vironmental) vulnerability and accelerate economic growth. As the primary coordinating and monitoring body, the National Planning Commission (NPC) should continue to strengthen results-based monitoring, promote timely course correction, and

facilitate inter-ministerial collaboration to ensure that all pillars deliver measurable results. A smooth, sustainable, and irreversible transition out of LDC status will depend on targeted action during the remaining transition period.



Chapter 5

Coherence and linkages with the 2030 Agenda for Sustainable Development and other global processes

The Long-Term Vision, national periodic plans, MTEF, and other national policies and strategic documents have effectively integrated the 2030 Agenda for Sustainable Development, as well as the criteria and key indicators related to LDC graduation. Vision 2043 has incorporated eight indicators related to the DPoA in its long-term targets. The Sixteenth Plan, with the vision of “Good Governance, Social Justice and Prosperity” has integrated the SDGs by incorporating recommendations from the Voluntary National Review 2024 through the adoption of thirteen transformative strategies. The implementation plan is aligned with national SDG indicators and supports tracking the implementation of DPoA.

The Sixteenth Plan has adopted “whole-of-government” and “whole-of-society” approaches to ensure the localisation and mainstreaming of SDGs at national and sub-national levels. It has been operationalised through a dual framework of vertical and horizontal linkages by strengthening coordination and implementation capacity across all sectors.

Vertical linkages ensure coordination and cooperation among three tiers of government. This aligns national goals and priorities at sub-national levels by clarifying roles, responsibilities, and priorities. These linkages also support coordinated monitoring and supervision while enabling policy reforms, capacity building, and knowledge transfer among the three tiers of government. These vertical relationships are further reinforced through joint steering committees, thematic committees, and coordination platforms that institutionalise dialogue, coordination, and cooperation, thereby reducing fragmentation. National planning, budgeting, and monitoring systems have ensured predictability, reduced duplication, and established clear accountability across government levels.

Horizontal linkages extend the development process beyond the state by integrating non-state actors into national priorities. This includes partnerships with the private sector, cooperatives, NGOs, civil society, community organisations, and development partners to improve service delivery

and infrastructure. Universities and other research institutions are also engaged to promote innovation and evidence-based policymaking.

Horizontal cooperation also enhances social accountability by enabling civil society, women's networks, youth associations, and marginalised communities to participate in the planning and monitoring process. Public-private partnerships and co-management arrangements further diversify service delivery models and expand locally driven solutions. Universities, policy think tanks, and research institutions contribute to evidence co-production, supporting innovative ecosystems, including incubation centres and start-ups. These horizontal linkages stimulate local economies, strengthen value chains, promote climate resilience, and ensure that development interventions are grounded on evidence and community ownership.

Together, these two approaches generate strategic synergy. Vertical coordination aligns development cooperation resources with domestic governance structures, while horizontal coordination ensures that programmes are locally grounded and widely supported. This integrated approach enables federal, provincial, and local governments to cooperate effectively with public, private, and cooperative sectors towards shared national objectives in alignment with the 2030 Agenda.

The UNSDCF is aligned with the national development plan and its goals. A committee co-led by the National Planning Commission, the responsible body for national development planning, and the UN country team oversees annual implementation. Periodic review and development of a new cooperation framework are also undertaken in this manner, ensuring localisation of the 2030 Agenda.





Chapter 6

Case Studies

6.1 Political representation of women

The Constitution of Nepal has renewed its commitment to gender equality. Constitutional provisions explicitly prohibit discrimination based on sex (Article 18) and provide for affirmative action to promote gender equality and mainstream political representation (Article 51, 84, 176, 215, 216). A minimum of 33 percent representation of women in legislative institutions and proportional representation in public institutions are constitutional mandates. These mandates have been fulfilled at the federal parliament (33.5 percent), provincial assemblies (36.36 percent), and local assemblies (41.2 percent).

Nepal has also implemented gender-responsive budgeting for the past two decades. Budgetary allocations directly benefitting women have steadily increased from NPR 816 billion in FY 2022/23 to NPR 869 billion, accounting for 44 percent of the total budget, in FY 2025/26. Allocations indirectly benefitting women have also increased steadily from NPR 520 billion to NPR 558 billion over the same period.

Nepal's progress in achieving gender parity has remained encouraging. Women's life expectancy (73.8 years) has surpassed men's (68.2 years) (NSO, 2023). Gender parity at the basic and secondary levels has exceeded parity benchmarks. The net enrolment rate at the basic level for girls is 94.1 (MoEST, 2024). Women's participation in

the civil service increased to 28.8 percent in FY 2024/25 from 9 percent in FY 2007/08 (Government of Nepal, 2024b).

