Government of Nepal
MINISTRY OF FINANCE

DEVELOPMENT COOPERATION REPORT

2023/2024

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MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

Hon'ble Deputy Prime Minister and
Finance Minister

FOREWORD

It is my privilege to present the Development Cooperation Report for Fiscal Year 2023/24. This report is more than a record of numbers—it reflects Nepal's development journey, our partnerships, and our determination to shape our own future.

Nepal stands at a historic moment. As we prepare to graduate from Least Developed Country status in 2026 and move toward becoming a Middle-Income Country by 2030, our development cooperation is entering a new phase. External assistance remains important, but its share in the national budget has fallen to its lowest level in a decade. This signals a clear shift: Nepal's progress will increasingly depend on stronger domestic resource mobilization, improved governance, and strategic partnerships.

This year's report shows a shift in our portfolio toward infrastructure and productive sectors, particularly transport, energy, and connectivity—key drivers of economic transformation, job creation, and national integration. The growing share of loan-based assistance reflects Nepal's rising credibility in the global financial system, while underscoring the need for prudent public financial management and long-term debt sustainability.

We have strengthened national ownership, with most development assistance now delivered through the national budget system, reinforcing parliamentary oversight and accountability. We have also enhanced transparency, including systematic assessment of gender equality and social impacts. At the same time, challenges remain: declining medium-term predictability of aid and uneven geographic distribution of support require urgent attention to ensure balanced and inclusive development.

Going forward, the Government of Nepal will promote innovative financing instruments such as blended finance and green bonds through the implementation of Integrated National Financing Framework (INFF), while strengthening data systems to better track climate and SDG-aligned finance. Our goal is to close the financing gap while ensuring sustainability, transparency, and results.

On behalf of the Government of Nepal, I extend sincere appreciation to our development partners, the UN agencies, and international non-governmental organizations for their continued engagement. As Nepal enters a new development era, we seek partnerships grounded in mutual respect, shared responsibility, and long-term vision so that development cooperation continues to support a sovereign, inclusive, and prosperous Nepal.

Rameshore Prasad Khanal
Finance Minister

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Government of Nepal
MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

PREFACE

The Development Cooperation Report (DCR) 2023/24 marks the 14th edition of the Ministry of Finance's annual flagship publication. The Ministry of Finance has been publishing DCR since 2010 after the then Aid Management Platform (AMP) started capturing aid data systematically. As previous reports, the DCR for FY 2023/24 serves as an integrated source of data regarding external development finance and the dynamics of development cooperation. It provides a clear and credible account of how ODA supports Nepal's national priorities. By documenting trends, flows, and results, the report strengthens transparency, accountability, and informed policy dialogue with our DPs.

This year's findings reflect both continuity and transition. Overall, ODA disbursement remained broadly stable, but its composition continues to evolve, with loan-based assistance increasing and grants declining. ODA's share in the national budget has fallen to its lowest level in a decade—highlighting the need to place greater emphasis on domestic resource mobilization and efficient public financial management as Nepal prepares to graduate from Least Developed Country status in 2026.

Institutionally, aid management systems have been strengthened. The Development Finance Information Management System (DFIMS) has improved data quality and reliability, achieved full compliance in gender marker reporting, and enhanced SDG mapping. A substantial share of assistance continues to flow through the national budget system, reinforcing country ownership, policy coherence, and parliamentary oversight.

At the same time, structural challenges, such as weak medium-term predictability constrains multi-year planning, while geographic disparities in aid allocation require corrective measures to ensure balanced and inclusive development. As Nepal advances toward Middle-Income Country status by 2030, the focus must shift from volume to quality—enhancing absorptive capacity, ensuring value for money, and mobilizing innovative financing alongside disciplined fiscal management and stronger institutions.

I extend sincere appreciation to the International Economic Relations Division (IERD) for bringing this report in its present shape; to the UNDP Nepal for supporting this endeavor through the Effective Financing for Development (EFD) Project, and to our development partners for their continued cooperation in supporting Nepal's transition toward a resilient, inclusive, and self-reliant economy.

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Government of Nepal
MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

ACKNOWLEDGEMENT

The International Economic Relations Division (IERD) of the Ministry of Finance is honored to present the 14th edition of the Development Cooperation Report (DCR) 2023/24. This publication reflects the collective efforts of government institutions, development partners, and implementing agencies to strengthen transparency, mutual accountability, and effectiveness in Nepal's development cooperation.

I express my sincere appreciation to the Honorable Finance Minister and the Finance Secretary for their continued leadership and strategic guidance. Their direction ensures that external development assistance remains aligned with Nepal's national policies, fiscal priorities, and long-term development vision.

I extend special thanks to our Development Partners and International Non-Governmental Organizations for their constructive engagement and commitment to transparency. Their timely reporting to the Development Finance Information Management System (DFIMS), along with their cooperation during data verification and validation processes conducted between August and October 2025, was instrumental in ensuring the accuracy and credibility of this report. As this publication relies on voluntary reporting, adherence to a regular data entry schedule would further enhance its quality and timeliness.

My gratitude also goes to the line ministries and executing agencies across the government. Through their stewardship of numerous development projects, they have generated valuable operational insights into institutional capacity, absorptive performance, and implementation challenges.

Finally, I commend the dedicated team at IERD and the Effective Financing for Development (EFD) Project for their professionalism and technical diligence in managing DFIMS, conducting rigorous analysis, and compiling this publication. I particularly acknowledge Mr. Om Prakash Bhattarai, Under Secretary and National Project Manager, for his effective coordination, and Dr. Narayan Dhakal and Mr. Bishesh Kumar Pradhan from the EFD Project for their dedicated efforts in delivering this report. I also appreciate the support of the United Nations Development Programme to the EFD Project, which has been vital in reinforcing our shared commitment to evidence-based policymaking and strengthened aid effectiveness.

We hope this report will continue to serve as a trusted reference for policymakers, development partners, researchers, and stakeholders as Nepal advances toward a more integrated, coordinated, accountable, and results-oriented development finance framework.

Dhaniram Sharma, Ph.D.
Joint Secretary
International Economic Relations Division (IERD)
Ministry of Finance

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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AIMS	Aid Management Information System
DFIMS	Development Finance Information Management System
AMP	Aid Management Platform
CARES	COVID-19 Active Response and Expenditure Support
CatDDO	Catastrophe Deferred Drawdown Option
CPMU	Central Project/Program Management Unit
CRB	Country Report Brief
DCR	Development Cooperation Report
DFA	Development Finance Assessment
DFIMS	Development Finance Information Management System
DLIs	Disbursement-Linked Indicators
DPC	Development Policy Credit
DPs	Development Partners
ECF	Extended Credit Facility
FAO	Food and Agriculture Organization
FCDO	Foreign, Commonwealth & Development Office
FfD	Financing for Development
EU	European Union
FDI	Foreign Direct Investment

FY	Fiscal Year
GAVI	Global Alliance for Vaccines and Immunization
GCF	Green Climate Fund
GDP	Gross Domestic Product
GEF	Global Environment Facility (also referred to as the Global Environment Fund)
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPEDC	Global Partnership for Effective Development Co-operation
HHI	Herfindahl Hirshman Index
IATI	International Aid Transparency Initiative
IDA	International Development Association
IERD	International Economic Relations Division
IFAD	International Fund for Agriculture Development
ILO	International Labour Organization
IMF	International Monetary Fund
INFF	Integrated National Financing Framework
INGO	International Non-Governmental Organisation
JICA	Japan International Cooperation Agency
KFAED	Kuwait Fund for Arab Economic Development
KfW	Kreditanstalt für Wiederaufbau
KOICA	Korea International Cooperation Agency
LDC	Least Developed Country
LMBIS	Line Ministry Budget Information System
NGOs	Non-Governmental Organisations

MCC	Millennium Challenge Corporation
MIC	Middle-Income Country
MoALD	Ministry of Agriculture and Livestock Development
MoCIT	Ministry of Communications and Information Technology
MoCTCA	Ministry of Culture, Tourism and Civil Aviation
MoEST	Ministry of Education, Science and Technology
MoEWRI	Ministry of Energy, Water Resource and Irrigation
MoF	Ministry of Finance
MoFAGA	Ministry of Federal Affairs & General Administration
MoFE	Ministry of Forests and Environment
MoHA	Ministry of Home Affairs
MoHP	Ministry of Health and Population
MoICS	Ministry of Industry, Commerce and Supplies
MoLESS	Ministry of Labour, Employment and Social Security
MoLJPA	Ministry of Law, Justice and Parliamentary Affairs
MoPIT	Ministry of Physical Infrastructure and Transportation
MoUD	Ministry of Urban Development
MoWCS	Ministry of Women, Children and Senior Citizen
MoWS	Ministry of Water Supply
MPI	Multidimensional Poverty Index
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NDC	Nationally Determined Contribution
NHS	Nepal Health Sector Strategy

NPC	National Planning Commission
NRP	National Relief Program
NSO	National Statistics Office
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OFID	OPEC Fund for International Development
OPEC	Organisation of Petroleum Exporting Countries
OPMCM	Office of the Prime Minister and Council of Ministers
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PforR	Program for Results
RCF	Rapid Credit Facility
SAARC	South Asian Association for Regional Cooperation
SASEC	South Asia Subregional Economic Cooperation
SDC	Swiss Agency for Development and Cooperation
SDG	Sustainable Development Goal
SWAp	Sector Wide Approach
TA	Technical Assistance
UK	United Kingdom
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNGA	United Nations General Assembly
UN-Habitat	United Nations Human Settlements Programme

UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
USD	United States Dollar
WB	The World Bank
WFP	World Food Programme
WHO	World Health Organization

CHAPTER 1

EXECUTIVE SUMMARY

1. **The ODA disbursement in FY 2023/24 reached USD 1.39 billion with a marginal increase of 1.4 percent from USD 1.37 billion in FY 2022/23.** Disbursement value in both the fiscal years were near to the ten-year average value of disbursement (USD 1.5 million), implying stable disbursement level.
2. **The Government of Nepal signed 23 ODA agreements with 11 DPs covering a total value of USD 0.98 billion during FY 2023/24.** The financial portfolio included 6 loans, which made up 65.3 percent, and 17 grants, representing the remaining 34.7 percent of agreement.
3. **Loans were the major assistance type in FY 2023/24.** USD 902.9 million (64.9 percent) of ODA disbursements were loans, USD 259.4 million (18.7 percent) were grants and USD 228.2 million (16.4 perent) were technical assistance.
4. **The Asian Development Bank (ADB) disbursed the highest amount (USD 437.7 million) among multilateral DPs in FY 2023/24,** followed by WB group (USD 276.0 million), IMF (USD 93.6 million), EU (USD 27.4 million) and GAVI (USD 13.1 million). The UN system mobilized USD 62.7 million in the fiscal year.
5. **USAID disbursed the highest amount (USD 161.7 million) among bilateral DPs in FY 2023/24,** followed by India (USD 118.1 million), Japan (USD 46.2 million), UK (USD 34.8 million), Norway (USD 25.8 million) and Switzerland (USD 24.5 million).
6. **Multilateral DPs disbursed USD 857.3 million in FY 2023/24 occupying 61.7 percent of total disbursement.** The bilateral occupied 33.8 percent with USD 470.4 million and the UN system, combined with various UN agencies occupied 4.5 percent, with USD 62.7 million. The top 5 highest disbursing multilateral DPs occupied 98.9 percent (USD 847.7 million) of the total multilateral disbursement.
7. **Top 10 DPs occupied about 92.4 percent of total disbursement in FY 2023/24.** Combining multilateral, bilateral and UN system, the top 10 disbursing DPs in descending order were the ADB (USD 437.7 million), WB (USD 276.0 million), USAID (USD 161.7 million), India (USD 118.1 million), IMF (USD 93.6 million), UN system (USD 62.7 million), Japan (USD 46.2 million), UK (USD 34.8 million), EU (USD 27.4 million), and Norway (USD 25.8 million).
8. **On-budget and on-treasury disbursement increased while off-budget disbursement decreased.** On-budget disbursement was USD 1.1 billion in FY 2023/24 after a 4.1 percent increase from the previous year. On-treasury disbursement was USD 519.0 million after a 21.2 percent increase from the previous year. During the same period, off-budget disbursement decreased to USD 285.1 million, with a 7.8 percent decrease from the previous year.

9. **ODA occupied 15 percent of the total national budget in FY 2023/24.** The total ODA allocation decreased slightly from USD 13.8 billion in FY 2022/23 to USD 13.2 billion in FY 2023/24. The percent share of ODA in the total national budget also decreased from 16.6 percent in FY 2022/23 to 15 percent in FY 2023/24.

10. **The Transport sector received the highest disbursement in FY 2023/24 surpassing the Economic Affairs sector, the top recipient of FY 2022/23.** Among the top 5 sectors receiving highest ODA disbursement, the Transport sector received USD 233.1 million (16.8 percent) followed by fuel and energy USD 195.3 million (14.0 percent), health USD 139.0 million (10.0 percent), education USD 127.7 million (9.2 percent) and economic affairs USD 120.3 million (8.7 percent).

11. **Fragmentation of ODA continued in FY 2023/24.** Twenty two different government entities implemented a total of 361 projects, with support from 22 DPs. Each DP engaged in an average of 16 projects, while each government entity coordinated with about 9 DPs.

12. **INGO disbursements have substantially decreased in the FY 2023/24 both in numbers and amount.** In FY 2022/23, a total of 65 INGOs contributed USD 72.7 million, while only 55 INGOs contributed about USD 63.1 million in FY 2023/24.

CHAPTER 2 INTRODUCTION

Nepal is strategically located as a landlocked nation between the emerging global economies of India and China, with a population of 29.1 million and a per capita GDP of USD 1,443 for FY 2023/24 (NSO, 2025). The nation is currently implementing periodic plans that prioritize sustainable growth, infrastructure development, human capital, and economic resilience. A defining milestone in this journey occurred in 2021 when the United Nations General Assembly approved Nepal's proposal to graduate from Least Developed Country (LDC) status in 2026.[1] Furthermore, the government has set an ambitious target to transition into a Middle-Income Country (MIC) by 2030.[2] Achieving these goals requires addressing a widening development finance gap, which has been exacerbated by various global poly-crises.

The Development Cooperation Report (DCR) serves as the annual flagship publication of the Ministry of Finance, International Economic Relations Division (IERD), documenting the trends and challenges in managing international aid. This 14th edition of the DCR provides a comprehensive overview of the receipt, allocation, and disbursement of cooperation throughout FY 2023/24. It analyzes how Official Development Assistance (ODA) aligns with national priorities and tracks the progress of various development partners (DPs) in supporting Nepal's long-term objectives.

A significant evolution in this year's report is the transition to the Development Finance Information Management System (DFIMS) as the primary data source. The DFIMS is a state-of-the-art, web-based platform designed to transform the monitoring and management of development finance. By integrating real-time data from development partners, international non-governmental organizations (INGOs), and government agencies, the system provides a high level of transparency. It provides decision-makers and the public with comprehensive dashboards, project profiles, and customizable reports to support evidence-based policy formulation.

To ensure the integrity of the information derived from the DFIMS, the IERD implemented a rigorous verification process in early 2024, requiring DPs to validate their entries before the final dataset was locked. This technological shift allows for better mapping of aid to the Sustainable Development Goals (SDGs) and provides granular insights into how external finance is utilized across different provinces and sectors. The Ministry of Finance remains committed to integrating the DFIMS with other national systems to capture a holistic view of all finance flows, including foreign direct investment (FDI) and domestic revenue.

Nepal's management of development cooperation is firmly grounded in global principles of aid effectiveness, including country ownership, alignment, harmonization, and transparency. The government has consistently subscribed to international commitments such as the Paris

1 "Resolution 76/8." United Nations, accessed on 30/05/2023, Available at: https://undocs.org/en/A/RES/76/8

2 "Nepal's Sustainable Development Goals Progress Assessment Report 2016–2019", Government of Nepal National Planning Commission (July 2020)

Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008), the Busan Outcome Documents (2011), and the Geneva Summit Declaration (2022). Central to these principles is the concept of “alignment,” where development partners are encouraged to use Nepal’s own public financial management (PFM) systems and institutional structures to implement projects. Alignment reinforces trust, institutional reforms, greater ownership, results transperance and mutual accountability.

Currently, the quality of Nepal’s National Development Plan is rated as “very high,” and approximately 95 percent of new ODA project objectives align with country-owned results frameworks. However, challenges remain regarding the use of local procurement systems and the persistence of off-budget spending, which can bypass national oversight. The government continues to advocate for deeper partnerships anchored in mutual trust and national ownership to ensure that international aid delivers the highest possible value for money.

Nepal’s financial landscape is undergoing a structural shift toward a more private-sector-led development model. By 2024, total development finance reached USD 20.4 billion, with private sources—primarily personal remittances and FDI—contributing 55.5 percent of the total. Personal remittances remain a cornerstone of the economy, growing from USD 6.7 billion in 2015 to USD 11.3 billion in 2024. During the same decade, domestic government revenue excluding grants more than doubled, reaching USD 7.9 billion.

While domestic resources are expanding, ODA remains a vital pillar for financing large-scale infrastructure and social services. However, the role of ODA is changing; the ODA-to-GDP ratio has declined to 3.2 percent in FY 2023/24, the lowest level in a decade. Furthermore, there is an ongoing shift from grant-based assistance to loan-based modalities, which now account for 64.9 percent of total disbursements. This trend reflects Nepal’s perceived creditworthiness and its classification as a lower-middle-income country, but it also necessitates prudent fiscal management to ensure long-term debt sustainability.

As Nepal approaches its LDC graduation, the potential reduction in concessional aid requires a proactive approach to diversifying financing sources. The government is exploring innovative tools such as blended finance, green bonds, and climate finance to bridge the funding gap. The implementation of an Integrated National Financing Framework (INFF) is a key strategy to help the country systematically identify financing gaps and align public and private flows from domestic and international sources with national priorities.

The fiscal year 2023/24 indicates that while Nepal is successfully navigating the aftermath of past shocks like the 2015 earthquake and the COVID-19 pandemic, the country must continue to strengthen its institutional capacity. Improving aid predictability and reducing project fragmentation are essential steps toward more efficient resource utilization. By leveraging the data-driven insights provided by the DFIMS and maintaining strong global partnerships, Nepal aims to pursue an inclusive, resilient, and sustainable path toward its 2030 ambitions.

2.1 Development Cooperation Overview

The Development Cooperation Report (DCR) is an annual flagship publication of the Ministry of Finance, International Economic Relations Division (IERD). This report documents and analyses trends and issues in the management of development cooperation in Nepal.

The 14th edition of the DCR offers a comprehensive overview of the receipt, allocation and disbursement of development cooperation across Nepal during FY 2023/24 (16 July 2023 to 15

July 2024). The data used in this report is primarily sourced from Nepal's Development Finance Information Management System (DFIMS), a web-based platform where development partners (DPs) report in line with the prevailing aid policies of Nepal. Unless otherwise stated, all charts presented in this report are derived from data compiled by the DFIMS.

To maintain high data quality, the IERD initiated a verification process on 20 February 2024, asking development partners to review and validate their entries. After subsequent follow-ups, the final dataset was locked in February 28, 2026.

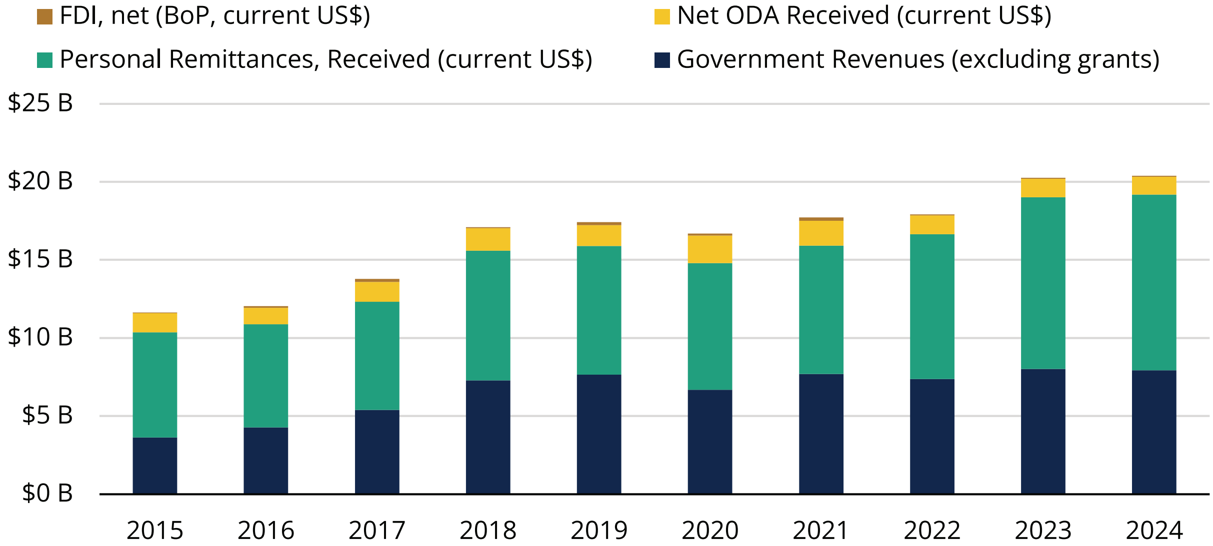
BOX 1: Nepal's DFIMS

The Development Finance Information Management System (DFIMS) is a state-of-the-art online platform designed to transform the way development finance is managed and monitored in Nepal. This innovative system includes comprehensive dashboards, project profiles, development partner profiles, customizable reports, and informative maps designed to enhance transparency and provide real-time insights about Nepal's development finance landscape. By integrating various sources of development finance data, the DFIMS offers an indispensable tool, empowering decision-makers, stakeholders, and the public to engage with the information. It collects inputs from DPs, INGOs, and government agencies and is managed by the IERD of the Ministry of Finance to assist evidence-based decision making.

2.2 Role of Development Finance

Figure 2.1 complements the DFIMS data by showing Nepal's development finance inflows between 2015 and 2024. It utilizes datasets from the World Bank, OECD, and Nepal Rastra Bank to compare government revenues, remittances, ODA, and FDI. Despite commendable progress in strengthening domestic revenue collection, Nepal continues to rely heavily on external inflows like ODA and remittances to sustain its economic growth.

Figure 2.1: Sources of Development Finance to Nepal, 2015 - 2024



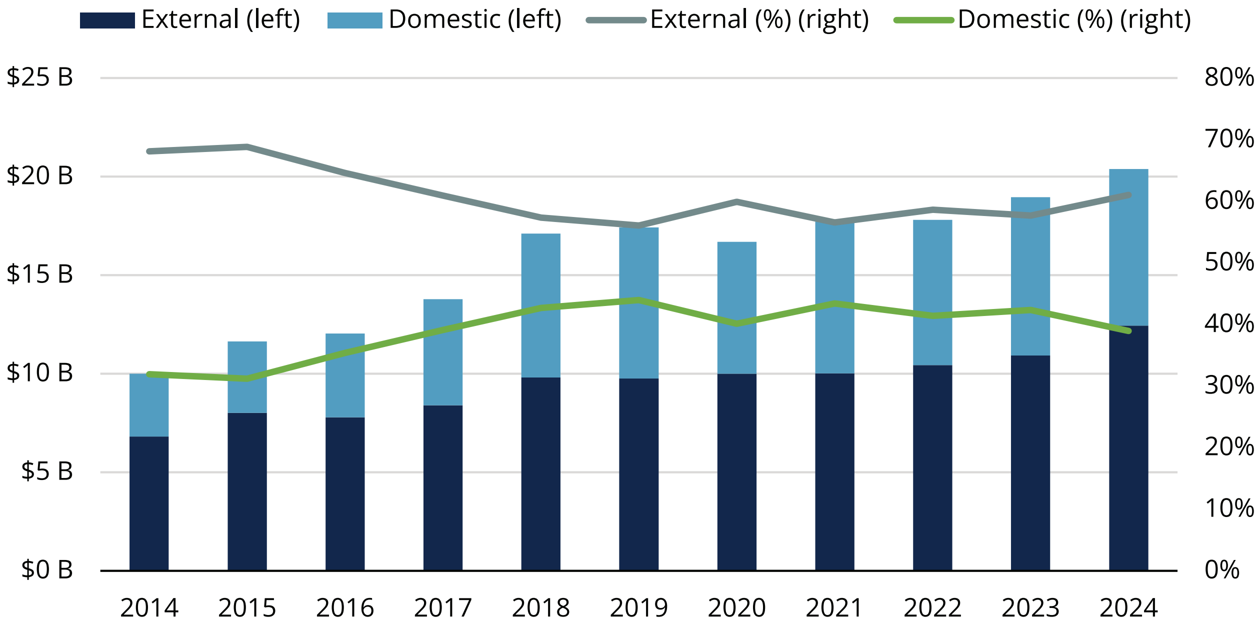
Source: Nepal Rastra Bank, World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

Figure 2.1 shows that remittances remain central to Nepal's economy, supporting household consumption, bolstering foreign exchange reserves, and enhancing national resilience. Between 2015 and 2024, personal remittances grew from USD 6.7 billion to USD 11.3 billion. During the same period, government revenues (excluding grants) rose from USD 3.6 billion to USD 7.9 billion.

Conversely, ODA fell slightly to USD 1.1 billion in 2024, while FDI remained volatile, dropping to USD 56.9 million in 2024 after a 2021 peak of USD 196.3 million.

Nepal's heavy reliance on external flows, particularly remittances and ODA, creates significant vulnerability to global labor market shifts and changing donor policies. Any disruption to these inflows could threaten household livelihoods and jeopardize development in critical sectors like health, education, and infrastructure. To mitigate these risks, Nepal is prioritizing domestic resource mobilization and exploring alternative sources of financing to diversify its financial base, build resilience against external shocks, and reduce financing gap.

Figure 2.2: Domestic v External Development Finance to Nepal, 2015 - 2024

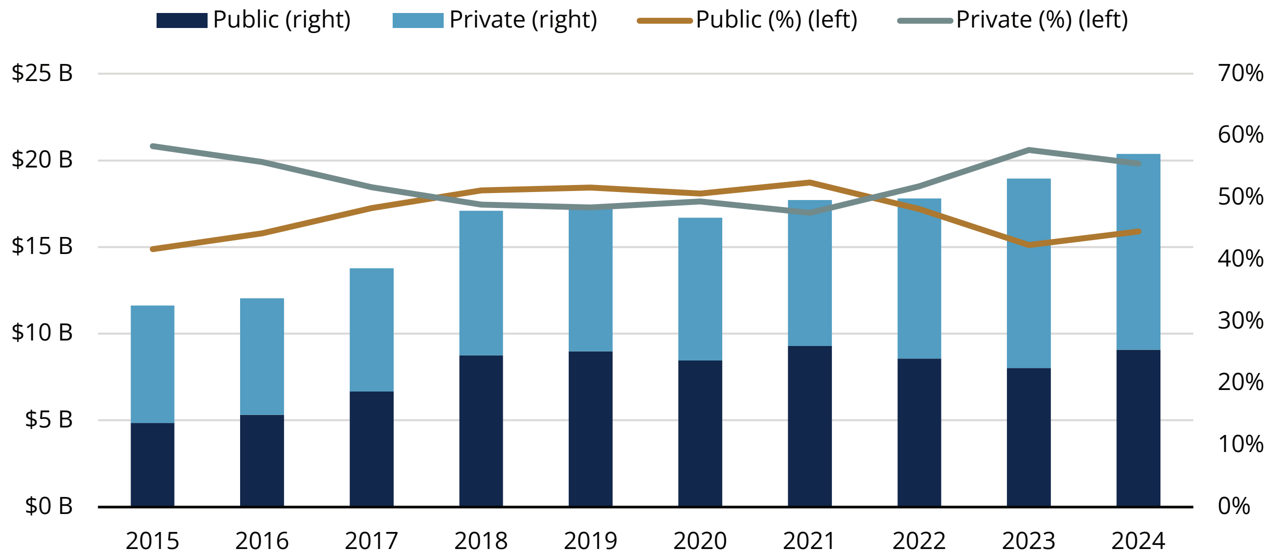


Source: Nepal Rastra Bank, World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

Figure 2.2 illustrates the trends in Nepal's development finance from 2015 to 2024. Domestic finance—government revenue excluding grants—more than doubled during this period, rising from USD 3.6 billion in 2015 to USD 7.9 billion in 2024. Its contribution to total development finance has remained relatively stable, fluctuating between 31.2 percent and 44 percent, and settling at 39 percent in 2024.

External finance, comprising remittances, ODA, and FDI, grew from USD 8 billion to nearly USD 12.4 billion over the decade, driven primarily by a sharp increase in remittances. Despite this absolute growth, the share of external finance in the total development mix declined from 68.8 percent in 2015 to 61 percent in 2024, averaging 60.4 percent over the ten-year period.

