

## Nepal Economic Transformation Framework (NETF) 2026–2030

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### Suggested Strategic Roadmap and 100-Day Reform Agenda for an RSP-Led Government

#### 1. Context and Strategic Opportunity

Nepal stands at a critical turning point in its development trajectory. The country faces structural economic challenges including low private investment, high youth migration, fiscal pressures, governance weaknesses, and dependence on remittances. At the same time, Nepal possesses significant opportunities in hydropower, tourism, digital services, agriculture modernization, and regional connectivity.

The electoral mandate supporting reform-oriented governance reflects strong public demand for transparency, accountability, employment generation, and economic modernization. The reform agenda promoted by the Rastriya Swatantra Party (RSP) emphasizes institutional integrity, private-sector-led growth, youth empowerment, and efficient public administration.

The Nepal Economic Transformation Framework (NETF) 2026–2030 provides an integrated policy roadmap to translate this mandate into measurable economic outcomes. The framework combines:

- 1) Long-term structural reforms for economic transformation
- 2) Immediate actions during the first 100 days of government
- 3) Fiscal realism and financing strategies
- 4) Clear implementation benchmarks and accountability mechanisms

#### Strategic Vision (2026–2030)

Transform Nepal into a transparent, resilient, investment-friendly and youth-driven economy capable of:

1. Achieving 7–8% sustained annual GDP growth
2. Generating over one million productive jobs
3. Strengthening macroeconomic stability
4. Expanding export capacity and regional integration
5. Reducing dependence on remittances
6. Building strong institutions that support inclusive and sustainable growth

#### Strategic Pillars of Economic Transformation (2026–2030)

##### 1. Governance Reform and Anti-Corruption

Objective: Restore trust in public institutions and ensure rule-based governance.

##### Key Reforms

- a) Establish an Independent Anti-Corruption Authority with prosecutorial powers
- b) Implement digital public procurement and e-governance systems
- c) Introduce whistleblower protection mechanisms
- d) Ensure transparency in appointments to regulatory and constitutional bodies
- e) Eliminate political interference in public institutions and state-owned enterprises

##### Expected Outcomes

- i. Strengthened governance credibility
- ii. Increased investor confidence
- iii. Improved public sector efficiency

Estimated Funding Requirement:

USD 200–300 million

## 2. Youth Employment and Human Capital Development

Objective: Reduce unemployment and reverse large-scale youth migration.

### Key Reforms

- a) Creation of 1 million jobs over five years
- b) Expansion of technical and vocational education linked to market demand
- c) Establish startup financing mechanisms and innovation hubs
- d) Strengthen diaspora investment and knowledge transfer programs

### Priority sectors:

- I. ICT and digital services
- II. Tourism and hospitality
- III. Renewable energy
- IV. Agro-processing industries

Estimated Funding Requirement:

USD 2–3 billion

## 3. Financial Sector Stability and Reform

Objective: Ensure a stable and efficient financial system supporting productive investment.

### Key Reforms

- a) Strengthen banking supervision and regulatory oversight
- b) Address rising non-performing loans and financial sector vulnerabilities
- c) Improve credit flow to productive sectors such as industry and agriculture
- d) Develop capital markets for long-term financing
- e) Expand digital financial inclusion

Estimated Funding Requirement:

USD 1 billion

## 4. Fiscal Reform and Public Financial Management

Objective: Improve revenue mobilization and public expenditure efficiency.

### Key Reforms

- a) Broaden the tax base and reduce tax evasion
- b) Rationalize government expenditures
- c) Improve execution of capital spending
- d) Strengthen fiscal coordination among federal, provincial, and local governments

### Fiscal Challenge

Nepal faces a projected fiscal financing gap of approximately USD 5–6 billion over five years.

Addressing this gap will require both fiscal discipline and innovative financing strategies.

## 5. Infrastructure and Industrial Transformation

Objective: Improve productivity, connectivity, and industrial competitiveness.

### Strategic Investments

- a) Development of 25,000 MW hydropower capacity
- b) National highway and transport modernization
- c) Digital infrastructure expansion
- d) Logistics corridors and cross-border trade facilities
- e) Special Economic Zones (SEZs) and industrial parks

#### Financing Approach

- i. Public-Private Partnerships (PPP)
- ii. Multilateral financing
- iii. Infrastructure investment funds (Diaspora/DFIs)

Estimated Funding Requirement:  
USD 15–20 billion

### **6. External Sector Resilience and Geopolitical Risk Management**

Objective: Reduce vulnerability to global economic shocks.