Additional efforts are needed to effectively support women's participation in the labour market. While structural initiatives are already underway for labour market reform, Nepal recognises that achieving gender equality requires targeted measures to empower women. In response, the country is developing a national care policy, alongside a UN Global Accelerator-supported National Roadmap on Jobs and Social Protection, both of which will specifically address this challenge.

Nepal's achievements in women's political representation provide a benchmark for other least developed countries. This progress is grounded in constitutional provisions that mandate equal rights, participation, and representation.

6.2 Access to basic education

Nepal has made remarkable progress in improving access to education. Primary, lower secondary, and upper secondary completion rates increased from 81.19 percent, 73.17 percent, and 71.38 percent in 2022 to 83.8 percent, 77.1 percent, and 75 percent in 2025. An upper secondary completion rate of 75 percent significantly exceeds both the Central and Southern Asia average of 57.4 percent²⁴ and the global average (UNES-

²⁴ <https://education-estimates.org/completion/averages/>

CO-UIS, 2025). These gains were achieved despite the severe cascading effects of the COVID-19 pandemic. However, the integration of technology in school education, the persistent digital divide, and the socio-economic impacts of the pandemic on households remain challenges to achieving key education targets.

A resilient multi-layered approach underpins this success. The first layer is the strong legal foundation established by the Constitution of Nepal and the subsequent Compulsory and Free Education Act 2018, which guarantees free basic education up to the secondary level. The provisions of the Act were operationalised through the School Education Sector Plan (SESP)²⁵ and a 10-year roadmap (2022/23–2031/32) that emphasises compulsory basic education, quality standards, teacher capacity building, and minimum enabling conditions for schools. The SESP is implemented as a Sector-Wide Approach (SWAp), where programme results explicitly track retention and transition metrics for grades 9 to 12. The Government of Nepal established a joint financing arrangement to support the effective implementation of the SESP. A multi-sectoral coordination model involving federal, provincial, and local governments further enables the decentralisation of educational resources to better address local needs. By linking financing with improvements in secondary-level completion, the government has created strong incentives for improving upper secondary education.

Several innovative approaches have been introduced in operationalising the SESP. One such initiative is the school merger programme, which consolidates small schools that do not meet operational standards, in-

cluding minimum student numbers, into larger schools with adequate teachers, resources, and infrastructure. These mergers are incentivised by the Centre for Education and Human Resource Development (CEHRD), which provides special grants to encourage local governments to implement the programme. As a result, more schools now meet education quality standards, while reducing costs. However, contextual challenges remain. In Nepal's mountainous terrain, even a small increase in travel distance can require disproportionately greater effort from students, potentially affecting attendance and increasing the risk of dropouts. Other complementary measures include scaling up home-grown school meals through the national mid-day meal programme and expanding virtual teacher training programmes delivered through accessible channels such as radio.

The improvement in school enrolment, completion rates, and literacy is a testament to the success of education sector policies. However, quantitative gains do not necessarily guarantee quality learning outcomes. To address this, the government has reviewed progress by assessing student performance in Mathematics, Science, English, and Nepali through the National Assessment of Student Achievement. Analysis of variations in achievement across socio-economic and geographic factors has generated granular insights into foundational literacy and numeracy. These findings provide evidence for consolidating existing gains and further strengthening school education. Moreover, SESP guidelines have laid the foundation for targeted, data-driven interventions in areas where learning outcomes lag behind the national average, ensuring equity alongside quality.

²⁵ Government of Nepal and education development partners formalize cooperation for the School Education Sector Plan, <https://www.unicef.org/nepal/press-releases/government-nepal-and-education-development-partners-formalize-cooperation-school>

6.3 Water and Sanitation

Nepal's diverse topography and scattered settlement patterns present unique challenges for water supply. In many sparsely populated rural areas, communities rely on vulnerable natural water sources. These sources can easily become contaminated, making water-borne diseases a persistent public health risk. To address these challenges, Nepal has aligned its national development agenda with the SDGs, committing to ensure clean, affordable, and sustainable water and sanitation for all by 2030, with the goal of shifting from basic water access to safely managed water services. This commitment has been operationalised through the WASH Sector Development Plan (SDP 2016–2030), which adopts a multisectoral approach involving all three tiers of government, alongside non-governmental organisations, and development partners, to strengthen and expand sustainable WASH services across the country.