Figure 2.3: Public v Private Development Finance to Nepal, 2015 - 2024



Source: Nepal Rastra Bank, World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

Figure 2.3 illustrates the shifts in Nepal's development finance landscape between 2015 and 2024, categorized into public and private sources. In this analysis, public finance is defined as the sum of government revenue and ODA, representing resources managed by the state. Private development finance refers to the sum of personal remittances and FDI, reflecting capital flows driven by individual and commercial activity.

Nepal's infrastructure, public services, and social protection schemes depend heavily on public development finance—primarily government revenues and ODA. These investments serve as essential drivers of economic growth and catalysts for future private sector involvement. Over the past decade, public development finance nearly doubled, rising from USD 4.8 billion in 2015 to approximately USD 9.1 billion in 2024, reflecting its expanding role in the country's financial landscape.

Private sector development finance also grew robustly, increasing from USD 6.8 billion in 2015 to USD 11.3 billion in 2024. Despite some fluctuations between 2018 and 2021, the overall trajectory indicates rising investor confidence. By 2024, total development finance reached USD 20.4 billion, with the private sector contributing 55.5 percent and public finance accounting for 44.5 percent, signaling a shift toward a more private-sector-led development model.

CHAPTER 3

ODA AGREEMENTS IN FY 2023/24

During FY 2023/24, the Government of Nepal signed 23 financial agreements with 11 DPs, totalling around USD 980.5 million. This financial portfolio included 6 loans, which made up 65.3 percent , and 17 grants, representing the remaining 34.7 percent of agreement value.

Figure 3.1: Value of Agreements Signed by Assistance Type, FY 2023/24

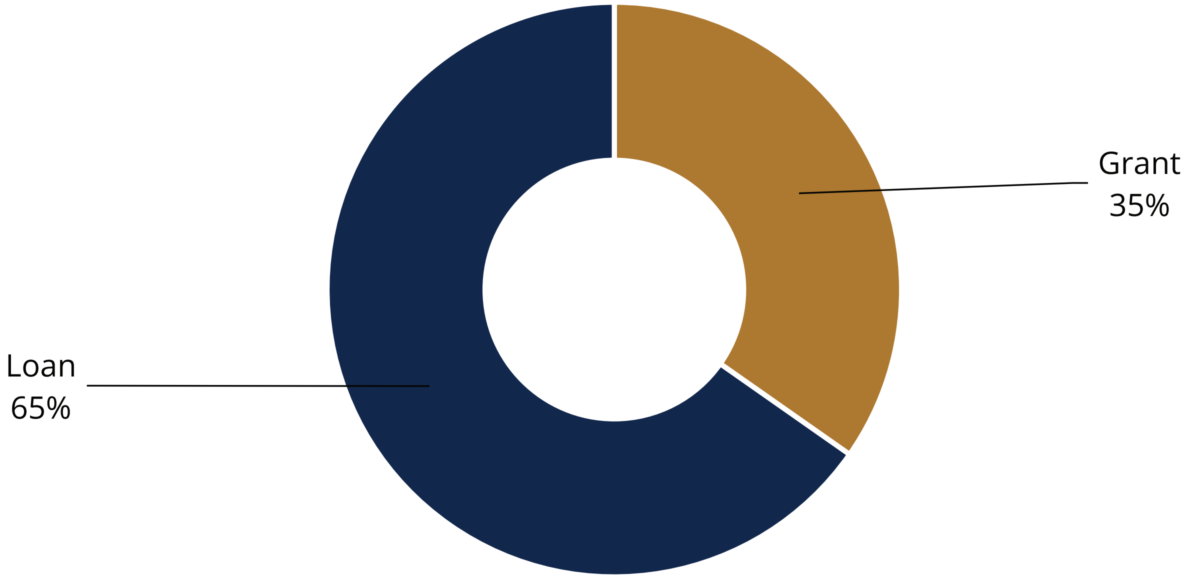


Figure 3.1 confirms that loan-based agreements dominated ODA in FY 2023/24. This shift toward loans is supported by Nepal's low risk of debt distress and its consistent repayment record, both of which have bolstered its creditworthiness. Consequently, the World Bank and IMF continue to categorize Nepal's public debt as low-risk.

This financial portfolio requires prudent management to ensure long-term returns and fiscal sustainability. It also highlights the need for better coordination with development partners to prioritize grants for sectors where loans are less viable. Furthermore, Nepal must advocate for greater access to grant-based global funds to address collective challenges like climate change and pandemics.

Figure 3.2: Value of Agreements Signed by Development Partner Type, FY 2023/24

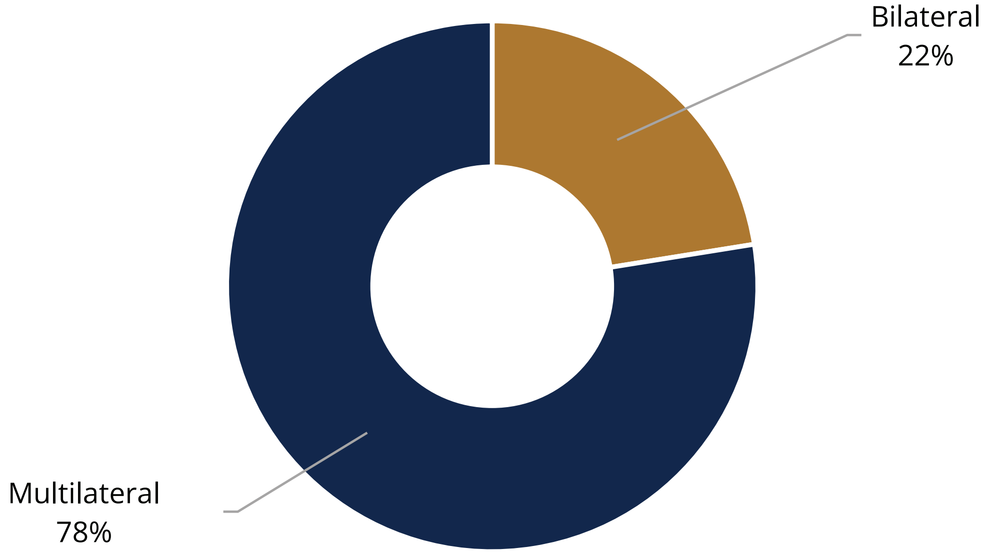


Figure 3.2 shows that in FY 2023/24, multilateral development partners, including UN agencies, accounted for the vast majority of ODA commitments at 78 percent, while bilateral DPs contributed the remaining 22 percent. This distribution underscores the strong influence of multilateralism in Nepal's development financing. The dominance of multilateral DPs reflects a development cooperation model where development finance flows primarily through collective, rule-based international institutions rather than bilateral geopolitical channels. The relatively low share of bilateral support is largely due to shifts in donor countries' internal policies, highlighting the need for more proactive development diplomacy. Strengthening bilateral engagement remains essential to ensuring balanced support across priority sectors through a strategic blend of loans, grants, technical cooperation, and knowledge sharing.

Figure 3.3: Value of Signed Agreements by DPs and Assistance Type, FY 2023/24

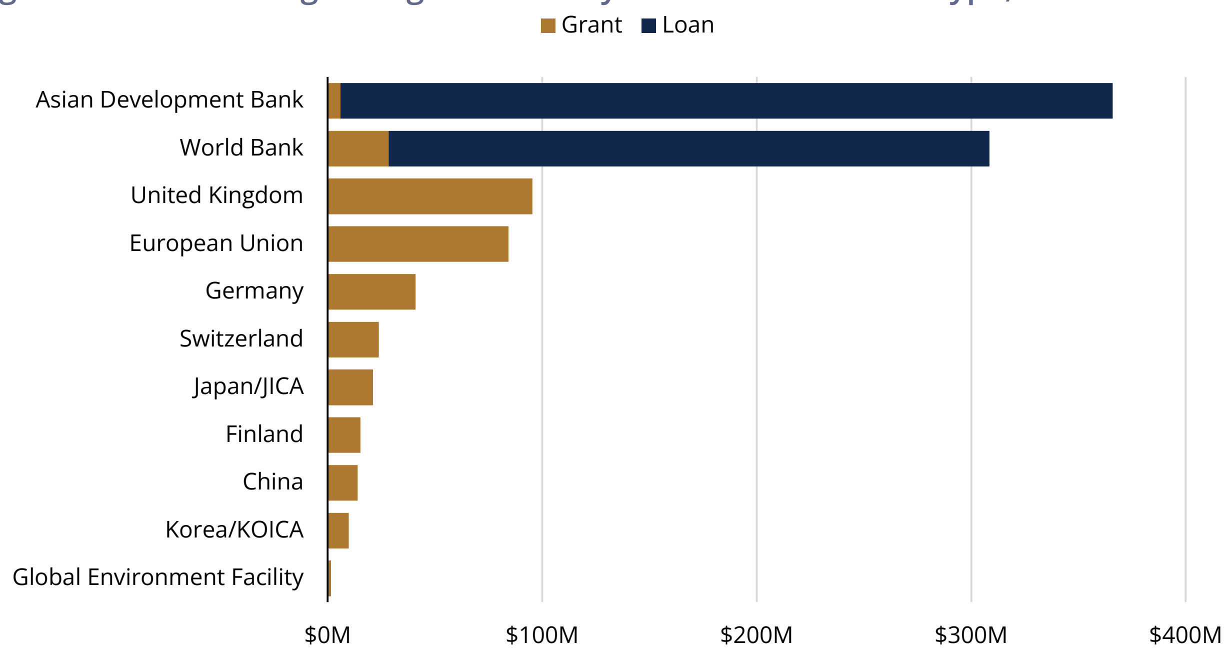


Figure 3.3 presents the value of ODA agreements signed between DPs and the Government of Nepal in FY 2023/24.

In FY 2023/24, ODA agreements for Nepal totaled USD 980.5 million, consisting of USD 640 million in loans and USD 340.5 million in grants. The Asian Development Bank (emerged as the leading partner, signing agreements worth USD 366 million (USD 360 million in loans and USD 6 million in grants). This was followed by the World Bank, which committed USD 308.4 million (USD 280 million in loans and USD 28.4 million in grants). Other development partners committing grant assistance during the same period were United Kingdom (USD 95.4 million), European Union (USD 84.2 million), Germany (USD 41 million), Switzerland (USD 23.9 million), Japan (USD 21.1 million), Finland (USD 15.2 million), China (USD 14 million, and Korea (USD 9.8 million).

It can be observed that the ADB and the World Bank together accounted for nearly 69 percent of total ODA, being their contribution almost debt-based (95 percent loans). The UK and EU were the most significant grant providers, together contributing over 52 percent of the total grants. Approximately 65 percent of Nepal's total ODA agreements for this period are in the form of loans, emphasizing a shift toward debt-financed development.

Figure 3.4: Value of Agreements Signed by DPs and Sectors, FY 2023/24

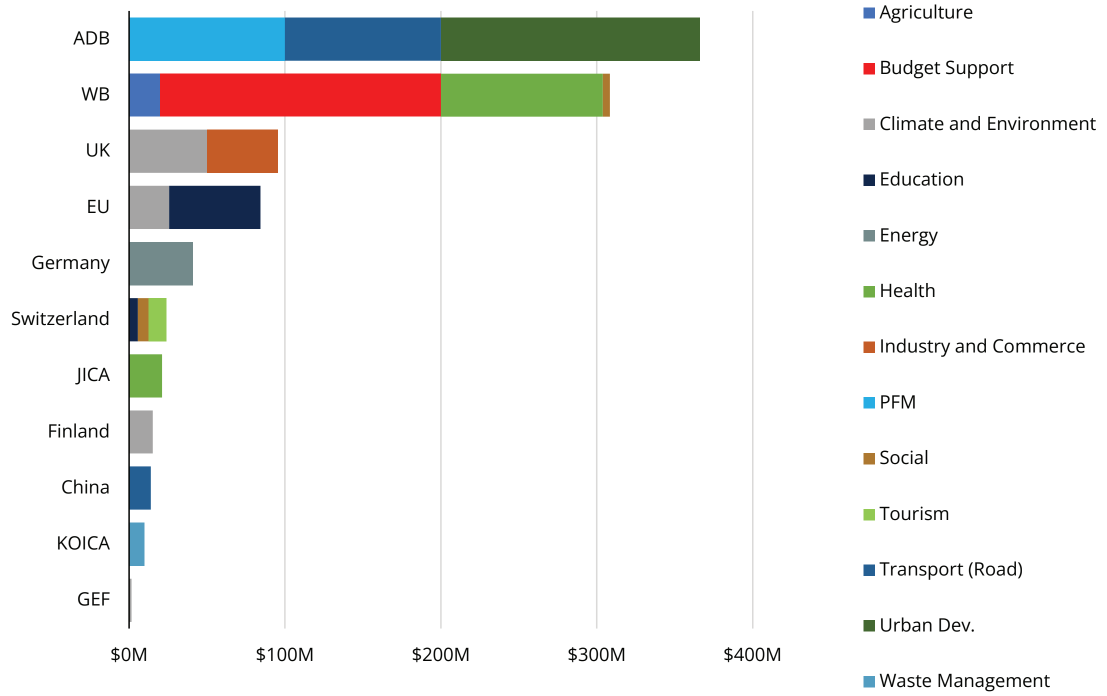


Figure 3.4 depicts three dimensions of the signed agreements- the value, sector-wise allocation and DPs engaging in those sectors in FY 2023/24. As explained above, the ADB and the World Bank signed the highest-value agreements. Among bilateral DPs, the UK signed the highest value agreement followed by EU, Germany, Switzerland, Japan, Finland, China, KOICA and GEF, all focusing on Nepal's priority sectors.

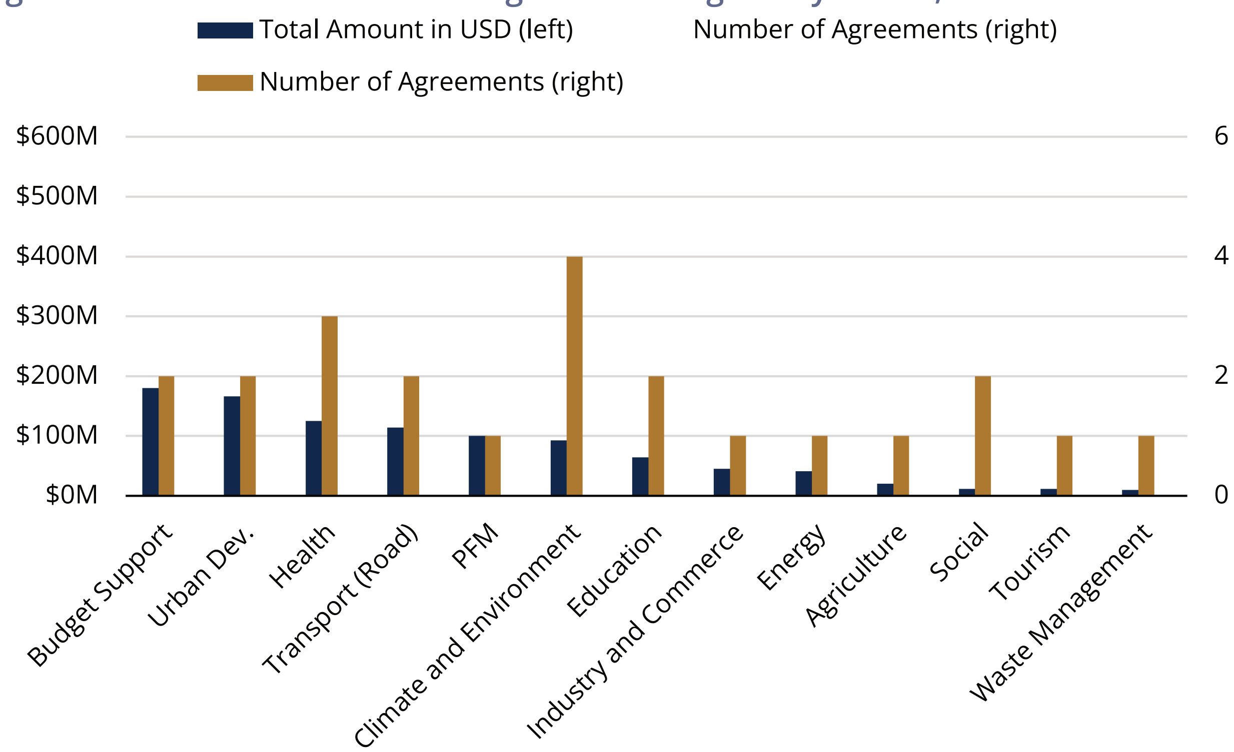
The total commitment from all DPs reflected in the signed agreements was USD 980.5 million, with Urban Development receiving the highest funding commitment (USD 166 million) and the climate and environment sector attracting wider engagement, with four DPs contributing to collective climate actions.

In FY 2023/24, the ADB committed USD 366 million, prioritizing infrastructure and PFM through Urban Development (USD 166M), Transport (USD 100M), and Public Financial Management (USD 100M). The World Bank followed with USD 308.4 million, emphasizing policy-based budgetary support (USD 180M), Health (USD 103.8M), Agriculture (USD 20M), and the Social Sector (USD 4.6M). This distribution focussed on investment in infrastructure with a multi-sectoral approach as in the previous fiscal year.

The United Kingdom committed USD 100.2 million, split equally between climate and environment and industry and commerce, reflecting a dual focus on climate change and private sector development. Similarly, the European Union allocated USD 84.2 million, targeting education (USD 58.5M) and climate action (USD 25.7M) in collaboration with the Government of Nepal and other development partners.Other significant ODA agreements signed with Germany with USD 40.9 million dedicated to the energy sector; Switzerland with USD 23.7 million distributed across tourism (USD 11.3M), social (USD 6.8M), and education (USD 5.6M) sectors; Japan with USD 21.08 million to support health sector; Finland and GEF with USD 15.2 million and USD 15.5 million, respectively, toward collective climate actions; and China and KOICA with USD 14 million for road transport and USD 9.8 million for waste management.

While this snapshot illustrates the scale and strategic distribution of assistance, the ultimate impact of these commitments will depend on the efficiency and transparency of project implementation.

Figure 3.5: Value and Number of Agreements Signed by Sector, FY 2023/24



In FY 2023/24, 23 development cooperation agreements were signed across 13 sectors, totaling USD 980.5 million in commitments (Figure 3.5). The World Bank committed USD 180 million budgetary support via two Development Policy Credit (DPC) agreements: USD 100 million for fiscal policy reform and USD 80 million for financial sector reform. These cross-cutting funds support, among others, PFM, climate, social protection, and transport sectors. The urban development received the largest sectoral commitment of USD 166 million via (2 agreements. Similarly, the health, road transport and PFM sectors received USD 124.9 million (3 agreements), USD 114 million (2 agreements), and USD 100 million (2 agreements), respectively. The climate and environment sector received USD 92.6 million from 4 agreements, reflecting the highest donor engagement.

Remaining commitments spanned Education (USD 64.1M), Industry (USD 45.2M), Energy (USD 40.9M), Social (USD 11.4M), Agriculture (USD 11.3M), Tourism (USD 10.3M), and Waste Management (USD 9.8M). In this fiscal year, the Environment and Climate sector received four commitments with four agreements scattered across four DPs (UK, EU, Finland, and GEF) posing a challenge to the Government for smooth coordination.

Figure 3.6: Value and Number of Agreements Signed by Development Partner, FY2023/24

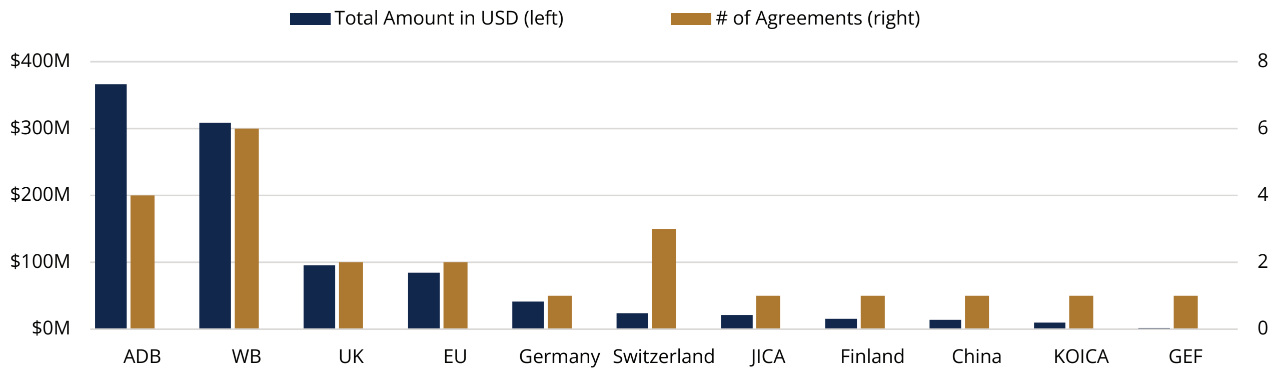


Figure 3.6 details the value and number of ODA agreements signed by DPs in 2023/24. The World Bank signed the largest number of agreements (6) covering a value of USD 308.4 million, followed closely by the ADB(4) covering USD 366 million in FY 2023/24. The United Kingdom and the European Union each signed 2 agreements with a value of USD 95.4 million and USD 84.2 million, respectively. Switzerland contributed USD 23.9 million through 3 agreements.

Single-agreement DPs included Germany (USD 41 million), JICA (USD 21.1 million), Finland (USD 15.2 million), China (USD 14 million), KOICA (USD 9.8 million) and the Global Environment Fund ((USD 1.6 million).

Figure 3.7: Value of Agreements Signed (DPs within Sectors), FY 2023/24

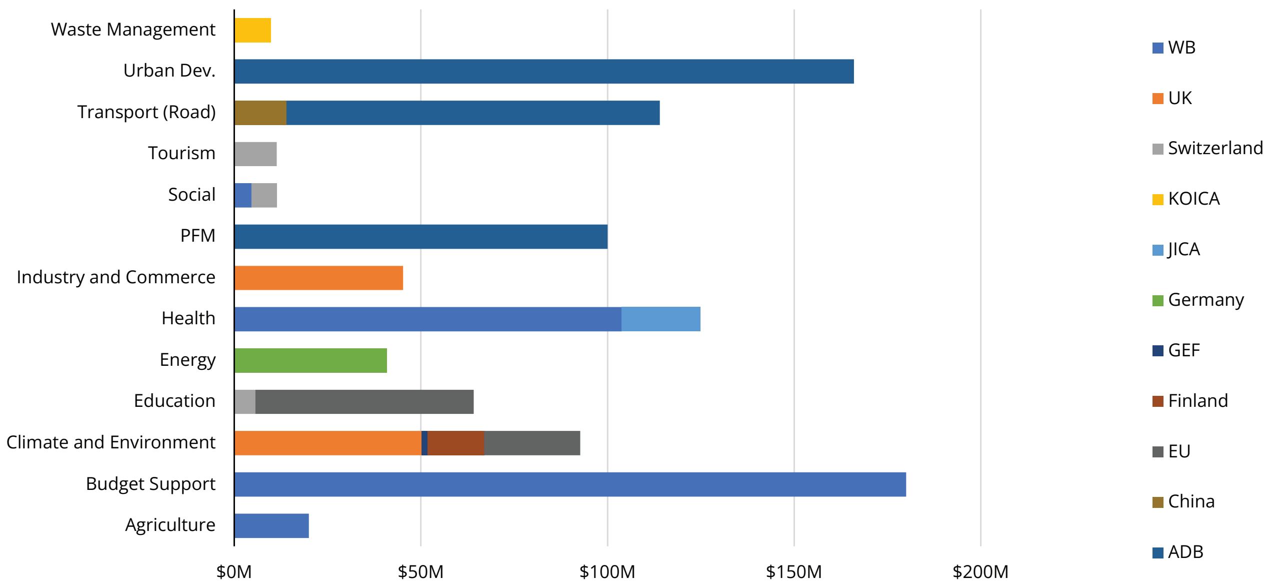


Figure 3.7 illustrates how various DPs allocated financial commitments across different sectors in Nepal during the fiscal year 2023/24. It highlights both the magnitude of funding received by each sector and the breadth of partner engagement across the development landscape.

Budget support, the policy credit with allocation-flexibility across multiple sectors, appeared to receive the largest commitment (USD 180 million) from the World Bank. However, urban development became the largest single sector, receiving a total of USD 166 million, from the ADB. The health sector followed, with commitments of USD 124.9million, primarily from the World Bank and JICA; the transport sector (USD 114 million), primarily from ADB and China; and the PFM sector (USD 100 million) from the ADB. The climate and environment sector received USD 92.6 million from a broad range of DPs – UK (USD 50.1 million), EU (USD 25.7 million), Finland (USD 15.2 million) and GEF (USD 1.5 million), reflecting a strong focus on protecting the environment and mitigating climate change.

Although sourced from single DP, other sectors such as education, industry and commerce, energy, agriculture, social sector, and waste management received substantial and focused commitment of USD 64.1 million (EU and Switzerland), USD 45.2 million (UK), USD 40.9 million (Germany), USD 20 million (WB), USD 11.4 million (Switzerland and WB), and USD 9.8 million (KOICA), respectively.

CHAPTER 4

ODA COMMITMENTS

In FY 2023/24, Development Partners (DPs) committed USD 1.5 billion in Official Development Assistance (ODA) to Nepal. To provide a comprehensive view of the external finance landscape, this report captures both on-budget and off-budget support, including direct entries into the DFIMS. Consequently, reported commitment totals may exceed formal agreement values.

Figure 4.1: Total Development Partner Commitments, FY 2014/15 - 2023/24

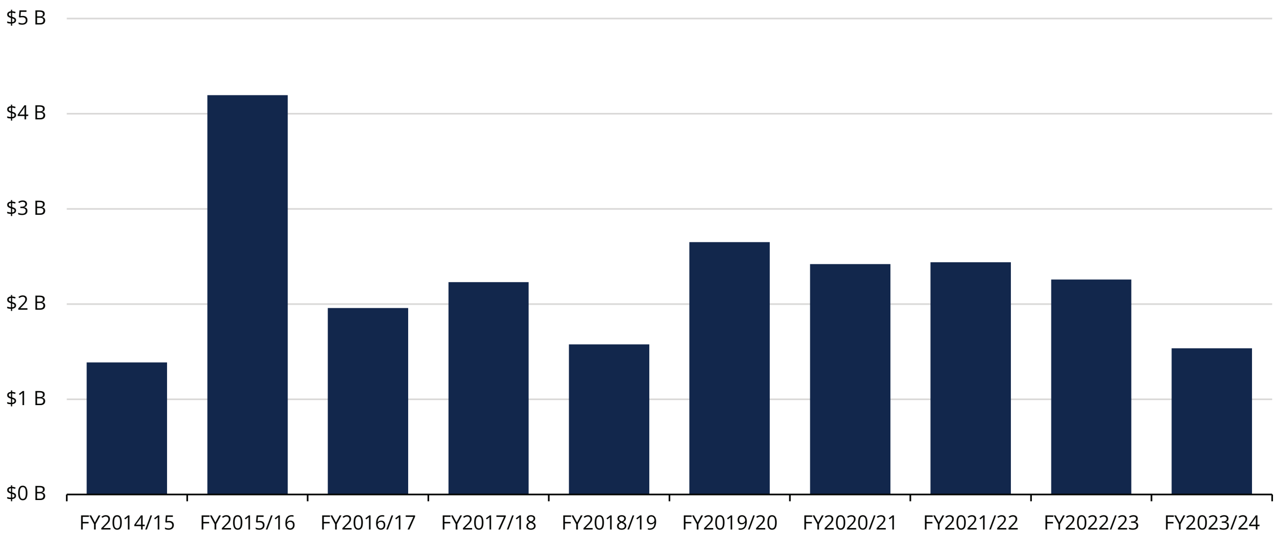


Figure 4.1 illustrates ODA commitment trends from FY 2014/15 to FY 2023/24. In FY 2023/24, commitments fell to USD 1.5 billion, a sharp decline from USD 2.3 billion the previous year. While a peak of USD 4.2 billion occurred in FY 2015/16 due to earthquake recovery assistance, the decade has otherwise seen minor fluctuations, including dips in FY 2014/15 (USD 1.4 billion) and FY 2018/19 (USD 1.6 billion). The current decline signals a downward trend that began in FY 2021/22. The recent contraction in ODA commitments reflects the result of a complex interplay between global geopolitical shifts and domestic as well as external structural bottlenecks.

