

**Statement of Nepal's Development Partners for the Government / Development Partner
Consultation Meeting on 21 – 22 February 2008 Delivered by Mr Ligu Jin, Vice
President of the Asian Development Bank on behalf of Development Partners on 21
February 2008 (Opening Session)**

Mr. Prime Minister, honourable Ministers, your Excellencies, Government representatives, and development partners, ladies and gentlemen.

I am honoured to be here this morning to deliver this opening statement, which represents a broad consensus among Nepal's development partners.

We development partners¹ would like to thank the Government of Nepal for this opportunity to share views on the challenges of peace and development in Nepal. This is a critical moment in the country's history. A moment where centuries of exclusion and disadvantage can begin to be reversed. A moment which calls for the strongest leadership and vision. The successful implementation of the Comprehensive Peace Accord and subsequent agreements is vital to move the country towards lasting peace.

This is a country-led peace process, and in this context, we recognise the progress the Government has made since the signing of the Comprehensive Peace Accord in November 2006, the recent launch of the Three Year Interim Plan, and particularly its commitment to hold elections to a Constituent Assembly on the 10th of April.

Development partners wish to recognize that Nepal has achieved notable development progress and pursued sound macroeconomic management in recent years. Poverty has been reduced from 42% to 31% over the past decade, with a significant contribution from Nepalis working abroad. Annual deaths of young children, and mothers in childbirth, have been reduced by a half and more than twice as many cases of TB are now being successfully treated. In education, almost 90% of Nepali boys and girls are now enrolled in school, one of the highest rates in the region. During the last decade, seven remote districts were connected by roads, and 2.6 million Nepalis, mostly in the Tarai, received citizenship. The government has also maintained macroeconomic stability: fiscal deficits have remained modest, inflation has remained broadly stable and foreign exchange reserves have increased significantly. Despite huge challenges, and lost opportunities, these positive achievements during a period of conflict should be recognised and indeed are a measure of what might be achieved in the context of a secure peace.

However, formidable challenges remain and many obstacles must be overcome to build the 'peaceful, prosperous and just New Nepal.' These include social exclusion, rising inequality, limited access to often poor quality basic services including children leaving school too early, and increasing social disruption and instability, particularly in the Tarai.

Inclusive and credible elections are critical for the peace process, and for development progress. We support the full participation of women, Dalits, Janajatis, Madhesis, religious minorities and other excluded groups across the country. A representative Constituent Assembly that will debate and agree on a new constitution will realise a long standing promise to the people of Nepal, and can help ensure that all Nepalis have a stake in the creation of a new and inclusive state. However, we note with grave concern the situation in the Tarai, and we fully support efforts to resolve the current situation.

Peace, human rights and development go hand-in-hand. The Government's Three Year Interim Plan says it "...provides a framework for dismantling deep-rooted feudal structures and beliefs that have prevailed in the country for a long time and... seeks to address issues related to inequalities, social exclusion and conflict." Peace and stability are needed for development to succeed, while

¹ Development partners include: Asian Development Bank, Canada, Denmark, European Commission, Germany, Finland, Republic of Korea, Norway, Switzerland, UN, United Kingdom, United States of America, World Bank

development is needed for peace to last. In turn a durable peace can only be achieved on the basis of good faith and the full implementation of the Comprehensive Peace Accord and other agreements, including the creation of an effective Peace Commission and High Level Monitoring Committee.

As your development partners, we look forward to discussing how the peace process can be strengthened. We welcome UNMIN's ongoing support to the peace process, in accordance with UN Resolution 1796 (2008).

We welcome the agreements for the inclusion of excluded groups in the civil service and other state institutions, and we urge the political leadership to move ahead with implementation. We encourage the political parties to support the role of the police and judiciary in an impartial way and with respect for the rule of law. We also look forward to a New Nepal where human rights are respected, and impunity for past and present abuses is addressed. Children's rights should be addressed, and the orderly discharge of minors from cantonments, properly supported, should proceed without delay.

The people of Nepal want peace and stability, and they also want the chance to make a decent living. Urgent attention should be given to the economy, which at per capita growth rates of near zero, cannot help build the New Nepal. Recent electricity and fuel shortages undermine enterprise, and burden daily living. Climate change will create new challenges. We look forward to discussing the Government's strategy to help create a safe and secure environment for sustainable economic growth, and measures to help create more and better jobs for the people of Nepal, in particular the poor and excluded. Progress will require action, increased dialogue between government and the private sector, and better implementation of reforms to improve the business climate, the financial sector, and tax administration.

We are particularly looking forward to discussing the implementation of the Three Year Interim Plan. Its priorities are essential to create the New Nepal. We will support the Government in its efforts to deliver these priorities in the years ahead, and we will work to make our support more effective in this fragile post-conflict environment. For resources from the government and its development partners to reach poor people and meet their needs, the functioning of the state at all levels, including district and village level, should become more inclusive, transparent and effective, not least through greater accountability and efforts to fight corruption.

To conclude, we welcome this opportunity to jointly review achievements, plans and implementation challenges. Nepal's future depends on its political leaders working together to take the country through these difficult times; implementing commitments and agreements made, supporting the rule of law, pushing forward with vital economic reforms that will enhance growth and job creation, and delivering the development gains that only peace can provide. Elections will be a vital step forward. Nepal's development partners will continue to support measures to strengthen the peace process and to improve the delivery of development benefits to the people. In all of this, we remain fully committed to helping the people of Nepal build the New Nepal they so desperately want, and so deeply deserve.