Nepal has achieved significant progress in expanding access to improved water and sanitation services. Access to basic drinking water supply has increased to 98 percent, while access to safely managed drinking water has reached 47.5 percent in 2024. Basic sanitation coverage has increased to 92.8 percent in FY 2024/25 (NSO and UNICEF, 2026). Another notable milestone is the country's declaration as an open defecation-free nation in 2019, which has signalled improved hygiene and sanitation practices. However, significant equity gaps remain, with lower access to safely managed drinking water among poor households, rural populations, and marginalised communities. Meanwhile,

sustained behavioural change is required to maintain gains in sanitation.

A key innovation is the National Water, Sanitation, and Hygiene Management Information System, a centralised, geo-referenced data repository that enables all three tiers of government to monitor progress and identify service gaps at the municipal level. Stakeholder engagement has also been institutionalised through localised WASH plans, ensuring that interventions are responsive to local needs and priorities.

Nepal's success in expanding access to drinking water is rooted in a community-based management model that transfers responsibility directly to users through Drinking Water Users' Groups. Active community participation—ranging from project oversight during construction to routine operation and maintenance—has been instrumental in ensuring the long-term sustainability of water supply systems. Sustainability is further strengthened by formally transferring management responsibilities to beneficiary communities immediately after project completion. These groups are also empowered to handle routine operation and maintenance, protect water sources, and negotiate usage rights with neighbouring communities. This decentralised ownership model fosters local accountability and strengthens resilience. The initiative-taking role of user groups in safeguarding water resources and coordinating with other communities is particularly noteworthy.



Chapter 7

Recommendations and the way forward

This chapter presents key recommendations at the national, regional, and global levels to support the accelerated implementation of the DPoA and Nepal's smooth and sustainable graduation from the LDC category. The recommendations build on the findings of this review and are aligned with Nepal's Sixteenth Periodic Plan, the STS, and the national SDG financing framework. These documents highlight practical actions to strengthen development financing, build climate resilience, address labour market challenges, promote trade and investment, and improve institutional capacity, while underscoring the continued importance of regional cooperation and international support to sustain Nepal's development gains.

7.1 National level recommendations

Accelerating development financing:

Nepal's graduation from LDC to developing country status by 2026 will have implications for foreign aid, trade, and investment. As per the national SDG Need Assessment, Costing and Financing Strategy, the total investment required to achieve the defined SDG targets for the 2024-30 period is estimated at USD 163 billion, with a large financing gap of approximately 11.1 percent of GDP on average over the period (NPC, 2025). Key policy instruments in response, such as the Domestic Resource Mobilisation Strategy 2024 and the Integrated National Financing Strategy 2025, are now in place. The next steps call for operationalisation of these policy frameworks, focusing on:

- **Digital governance:** Implementation of the Digital Nepal Framework and expansion

of digital public services, adopting an ecosystem approach, will be pivotal for effective service delivery and good governance. For instance, a 'digital-first' tax administration, promoting digital payments, and market monitoring and surveillance will increase domestic revenue mobilisation. Implementing the Electronic Cargo Tracking System (ECTS) across all major trade corridors with India and China will reduce time and discrepancies in customs valuation at border points, thereby increasing revenue collection and enhancing competitiveness.

- **Debt management:** Nepal's debt level is at a moderate and manageable level of about 44 percent of GDP. Dialogue with development partners on access to concessional loans after graduation, while exploring alternative financing opportunities, will ensure continued debt sustainability despite a narrow fiscal space. It will also require improving Nepal's sovereign rating in parallel to ensure access to competitive financing in international markets.
- **Alternative finance:** Blended finance, climate finance, and development bonds will provide alternative financing options, as highlighted in the Sixteenth Plan and other policy documents. Likewise, there is an opportunity for the investment of large domestic funds, including the Social Security Fund, in long-term climate-resilient infrastructure and priority productive sectors. Strengthening fiscal federalism will further enhance revenue mobilisation capacity and fiscal space at the sub-national level.
- **Tracking and Review:** Strengthening SDG budget coding will help track public spending aligned with SDG priorities and identify gaps in sectoral and subnational

allocations. This evidence can guide targeted financing decisions and channel resources effectively to provincial and local governments for efficient service delivery.

Updating the Smooth Transition Strategy:

Smooth transition measures need to be periodically updated to respond to evolving challenges such as international trade volatility, supply chain disruptions, and climate-induced disasters. This will also require capacity building of committees related to LDC graduation and the secretariat, alongside sustained commitment from development partners at the national level to provide integrated support based on DPoA principle of incentive-based graduation.