#### Key Measures

- a) Export diversification
- b) Strengthening tourism recovery and promotion
- c) Protection and welfare of migrant workers in Gulf and other regions
- d) Monitoring remittance trends and external shocks
- e) Contingency planning for energy price volatility

Estimated Funding Requirement:  
USD 600– 900 million

### **7. Private Sector Development and Investment Climate Reform**

Objective: Restore investor confidence and encourage domestic and foreign investment.

#### Key Reforms

- a) Predictable regulatory frameworks and policy stability
- b) Simplified business registration and licensing processes
- c) Strengthened commercial dispute resolution mechanisms
- d) Institutionalized public-private dialogue platforms

Estimated Funding Requirement:  
USD 200– 400 million

### **8. Agriculture Modernization, Environment and Climate Resilience**

Objective: Ensure food security and sustainable rural livelihoods.

#### Key Reforms

- a) Climate-resilient agriculture systems
- b) Expansion of irrigation infrastructure
- c) Agro-processing industries and value chain development
- d) Renewable energy expansion
- e) Sustainable forest and land management

Estimated Funding Requirement:  
USD 2–3 billion

### **9. Social Protection and Inclusive Growth**

Objective: Protect vulnerable populations and ensure equitable development.

#### Key Programs

- a) Targeted cash transfer systems
- b) Food security programs
- c) Pilot universal health coverage initiatives
- d) Expansion of child nutrition programs

Estimated Funding Requirement:  
USD 3– 5 billion

## 10. Financial Integrity and International Compliance

Objective: Strengthen international financial credibility.

### Key Reforms

1. Strengthen anti-money laundering and counter-terrorism financing systems
2. Improve financial intelligence monitoring
3. Align legal frameworks with international compliance standards

Estimated Funding Requirement:  
USD 200– 400 million

## 11. Immediate 100-Day Reform Agenda

To demonstrate political commitment and deliver early results, the government should implement the following priority actions during the first 100 days.

Pillar	Key Action	Performance Indicator
<b>Governance</b>	Establish Anti-Corruption Authority and launch digital procurement system	Authority operational and procurement portal active
<b>Youth Employment</b>	Launch National Youth Employment Task Force and startup financing program	50,000 jobs pipeline initiated
<b>Financial Sector</b>	Conduct comprehensive banking sector health assessment and review regulatory framework	NPAs monitored and credit flows improved
<b>Fiscal Reform</b>	Reprioritize budget spending and implement tax compliance program	Revenue improvement plan adopted
<b>Infrastructure</b>	Approve and fast-track top five national infrastructure projects	Implementation units established
<b>External Sector</b>	Establish remittance monitoring and risk management unit	Early warning mechanism operational
<b>Legal Reform</b>	Amend investment laws and regulations to improve business environment	Reform legislation introduced
<b>Private Sector</b>	Streamline business licensing through digital platforms	Pilot e-governance system launched
<b>Agriculture</b>	Launch climate-resilient agriculture pilot programs	Pilot districts operational
<b>Social Protection</b>	Expand targeted cash transfer and food security coverage	Coverage exceeds 10% of vulnerable households
<b>Financial Integrity</b>	Conduct AML/CFT gap assessment and legislative reforms	Compliance roadmap prepared
<b>Governance Reform</b>	Eliminate political interference in regulatory institutions	Institutional independence measures adopted

Estimated Financing for the 100-Day Reform Package

**Total estimated funding requirement:**  
**USD 5–7 billion**

This funding will combine domestic fiscal measures and external support.

## 12. Resource Mobilization Strategy

To address fiscal constraints and financing needs, the government should adopt a diversified resource mobilization strategy.

### Key Sources

1. Reallocation of existing government budget
2. Increased private sector investment
3. Development partner financing
4. Infrastructure public-private partnerships
5. Diaspora investment instruments
6. Innovative financing mechanisms

Potential partners include international financial institutions and bilateral development agencies.

## 13. Implementation Principles

Successful implementation of the NETF will rely on five core principles:

1. Strong political leadership and policy continuity
2. Evidence-based policymaking supported by expert advisory teams
3. Coordination with development partners and financial institutions
4. Active engagement with private sector and civil society
5. Transparent monitoring and evaluation through measurable KPIs

## 14. Conclusion

Nepal has a historic opportunity to transition from a remittance-dependent economy to a productive, investment-driven and innovation-led economic model.

The Nepal Economic Transformation Framework (2026–2030) provides both a strategic vision and an operational blueprint to achieve this transition. By implementing this roadmap, an RSP-led government can:

1. Restore public trust and investor confidence
2. Deliver visible governance reform
3. Generate employment and opportunities for youth
4. Accelerate private sector growth
5. Strengthen fiscal and financial stability
6. Build resilience against external economic shocks

This framework therefore represents a practical pathway for Nepal's economic transformation and sustainable prosperity over the coming decade.