

# Nepal

## Key indicators

Population (millions)	28.8
GDP (\$ billions)	21.2
GDP per capita (\$)	733.7
Share of world GDP (PPP\$, %)	0.1
Current account surplus/deficit, share of GDP (%)	3.9
Tariff preference margin (percentage points)	15.8
Imports and exports (goods and services), share of GDP (%)	47.1
Services exports, share of total exports (%)	69.7
Geographic region	Asia
Country group	LDC, LLDC
Income group	Low income

## SME Competitiveness Grid Summary

Average scores [0-100]	Compete	Connect	Change
FIRM CAPABILITIES			
Small	30.8	<b>14.3</b>	32.8
Medium	51.6	45.7	<b>63.9</b>
Large	<b>70.6</b>	<b>81.4</b>	<b>74.3</b>
All	35.7	18.9	40.6
BUSINESS ECOSYSTEM	51.4	31.6	49.3
NATIONAL ENVIRONMENT	52.0	29.4	33.0
Reference level: 34.8 (a function of GDP per capita)			
<b>Weaknesses are scores below: 17.4</b>		<b>Strengths are scores above: 52.2</b>	

## SME Competitiveness Grid

### FIRM CAPABILITIES (Normalized scores)

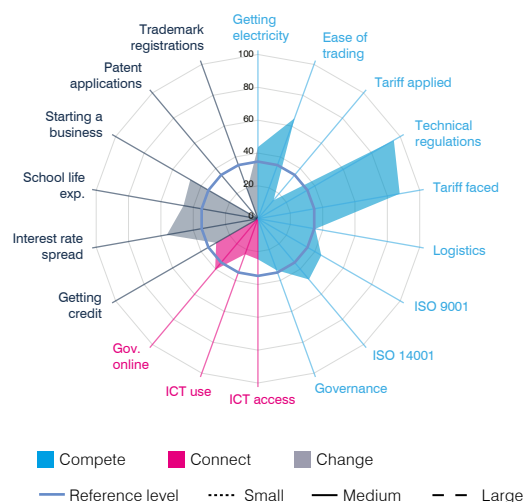
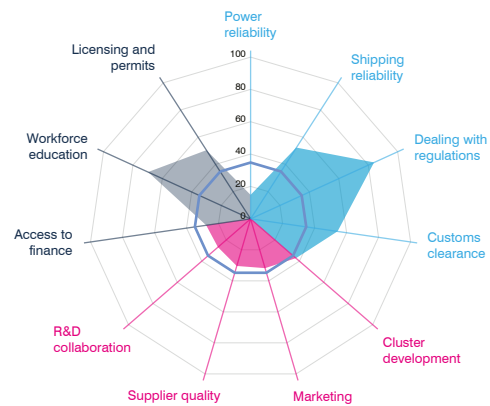
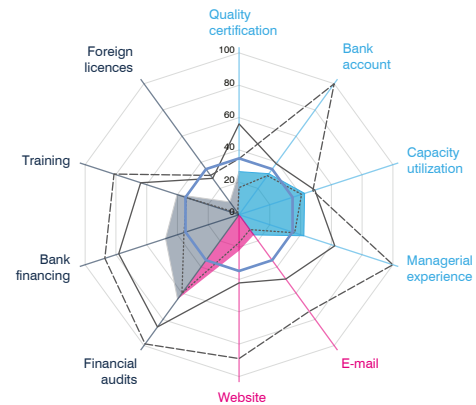
Compete	Small	Medium	Large	All
International quality certificate	<b>16.7</b>	<b>56.1</b>	34.7	26.6
Bank account	29.8	39.0	<b>100.0</b>	31.4
Capacity utilization	40.6	49.2	47.9	42.6
Managerial experience	36.2	<b>62.2</b>	<b>100.0</b>	42.1
<b>Connect</b>				
E-mail	<b>11.4</b>	49.1	<b>73.9</b>	<b>15.5</b>
Firm website	<b>17.2</b>	42.2	<b>88.9</b>	22.3
<b>Change</b>				
Audited financial statement	<b>60.0</b>	<b>85.8</b>	<b>98.7</b>	<b>64.7</b>
Investment financed by banks	35.7	<b>78.2</b>	<b>87.2</b>	47.8
Formal training programme	34.0	<b>64.0</b>	<b>81.2</b>	40.3
Foreign technology licences	<b>1.4</b>	27.7	29.9	<b>9.7</b>

### BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	<b>14.0</b>	19.2	<b>16.6</b>	<b>14.8</b>
Domestic shipping reliability	50.0	<b>66.6</b>	<b>72.8</b>	<b>52.4</b>
Dealing with regulations	<b>89.2</b>	<b>65.4</b>	<b>82.1</b>	<b>84.0</b>
Customs clearance efficiency	-	<b>53.2</b>	<b>60.2</b>	<b>54.4</b>
<b>Connect</b>				
State of cluster development				37.2
Extent of marketing				31.8
Local supplier quality				30.4
University-industry collaboration in R&D				26.8
<b>Change</b>				
Access to finance	25.1	50.1	<b>7.2</b>	27.8
Access to educated workforce	<b>70.7</b>	<b>67.4</b>	<b>58.8</b>	<b>69.7</b>
Business licensing and permits	48.2	<b>63.6</b>	<b>67.2</b>	50.5

### NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	43.6
Ease of trading across borders	<b>65.1</b>
Applied tariff, trade-weighted average	<b>14.7</b>
Prevalence of technical regulations	<b>95.5</b>
Faced tariff, trade-weighted average	<b>87.6</b>
Logistics performance index	35.5
ISO 9001 quality certificates	44.6
ISO 14001 environmental certificates	48.3
Governance index	33.4
<b>Connect</b>	
ICT access	24.8
ICT use	23.0
Government's online service	40.5
<b>Change</b>	
Ease of getting credit	29.4
Interest rate spread	<b>56.3</b>
School life expectancy	46.0
Ease of starting a business	47.5
Patent applications	<b>0.0</b>
Trademark registrations	18.9



**Note:** Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.

**Source:** World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Annex.

## SME Export Potential

Nepal is a low income country with a population of 28.8 million and GDP of \$21.2 billion. Goods and services account for 30.3% and 69.7% of exports, respectively.

The country's unrealized potential to increase existing exports lies mainly within its home region (see table below). *Sacks and bags* have an unrealized export potential of nearly \$45 million in the home region.

Regarding new export products, Nepal has diversification opportunities in the textiles and footwear sector with products such as *men's or boys' trousers of cotton, footwear with outer soles of rubber, plastics or composition leather, and men's or boy's jackets and blazers of synthetic fibres*. The production of these products involves a relatively strong participation of SMEs and scores relatively well on the price stability indicator.

Small firms in Nepal perform well in having audited financial statements, dealing with regulations and accessing an educated workforce. They underperform, however, in using e-mails and owning foreign technology licences. The largest gap between small and large firms lies in having bank accounts. The country's national environment scores well in the prevalence of technical regulations and the trade policy-related indicator.

## Unrealized potential: Existing export products

Product description	Product code	Exports (\$ million)	Value of unrealized potential exports by destination (\$ million)					Development indicators			
			Africa	Americas	Asia	Europe	Oceania	Price stability	SME presence	Women employed	Technology
			0 75 0 75 0 75 0 75 0 75								
Fresh or dried nuts (excluding coconuts, Brazil nuts, cashew nuts, almonds, hazelnuts, filberts, walnuts...)	0802Xc	15			75			Red	Red	Red	Red
Sacks and bags, for the packing of goods, of jute or other textile bast fibres of heading 5303	630510	19			75			Green	Green	Green	Green
Dried, shelled lentils, whether or not skinned or split	071340	17			75			Green	Red	Red	Red
Cardamons	0908Xc	27			75			Red	Red	Red	Red
Single yarn containing >= 85% polyester staple fibres by weight (excluding sewing thread and yarn...)	550921	22			75			Green	Green	Green	Green
Carpets and other textile floor coverings, of wool or fine animal hair, knotted, whether or not made up	570110	70			75			Red	Green	Green	Red
Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding goods...)	392690	26			75			Red	Green	Green	Green
Flat-rolled products of iron or non-alloy steel, of a width of >= 600 mm, hot-rolled or cold-rolled...	721041	19			75			Green	Red	Red	Red
Rosin and resin acids	380610	11			75			Red	Red	Red	Green
Plants, parts of plants, incl. seeds and fruits, used primarily in perfumery, in pharmacy or for...	1211XX	12			75			Red	Red	Red	Red

**Notes: Unrealized potential table:** Top 10 products in decreasing order of unrealized export potential to the world. **Exports:** Average value over 2011-2015. **Price stability, SME presence, and Women employed:** Green - performance above a country's trade-weighted mean. Red - the opposite. **Technology:** Green - transformed products exported by countries at least matching the country's per capita GDP. Red - the opposite. Blank spaces - data not available.

**Source:** ITC Export Potential Map, <http://exportpotential.intracen.org>