Promoting Trade

The development and delivery of specialised training modules for diplomats and trade officers in areas such as international trade law and bilateral investment treaties should be prioritised. Building on NTIS, Nepal is promoting the 'Nepal' brand for high-value exports such as orthodox tea, large cardamom, coffee, handicrafts, and pashmina. The establishment of internationally accredited laboratories, alongside capacity-building programmes, is essential to meet sanitary and phytosanitary requirements for Nepali products.

Addressing labour market gaps

Efforts to improve quality and employability of technical and vocational education, expand public employment services, and strengthen school-to-work transition programmes such as 'Earn While You Learn' should be enhanced. Demand-side active labour market policies such as apprenticeships, on-the-job training, and integrated support for startup enterprises should be piloted and scaled up based on results. These efforts should be complemented by an improved enabling environment for businesses.

Enhancing climate adaptation and resilience

Enhancing climate resilience and promoting inclusive development through the internationalisation of climate change issues of Nepal's climate agenda and mobilisation of climate finance for green, resilient, and inclusive development are essential. Mainstreaming and localisation of climate action, including the implementation of NDC 3.0 (2025), Local Adaptation Plans, and promotion of a green economy, are critical for reducing climate-induced risks and vulnerabilities.

Strengthening statistical capacity

Regular national-level surveys and censuses, such as the Nepal Living Standards Survey, Nepal Labour Force Survey, and National Economic Census, are essential for monitoring progress on the DPoA and enabling evidence-based planning. Enhancing technical capacity to track SDG and STS indicators, alongside national and sectoral plans, is critical. Opportunities to utilise AI models within the national statistical system should be explored to improve data processing capacity and efficiency.

Monitoring and evaluation

The NPC leads the overall implementation of the DPoA framework through the Implementation and Coordination Committee, chaired by the Vice-Chair of the NPC, and coordinates with the Provincial Implementation Committees chaired by the respective Chief Ministers. Progress at the federal level is monitored by the Monitoring Committee chaired by the NPC Secretary, while a High-Level Steering Committee chaired by the Rt. Honourable Prime Minister provides overall guidance. These mechanisms should be fully activated to ensure effective implementation of the STS as a contextualised roadmap for DPoA implementation. They should also ensure systematic tracking of actions within the defined timeframes in accordance with the Monitoring and Evaluation Act, 2024.

7.2 Regional Cooperation

Regional arrangements

As LDC-specific Duty-Free Quota-Free (DFQF) market access declines, regional arrangements and bilateral agreements will become primary instruments for trade. Negotiations for more favourable rules of origin within the South Asian Free Trade Area (SAFTA) are required to allow higher proportions of non-originating materials in exports. Similarly, Nepal should explore bilateral free trade arrangements to avoid the 'graduation cliff' and minimise the adverse effects arising from trade agreements among other countries.

Cross-border energy trade

Hydropower provides Nepal with a significant competitive advantage. Trilateral power trade with India and Bangladesh should be expedited while addressing transmission infrastructure constraints. This will require both diplomatic engagement and investment in high-voltage cross-border transmission lines.

Trade-related infrastructure and logistics

Strengthening transport connectivity and customs infrastructure will ensure the seamless flow of goods and reduce trade costs. This includes developing additional integrated check posts and inland container depots at strategic locations, with rail connectivity to the Indian rail network and seaports.

7.3 Global Level: International Support Measures and Global Governance

Trade preferences

Negotiation with the European Union on the transition to the GSP+ scheme will require the ratification of relevant international conventions. Supporting export-oriented industries to adopt appropriate production technologies to meet rules-of-origin requirements will strengthen export competitiveness.

TRIPS waiver for graduating LDCs

Graduating LDCs should be granted an extended transition period under the WTO TRIPS Agreement to retain flexibilities, including the pharmaceutical waiver, for a defined period after graduation. This is essential to ensure continued access to affordable medicines and maintain policy space during the transition.

Access to vertical funds

Advocacy is needed to decouple LDC status from climate vulnerability in funding allocation criteria for mechanisms such as the Green Climate Fund and the Least Developed Countries Fund. This will help ensure continued access to climate finance based on vulnerability rather than income classification.

'Mountain Agenda'

Nepal has successfully advanced the mountain agenda within the UNFCCC, with a mandated dialogue on mountains and climate change. Continued advocacy is required to secure targeted support for mountain ecosystems and to address risks such as Glacial Lake Outburst Floods. Given Nepal's reliance on hydropower and climate-sensitive agriculture, strengthening climate resilience remains critical.