Figure 4.2: Total Development Partner Commitments, Year-on-Year Change (%), FY 2014/15 - 2023/24

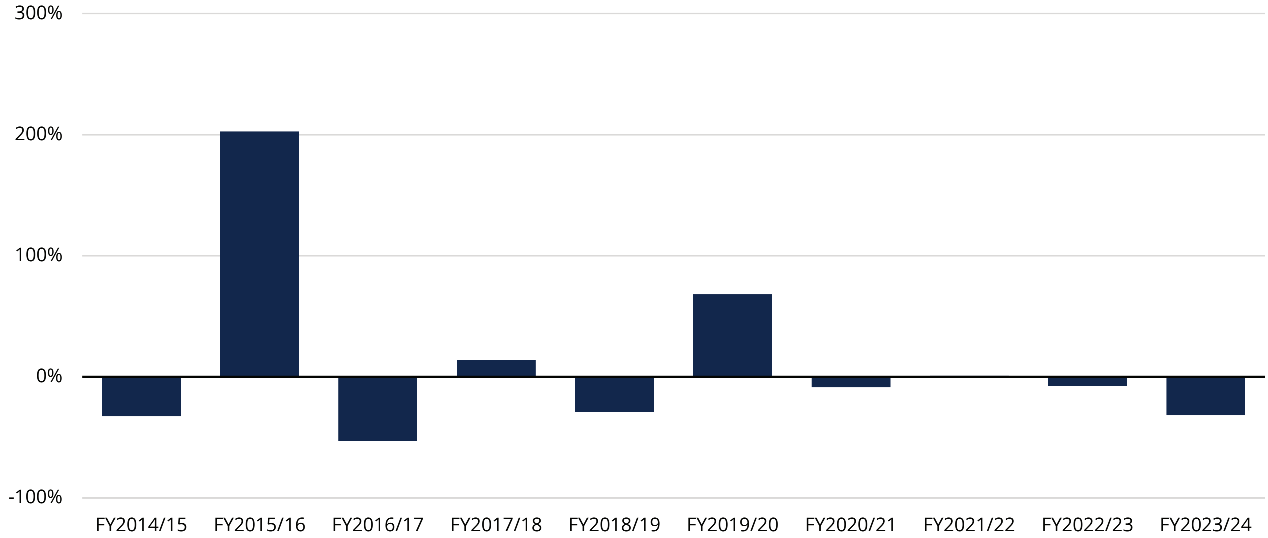
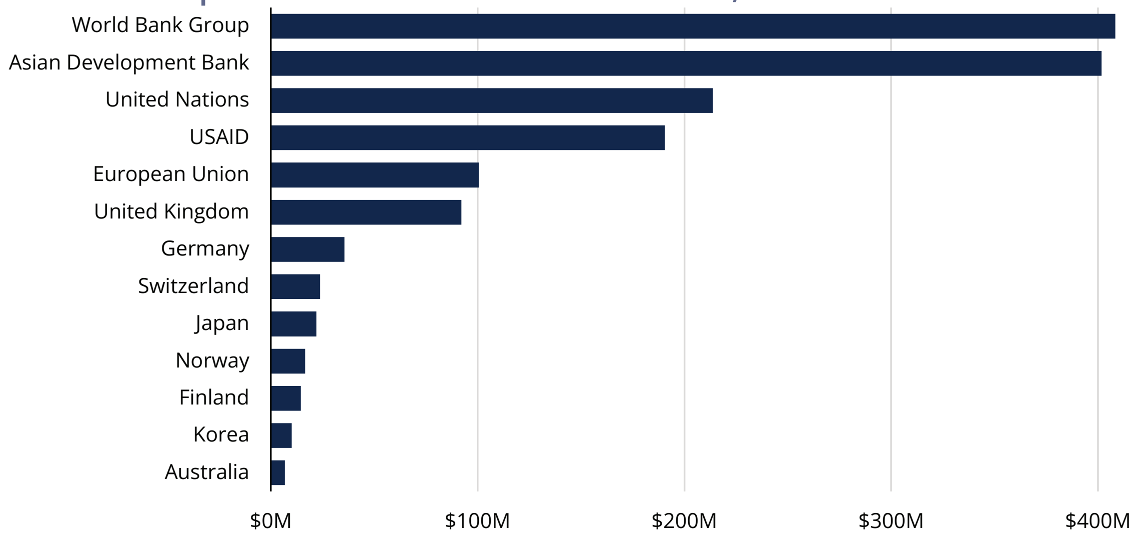


Figure 4.2 tracks the volatility of ODA commitments to Nepal between FY 2014/15 and FY 2023/24. The data is characterized by significant fluctuations, most notably a 202.6 percent surge in FY 2015/16 driven by post-earthquake relief, followed by several cycles of sharp declines and moderate recoveries. Most recently, commitments fell by 31.9 percent in FY 2023/24.

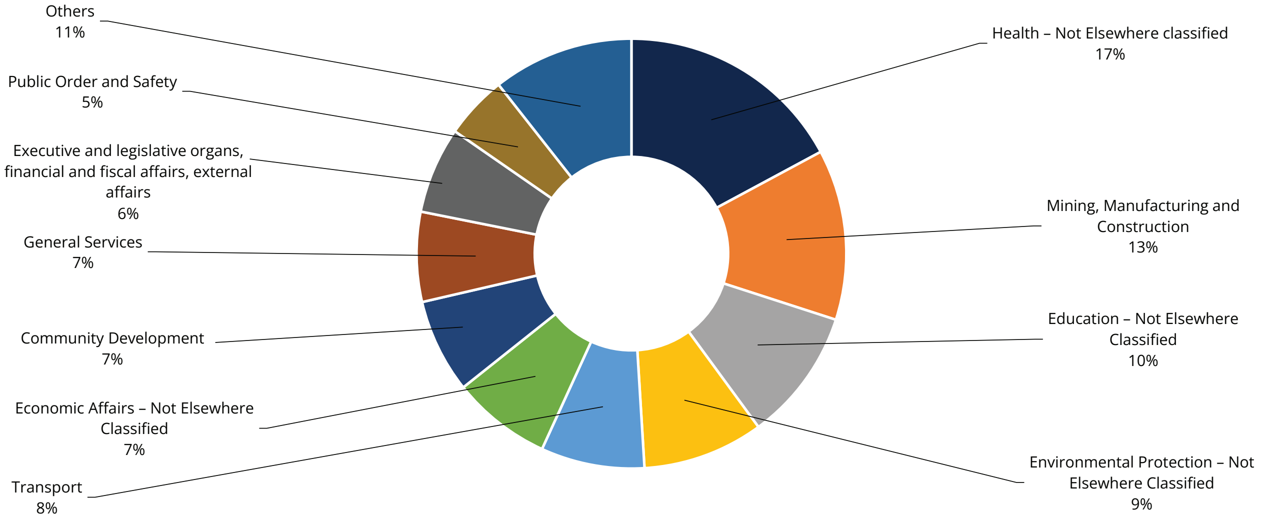
While these trends demonstrate that DPs are highly responsive to immediate shocks, the lack of a steady trend over the last decade has significantly eroded the predictability of aid volumes.

Figure 4.3: Development Partner wise Commitments, FY 2023/24



In FY 2023/24, the World Bank and the ADB were the primary sources of ODA commitments, providing approximately USD 408.4 million and USD 401.8 million, respectively. The United Nations Country Team secured USD 213.7 million for mobilization, while major bilateral support came from USAID (USD 190.4 million) and the UK (USD 92.1 million). Significant commitments were also made by other DPs, including the EU (USD 100.6 million), Germany (USD 35.6 million), and Switzerland (USD 23.8 million), followed by Japan, Norway, Finland, and Korea.

Figure 4.4: ODA Commitments to Nepal by Top 10 Sectors, FY 2023/24



In Fiscal Year 2023/24, ODA commitments to Nepal totaled approximately USD 1.51 billion, targeting several key priority areas. The Health sector received the largest share, accounting for 17.2 percent (USD 263.4 million) of total commitments, which underscores a sustained focus on public health infrastructure and emergency preparedness.

The Mining, Manufacturing, and Construction sector followed with 12.8 percent (USD 197.1 million), signaling a strategic emphasis on industrial growth. When combined with Transport (7.8 percent), infrastructure-related investments constitute a significant portion of the overall portfolio. Education remains a core pillar, receiving 10.0 percent (USD 152.9 million) of the total share, while Environmental Protection accounts for 9.1 percent (USD 139.7 million), reflecting the increasing integration of climate resilience into development partner strategies.

The remaining USD 663.2 million (43.2 percent) was distributed across a diverse range of sectors—including agriculture, forestry, social security, and various governance functions—indicating a high degree of commitment fragmentation.

As illustrated in Figure 4.4, while the data suggests a comprehensive and balanced investment approach across multiple sectors, the substantial volume of "Others" commitments may present challenges for aid coordination. The fragmentation of nearly half the aid across diverse categories makes it increasingly difficult to track specific development outcomes effectively.

CHAPTER 5 ODA DISBURSEMENTS

ODA disbursement refers to funds transferred from Development Partners (DPs) to the Government of Nepal, as well as payments made directly by DPs on behalf of the Government. For DP-implemented projects, funds are transferred directly to the designated executing or implementing agencies. In Nepal, DPs report actual disbursement data in real-time through the Development Finance Information Management System (DFIMS). DPs reported disbursing approximately USD 1.4 billion in FY 2023/24.

Figure 5.1: Total Disbursements, FY 2014/15 - 2023/24

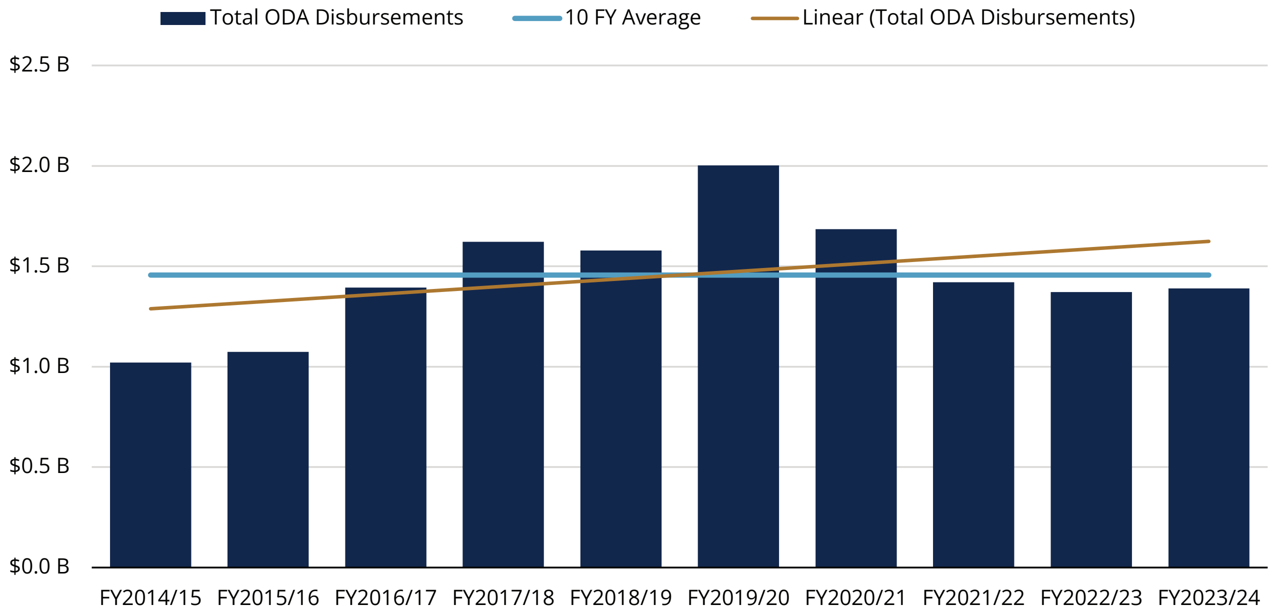


Figure 5.1 illustrates total ODA disbursements to Nepal from FY 2014/15 to FY 2023/24. While disbursements peaked at USD 2 billion in FY 2019/20, they have since steadily declined, leveling off at approximately USD 1.4 billion over the last three fiscal years (FY 2021/22 to FY 2023/24). As noted in previous reports (DCR, 2021/22 and 2022/23), this contraction is partly attributable to the lingering effects of the COVID-19 pandemic.

The pandemic, compounded by global geopolitical instability, has significantly influenced shifting donor priorities, domestic fiscal constraints, and gaps in administrative implementation capacity. Furthermore, Nepal's impending graduation from LDC status in 2026 may be influencing its eligibility and the volume of concessional funding available. Rather than reflecting an erosion of donor commitment, this downward trend should be viewed as a consequence of global upheavals and the resulting need to realign constrained resources.

Figure 5.2: Total ODA Disbursements, Year-on-Year Change, FY 2014/15 - 2023/24

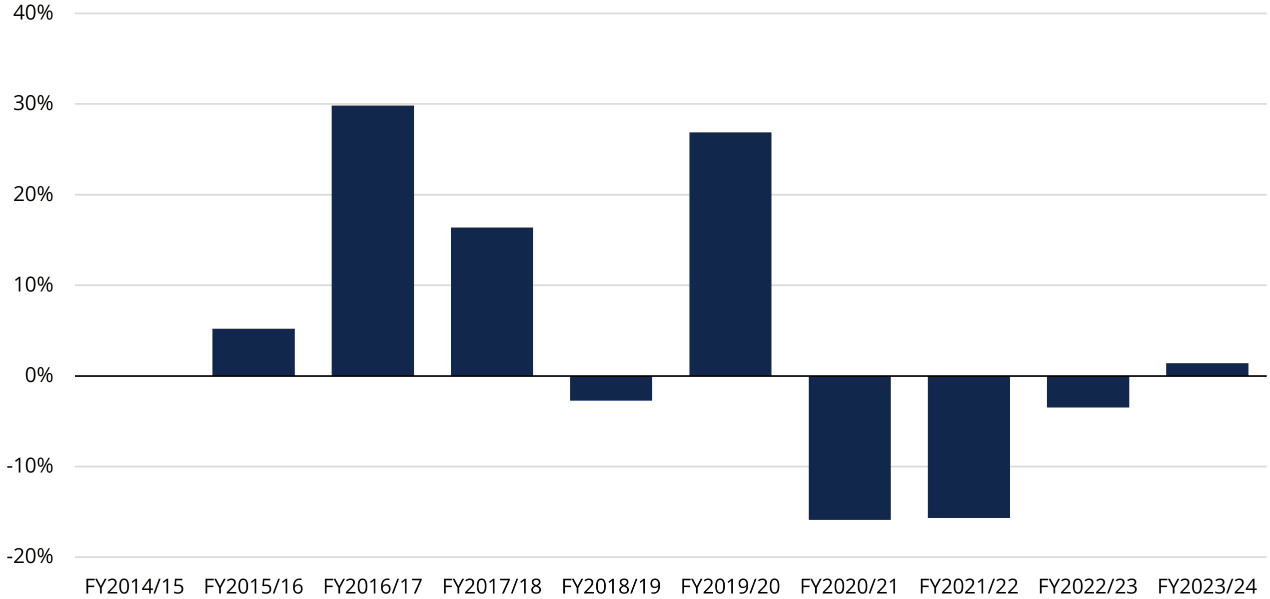
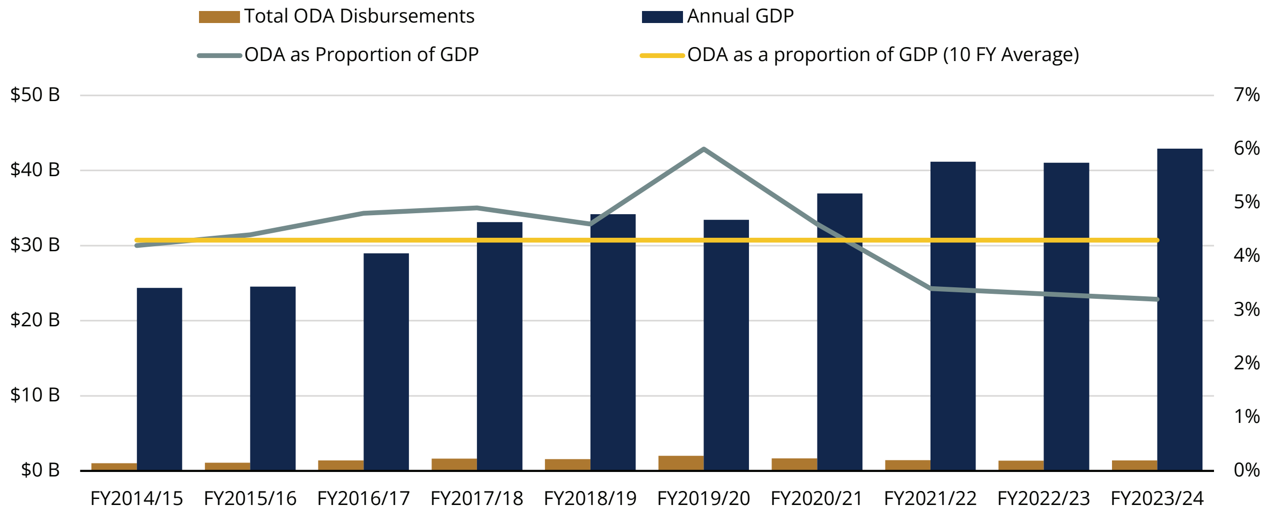


Figure 5.2 illustrates the annual percentage change in ODA disbursements. The most significant growth occurred between FY 2015/16 and FY 2016/17, with a 29.8 percent increase, attributable partly to flow of post-earthquake reconstruction aid.

Since FY 2019/20, disbursements saw two consecutive years of double digit contraction by -15.9 percent and -15.7 percent in FY 2020/21 and FY 2021/22, respectively. The most recent data available from FY 2023/24 indicates the decline has halted, showing a marginal growth of 1.4 percent.

The data shows a decade of ODA disbursement characterized by significant volatility. While disbursement between FY 2021/22 and FY 2023/24 are near the USD 1.4 billion threshold, the figures represent a 30 percent drop from the peak seen in FY 2019/20. The overall trend reflects the impact of global economic challenges and shifting donor priorities. Despite these fluctuations, ODA remains a vital pillar of Nepal's development finance.

Figure 5.3: ODA Disbursements Relative to GDP, FY 2014/15 - 2023/24



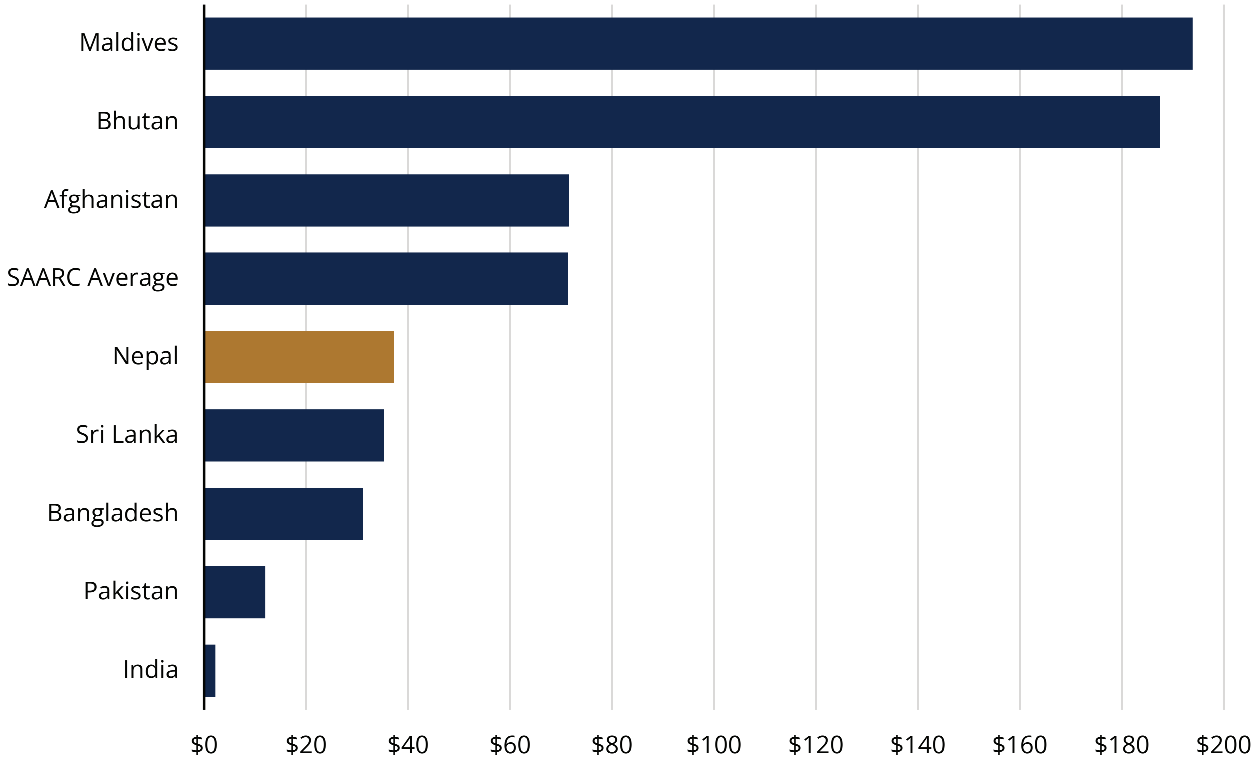
Source: Economic Surveys and DCRs, Ministry of Finance, Government of Nepal.

Over the past decade, a gradual decline in the ODA-to-GDP ratio has become evident. Figure 5.3 illustrates this trend from FY 2014/15 to FY 2023/24. Starting at 4.2 percent in FY 2014/15, the proportion fluctuated before reaching a peak of 6.0 percent in FY 2019/20. Since then, the ratio has steadily declined to 3.2 percent in FY 2023/24, which can be attributable to both the post-pandemic stabilization of aid and the significant expansion of Nepal's GDP.

5.1 ODA Per-Capita Comparisons

Figures 5.4 to 5.7 provide insight into Nepal's ODA per capita relative to other SAARC members and fellow Asian LDCs. Nepal's ODA mobilisation in 2024 stood at USD 37.1, placing it below the average among these nations.

Figure 5.4: ODA Received Per-Capita, SAARC Countries, (Current Prices), 2024

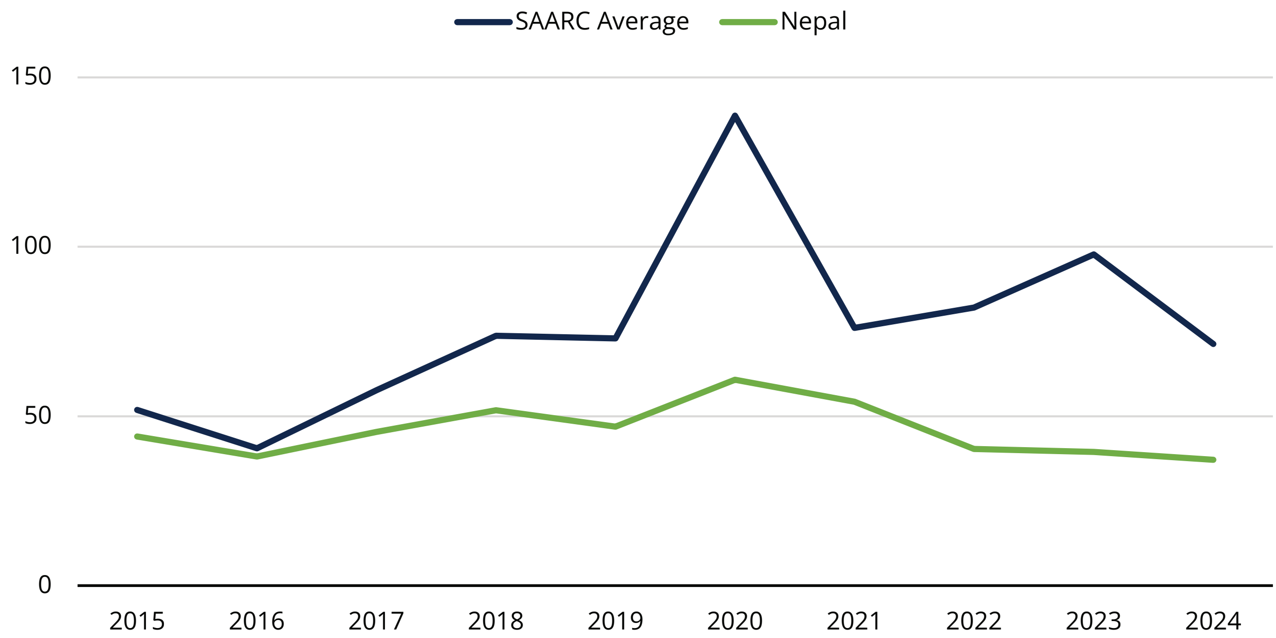


Source: World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

In 2024, Maldives (USD 193.9) and Bhutan (USD 187.5) recorded the highest ODA per capita in the SAARC region, significantly exceeding the regional average of USD 71.3. In contrast, Nepal's ODA per capita (USD 37.1) remained below the average though it was higher than that of Sri Lanka (USD 35.3), Bangladesh (USD 31.2), Pakistan (USD 12.0) and India (USD 2.2).

Per capita aid figures for each country are largely influenced by its population size, strategic importance, and the level of reliance on external funding—factors that present both opportunities and challenges. For Nepal, the relatively low per-capita aid levels suggest a dual opportunity: first, there remains significant "absorptive space" for additional ODA; and second, there is an urgent need to mobilize innovative and alternative development finance. As Nepal approaches its 2026 LDC graduation, diversifying its financial portfolio beyond traditional aid—through innovative financing instruments such as blended finance, green bonds, and increased private sector engagement—will be essential to sustain its development trajectory.

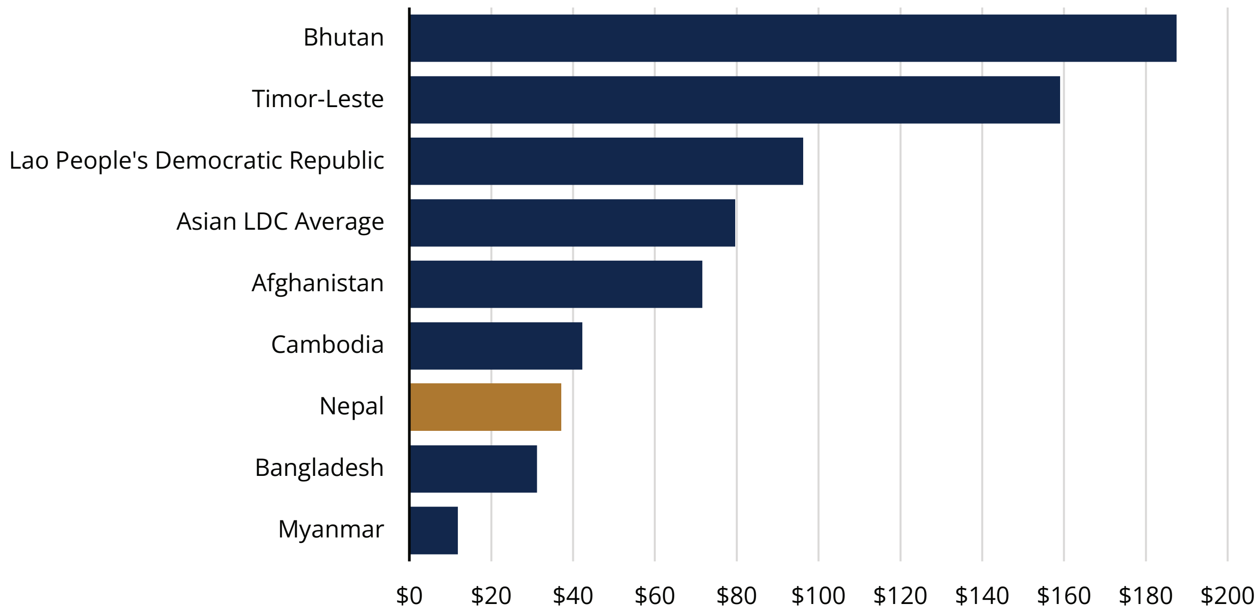
Figure 5.5: ODA Received Per-Capita, Nepal and SAARC Country Average (Current Prices), 2015-2024



Source: World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

Between 2016 and 2020, Nepal's ODA per capita exhibited a steady upward trend, rising from USD 38.08 in 2016 to a peak of USD 60.80 in 2020. This increase was likely influenced by the surge in emergency assistance associated with the COVID-19 pandemic. However, the trend subsequently reversed, with ODA per capita declining to USD 37.10 in 2024, marking its lowest level in the past decade.

