



# 2016

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Statement by the Hon. **KRISHNA BAHADUR MAHARA,**  
Governor of the Bank for **NEPAL**

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Governor of the Bank for Nepal

Mr. Chairman,  
Fellow Governors,  
Distinguished Delegates.

1. It is a pleasure and privilege for me and my delegation to participate in 2016 Annual Meetings of the Board of Governors of the World Bank Group and the International Monetary Fund. **T**hese meetings have additional importance given the fragility in the global economy. **G**lobal confidence effects and tighter financial conditions have provoked adverse impacts on global growth trajectory in most advanced economies. **P**rospects remained diverse across emerging markets and developing economies, with some improvement for a few large emerging markets. **I** believe that robust policy actions would help for successful normalization of economic, financial and monetary conditions in the years ahead.
2. During the last quarter-century, more than one billion people have been lifted out of extreme poverty. **H**owever, still a large chunk of population lives in extreme poverty. **T**herefore, our effort should be ensuring the protection of those living in extreme poverty and those who are vulnerable to global or local market failure, and natural calamities including disease and drought in their communities. **I**n addition, the priority of the countries should be ensuring the equitable share of income within the economies. **I** believe, addressing the poverty and minimizing the income inequality would surely help improve other socio-economic indicators.

**Mr. Chairman,**

3. Let me now briefly touch upon the macroeconomic scenario of Nepal. **T**he economic performance has been slower in the last two years, because of devastating earthquake of April and May 2015 and supply constraints that remained for more than six months. **T**he effect of these two shocks is clearly visible in high inflation and low level of government spending. **D**espite these, other macroeconomic indicators are relatively well. **T**he average revenue growth in last five years is nearly 20 percent, internal capital market is strengthening, BOP is in surplus and forex reserve is sufficient for 13 months' import of goods and services. **H**owever, the trade deficit is ever increasing and export import ratio has been squeezing.
4. After the promulgation of the constitution last year, the foremost important agenda for us is economic prosperity. Graduating from LDC by 2022 and achieving SDGs, thereby, upgrading the country to Middle Income Economies by 2030 are the milestones we have set. **F**or this, a number of policy and structural reforms are initiated. The investment climate is gradually improving.
5. Now, we are concentrating our resources and efforts for the reconstruction of the infrastructures, settlements and the individual houses destroyed by the earthquake. **P**ublic investment has been increased significantly in large infrastructures and social sector activities. **W**e are confident that we can accelerate the socio-economic activities and attain the sustained growth from this fiscal year. **W**e expect the annual growth rate to reach 6.5 percent this year and all other macroeconomic indicators to be positive.
6. Let me also take this opportunity to briefly highlight the latest political scenario. **T**he new Constitution proclaims Nepal as a Federal Democratic Republic and provides for a bi-cameral

parliamentary form of government. The constitution reflects the collective aspirations of the Nepali people in line with the national commitment to build an equitable, just, inclusive and prosperous society based on the principles of equality and proportional inclusiveness. Implementation of Constitution is a primary agenda, for which we are set to hold local, provincial and federal elections by January 2018. Further, bringing peace process to closure with ensured transitional justice is our priority.

**Mr. Chairman,**

7. We highly appreciate the support from international development partners. Needless to mention that the World Bank stands in the front for this cause. It has long been an important partner to Nepal in supporting the poor, boosting growth and leveraging the private sector.
8. I welcome the World Bank Group's continued interest to support for Nepal's large infrastructure development projects including energy sector, which are crucial to stimulate Nepal's prosperity. I heartily thank President Jim Yong Kim for giving priority to the energy sector development. I would continue to encourage the World Bank Group to lead investment in the area of hydropower, irrigation, renewable energy, climate change among others.
9. I would like to appreciate the World Bank's efforts for successful IDA-17 Replenishment last year. I hope, the resources of IDA 17th can be leveraged based on the lessons learned in the previous IDAs. I am confident the IDA-18 will appear with more ambitions in size, quality and flexibility.

**Mr. Chairman,**

10. Nepal has already moved forward with full confidence and determination to the mission of socio-economic development.

**W**hat we need is a scaled up quality financial support. **I** am confident that we can deliver best results with your support.

11. At the end, on behalf of the Government of Nepal, and on my own, I would like to express my sincere gratitude to the World Bank Group and the IMF for their support in post-earthquake reconstruction and long partnership for overall socio-economic development of Nepal. **I** look forward to deepening these bonds, and wish the Annual Meetings a grand success.

Thank you for your kind attention!