

Inclusive Growth Experiences – the case of Nepal: *Discussion on the Paradox from a conventional and a holistic perspective*



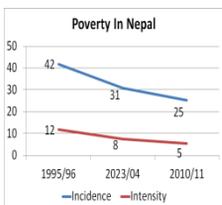
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Introduction:

- Poverty reduction is the ultimate goal of almost all policy makers from developing countries.
- There is need of richer insight and information for policy makers to understand how the economic variables and people adjust their behavior to make positive changes in output for poverty reduction.
- Examining the case study of Nepal is insightful given the contrary trend of indicators – sharply falling poverty in the midst of domestic conflict situation.

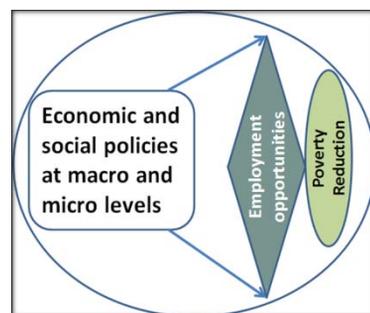


The goal of the paper is to discuss on this paradox from the case perspective with methodology based upon qualitative analysis from publicly available data

Analysis of the role of remittances to poverty reduction

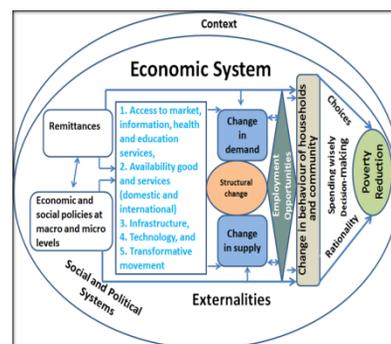
A. From the conventional perspective:

- The framework, shown on the right, starts linearly from the left-most side of “economic & social policies at macro & micro level” and ends with poverty reduction;
- The framework suggest that remittance increase household income and expenditure patterns (mainly consumption goods) and leads to poverty reduction
- Growth is inclusive but is not considered sustainable
- Taking from this narrow perspective the differences start.



B. From a holistic perspective:

- The framework also starts form the left most side however it is influence by the economic system to eventually result in poverty reduction.
- The economic system includes interactions of both micro and macroeconomic behavior, demand and supply interactions, activities of government, firms and households, and market connections.
- The broader framework, enriches the above narrow perspective



- Access to market, information, health and education service, availability of goods and service, infrastructure, technology and transformative movement affect supply and demand and lead to “structural changes” and effect “employment opportunities”.
- Externalities lead to changes “in behavior of household and community” and is reflected in change in society. All these contribute to reduction in “poverty/income inequality”.
- Growth is inclusive and poverty reduction is now considered sustainable.



Conclusions: A holistic approach is needed to have a more comprehensive diagnosis and assessment of poverty reduction experiences.