Figure 5.6: ODA Received Per-Capita, Asian LDCs, (Current Prices), FY 2024



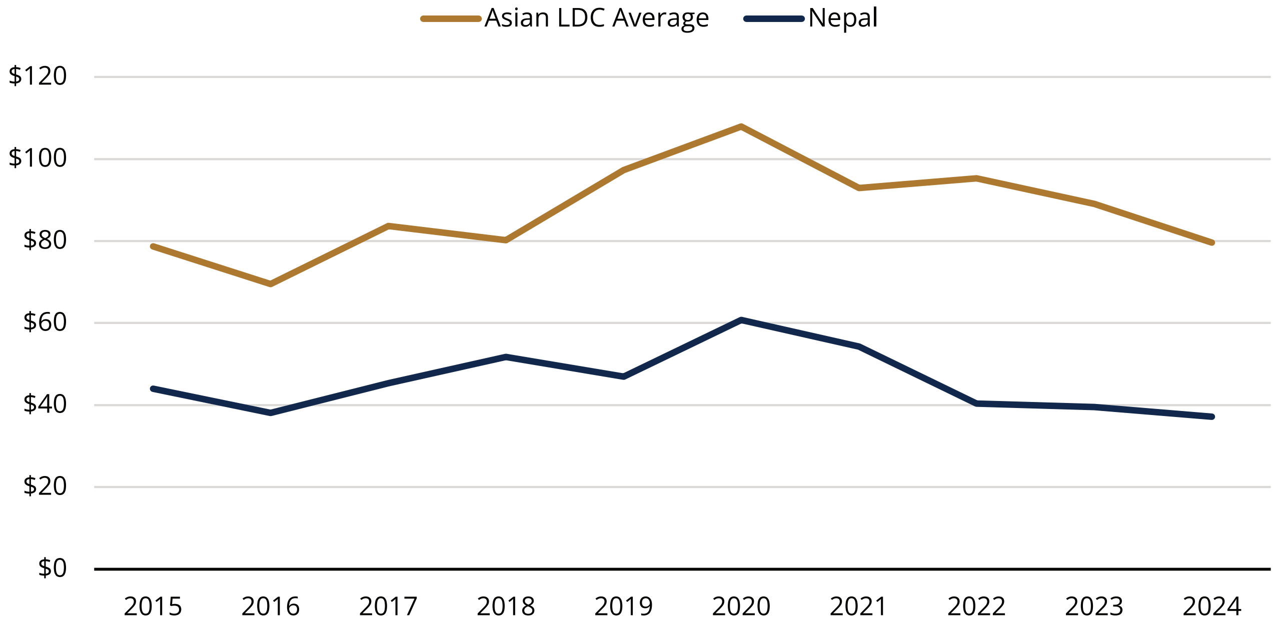
Source: World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

In 2024, Nepal's ODA per capita stood at USD 37.14, a figure significantly lower than the regional average of USD 79.59 for Asian Least Developed Countries (LDCs). While Nepal received more aid per person than Myanmar (USD 11.80) and Bangladesh (USD 31.16), it lagged drastically behind Bhutan (USD 187.49), Timor-Leste (USD 159.02), and Lao PDR (USD 96.25).

This disparity highlights that Nepal remained notably "under-aided" relative to the regional benchmark, even as it faces the impending "graduation cliff" in 2026. As the country transitions from the LDC category, access to grants and concessional financing is expected to shrink further.

To mitigate this, Nepal may implement multi-sectoral reforms under an Integrated National Financing Framework (INFF). Such a strategy is essential to mobilize diverse alternative funding streams— public and private, as well as domestic and international—while simultaneously enhancing the country's absorptive capacity to ensure that available aid is utilized effectively for sustainable growth.

Figure 5.7: ODA Received Per-Capita, Nepal and Asian LDC Country Average, (Current Prices), 2015-2024



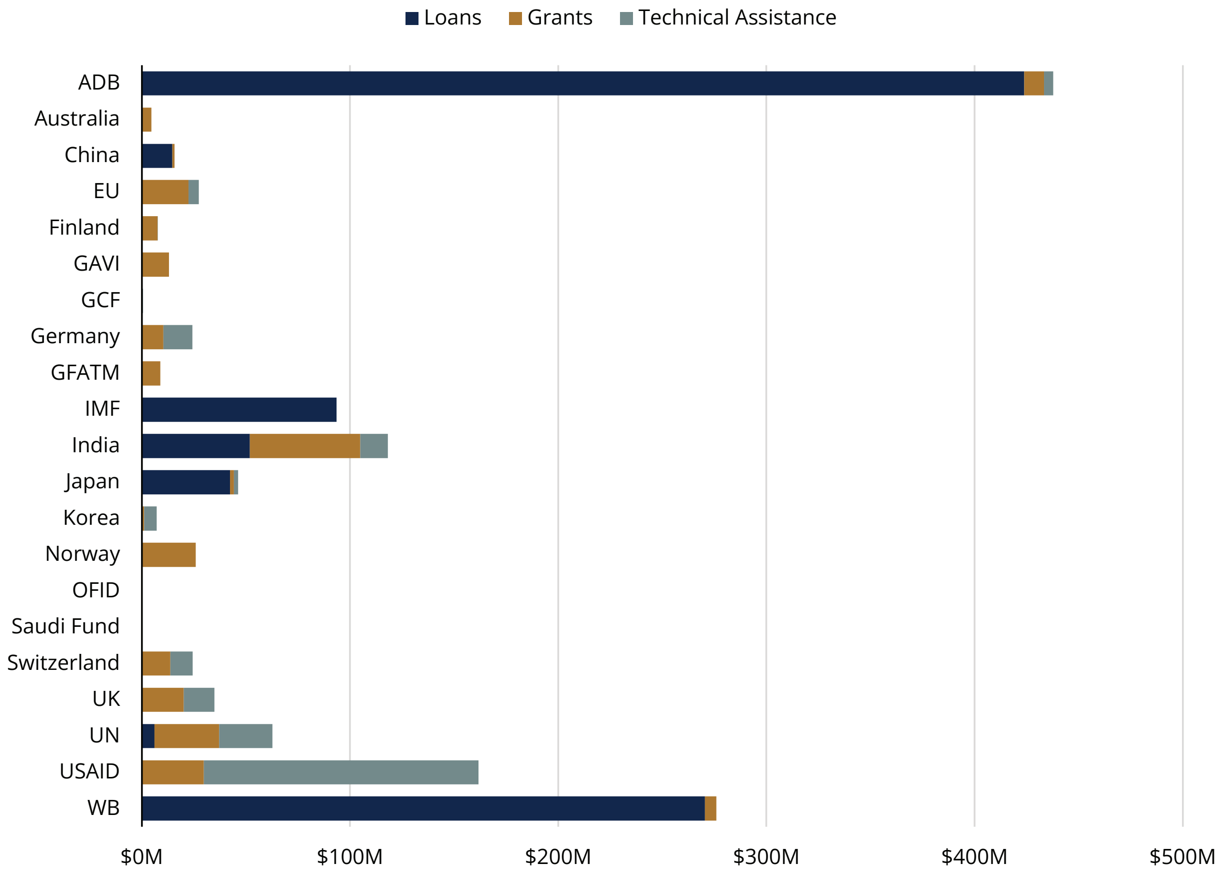
Source: World Bank, World Development Indicators and OECD Data Explorer (Table DAC2A)

Figure 5.7 presents a decade-long trend of ODA received per capita by Nepal and compares with Asian LDCs average. Nepal's per capita aid has consistently remained below the regional average over the last decade. As Nepal nears its LDC graduation in 2026, needful reforms for mobilising alternative resources and enhancing absorption capacity have become essential, which would also help reduce the SDG financing gap.

5.2 Assistance Types and Disbursement Modalities

Figures 5.8 and 5.9 present a detailed account of how ODA was disbursed by Nepal's DPs in FY 2023/24.

Figure 5.8: Disbursements Amount by Development Partner and Assistance Type, FY 2023/24



In FY 2023/24, the Asian Development Bank was the largest contributor, with disbursements over USD 437.7 million, of which around USD 423.8 million was extended as loans, USD 9.5 million as grants and the remaining USD 4.4 million as technical assistance. The World Bank followed, with total disbursements amounting to USD 275.9 million, composed of USD 270.4 million in loans and approximately USD 5.5 million in grants. USAID disbursed a substantial USD 161.7 million, comprising USD 131.9 million in technical assistance and USD 29.8 million in grants. India's contribution totaled USD 118.1 million, which included USD 51.9 million in loans, approximately USD 53 million in grants, and USD 13.2 million in technical assistance. While not reported separately, India's grants and technical assistance likely included various forms of in-kind support. Additionally, the IMF mobilized USD 93.6 million, consisting entirely of loans.

Other prominent development partners, including Japan, the UN Country Team, and China reported significant disbursements comprising loans, grants, and technical assistance. Meanwhile, the UK, Switzerland, Norway, Germany, Australia, the EU, GAVI, and the GFATM primarily provided grants and technical assistance. Although smaller in scale relative to the largest donors, these contributions continue to play an important role in driving Nepal's socioeconomic development.

Figure 5.9: Disbursements Percentage by Development Partner and Assistance Type, FY 2023/24

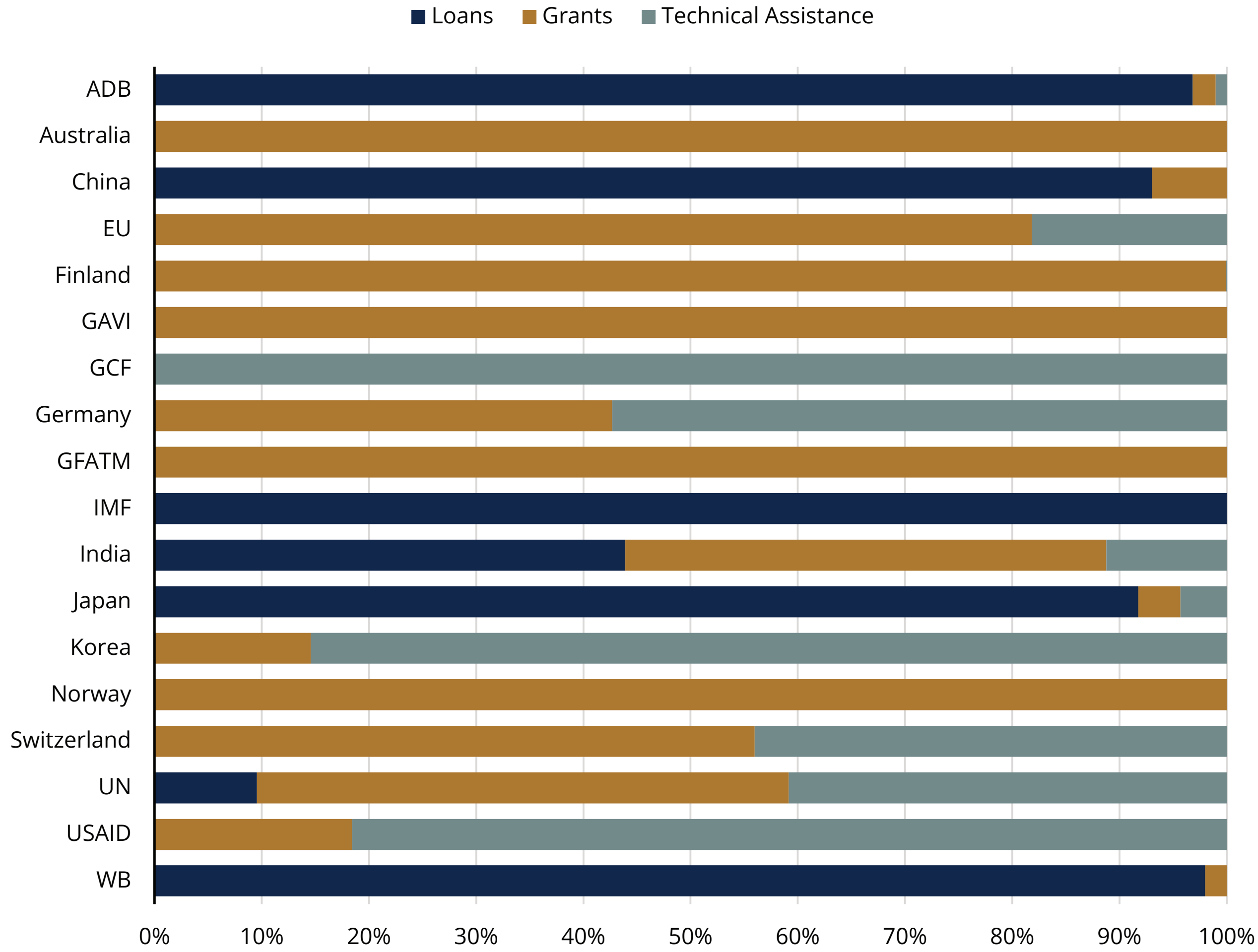


Figure 5.9 provides a breakdown of DPs' disbursements by type of assistance as a percentage of their total support. The data reveals distinct patterns in how DPs prefer to channel their aid. The WB and ADB disbursed the majority of their assistance as loans: 96.8 percent and 98.0 percent, respectively. USAID provided 18.4 percent as grants and 81.6 percent as technical assistance. India provided 43.9 percent as loans, 44.9 percent as grants and 11.2 percent as technical assistance, which also comprise in-kind support. Japan provided 91.8 percent of its disbursement in the form of loans, while the remaining share was divided between grants (3.9 percent) and technical assistance (4.3 percent). Some DPs such as the IMF and OFID disbursed their support exclusively through loans, accounting for 100 percent of each of their contributions. Norway, Australia, GAVI, and GFATM, provided 100 percent of their disbursements as grants. USAID's disbursements were heavily weighted toward technical assistance, accounting for 81.6 percent of its contributions, with the remaining 18.4 percent being grants. The UN country team mobilized 51.5 percent as grants, 38.6 percent as technical assistance and only 9.9 percent as loans. The GCF, being the source of global climate finance, provided its entire support as technical assistance.

Figure 5.10: Disbursements by Fiscal Year and Assistance Type, FY 2014/15 - 2023/24

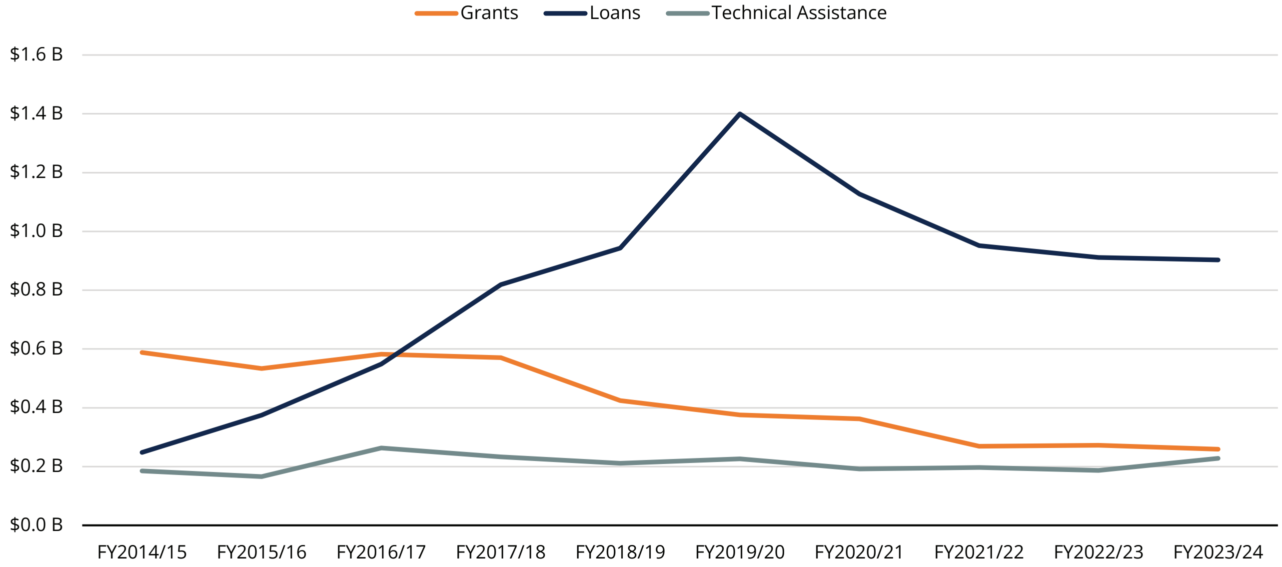


Figure 5.10 presents trends in Nepal's ODA disbursements between FY 2014/15 and 2023/24, highlighting notable shifts in the volume and composition of aid. In FY 2014/15, grants accounted for USD 587.9 million, compared to only USD 247.9 million in loans. Over the years, this balance shifted significantly. By FY 2019/20, loan disbursements had surged to a peak of USD 1.4 billion, more than triple the volume of grants in that year, which stood at USD 375.9 million. This growth in loans reflected increasing reliance on debt-financed development, likely in response to Nepal's creditworthiness. However, the trend reversed slightly in subsequent years. By FY 2023/24, loans had declined to USD 902.8 million, while grants had declined to USD 259.4 million.

Levels of technical assistance remained relatively stable over the years, with some fluctuations. It peaked at USD 263.4 million in FY 2016/17 but stood at USD 228.1 million in FY 2023/24. Overall, total ODA disbursement reached its highest level in FY 2019/20 at over USD 2 billion, before declining to approximately USD 1.4 billion in FY 2023/24, which was an increase of 35.5 percent from FY 2014/15 (USD 1 billion). This reflects a significant increase in overall ODA disbursement volume and an ongoing shift in donor strategies from grant-based to loan-based modalities.

Figure 5.11: ODA Disbursements by Fiscal Year and Assistance Type, Year-on-Year Change (%), FY 2014/15 - 2023/24

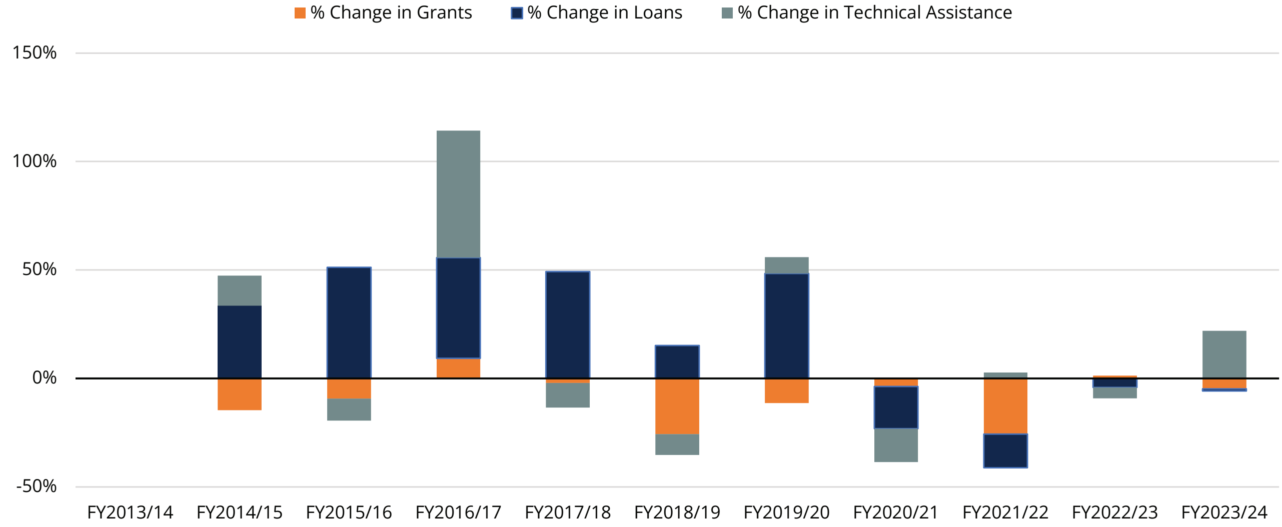


Figure 5.11 presents the year-on-year percentage change in ODA disbursements by assistance type (Grants, loans, and technical assistance) from FY 2014/15 to FY 2023/24.

The data reveals that grant disbursements have generally declined over the years, with a notable drop by 25.7 percent both in FY 2018/19 and FY 2021/22 after a growth of 9.2 percent in FY 2016/17.

Loan disbursements saw strong growth, notably from FY 2014/15 to FY 2019/20. However, this trend reversed from FY 2020/21 with a decline of 19.5 percent, followed by continued decreases in FY 2021/22 (15.6 percent), FY 2022/23 (4.2 percent) and FY 2023/24 (0.9 percent).

Technical assistance remained relatively stable throughout the period, with minor fluctuations. It registered a notable increase of 58.5 percent in FY 2016/17, but mostly saw moderate changes in other years, including a notable increase of 22.0 percent in FY 2023/24. The spike of TA was attributed to DPs proactive initiation for the post-earthquake reconstruction.

Figure 5.12: ODA Disbursements by Assistance Type, FY 2021/22 - 2023/24

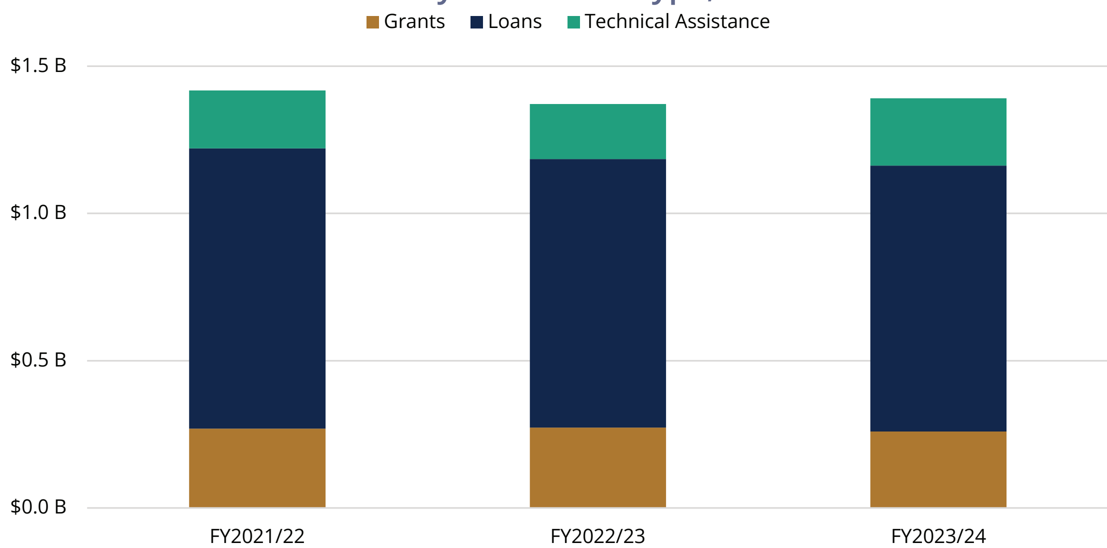


Figure 5.12 shows the actual disbursement volumes in USD for grants, loans, and technical assistance from FY 2021/22 to FY 2023/24. During this period, total grant disbursements declined from USD 269.1 million in FY 2021/22 to USD 259.4 million in FY 2023/24. Loan disbursements, while remaining the largest share of ODA, also declined from USD 951.3 million in FY 2021/22 to USD 902.9 million in FY 2023/24, reflecting a steady decrease over the three years. Technical assistance showed relative consistency in volume with slight fluctuations, ranging between USD 196.9 million in FY 2021/22 and USD 228.2 million in FY 2023/24.

Figure 5.13: ODA Disbursement by Assistance Type (% of total) FY 2023/24

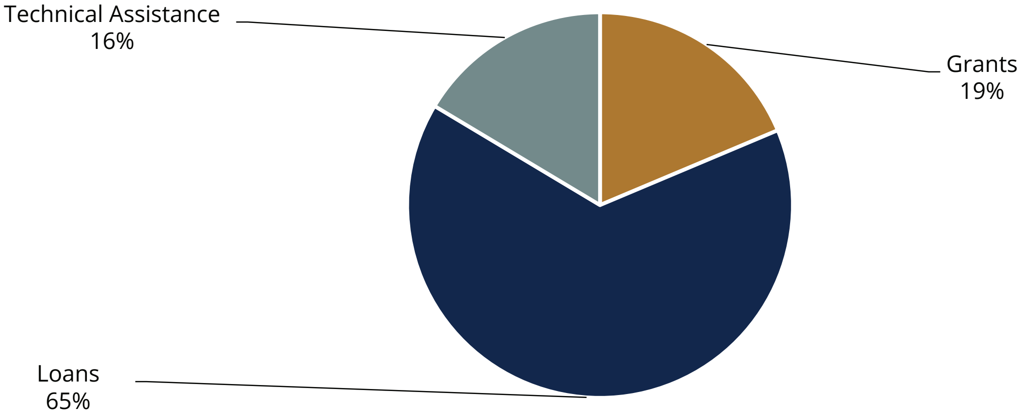


Figure 5.13 shows the percentage share of each type of assistance out of total disbursement in FY 2023/24. As observed in Figure 5.13, loan was dominant with 65.3 percent share followed by Technical Assistance (16.4 percent) and grant (18.7 percent). Grants have seen a consistent downward trend, dropping from USD 269.1 million in FY2021/22 to USD 259.4 million in FY2023/24. Following a peak in FY2021/22 (USD 951.2 million), loan disbursements have declined for two consecutive years, reaching a low of USD 902.8 million in the most recent fiscal year. Technical Assistance was the only category showing a significant rebound; after a slight dip in FY2022/23, it spiked by approximately 22 percent to reach USD 228.1 million in FY2023/24.

Figure 5.14: Loan Disbursements, FY 2023/24

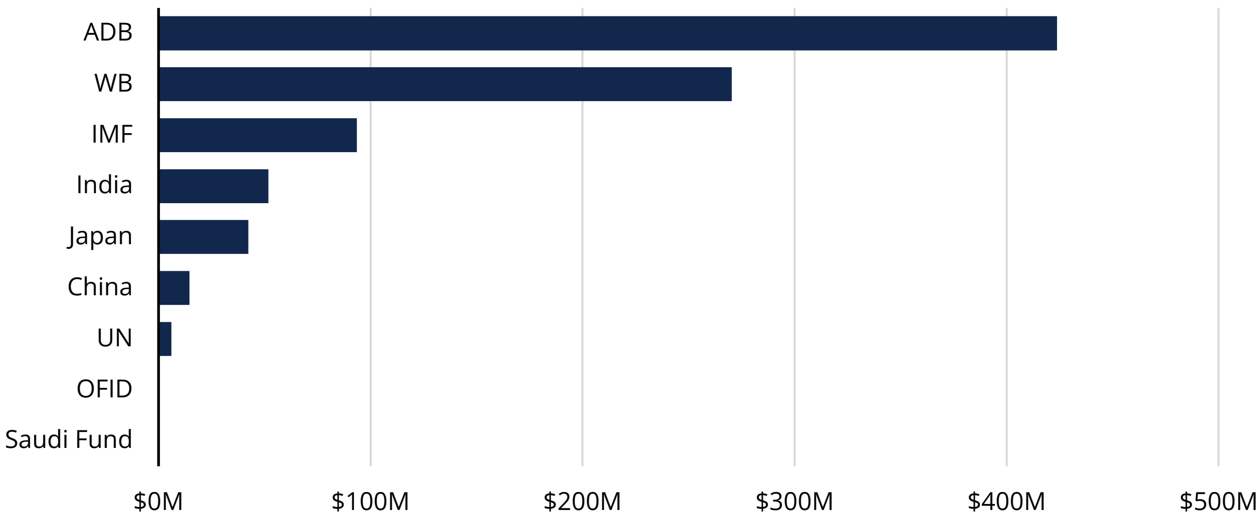


Figure 5.14 illustrates the distribution of loan disbursements by DP for FY 2023/24. The ADB was the largest loan provider, contributing approximately USD 423.8 million. This was followed by the World Bank with around USD 270.4 million and the IMF with about USD 93.6 million. Together, these three DPs disbursed loans accounting for nearly 87 percent of the total loan disbursements for the fiscal year. Other contributors included India (USD 51.9 million), Japan (USD 42.4 million), and China (USD 14.6 million), among others, with smaller but significant shares.

