

What The World Bank Group can learn from the Nepal's GRID

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For me, it is new and very encouraging to learn about Nepal's Green, Resilient, and Inclusive Development (GRID)² story, especially during my first constituency visit to Nepal. GRID is a framework document submitted to and endorsed by the Board of Governors of The World Bank Group (WBG) and The International Monetary Fund (IMF) at their April 2021 Spring Meetings.

Summarizing the notes on Nepal from The World Bank (WB) Country Management Unit, Nepal has achieved some notable development successes that are globally known. Community forestry has expanded forest cover from around 25% in the 1990s to 44% percent today – only Costa Rica has achieved something similar among developing countries. 40,000 nurses fanned out into the country during Covid to inoculate over 80% of the population, leading the developing world in portion of the population vaccinated. Malaria was eliminated in Kathmandu and Pokhara. Tigers are rebounding due to strong conservation measures in protected areas valuable for tourism. The response to the 2016 earthquake was highly effective at building back better.

But Nepal also faces several development challenges compounded by polycrisis, which includes climate change, environmental degradation, pandemics, shrinking fiscal space, the global economic downturn, and inflation. There has been a very challenging recovery and growth. With economy largely relies on agriculture, tourism and remittance which accounts for 30% and 10% respectively, Nepal very much depends on multilateral grants.³

Nepal has recognized the opportunity for its economy to deliver more sustainability and resilience that leaves no one behind, embarked on a new development path. In September 2021, Nepal became the first country in the world to formally adopt the GRID approach as its national development vision. Sixteen Development Partners and Nepal's leadership endorsed the

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² From COVID-19 Crisis Response to Resilient Recovery - Saving Lives and Livelihoods while Supporting Green, Resilient and Inclusive Development (GRID)
<https://thedocs.worldbank.org/en/doc/9385bfef1c330ed6ed972dd9e70d0fb7-0200022021/original/DC2021-0004-Green-Resilient-final.pdf>

³ Nepal Country Report 2nd Quarter 2023, Economist Intelligence Unit Limited 2023, generated July 2, 2023.
https://country.eiu.com/FileHandler.ashx?issue_id=363256019&mode=pdf

Kathmandu Declaration⁴ on GRID to anchor this innovative new platform and began developing a draft GRID Strategic Action Plan which is being now being consulted and improved. This plan defines costed priority investments and policies for the next 12 years, addressing constraints involving institutions, incentives, information, and investment. If operationalized and implemented well, over time, Nepal's GRID approach can be an engine of prosperity, growth, jobs, and livelihoods. The WB convened this platform, which includes the IMF, IFC, UK, US, EU, JICA, UN, Switzerland and other bilateral cooperation.

GRID focuses on the quality of growth, the type of growth that reduces extreme poverty, narrows structural inequalities, protects the environment, and sustains the growth process itself. The approach addresses three related elements at once:

- a. *Green (sustainability and efficiency)*: Do no future harm, ensuring long term sustainable use of resources and overall environmental health, spend better and use better – especially in a more indebted future and a more resource constrained future.
- b. *Resilience*: The ability to recover from a shock. Important in context of multiple catastrophes – COVID-19, recession, climate change, floods, drought, zoonotic risk
- c. *Inclusion*: Disparities in opportunities and outcomes between people or groups of people, across markets, services, and spaces.

The WB and partners are pivoting their programs to more strongly support Nepal to deliver on GRID. Three examples of new IDA-financed operations that show GRID in practice:

- a. A new roads operation enhanced with forest protection corridors to reduce landslide risks,
- b. A new municipal water supply infrastructure operation enhanced with local watershed protection measures to secure resilient and sustainable surface water supply,
- c. A GRID Development Policy Operation that provides budget support for a set of policy actions in climate, water, agriculture, forest, urban, waste and pollution.

These operations bring together gray and green infrastructure, nature-based solutions, and community involvement to boost resilience, inclusion, and sustainability.

It is necessary to maintain the dialogue across sectors and institutions over the long-term. This is not a one-and-done engagement. It is not a project-level engagement. It is an economy-wide, all-of-government, One WBG, and all-Development Partners engagement. The convening power of the WBG, and its ability to work across institutional and sectoral boundaries has been key to get the achievement up to this point. This effort needs to be sustained beyond project and political

⁴ Nepal's Green, Resilient, and Inclusive Development (GRID)
<https://nepaleconomicforum.org/nepals-green-resilient-and-inclusive-development-grid/>

cycles to become institutionalized in client frameworks. The WB has the potential to sustain the effort to operationalize GRID and this will require internal commitment.

The WB should do more and better to advance Nepal's GRID by considering:

Do things differently. There is real appetite for it considering the GRID approach. This is true inside government, among development partners, and inside the WB.

Partnerships matter. By working together with the government and key stakeholders, it is worth to advance the GRID approach, at a moment in history when it truly counts for millions if not billions of people given Nepal's role as a major water tower of Asia.

The WB matters. In the backdrop of multiple challenges from COVID, poverty, environmental insecurity including climate change, inclusion and inequality, and federalism, Nepal seeks WB advice, convening power, and financing to help address these issues.

The need to take risks. Since the GRID platform is basically the WB's platform, it needs collectively to have a greater appetite to make it successful and advance the opportunity in Nepal to green an entire economy that can work for all Nepalis.