Utilisation of the Technology Bank

An active partnership with the UN Technology Bank is required to facilitate access to green technologies in areas such as waste management, renewable energy storage, and climate-smart agriculture.

International frameworks-based development assistance

The principle of incentive-based graduation under the DPoA, the Awaza Programme of Action, and the Sevilla Commitment provide a basis for Nepal's engagement with development partners. Achieving national and regional priorities will require a smooth, irreversible, and resilient graduation trajectory aligned with Vision 2043.

Chapter 8

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Annex

Statistical Annex

Table A 1: Quantitative targets of the Sixteenth Plan (2024/25 - 2028/29 aligned with DPoA indicators

Targets			2022/23	Target of 2028/29	Link to DPoA Target and Indicator
Good Governance					
1	E-Governance Development Index	Index	0.512	0.6	Target 2.2, Indicator 2.2.1
2	Birth registration of children under five years of age	Percent	74	100	Target 1.22, Indicator 1.22.1
Social Justice					
3	Population covered by basic social security	Percent	32	60	Target 1.1, Indicator 1.3.1
Prosperity					
4	Households with access to improved drinking water facilities	Percent	25.8	45	Target 1.28, Indicator 1.28.1
5	Unemployment rate	Percent	11.4	5	Target 1.10, Indicator 1.10.1
6	Power generation (Installed capacity of hydroelectricity and power from alternative energy sources)	Megawatt	2,962	11,769	Target 3.6, Indicator 3.6.1
7	Population with access to electricity	Percent	96.7	100	Target 3.5, Indicator 3.5.1
8	Population with access to the Internet	Percent	69.2	90	Target 2.10, Indicator 2.10.2

Source: Sixteenth Plan, (FY 2024/25 - 2028/29), NPC

Table A 2: Number of persons and families enrolled in Health Insurance

	2077/78	2078/79	2079/80	2080/81
Female	2,363,362	3,090,752	2,398,542	2,573,270
Male	2,198,410	2,896,364	2,259,150	2,438,442
Others	435	648	639	501
Total	4,562,207	5,987,764	4,658,331	5,012,213
Insured Family	1,408,510	1,832,122	2,212,814	1,874,228
Renew Rate	63%	64%	59%	54%
Family Insurance Renewal Rate	71%	70%	69%	67%

Source: Health Insurance Board, Annual Reports

Table A 3: Composition of women in civil services

	2020/21	2021/22	2022/23	2023/24
Male	64,970	62,482	61,355	60,741
Female	23,558	23,712	24,042	24,587
Total	88,528	86,194	85,397	85,328
Percent	26.61%	27.51%	28.15%	28.81%

Source: Department of National Personnel Records, 2023/24 (2080/81)

Table A 4: Losses due to disaster incidents

Year	Total People Injured	Total People missing	Total Deaths	Total Estimated Economic Loss in million NPR
2019	2,452	41	489	4,709.51
2020	1,175	102	558	1,760.62
2021	1,773	73	508	2,541.41
2022	983	36	417	2,803.54
2023	1,548	35	561	5,478.91
2024	1,633	66	756	3,157.63
2025	1,898	41	467	2,409.39

Source: Bipad Portal

Table A 5: Essential Health Care services

Coverage of essential health services	2022	2023	2024	SDG Target 2025	Source
a. Percent of women having 4 antenatal care visits as per protocol (among live births)	80.5	93.5	88.4	81	(DoHS, 2024)
b. Percent of institutional delivery	79.4	77.92	73.0	79	(DoHS, 2025)
c. Percent of women attending four PNC as per protocol	27	38	43	75*	(MoHP, 2025)
d. Percent of infants receiving 3 doses of Hepatitis B vaccine	98.6	96.2	86.2	95	(DoHS, 2025)
e. Percent of women aged 30-49 years screened for cervical cancer	NA	NA	NA	63	
f. Percent of people living with HIV receiving Antiretroviral combination therapy	81	85	79	95	DoHS
g. Percent of population aged 15 years and above with raised blood pressure who are currently taking medication	24.5	NA	NA	50	(Dhimal et al, 2020)
DoHS					
h. Percent of population aged 15 years and above with raised blood glucose who are currently under medication	5.8	NA	NA	47	(Dhimal et al., 2020)
DoHS					
i. Percent of households within 30 minutes travel time to health facility	77	NA	NA	80.6	(NSO, 2023)
j. Percent of poor enrolled in health insurance	NA	6.8	18.6	50	(NSO and UNICEF, 2026)

* Target of three PNC.

Source: Department of Health Services (Department of Health Services, 2025b)



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