Figure 5.15: Grant Disbursements, FY 2023/24

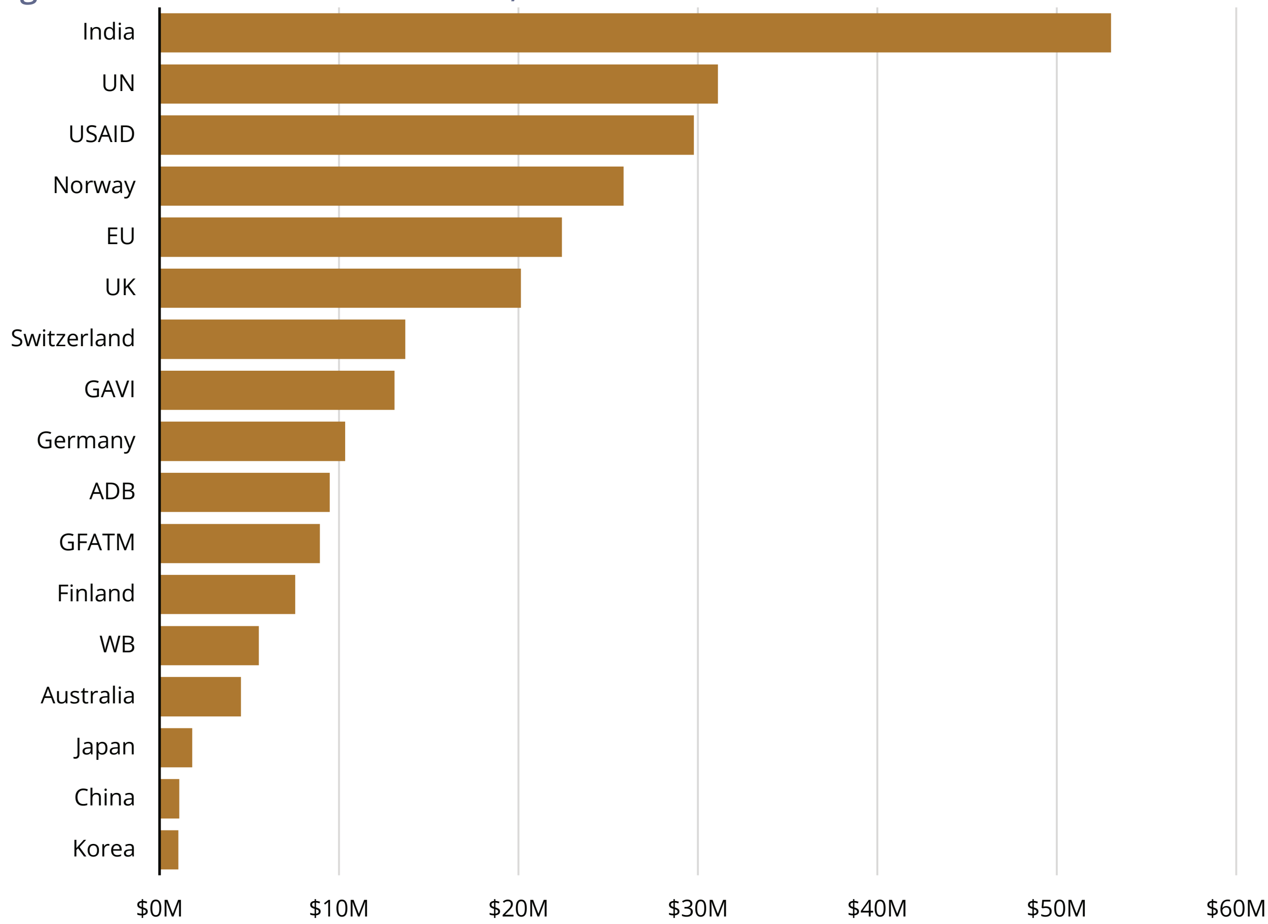
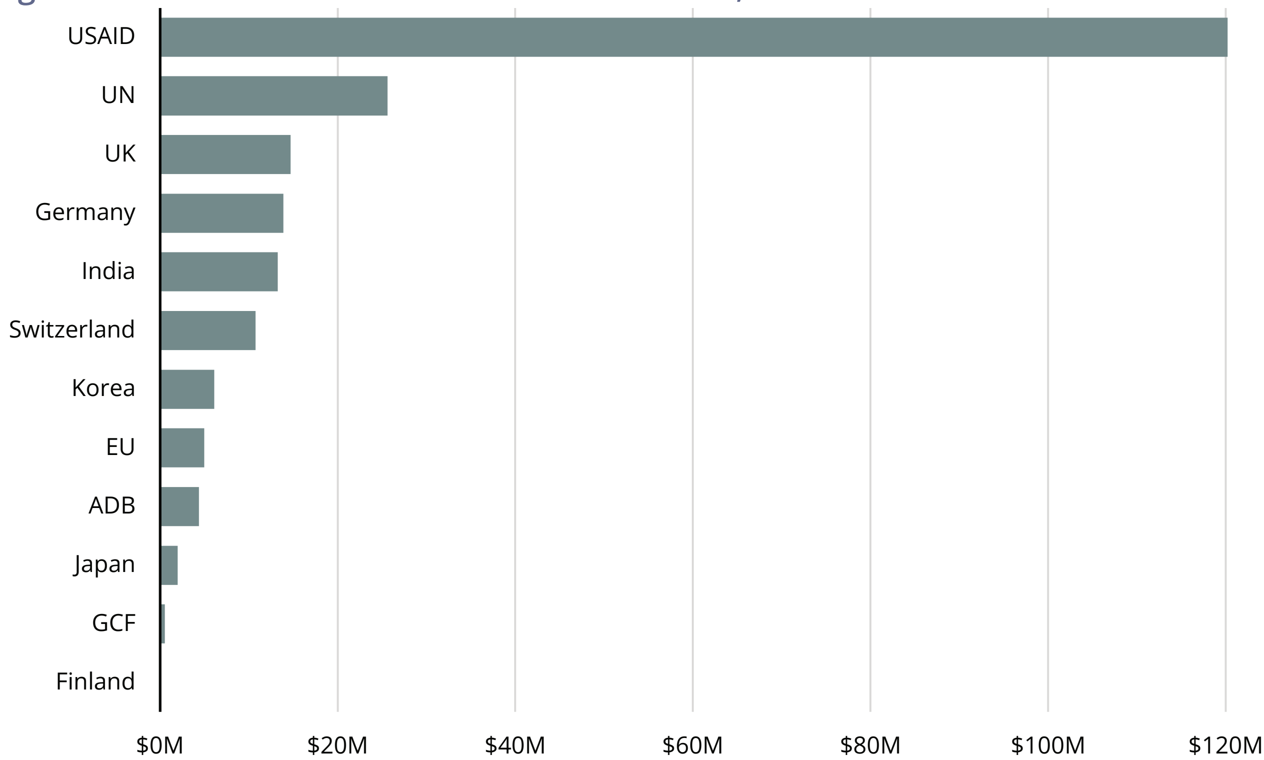


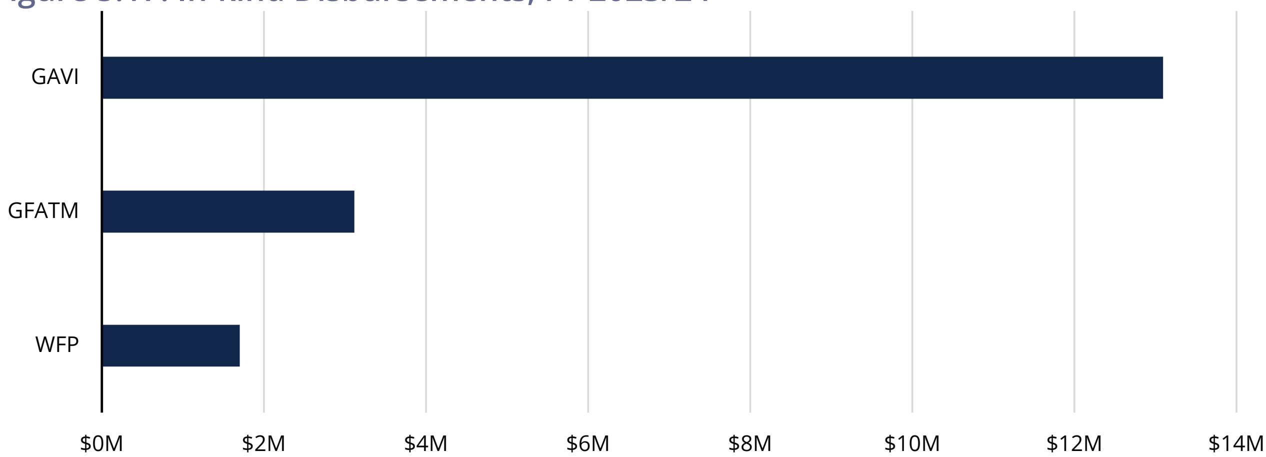
Figure 5.15 highlights India leading the list with grant disbursement amounting to approximately USD 53.0 million. The United Nations Country Team (USD 31.1 million), USAID (USD 29.8 million), Norway (USD 25.8 million), and the European Union (USD 22.4 million) followed as major grant contributors. Collectively, these top five DPs constituted about 20.4 percent of the total grants disbursed. Other contributors included the United Kingdom, Switzerland, GAVI, Germany, ADB, GFATM, Finland, WB, Japan, Australia, China and Korea. The scale of grants provided by the WB, ADB, and Japan was eclipsed by their substantial loan portfolios within the same period as observed in the Figure 5.14.

Figure 5.16: Technical Assistance Disbursements, FY 2023/24



Technical Assistance disbursed in FY 2023/24 amounted to approximately USD 224.8 million. USAID emerged as the dominant development partner in this category, contributing a significant USD 131.9 million accounting for more than 58.7 percent of the total TA disbursed. The United Nations (USD 25.6 million) and the UK (USD 14.7 million) were also major providers. Combined, these three DPs accounted for about 76.6 percent of the total technical assistance disbursed during the fiscal year. Other significant contributors included Germany, India, Switzerland, Korea, ADB, Japan, EU, GCF and Finland.

Figure 5.17: In-kind Disbursements, FY 2023/24



Source: Financial Comptroller General Office, Details of Expenditure, 2023/24.

Based on records from the Financial Comptroller General Office (FCGO) for FY 2023/24, recorded in-kind support was limited to three primary DPs: GAVI, GFATM, and WFP. While other DPs provided substantial in-kind assistance, these contributions were likely categorized as grants within the DFIMS or remained unreported.

GAVI facilitated the continuity of the National Immunization Programme through the direct supply of routine vaccines. GFATM (Global Fund) delivered essential commodities, including antiretrovirals (ARVs), anti-TB medications, and long-lasting insecticidal nets (LLINs) to combat HIV/AIDS, Tuberculosis, and Malaria. Similarly, WFP provided nutritional security through the distribution of fortified rice and supplements under the "School Meals" and "Mother and Child" programs, specifically targeting the Karnali and Sudurpaschim provinces.

A significant volume of in-kind support remains "off-budget" and unreported. Some DPs might have bypassed the DFMIS for non-cash contributions. Line ministries receiving direct commodity support failed to reconcile with the FCGO. To ensure fiscal transparency and a comprehensive overview of external aid, the Ministry of Finance must strengthen coordination mechanisms with both development partners and line ministries to mandate the reporting of all non-monetary assistance.

Figure 5.18: Comparison of Budget Support and Project/Program Support, FY 2014/15 - 2023/24

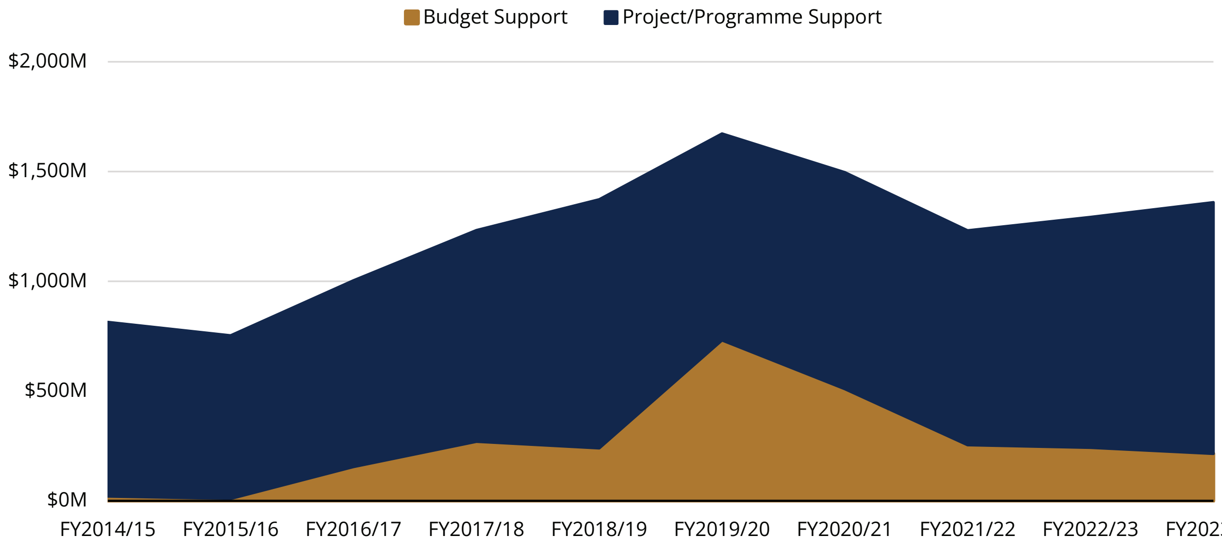


Figure 5.18 compares budget support and project/program support from FY 2014/15 to FY 2023/24. Though project-based and programme-based support are two distinct modalities, this report presents combined data of project and programme-based support to compare with budgetary support.

Budget support stood at USD 20.5 million in FY 2014/15. It declined and came down to USD 10.4 million in FY 2015/16. A significant spike occurred in FY 2016/17, rising to USD 155.3 million, mainly due to post-earthquake reconstruction efforts. Another sharp increase followed in FY 2019/20, reaching USD 731.5 million, linked to the early COVID-19 response measures. However, budget support declined again in subsequent years, dropping to USD 510.0 million in FY 2020/21, USD 254.9 million in FY 2021/22, USD 242.4 million in FY 2022/23, and to USD 215.5 million in FY 2023/24.

In contrast, project/program support remained the dominant modality, maintaining an overall upward trend since FY 2014/15, reaching USD 1,132.1 million in FY 2018/19 and peaking at USD 1,144.6 million in FY 2023/24. Although there were fluctuations—such as a dip to USD 941.6 million in FY 2019/20—project/program support consistently outpaced budget support throughout the decade.

The budget support modality is designed to enhance policy environments and governance in recipient countries, encouraging country ownership, alignment, predictability, and efficiency. In contrast, project and programme-based support focus on capacity enhancement, tangible deliverables, and the targeting of resources toward priority projects.

Budget support offers a high degree of flexibility in allocation, expenditure, and results, as it aligns directly with national systems, priorities, and programs. In contrast, standalone project-based support is typically donor-controlled and earmarked for specific initiatives, prioritizing the achievement of defined outputs over broader systemic impact. However, the effectiveness of budget support remains contingent upon the recipient's implementation capacity, the management of fungibility of the funds, and precise targeting. Embedded projects and programme-based support represent a middle ground between these two extremes, offering a strategic balance of flexibility and targeted oversight.

Figure 5.19: ODA Disbursements by Aid Modality, FY 2014/15 - 2023/24

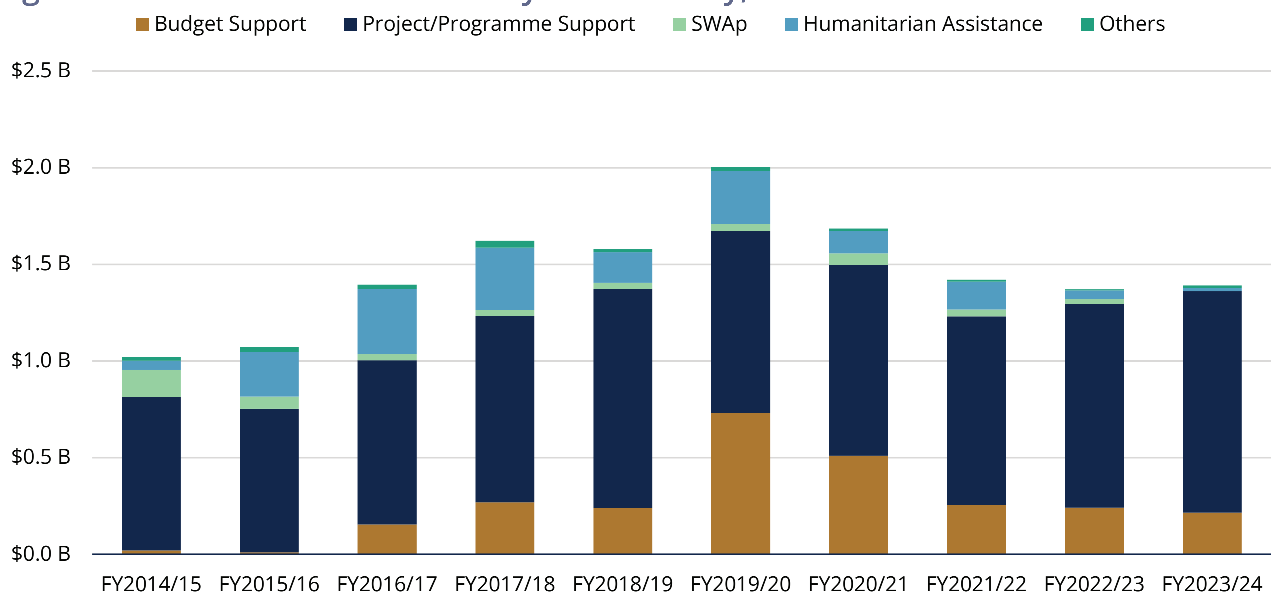


Figure 5.19 presents a comprehensive picture of ODA disbursements from FY 2014/15 through FY 2023/24, divided into five aid modalities: Budget Support, Project/Programme Support, SWAp, Humanitarian Assistance, and Others.

Departing from previous Aid Information Management Systems (AIMS), the new DFIMS does not categorize SWAp funding separately. Instead, all SWAp disbursements are now integrated into the Project/Programme Support category. Consequently, for the FY 2023/24 report, all historical SWAp data has been migrated and reclassified under the Project/Programme Support modality to ensure reporting consistency.

Budget support in Nepal fluctuated significantly over the last decade, peaking at USD 731.5 million in FY 2019/20. Driven by the COVID-119 pandemic, this surge saw the ADB, IMF, and World Bank mobilize critical funds such as the CARES Program and ECF, to bolster public health, economic resilience, and balance-of-payments needs. While FY 2023/24 disbursements (USD 215.5 million) represent a three-fold decline from the pandemic peak, they still mark a ten-fold increase compared to the USD 20.5 million recorded in FY 2014/15, signaling a long-term shift toward budget-support modalities.

Project and programme-based support has remained the dominant ODA modality, reaching USD 1,144.6 million in FY 2023/24. This represents a 44.1 percent increase over the decade since FY 2014/15. Despite a previous peak in FY 2018/19 (USD 1,132.1 million) and subsequent fluctuations, this modality continues to be the preferred vehicle for Development Partners.

The fiscal landscape for SWAp has shifted significantly over the past decade. Starting at USD 139.8 million in FY 2014/15, SWAp disbursements have followed a consistent downward trajectory, falling to approximately USD 26 million by FY 2022/23. This sharp reduction is primarily due to a strategic shift in aid modalities. The SWAp framework was retained mainly within the health and education sectors, reducing its overall footprint. Newer mechanisms, such as Program for Results (PforR) characterized by Disbursement-Linked Indicators (DLIs), and policy-based budget support, have largely superseded the traditional SWAp model. Reflecting these changes, SWAp was officially reclassified as project/programme support starting in FY 2023/24.

Humanitarian assistance saw a surge during FY 2015/16 through 2017/18, largely due to post-earthquake recovery efforts, followed by another peak in FY 2019/20 in response to the pandemic. However, support has tapered off in recent years, reaching the lowest in the decade with USD 16.9 million in FY 2023/24. The “Others’’ category has consistently been low but stable until FY 2023/24 presenting an increase from approximately USD 5.5 million in FY 2022/23 to USD 13.4 million.

Figure 5.20: Comparison of On/Off-Budget and On-Treasury Support, FY 2020/21 - 2023/24

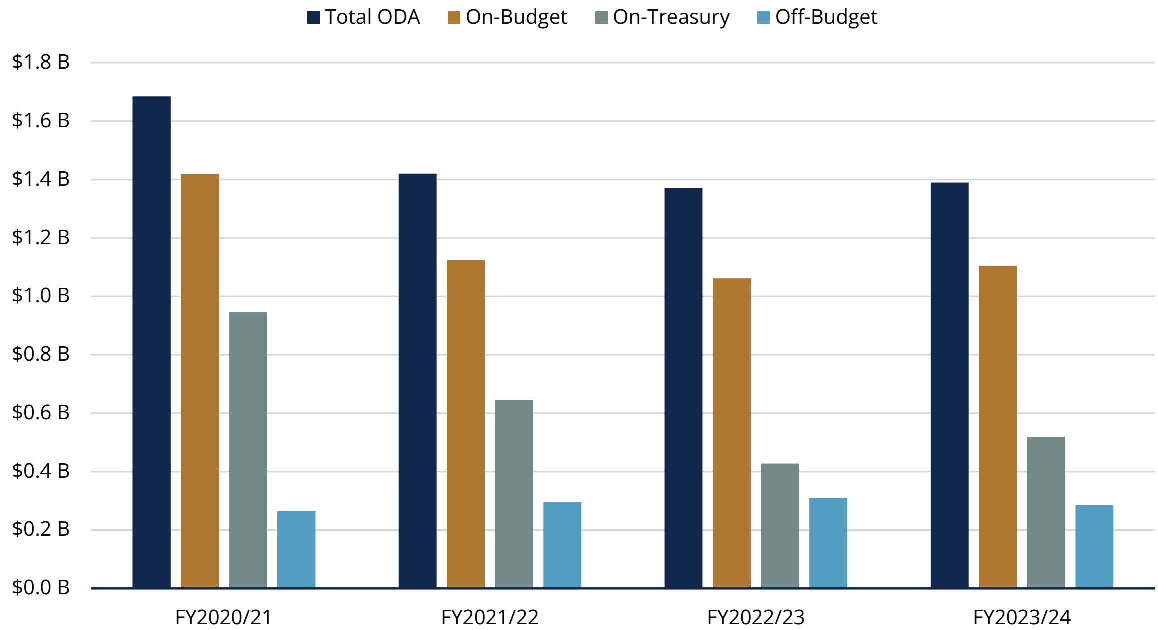


Figure 5.20 compares on-budget, on-treasury, and off-budget support from FY 2020/21 to FY 2023/24 against total ODA in each year. On-treasury ODA is a subset of on-budget ODA that is fully integrated and disbursed through national treasury systems. Off-budget reflects aid that is not included in the national budget, often managed by NGOs, DPs, or implemented independently of government systems.

In FY 2023/24, Nepal received a total of nearly USD 1.39 billion in ODA. Of this, approximately USD 1.10 billion (79.5 percent) was delivered as on-budget support, while the remaining USD 285.1 million (20.5 percent) was off-budget. Within the on-budget support, USD 518.9 million (approximately 46.95 percent of on-budget ODA) was channelled through the government’s treasury system.

Figure 5.21: Comparison of On/Off-Budget and On-Treasury Support, Year-on-Year Change (%), FY 2022/23 - 2023/24

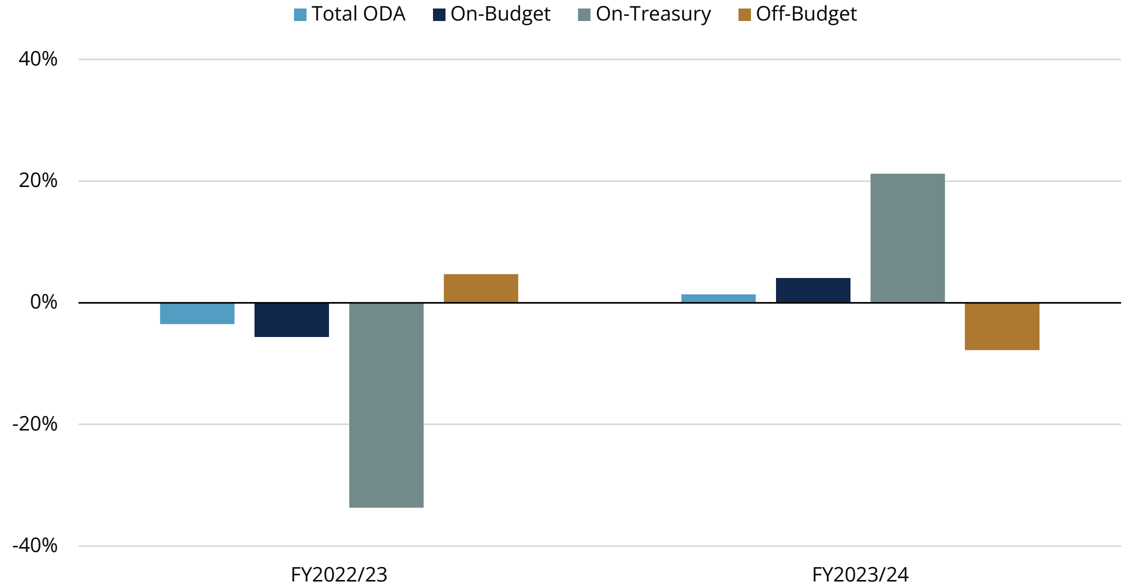


Figure 5.21 illustrates the year-on-year percentage change in total ODA, on-budget, off-budget, and on-treasury support in FY 2022/23 and FY 2023/24. Total ODA has contracted by 3.5 percent in FY 2022/23 but recovered by 1.4 percent in FY 2023/24.

On-budget support showed mixed results over the two fiscal years, dropping by 5.6 percent in FY 2022/23 but seeing a recovery of 4.1 percent in FY 2023/24. On-treasury support experienced significant volatility. After falling by 33.7 percent in FY 2022/23, it saw a notable recovery of 21.2 percent in FY 2023/24. In contrast, off-budget support reversed its recent growth trend. While it increased by 4.7 percent in FY 2022/23, it recorded a decline of 7.8 percent in FY 2023/24.

The figure- 5.20 shows that overall ODA remained broadly stagnant over the two fiscal years, with only a marginal recovery in FY 2023/24, suggesting limited momentum in external financing growth. The sharp swings in on-treasury support, particularly the large decline followed by partial recovery, indicate structural volatility in channeling aid through government systems, which could complicate fiscal planning and budget predictability. The decline in off-budget support following a period of growth suggests a rebalancing toward government-managed modalities, whereas the mixed trends across categories necessitate a deeper look into underlying drivers, such as project cycle bottlenecks, disbursement delays, or policy shifts.

Figure 5.22: Comparison of On/Off-Budget and On-Treasury Support (%), FY 2020/21 - 2023/24

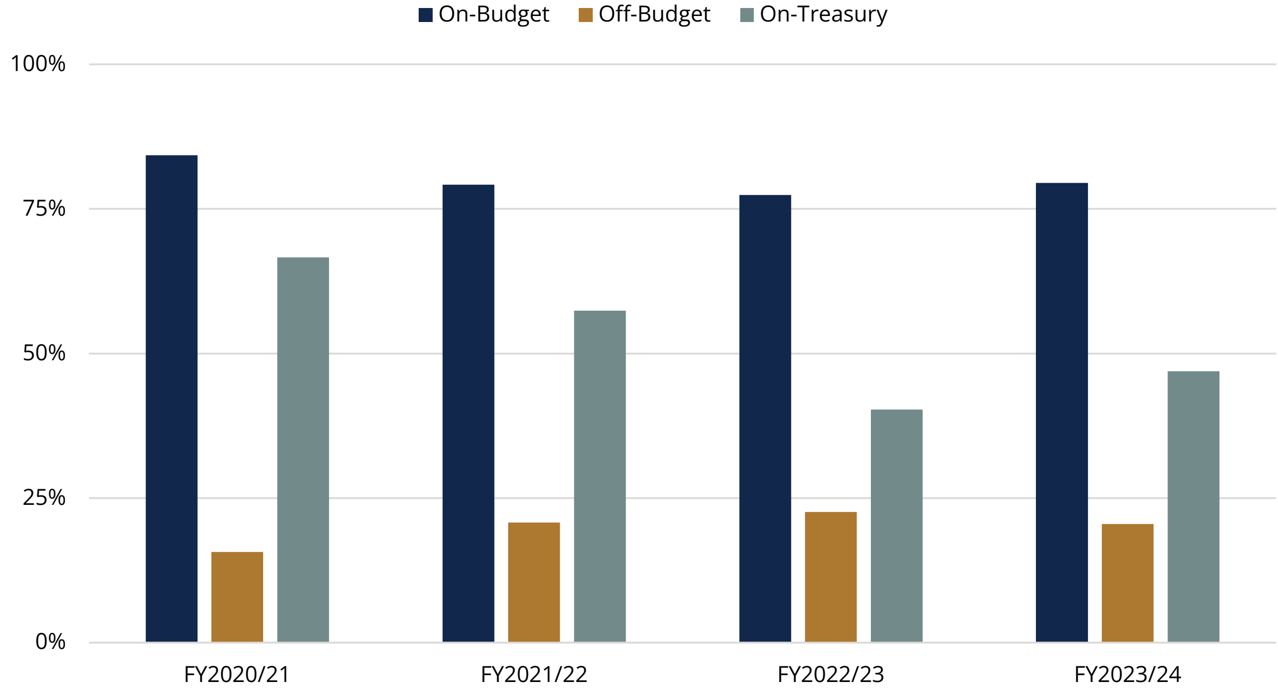


Figure 5.22 illustrates the proportion of on-budget and off-budget support relative to total ODA and on-treasury support relative to on-budget support over the period FY 2020/21 to FY 2023/24.

On-budget support, which refers to aid recorded in Nepal's national budget and thereby under greater government control, has remained relatively stable. While it showed a gradual decline reaching 77.4 percent of total ODA in FY 2022/23, it saw a slight recovery to 79.5 percent in FY 2023/24. This indicates that the significant share of ODA continues to align with the national budget with minor annual fluctuations.

Off-budget support on the other hand, which bypasses the national budget system and is directed straight to implementing agencies or projects, had been gradually increasing to reach 22.6 percent in FY 2022/23, but decreased slightly to 20.5 percent of total ODA in FY 2023/24.

