

*(Nepal Country Statement Delivered by the Head of Delegation, Mr. Krishna Gyawali, Secretary of Ministry of Industry, Nepal in UNIDO 15<sup>th</sup> GC, Lima, Peru on December 3, 2013)*

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Madam President,

Director General of UNIDO Mr. Li Yong,

Distinguished Delegates,

Ladies and Gentlemen!

At the outset, allow me to extend my greetings to all UNIDO colleagues and delegates as well as the government and people of Peru on behalf of the government and people of Nepal. I would also like to thank the Peruvian government for hosting this conference and offering us a warm welcome and hospitality.

Nepal recently completed yet another election to the Constituent Assembly successfully. The polls were held in a largely peaceful manner, and the voters' turnout was impressive, reaching around 80 percent. The new government will now be formed and the constitution drafting process will go ahead with a fresh mandate. People have long been expecting a stable, efficient government to design and deliver on their economic development agenda for lifting the country out of the least developed status in the next ten years of transformation.

Madam President, the theme of this General Conference has appropriately focused on inclusiveness and sustainability of industrial development. LDCs have in different magnitudes been suffering from ill-suited, unsustainable and inequitable economic growth and industrialization. They have been pushed on adopting one or the other development paradigm with no careful consideration given to the country's specific politico-economic circumstances. UNIDO has taken a right approach to correct this paradox, and should now help countries which need more of its support with sufficient technical and knowledge intervention.

Nepal, deeply worried by a meager, less than 7 percent, contribution of industrial sector to its GDP, has begun new reform initiatives on policy, legal and institutional fronts. Some two decades-old laws on industry administration and regulation including foreign investment are being revised, new laws including on intellectual and industrial property rights being drafted, and new institutional arrangements for providing one-stop-services to the entrepreneurs and investors being worked out. What we need now is governance stability and commitment from within, and generous support tailored to our needs and priorities from outside.

We have felt that even a slightest stint of reforms can provide us a good recognition as a reformer. The mandatory online registration system for companies that we started early this year caused to increase our global Doing Business ranking, for example, and has encouraged us to move further for its automation. Similarly, the establishment of high-level Investment Board for the facilitation of large-scale

projects and launching of Special Economic Zones for boosting export-oriented industries have given us more confidence to develop large manufacturing industries whose contribution to GDP is even more insignificant.

But how can these reforms be continued on a sustainable scale, and made more inclusive and equitable is a challenge for us. We have increasingly felt that our urgency for development demands no repetition of others' mistakes that they made at different stages of their development. For example, the questions such as how can we strike a fine balance between development and environment, and how can we ensure that our industrialization would not lead to further rich-poor and rural-urban divide need urgent and rational replies to us.

Nepal believes that its industrial development should take a two-prong approach. On the one hand, it needs to encourage large-scale private sector investment to accelerate its economic growth. The government would provide policy, legal and regulatory facilitation and also invest where necessary, choosing the path of public-private partnership. The government would hear and address the grievances of the private sector, often sitting at the same platform, like what we are doing in Nepal through the Nepal Business Forum. But on the other hand, the government should invest its resources primarily and ahead of the private sector, to uplift the poor. It is in this context that the programs for developing MSMEs or the Micro, Small and Medium Enterprises should be proliferated in countries like ours where still a one-fifth of their people cannot afford to earn even one-and-quarter-dollar a day. Nepal has done really well on this front, through a program called Micro-Enterprise Development Program or MEDEP, by enabling more than three hundred thousand poor to earn them a decent livelihood.

Nepal urges UNIDO for helping us help ourselves. We have immense renewable and clean energy potential that has remained untapped. Industries can and should be provided with incentives and disincentives where necessary, to motivate them for developing and using renewable energy sources. Our industries need to go green and clean, and our products should have the least carbon footprint, but we need development and dissemination of affordable, cost-effective and reliable technology for that. UNIDO should take the lead in that direction, and together we will make it happen. Let us work together for what I have often called 'Greening the Brown Sector'. Nepal, a mountainous country with abundant natural and geological resources, is well positioned to support this mission, being both rich and vulnerable in the face of its melting Himalayas due to global warming.

I wish this conference a complete success!

Thank you!