On-treasury support, which represents the portion of aid both budgeted and disbursed through the government system, accounted for 66.6 percent of on-budget support in FY 2020/21. This share retreated significantly over the following two years, falling to 57.4 percent in FY 2021/22 and 40.3 percent in FY 2022/23. However, the trend saw a notable reversal in FY 2023/24, with support rebounding to 47 percent.

Figure 5.23: Comparison of On-Budget and Off-Budget by Development Partner, FY 2023/24

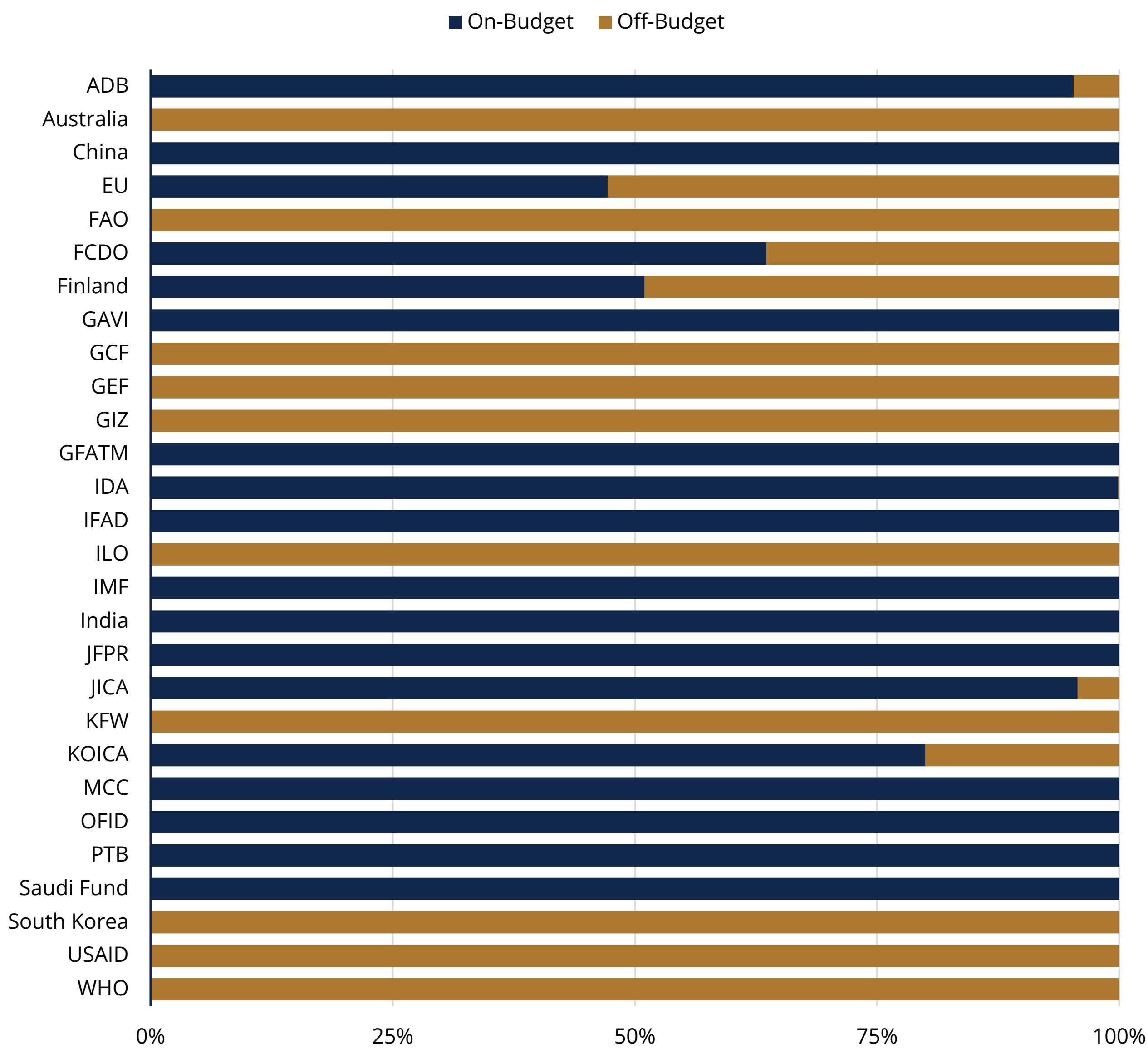


Figure 5.23 presents a comparative analysis of on-budget and off-budget support disbursed by various DPs during FY 2023/24.

During FY 2023/24, DPs such as China, GAVI, the Global Fund, and the IMF fully reflected their support in the national budget. High levels of alignment were also observed from IDA (99.9 percent), JICA (95.7 percent), ADB (95.3 percent), and SDC (94.9 percent), all of whom reflected nearly all support in the national budget.

Some DPs employed a more balanced approach. The FCDO (63.6 percent on-budget, 36.4 percent off-budget), European Union (47.2 percent on-budget, 52.8 percent off-budget), and Finland (51.0 percent on-budget, 49.0 percent off-budget) show a mix of modalities reflecting a dual strategy that combines support for national policy implementation with targeted development initiatives.

Conversely, DPs like Norway (80 percent) and UNDP (78.6 percent) relied significantly on off-budget channels. Others—including Australia, FAO, GCF, GEF, GIZ, ILO, KfW, South Korea, and various UN agencies (UN Habitat, UNFPA, UNICEF, WFP, WHO)—as well as USAID, provided support entirely outside the national budget framework. Donors often favor this approach to bypass domestic public financial management systems, seeking faster disbursement and more agile implementation for priority projects or technical assistance

While funding modalities vary based on DP objectives and operational models, the use of extra-budgetary channels diverges from Nepal's constitutional directives and policy priorities. Such off-budget activities can undermine national institutional capacity and weaken public financial management systems.

5.3 Contribution to the National Budget

Figure 5.24: ODA Allocation as a Share of the National Budget (%), FY 2014/15 - 2023/24[3]

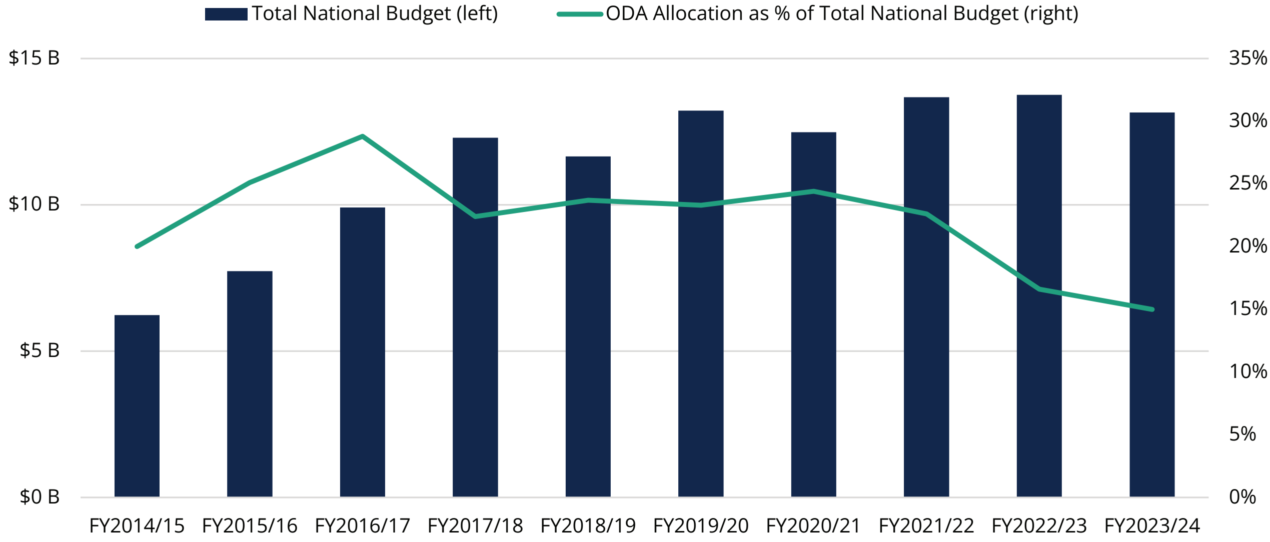


Figure 5.24 shows that ODA fell to 15.0 percent of the national budget in FY 2023/24, down from 16.6 percent the previous year. This represents its lowest share in a decade.

As shown in Figure 5.23, ODA peaked at 28.8 percent of the national budget in FY 2016/17. Since then, it has stayed below 25.1 percent. Declining share of ODA reflects both the DPs policy shift and the recovery in the domestic resource mobilization.

3 Data sourced from various budget speeches of the Ministry of Finance and are publicly available in the official website and related government publications.

Figure 5.25: Total Budget vs Total Budget Expenditure, FY 2014/15 - 2023/24[4]

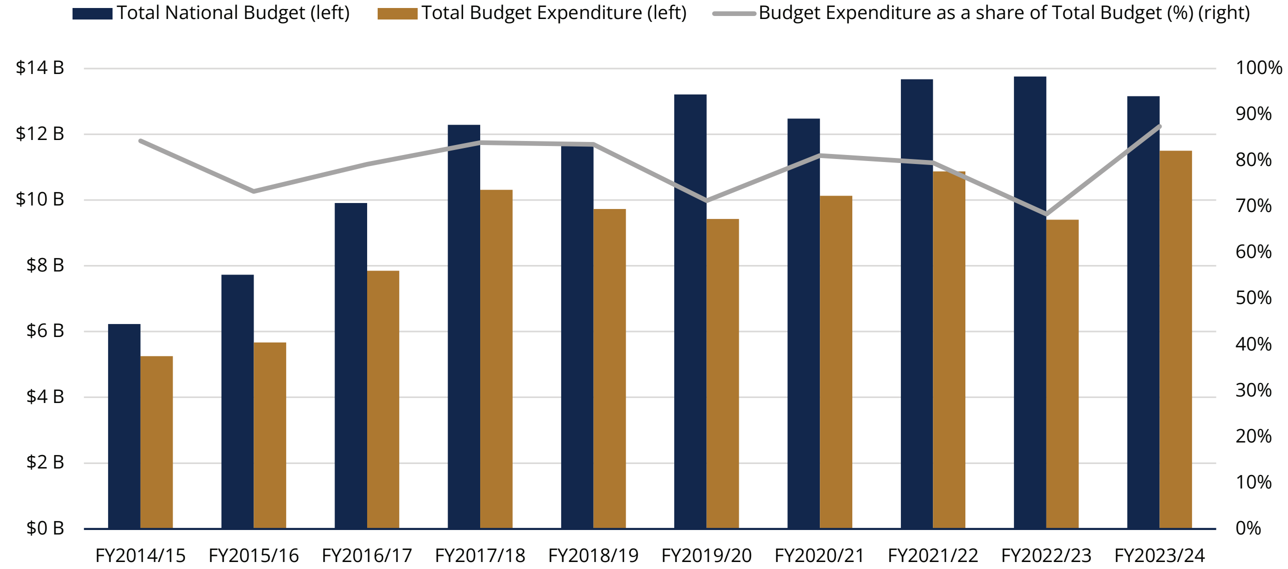


Figure 5.25 indicates a general upward trend in both the size of the national budget and total budget expenditure. The national budget more than doubled from approximately USD 6.2 billion in the FY 2014/15 to approximately USD 13.2 billion in the FY 2023/24. At the same time, overall budget expenditure more than doubled, rising from USD 5.3 billion in FY 2014/15 to USD 11.5 billion in FY 2023/24.

Between FY 2022/23 and FY 2023/24, Nepal's total national budget decreased by approximately 4.3 percent (from USD 13.8 billion to USD 13.2 billion). Despite this reduction in the overall allocation, total budget expenditure rose significantly by 22.3 percent, increasing from USD 9.4 billion to USD 11.5 billion. This is a notable reversal from FY 2021/22 and 2022/23, when expenditure growth was negative.

This upward trend in actual spending suggests a marked improvement in the nation's absorptive capacity and budget implementation strategies. To sustain this momentum, a deeper analysis of disaggregated data will be essential to refine future implementation strategies and ensure long-term efficiency.

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4 Data sourced from various budget speeches delivered by the Ministry of Finance, Government of Nepal, and from the LBMIS (Line Ministry Budget Management Information System) database.

Figure 5.26: Total Budget Expenditure vs Total ODA Expenditure, FY 2014/15 - 2023/24[5]

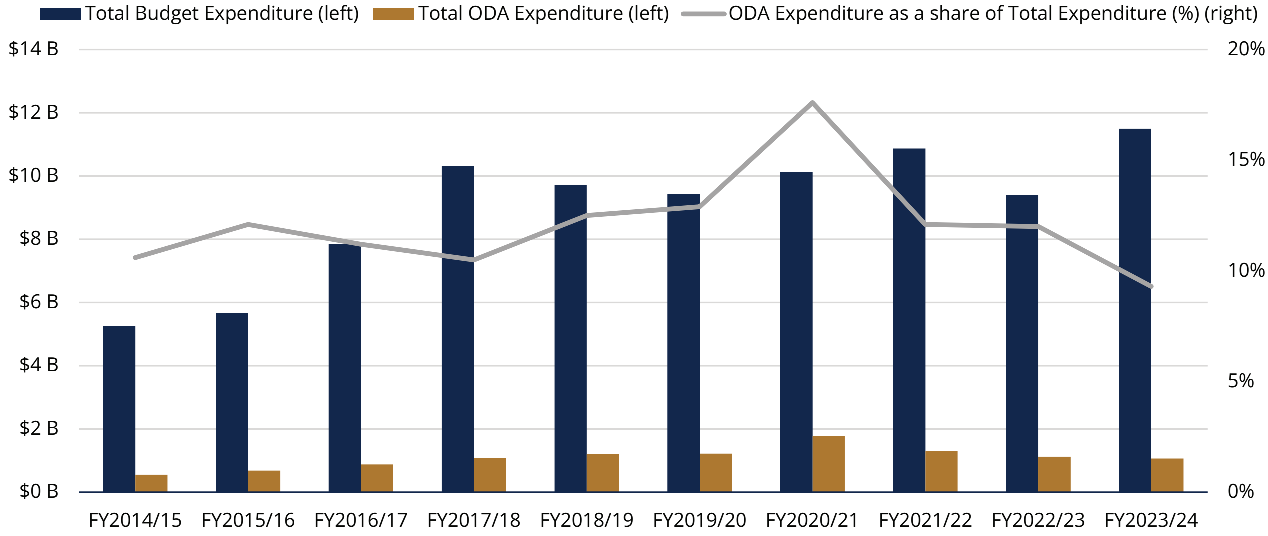


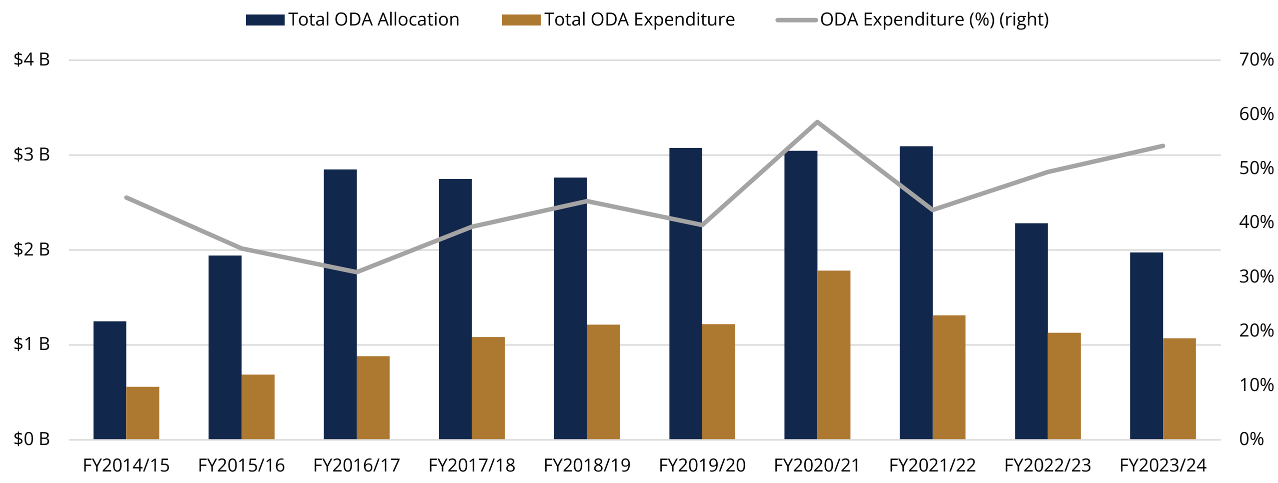
Figure 5.26 illustrates the comparative trends of Nepal's total budget expenditure and ODA expenditure from FY 2014/15 through FY 2023/24. In this context, total budget expenditure represents the actual spending on all national requirements, whereas ODA expenditure reflects the portion of foreign aid utilized within each fiscal year.

During this period, the proportion of ODA expenditure relative to total expenditure fluctuated between 9.3 percent and 17.6 percent. The highest share was recorded in FY 2020/21, when ODA expenditure constituted 17.6 percent of total government spending. This spike coincided with the peak of the COVID-19 pandemic, reflecting the government's capacity to leverage external support in response to unprecedented challenges.

In FY 2023/24, the total budget expenditure was approximately USD 11.5 billion, reflecting a 22.3 percent increase from the preceding year's USD 9.4 billion. Concurrently, ODA expenditure amounted to approximately USD 1.07 billion, marking a decrease of approximately 5.2 percent from USD 1.13 billion in FY 2022/23. As a result, ODA comprised 9.3 percent of the total government expenditure, which is below the previous year's 12.0 percent and represents the lowest share in the decade.

5 National Budget data is sourced from the Budget Speech, while expenditure figures are extracted from the LBMIS database.

Figure 5.27: ODA Allocation and ODA Expenditure, FY 2014/15 - 2023/24[6]



The relationship between ODA allocation and actual expenditure offers important insights into both the Government's absorptive capacity and the complexity of donor requirements. It reflects the ability to convert agreed commitments into disbursements that generate tangible development outcomes.

Figure 5.27 shows a generally declining and volatile trend. ODA allocation peaked at nearly USD 3.1 billion in FY 2021/22, before falling to USD 2.0 billion in FY 2023/24, including a 13.5 percent decline from FY 2022/23. While allocations expanded up to FY 2021/22, the subsequent decline warrants closer examination of its underlying causes and implications.

Persistent gaps between allocation and expenditure highlight both capacity constraints within Nepal and issues related to ODA predictability, project readiness, and procedural complexities on the part of both the Government and development partners.

Reducing this gap requires stronger adherence to aid effectiveness principles and global partnership commitments. The continued prevalence of off-budget and stand-alone projects that bypass government systems remains a concern. Greater emphasis should be placed on selecting bankable, demand-driven projects aligned with national capacity to improve execution and strengthen country ownership.

While multilateral and several bilateral partners have shown better predictability and alignment with national systems, challenges persist among many development partners.

6 ODA Allocation data is sourced from budget speech of various fiscal years and ODA expenditure from LMBIS

CHAPTER
6
PREDICTABILITY

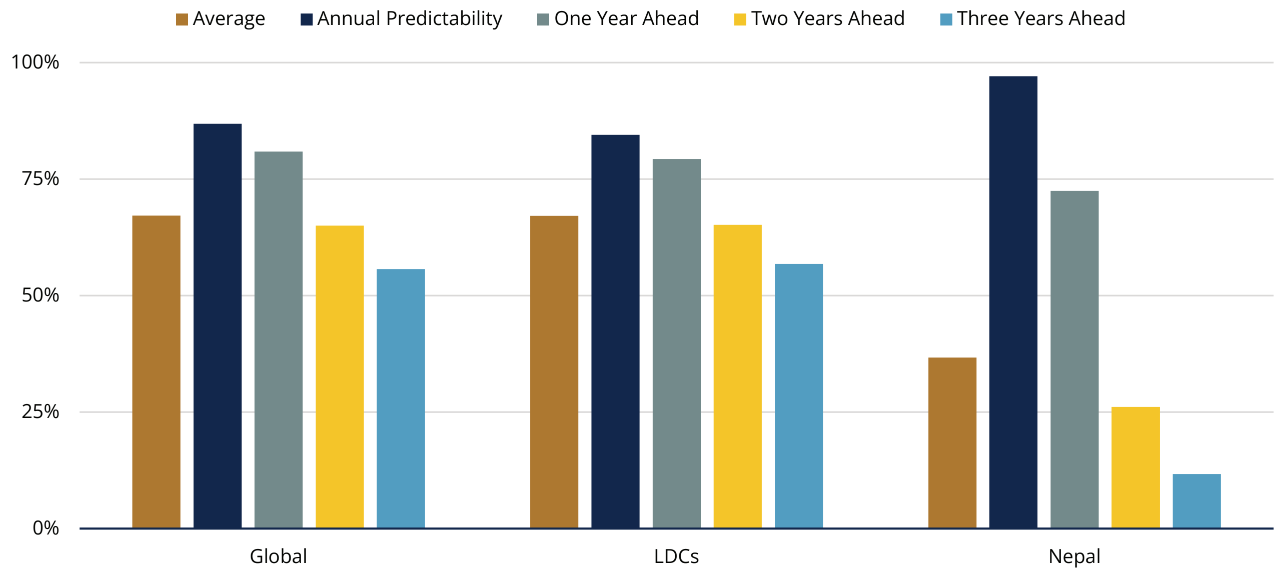
The availability of accurate and timely information on development cooperation is critical to annual budget planning and effective management of development finance for partner countries. Besides, such data also enables DPs for focused and efficient aid allocation, reducing fragmentation and duplication of interventions.

Various studies including Celasun and Walliser (2008) and Kodama (2012) reveal that inconsistencies between projected commitments and actual disbursements can significantly impair the government's ability to execute development priorities. Such deviations undermine the credibility and stability of national planning frameworks. Unpredictability of aid negatively affects public investment and economic growth by undermining aid effectiveness and damaging aid's growth-enhancing effect. Moreover, one-fifth of aid is wasted due to unpredictability.

Over time, the absence of dependable disbursement forecasts has constrained the Government of Nepal's capacity to fully assume ownership and drive the results of its development initiatives, highlighting the importance of accurate and timely forward-looking information in development finance. Medium-Term Expenditure Framework (MTEF), which is foundational to budgeting processes at both the federal and provincial levels, relies heavily on forward-looking commitment data.

Since the data of aid predictability is not available from the DFIMS, data from the 3rd and 4th rounds of GPEDC monitoring survey are used to analyse Nepal's position regarding aid predictability and budget alignment.

Figure 6.1: Medium-Term Predictability



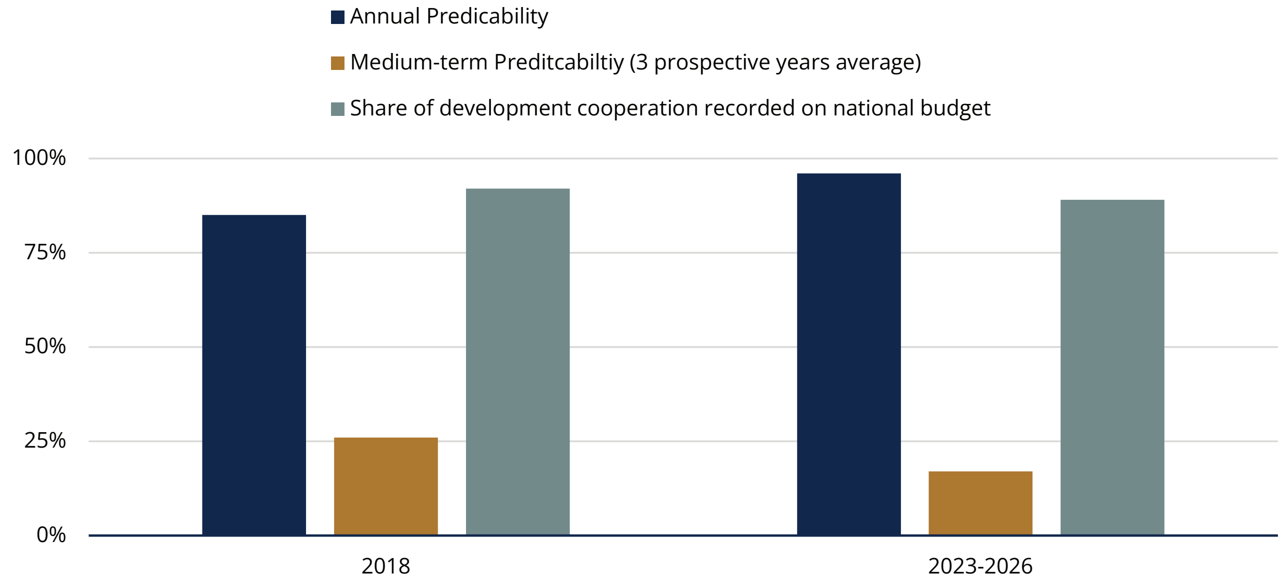
Source: OECD/UNDP (2019)

Based on the GPEDC's 2018 monitoring data, Table 6.1 demonstrates Nepal's mixed performance in terms of aid predictability. On one hand, annual predictability is strong, with 97.1 percent of scheduled funds disbursed within the planned year—higher than both the global average (86.9 percent) and the LDC average (84.5 percent).

However, medium-term predictability, which is the availability of cooperation information for one to three years ahead, reveals a sharp decline. While predictability remains moderately high one year ahead (72.5 percent), it drops steeply to 26.1 percent two years ahead, and further to only 11.7 percent three years ahead. These figures fall significantly short of the global (65.0 percent and 55.7 percent) and LDC averages (65.2 percent and 56.8 percent) for the second and third years, respectively.

More recently, Nepal's country results brief of GPEDC 4th monitoring round 2023-2026) published in 2024 show continued progress in annual predictability, with 96 percent of funding scheduled to the public sector being disbursed within the same fiscal year. This marks a significant sustained improvement from the 85 percent benchmark recorded in 2018. Predictability of development cooperation facilitates partner countries for realistic resource planning. This constitutes a fundamental element to enable partner countries and DPs to work together more effectively, facilitating a closer coordination.

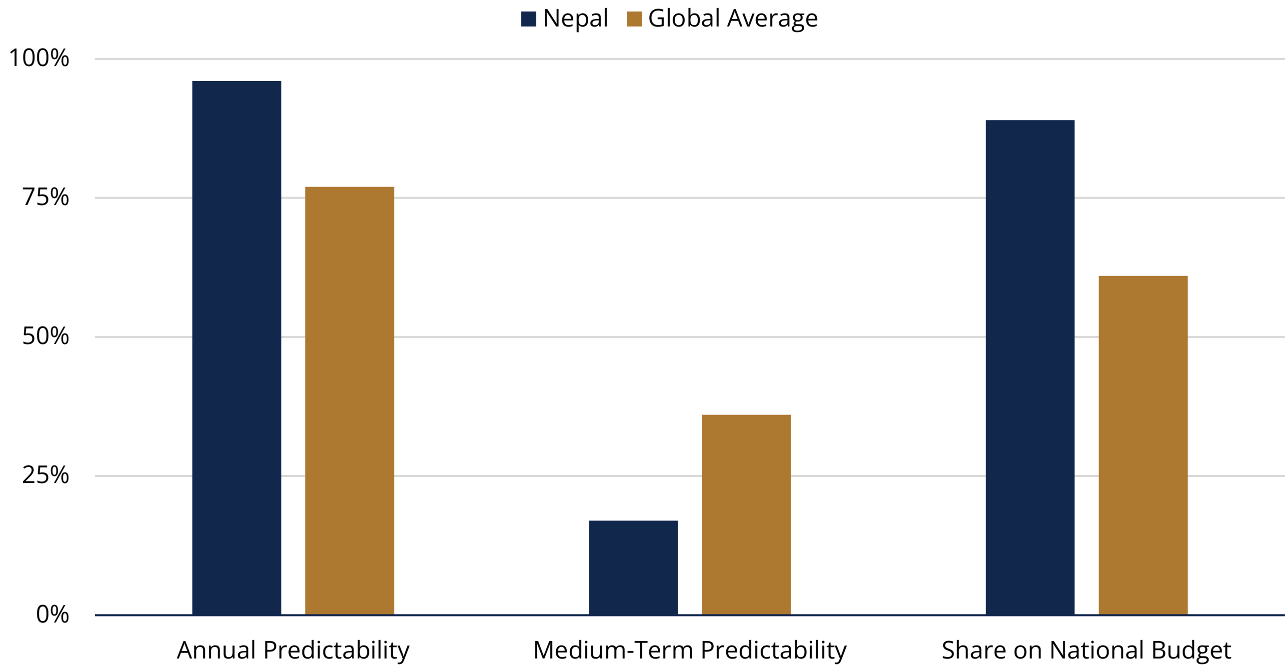
Figure 6.2: Comparison of Aid Predictability and Budget Alignment (2018 and 2024)



Source: Global Partnership 4th Monitoring Round (2023-2026): Observations from the first half of countries to complete data collection, September 2025.

Figure 6.2 compares data from the second periodic results brief of the GPEDC 4th monitoring round (2023-2026) published in September 2025 with the previous monitoring round conducted in 2018. This observation was based on data from 26 countries already completed data collection. Annual predictability in the later monitoring period further improved to 96 percent of scheduled funds disbursed within the planned year from that of the previous monitoring period (85 percent). However, the average of three prospective years declined to 17 percent in the 4th monitoring period (2023-26) from 26 percent in the 3rd monitoring period (2018).

Figure 6.3: Comparison of Development Cooperation Effectiveness: Nepal vs. Global Average, GPEDC 2023–2026



Source: Fourth GPEDC Monitoring Round (2023-2026), Second Periodic Results Brief, September 2025

Figure 6.3 compares annual predictability, medium-term predictability and share of national budget in Nepal with the global average (based on data from 26 countries), which is an intermediate report of the ongoing 4th GPEDC monitoring round (2023-2026). Nepal's annual predictability is higher (96 percent) than global average (77 percent); while medium-term predictability is lower (17 percent) than global average (36 percent). The GPEDC 2023–2026 monitoring round is an ongoing process. Therefore, the 2018 Global Average is used as the baseline for share on the national budget of the global average. In principle, reflection of committed aid in the national budget is necessary to allow for parliamentary oversight. In Nepal, 89 percent development cooperation was recorded in the national budget, higher than the global average (61 percent) reported by the intermediate results brief of the GPEDC 4th monitoring round.

Predictability analysis from the figure 6.1, 6.2, and 6.3 reflects Nepal's improved annual predictability signalling certainty of aid at least in the annual-term. Unpredictability of aid persisted and deteriorated in the medium term, which hampered budget planning. Such a situation is likely to impair the growth effect and reduce value for aid money.

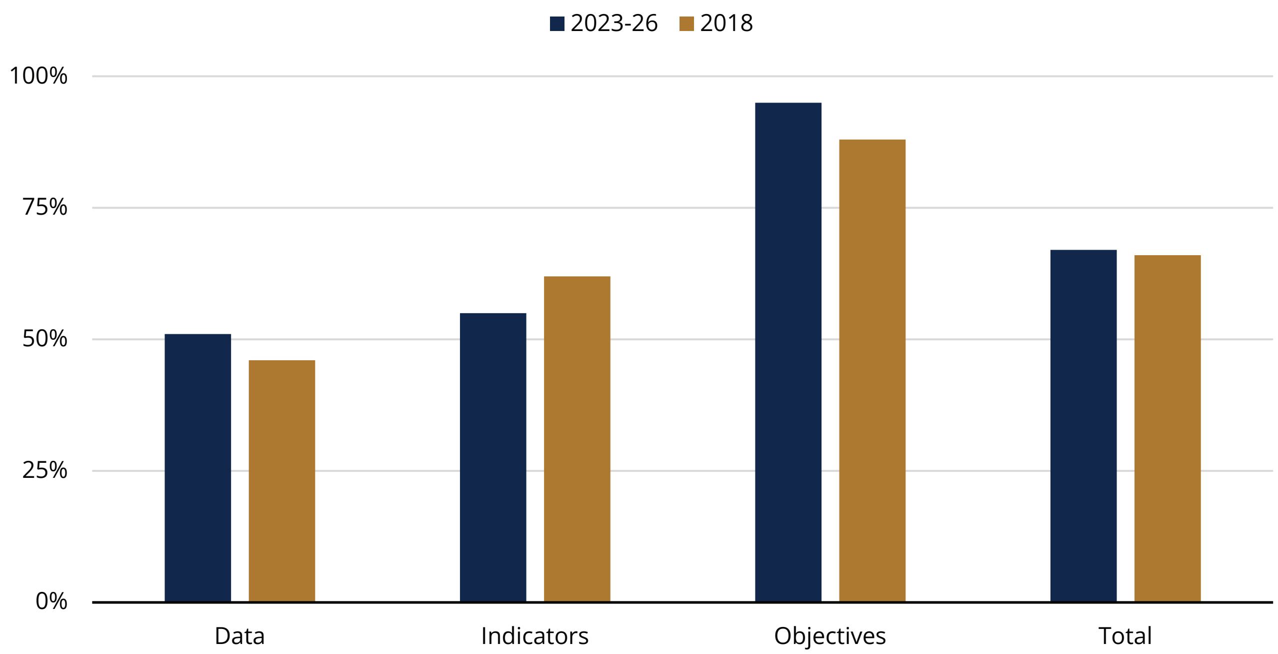
CHAPTER 7 ALIGNMENT AND FRAGMENTATION

7.1 Alignment

'Alignment' with the country system helps enhance country capacity and enhanced 'country capacity' encourages further alignment with the country system. Both country capacity and alignment reinforce 'Country ownership' (Dhakal, N. and Ueta, K, 2007). These circular relationships among alignment, ownership and capacity development are grounded on aid effectiveness principles endorsed by various high-level international conferences, including the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Action (2008), Busan Outcome Documents (2011), the Nairobi Outcome Document (2016), and more recently, the Geneva Summit Declaration (2022). 'Alignment' is one of the core principles of aid effectiveness, which emphasizes use of the country system, public financial management system and institutional structure during implementation of ODA.

As annual information on alignment is not captured in DFIMS, findings from 4th round of GPEDC monitoring survey (2023-2026) are used in this section. Periodic monitoring surveys of aid effectiveness principles have been measuring the 'use of country systems' and 'use of PFM systems' and 'respecting country's policy space, i.e., aligning with national strategy and country owned results frameworks' as proxy for 'alignment' on the basis of data available from Nepal Country Report Brief (2024).

Figure 7.1: State and Use of Country System in Nepal, FY 2023/24



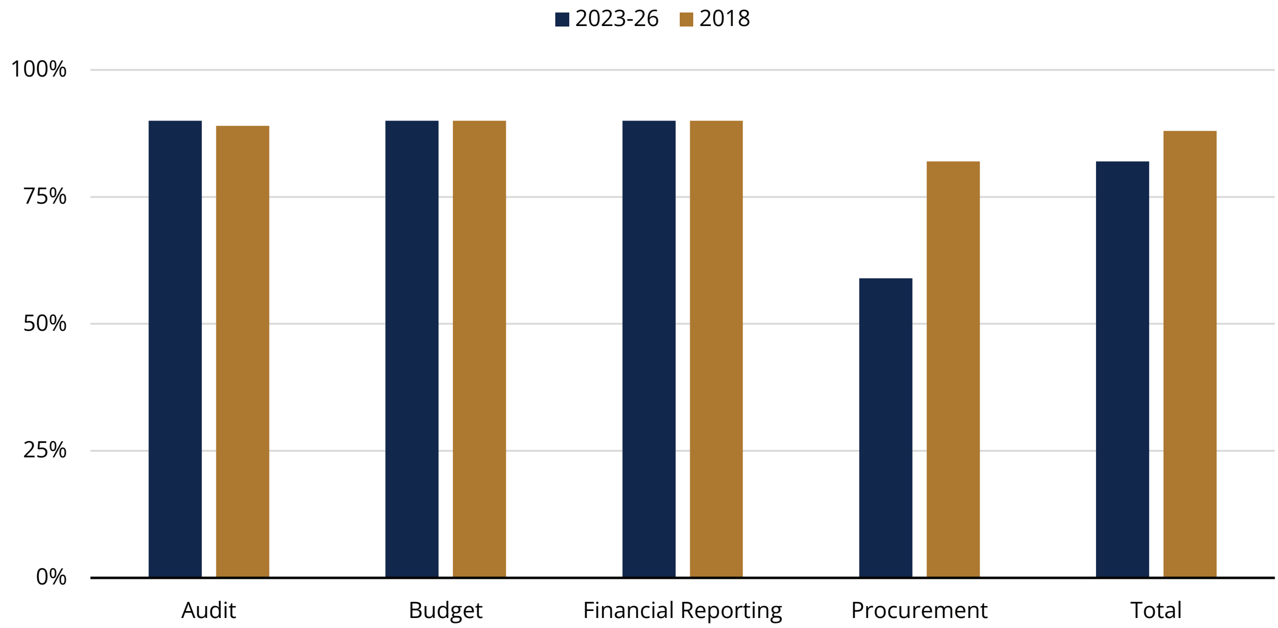
Source: Reproduced from GPEDC Monitoring Round (2023-2026) : Nepal Country Brief, 2024.

The state and use of the country system in Nepal was captured by the GPEDC monitoring survey. In Nepal, quality of the national development plan (NDP) was rated as being 'very high' as it scored 0.9 out of 1 on the basis of the respondents' perceptions around the NDP's availability, accessibility, inclusiveness of development priorities and results indicators, reference to the SDGs, informative to budget and MTEF, regular publication of progress report and data availability from national statistical systems (OECD-UNDP, 2024).

Figure 7.1 shows that the DPs use country-owned results frameworks and planning tools for developing their interventions to a medium extent (67 percent) in Nepal. On average, 95 percent of the outcome objectives of new ODA projects/ programmes align with those defined in country-owned results frameworks. However, only 55 percent of the indicators in the new projects/ programmes are drawn from country-owned results frameworks, and 51 percent of all indicators can be monitored using data from government monitoring systems and statistics.

It also measured the extent of DPs alignment with SDG 17.15.1 (Respect country's policy space). DPs support with Nepal's national strategies and country-owned results frameworks indicates the recognition of Nepal's policy space for leading in setting its own policies towards implementing the 2030 Agenda.

Figure 7.2: Use of PFM Systems in Nepal (Total and per element), FY 2023/24



Source: GPEDC Monitoring Round (2023-2026) : Nepal Country Brief, 2024

Figure 7.2 measured "Use of PFM systems" by development partners. Use of local PFM systems allows integration of DPs-funded projects/programmes with countries' own institutions, structures of budget implementation, reducing duplication, enhancing country's PFM capacity, ensuring better value for money and the sustainability of activities and results.

A decline in overall quality of the budget system was observed, comparing the two most recent PEFA evaluations- 2015 and 2023 (OECD-UNDP, 2024). In the similar vein, overall use of the PFM systems also declined from 88 percent in 2018 to 82 percent in 2023. Disaggregating across various elements of PFM systems, an improvement was observed in the coverage of internal audit systems, while use of budget and financial reporting systems remained almost the same between two monitoring periods. Notably, use of procurement systems significantly declined from 82 percent in 2018 to 59 percent in 2023 (OECD-UNDP, Nepal CRB, 2024).

7.2 Fragmentation

Good coordination among DPs and government agencies matters the most for effective implementation of ODA projects/programmes. Coordination among DPs reduces the fragmentation of cooperation, diminishing the duplication of efforts and facilitating collective action on priority areas, thereby accelerating achievement of results. Further, good coordination reduces transaction costs for partner country governments and development partners by eliminating parallel systems and processes (Bigsten and Tengstam, 2015). The fragmentation of Official Development Assistance complicates coordination and increases transaction costs.

Fragmentation across government entities in FY 2023/24 reveals considerable variation in both donor concentration and the breadth of development partnerships. In the FY 2023/24, Nepal recorded 361 projects receiving ODA disbursements, with 22 government-executing entities and 21 DPs (Representing all DPs' agencies). As in the previous year, each DP implemented an average of approximately 16 projects/programmes. Similarly, each government executing entity dealt with an average of approximately 9 DPs.

Figure 7.3: ODA Fragmentation by Executing Government Entity, FY 2023/24

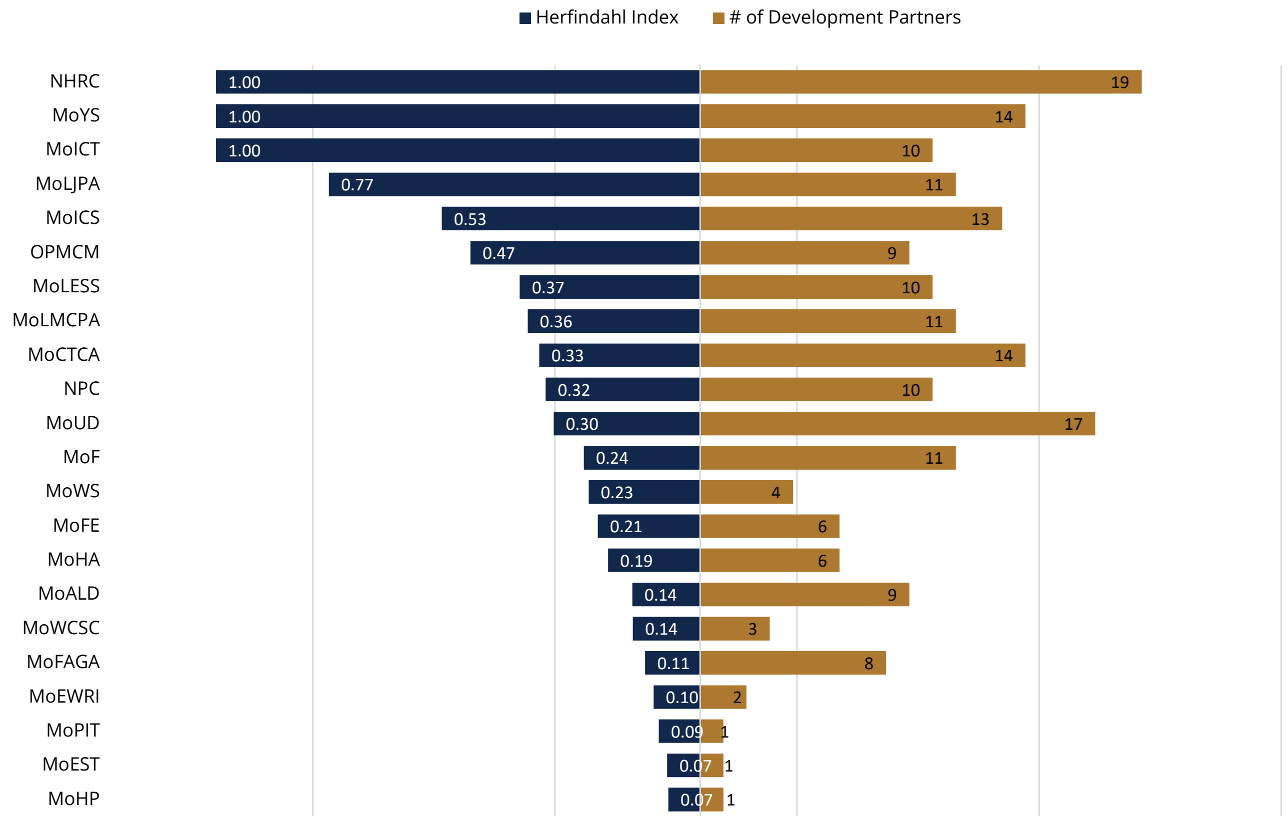


Figure 7.3 illustrates the Herfindahl Hirshman Index (HHI) as applied to different ministries within the Government of Nepal, offering a measure of ODA distribution across executing agencies (The HHI is the sum of the squares of the "market shares (or share of aid) " of the various projects in the portfolio). If the result is close to 1, the portfolio is highly concentrated. If the result is close to 0, the portfolio is highly fragmented. Commonly used to assess market concentration, the HHI is also relevant in measuring the aid fragmentation. A higher index value suggests higher concentration of aid within a limited number of DPs, executing agencies, or projects, whereas a lower value reflects a broader distribution, indicating high fragmentation.

Based on this calculation, aid fragmentation in Nepal in FY 2023/24 from the angle of the government executing agencies can be grouped in three levels– highly focused (Between 0.7 to 1.0 HHI), moderately fragmented (Between 0.2 to 0.7 HHI) and highly fragmented (Below HHI 0.2) for the purpose of analysis.

Highly focused: The National Human Rights Commission (NHRC) and the Ministry of Information and Communication Technology (MOICT) secured HHI value of 1.00, each dealing with only 1 development partner and 1 project. Similarly, the Ministry of Law, Justice and Parliamentary Affairs (MoLJPA) secured HHI value 0.77as it dealt with 2 DPs for 3 projects. These entities could spear substantial time for coordination and engagement with DPs for better alignment with country systems and prorities.

Moderately fragmented: The MoICS (HI 0.53, 8 DPs, 14 projects), the OPMCM (HHI 0.47 with 3 DPs,4 projects). Similarly, MoLESS (HHI 0.37 with 9 DPs, 13 projects), MOLMCPA (HHI 0.36 with 6 DPs, 4 projects), MOCTCA (HHI 0.33 with 6 DPs, 6 projects), NPC (HI 0.32, 4 DPs, 7 projects), MOUD (HHI 0.30, 11 DPs, 22 projects), MOF (HI 0.24, 17 DPs, 29 projects), MOWS (HI 0.23, 10 DPs, 11 projects) and MOFE (HHI 0.21, 14 DPs, 19 projects) have a moderate degree of fragmentation. These entities likely faced moderate degree of coordination issues.

Highly fragmented: MoHA (HI 0.19, DPs 11, projects 20), MoWCSC (HI 0.14, DPs 9, projects 18), MoALD (HI 0.14, DPs 10, projects 42), MoFAGA (HI 0.12, DPs 13, projects 35), MoEWRI (HI 0.10, DPs 11, projects 32), MoPIT (HI 0.09, DPs 10, projects 21), MoEST (HI 0.07, DPs 14, projects 35), and MoHP (HI 0.07, 19 DPs, 53 projects) received highly fragmented ODA projects and might have faced coordination issues while dealing with several DPs in several projects/programmes leading to high transaction costs and administrative burden.

Figure 7.4: ODA Fragmentation by Development Partner, FY 2023/24

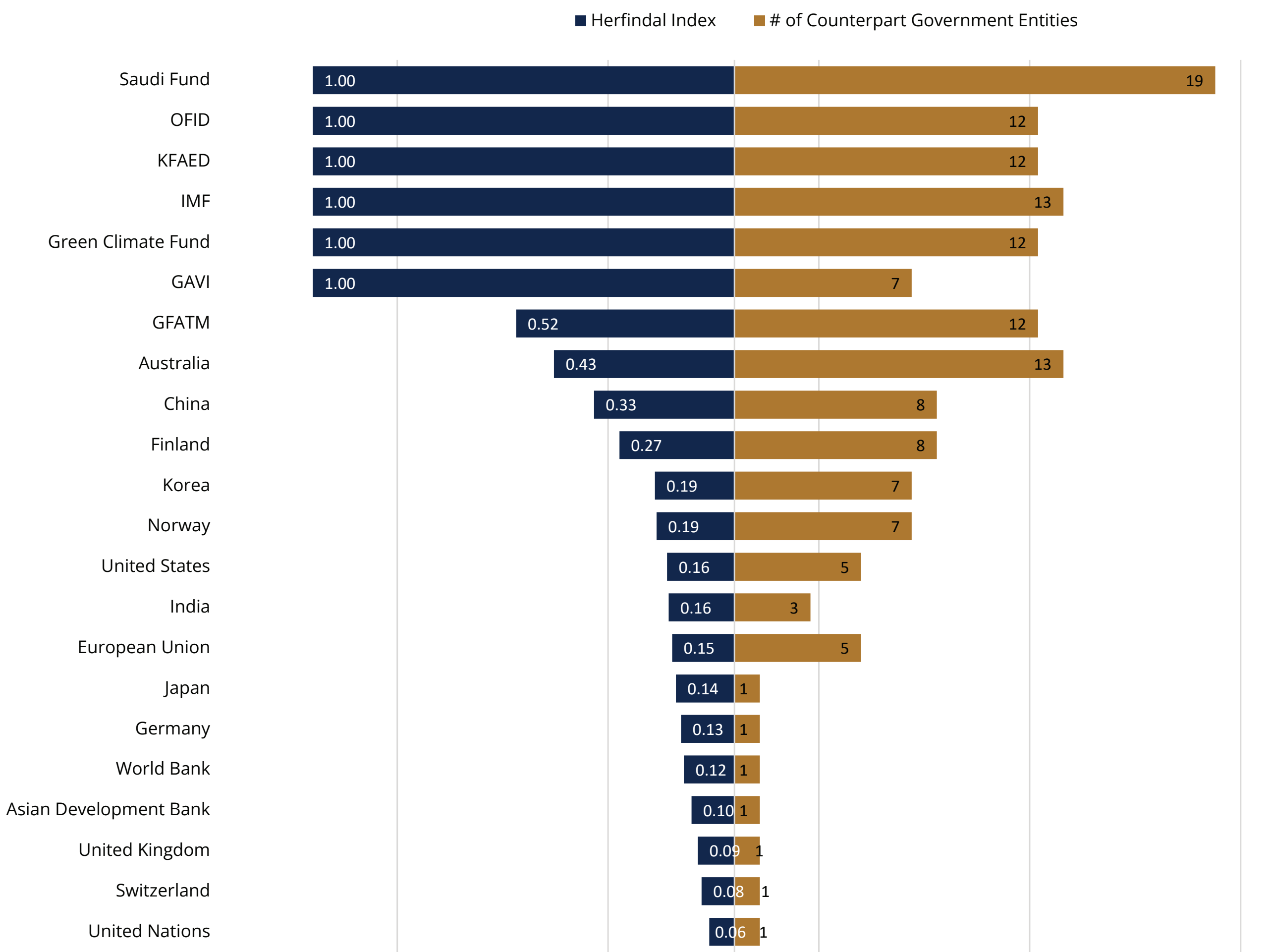


Figure 7.4 presents a similar analysis of the HHI for various DPs working with the Government of Nepal. This supply side analysis of donor fragmentation for FY 2023/24 suggests that while some donors are highly focused, others are “scattered” across many government entities. Based on data captured in the DFIMS in FY 2023/24, the level of donor fragmentation is grouped in 3 categories- highly focused (Between HHI 0.70-1.00), moderately fragmented (Between HHI 0.20-0.70) and highly fragmented (Below HHI 0.20).

Highly focused: The Saudi Fund, OFID, IMF, GCF and GAVI (All 1.00 HHI with 1 government entity, 1 project) are highly focussed DPs. These DPs are much easier for the MoF as well as executing/ implementing agencies to manage as they focus their entire portfolio on a single government entity and project. Similarly China also appeared having HHI 0.87 with 2 projects dealing with 4 implementing agencies. DP’s focusing on single or few government agencies for few projects might have been caused by division of labour among DPs based on comparative advantages.

Moderately fragmented: Development partners with a moderately fragmented aid portfolio include the GFATM (HHI 0.65, government agency 1, projects 2), Australia (HHI 0.61, government agencies 5, projects 5), Japan (HHI 0.40, government agencies 8, projects 10), Finland (HHI 0.37, government agencies 5, projects 6), European Union (HHI 0.27, government agencies 10, projects 37), and Korea (HHI 0.20, government agencies 10, projects 11). These DPs might have been engaged with a moderate number of executing agencies and projects.

Highly fragmented: The majority of DPs fall into the ‘highly fragmented’ category, indicating a high degree of fragmentation with a broader and more diversified engagement with government entities. Examples include Norway (0.18 HHI, 9 government agencies, 12 projects), World Bank (0.16 HHI, 13 government agencies, 27 projects), Switzerland (0.12 HHI, 10 government agencies, 18 projects), United Kingdom (0.11 HHI, 12 government agencies, 17 projects), Germany (0.09 HHI, 9 government agencies, 23 projects), India (0.09 HHI, 8 government agencies, 7 projects). Even more fragmented DPs are ADB (0.08 HHI, 13 government agencies, 51 projects), USA (0.07 HHI, 15 government agencies, 50 projects), and UNCT (0.07 HHI, 21 government agencies, and 91 projects).

DPs with lower HHI demonstrate a wider spread of counterpart ministries and a larger number of projects. This approach tends to impose high transaction costs on Nepal as scattered requirements for each project and each DP, demands a substantial amount of direct (financial) and indirect (time) costs.

Figure 7.5: Comparison of ODA Fragmentation by Development Partner, FY 2022/23-FY 2023/24

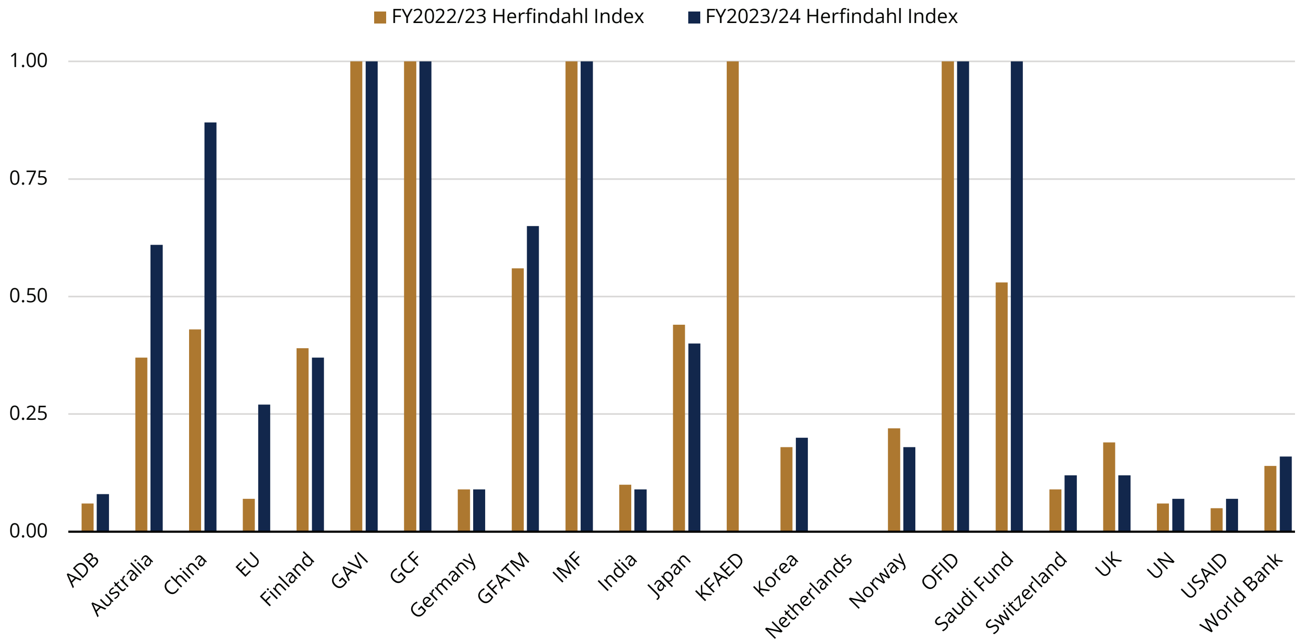


Figure 7.5 presents a comparison of HHI scores by development partner between FY 2022/23 and FY 2023/24 providing insights into shifts in donor fragmentation across different DPs.

Some DPs maintained a consistent level of focus over the two fiscal years. The GAVI, GCF, IMF, and OFID each recorded an HHI of 1.00 in both years, suggesting a continued exclusive engagement with a single ministry or sector.

Several DPs increased concentration with a rise in their HHI scores. The most notable increase was observed for Saudi Fund and China whose HHI rose from 0.50 to 1.00, and 0.40 to 0.90, respectively. Similarly, HHI for Australia increased from 0.40 to 0.60, for Korea from 0.18 to 0.20, and for the European Union from 0.10 to 0.60 in FY 2023/24. Marginal increases were recorded for ADB (from 0.07 to 0.08), GFATM (from 0.56 to 0.65), Switzerland (from 0.09 to 0.12), the UN (from 0.06 to 0.07), USAID (from 0.05 to 0.07), and the World Bank (from 0.14 to 0.16). Despite being marginal, the rise in HHI suggests an intensification of specific projects or a strategic focus on certain sectors by DPs. Whatever may be the causes, increasing HHI indicates DP's inclination towards best practice principles of aid effectiveness.

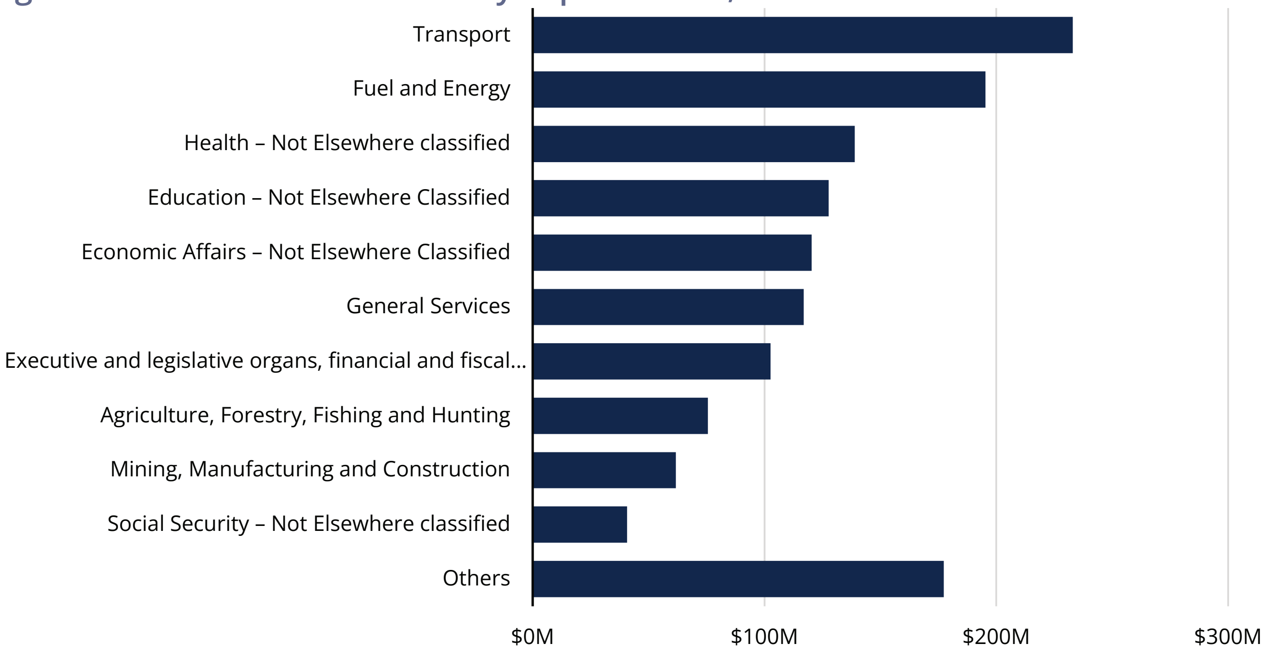
Conversely, some DPs declined in HHI indicating their desire for broader engagement. KFAED, which had an HI of 1.00 in FY 2022/23, dropped to 0.00 in FY 2023/24, which was the sharpest decline in HI value among DPs. Other declines in HI values were that of the UK (from 0.19 to 0.12), Norway (from 0.22 to 0.18), and Japan (from 0.44 to 0.40). Marginal declines were observed in the HI index of Finland (from 0.39 to 0.37). Only Germany remained relatively stable in HHI 0.09 in both years. Such decrease or no change in HHI indicates dearth of attention towards the dark side of donor fragmentation.

CHAPTER 8

SECTOR ANALYSIS

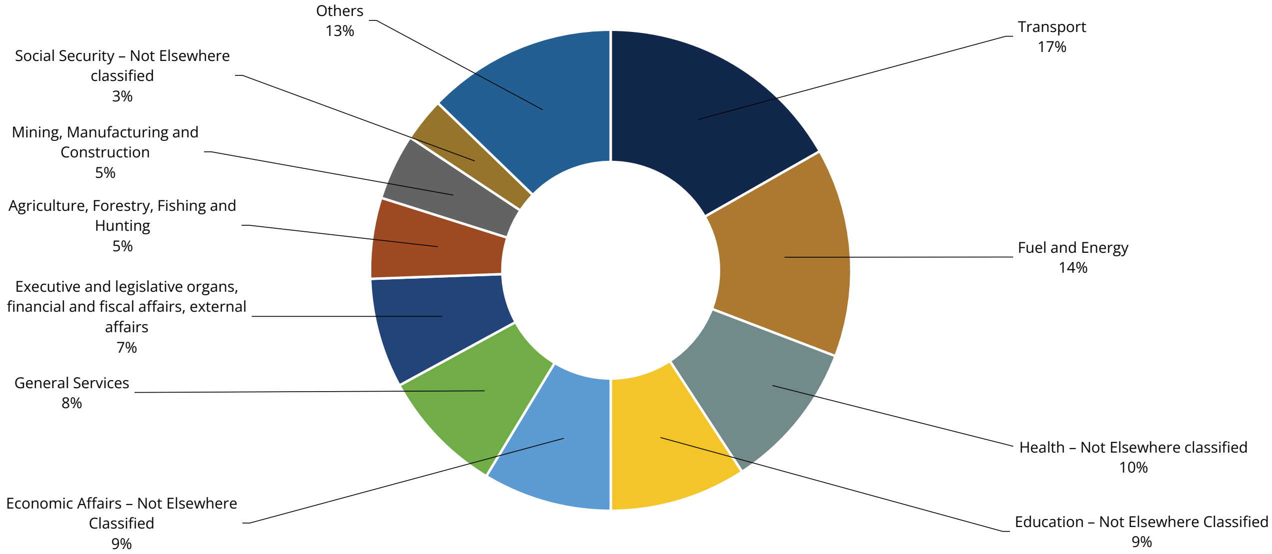
Figure 8.1 provides a sector-wise breakdown of ODA volume, offering a snapshot of how resources are allocated across different areas of development. This analysis builds upon the preceding discussion on development partner alignment and fragmentation, with the aim of encouraging more effective coordination among stakeholders within the same sector.

Figure 8.1: ODA Disbursements by Top 5 Sectors, FY 2023/24



In FY 2023/24, the distribution of ODA across various sectors shifted, with Transport emerging as the leading sector. The top five sectors receiving the highest disbursement were Transport (USD 233.1 million), Fuel and Energy (USD 195.3 million), Health (USD 139 million), Education (127.7 million) and Economic Affairs (USD 120.1 million). Meanwhile, other various sectors collectively labelled as 'Other' amount to a significant USD 575.0 million, suggesting a diverse, multi-sectoral approach and accounting for 41.3 percent of the total ODA disbursement in FY 2023/24.

Figure 8.2: ODA Disbursements by Top 10 Sectors (%), FY 2023/24



In FY 2023/24, the ODA to Nepal was concentrated primarily in five sectors (58.7 percent of total disbursement), as visualized in figure 8.2. Transport received the largest share among the top five sectors, at 16.8 percent followed by fuel and energy with 14.0 percent, health with 10.0 percent, education with 9.2 percent, and economic affairs with 8.7 percent.

However, a significant 41.4 percent of the disbursements fell under the "Other" category including diverse sectors such as general services, agriculture and forestry, manufacturing and construction, drinking water, housing, etc suggesting that while some sectors attract targeted investments, aid is also distributed across multiple smaller sectors.

Figure 8.3: Cumulative ODA Disbursements by Top 5 Sectors of FY 2023/24 across 3 years (FY 2021/22 - 2023/24)

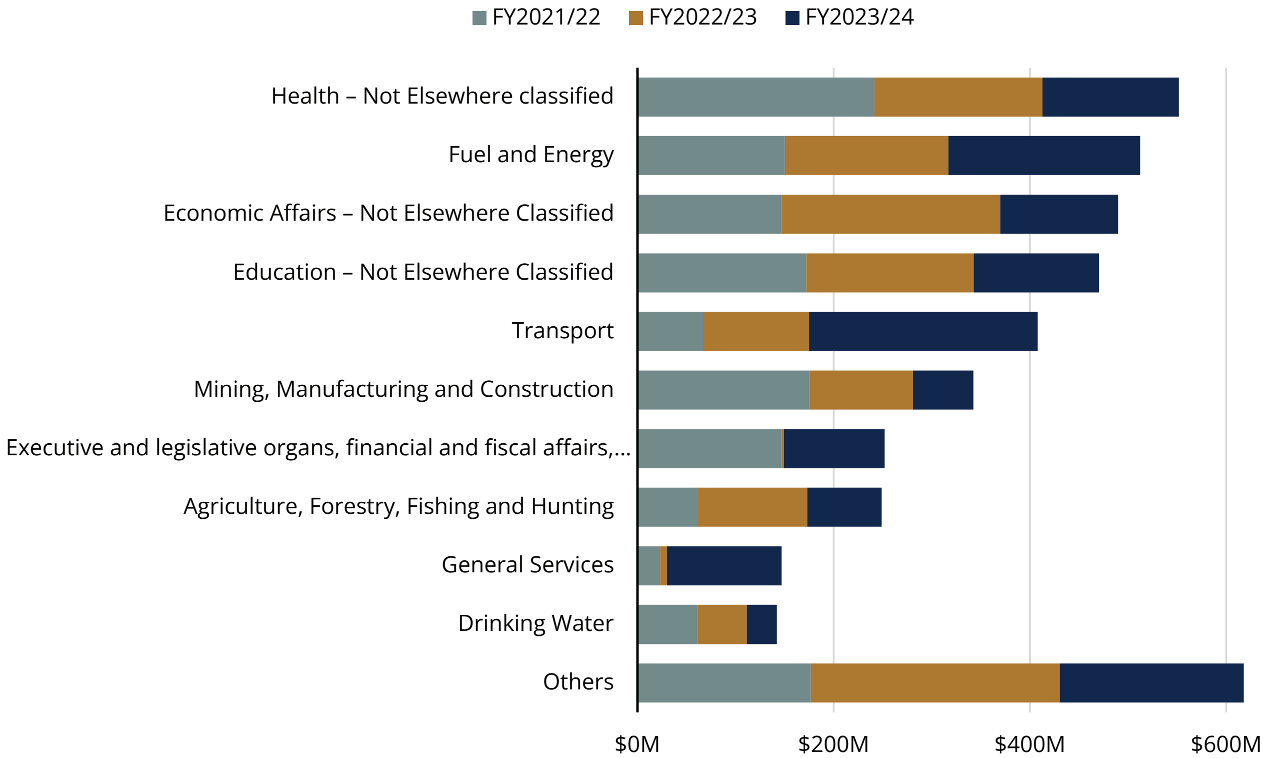


Figure 8.3 illustrates ODA disbursements for the top five sectors from FY 2021/22 to 2023/24, ranked in descending order by their cumulative three-year totals.

The Health sector received the highest cumulative funding over the period, with disbursements, however declining sharply from USD 241.5 million in FY 2021/22 to USD 139.0 million in FY 2023/24. While the Health sector remains a high-funding priority, disbursements peaked at USD 241.5 million in FY 2022/23 before tapering to USD 139.0 million in FY 2023/24. This trend highlights a continued normalization of aid flows as the immediate requirements of the COVID-19 pandemic subside.

The Fuel and Energy sector ranked as the second-largest recipient of ODA disbursement both in FY 2023/24 alone and in the total of the 3 years period. This sector saw a steady upward trajectory, with cumulative disbursements rising significantly from USD 150.1 million in FY 2021/22 to USD 195.3 million in FY 2023/24.

The Economic Affairs witnessed a fluctuation with a sharp decline from USD 146.5 million in FY 2021/22 to USD 120.1 million in FY 2023/24 after peaking at USD 223.1 in FY 2022/23.

Conversely, the Transport sector experienced robust growth, with disbursements surging from USD 66.9 million in FY 2021/22 to a peak of USD 233.1 million in FY 2023/24. All remaining sectors outside the top five have been consolidated into an 'Other' category.

Figure 8.4: ODA Disbursements to Top 5 Sectors of FY 2022/23 across the Decade (FY 2014/15 - 2023/24)

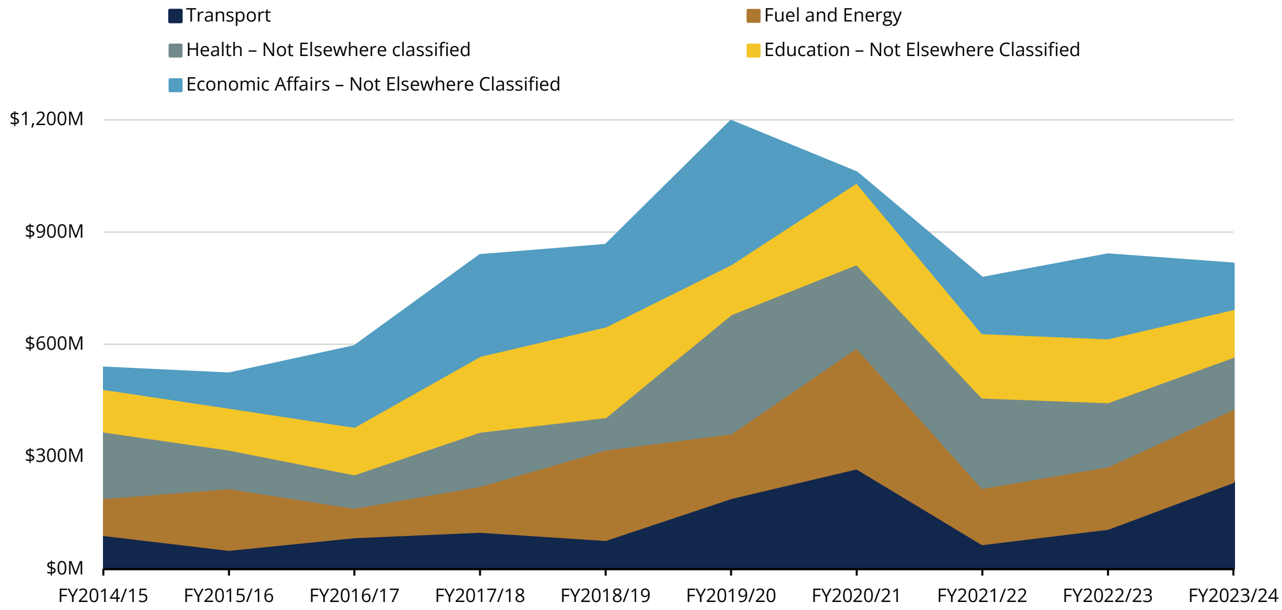


Figure 8.4 illustrates the trajectory of ODA disbursements over the past decade. The analysis focuses on the five leading sectors in FY 2023/24: Transport, Fuel and Energy, Health, Education, and Economic Affairs, tracing their funding levels back to FY 2014/15.

These figures demonstrate a relative consistency in disbursement. Throughout the decade, the Education and Health sectors remained the most steadily prioritized sector. Education reached a peak with disbursement of USD 242.4 million in FY 2018/19, with a secondary surge of USD 218.9 million in FY 2020/21. Following these peaks, however, funding levels experienced a gradual retraction to USD 127.7 million by FY 2023/24.

The Health sector also saw significant volatility. Disbursements peaked at USD 318.4 million in FY 2019/20 due to pandemic-related requirements, before receding to USD 139.0 million in FY 2023/24.

The Fuel and Energy sector experienced significant growth between FY 2016/17 and FY 2020/21, culminating in a peak of USD 323.1 million. While disbursements underwent a sharp contraction in FY 2021/22, the sector has since demonstrated a steady recovery, reaching USD 195.3 million by FY 2023/24.

Disbursements to the Economic Affairs (Formerly Economic Reform) sector have been characterized by marked volatility. After peaking at USD 382.0 million in FY 2019/20, disbursement plummeted to USD 24.8 million the following year, eventually rebounding to USD 120.3 million in FY 2023/24. Such sharp shifts in this sector typically stem from the utilization of budgetary support, specifically through single-tranche policy credit disbursements

The Transport sector has seen a significant resurgence, reaching its highest point of USD 269.3 million in the FY 2020/21 latter half of the decade in FY 2023/24 at USD 233.1 million, surpassing its previous peak from FY 2020/21.

The data demonstrates a clear shift in donor allocation over the ten-year period. Although Education and Health maintained their status as primary focuses, the Transport and Energy sectors experienced a surge in disbursements as the government prioritized large-scale infrastructure and connectivity in its post-pandemic recovery strategy.

Figure 8.5: Cumulative ODA Disbursements by Top 10 Sectors during the Decade of FY 2014/15 - 2023/24

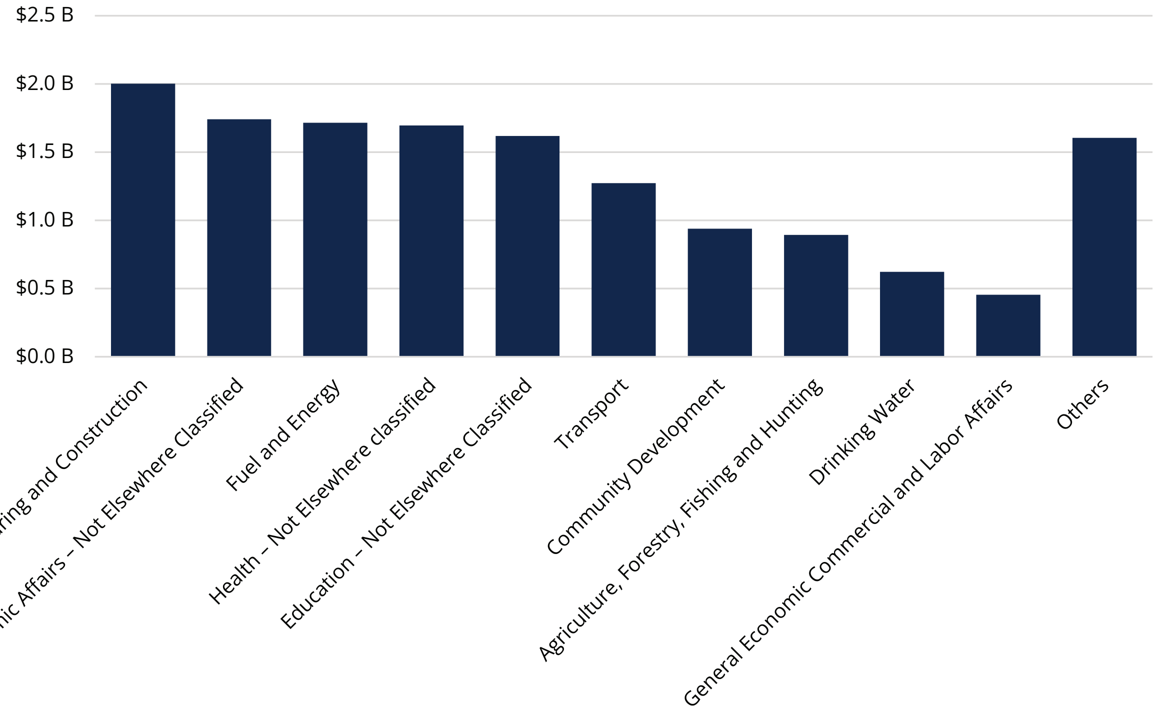


Figure 8.5 delineates cumulative ODA disbursements over the ten-year period from FY 2014/15 to FY 2023/24, identifying the sectors with the highest aggregate funding. The Mining, Manufacturing, and Construction sector emerged as the primary recipient, totaling USD 2.002 billion, followed by Economic Affairs at USD 1.740 billion and Fuel and Energy at USD 1.714 billion. Human development sectors followed closely, with Health and Education receiving approximately USD 1.696 billion and

USD 1.620 billion, respectively. Notably, the ‘Other’ category accounted for over USD 5.78 billion, underscoring the extensive breadth of aid distribution beyond the leading five sectors.

These figures reflect a strategic equilibrium between physical infrastructure, economic reform, and human development. While the prominence of the Mining, Manufacturing, and Construction sector is largely attributable to large-scale post-earthquake reconstruction, the substantial totals for Health and Education signify a steadfast donor commitment to foundational social outcomes. Furthermore, the significant allocations to Economic Affairs and Fuel and Energy highlight a sustained focus on policy transition and energy infrastructure within Nepal’s developmental framework.

Figure 8.6: ODA Disbursements by Top 5 Sectors, Year-on-Year % Change, FY 2014/15 - 2023/24

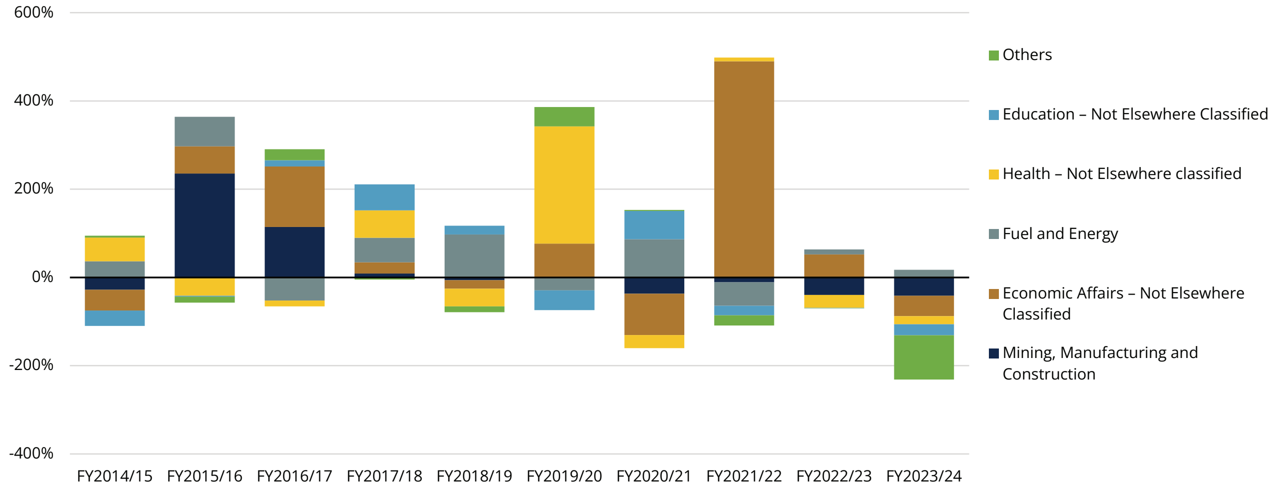


Figure 8.6 delineates the annual percentage fluctuations in ODA disbursements for the top five sectors. These shifts reflect evolving donor priorities as well as rapid responses to external shocks, including natural disasters and the COVID-19 pandemic.

The education sector experienced moderate instability throughout the decade. Notable contractions occurred in FY 2014/15 (-35.1 percent) and FY 2019/20 (-45.0 percent). Although the sector rebounded strongly in FY 2020/21 with a 64.2 percent increase, it faced a significant retraction of 25.1 percent in FY 2023/24. This trend suggests a pattern of volatile yet recurring donor interest.

The Health sector exhibited extreme variations, most notably a 265.8 percent surge in FY 2019/20 driven by the COVID-19 outbreak. This was followed by a 30.0 percent decline in FY 2020/21. After a marginal 8.4 percent increase in FY 2021/22, disbursements fell by 29.2 percent in FY 2022/23 and continued to diminish by 18.7 percent in FY 2023/24 as pandemic-related funding subsided.

The Fuel and Energy sector remained highly volatile due to the capital-intensive nature of large-scale infrastructure projects. Massive gains were recorded in FY 2015/16 (66.9 percent) and FY 2018/19 (97.3 percent). Despite a sharp contraction of 53.5 percent in FY 2021/22, the sector showed signs of recovery with a 17.1 percent increase by FY 2023/24.

The Economic Affairs (Formerly categorized as Economic Reform) sector displayed the most dramatic fluctuations. A massive 490.0 percent surge in FY 2021/22 followed a 93.5 percent drop the previous year. A subsequent decline of 46.1 percent in FY 2023/24 is largely attributed to the cyclical timing of single-tranche, policy-based budgetary support.

The Mining, Manufacturing, and Construction sector has witnessed a steady downward trajectory in recent years, concluding the period with a 41.5 percent decline in FY 2023/24. This trend likely reflects the strategic phasing out of post-earthquake reconstruction assistance as projects reach completion.

Overall, Figure 8.6 underscores the dynamic nature of ODA allocation. Funding levels respond sharply to immediate crises, specific project completion cycles, and broader policy shifts within the development landscape.

Table 1: Comparative Ranking of Top 5 Sectors for FY 2014/15 - 2023/24

	Top 5 Sectors (Current year) FY 2023/24	Top 5 Sectors (Previous year) FY 2022/23	Top 5 Sectors (Last 3 years' cumulative) FY 2021/22 - 2023/24	Top 5 Sectors (Last 10 years' cumulative) FY 2014/15 - 2023/24
1.	Transport	Economic Affairs – Not Elsewhere Classified	Health – Not Elsewhere classified	Mining, Manufacturing and Construction
2.	Fuel and Energy	Health – Not Elsewhere classified	Fuel and Energy	Economic Affairs – Not Elsewhere Classified
3.	Health – Not Elsewhere classified	Education – Not Elsewhere Classified	Economic Affairs – Not Elsewhere Classified	Fuel and Energy
4.	Education – Not Elsewhere classified	Fuel and Energy	Education – Not Elsewhere Classified	Health – Not Elsewhere classified
5.	Economic Affairs – Not Elsewhere Classified	Transport	Transport	Education – Not Elsewhere Classified

Table 1 provides a comparative overview of the top five sectors receiving ODA over different timeframes: the current year (FY 2023/24), the previous year (FY 2022/23), the sum of recent three-year period (FY 2021/22 to 2023/24), and the cumulative of a decade from FY 2014/15 to 2023/24.

In FY 2023/24, the most recent fiscal year, the Transport sector emerged as the leading recipient of ODA, signaling a strong emphasis on physical infrastructure and connectivity. This was followed by Fuel and Energy and Health, reflecting a continued focus on essential services and power stability. Education and Economic Affairs rounded out the top five, indicating that while infrastructure dominated, human capital and policy reform remained critical pillars of the annual development budget.

In FY 2022/23, the Fuel and Energy sector held the top position, suggesting a peak in energy-related project funding or policy-based support for the utility sector during that period. Economic Affairs and Health occupied the second and third ranks, showing a high prioritization of macroeconomic management and post-pandemic health system strengthening. Education and Transport followed, completing a portfolio that balanced structural economic needs with social service delivery.

Looking into the medium-term trend aggregating the three-year disbursements from FY 2020/21 to 2022/23, the Health was the most consistently prioritized sector, a trend directly attributable to the intensive international response required by the COVID-19 pandemic. During this medium-term window, Education and Fuel and Energy also maintained high rankings, alongside Economic Affairs and Transport. This period illustrates a development landscape heavily weighted toward crisis management and the maintenance of foundational social services amidst global economic volatility.

Looking into a long-term trend aggregating a decade-long disbursements, the Mining, Manufacturing, and Construction sector stands as the highest cumulative recipient of ODA disbursement, largely reflecting the massive, multi-year capital requirements of post-earthquake reconstruction projects. Fuel and Energy and Economic Affairs follow as the second and third most funded sectors, highlighting their long-term roles in driving structural growth and reform. Meanwhile, the consistent presence of Health and Education in the top five over ten years underscores a durable and significant international commitment to Nepal's long-term human development goals.

Figure 8.7: ODA Disbursements to Top 5 Sectors by Aid Modality, FY 2023/24

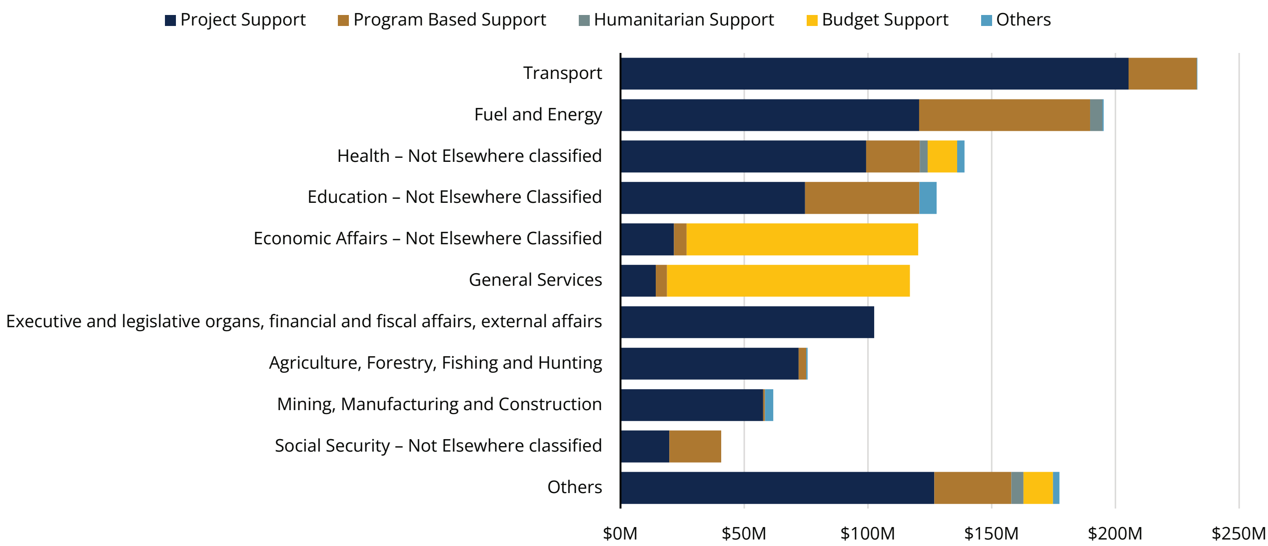


Figure 8.7 illustrates the distribution of ODA disbursements to the top five sectors in FY 2023/24 by aid modality, highlighting the varied mechanisms through which development assistance was delivered.

Project support remained the dominant modality across Transport (USD 205.3 million), Fuel and Energy (USD 120.6 million), and Health (USD 99.3 million), suggesting DPs' preference to finance discrete, time-bound interventions with defined outputs in these areas.

Program-based support was also a significant modality, particularly in Fuel and Energy (USD 69.1 million), Transport (USD 27.4 million), and Health (USD 21.7 million). This reflects development partners' growing emphasis on broader, coordinated frameworks that align with national sector strategies. Fuel and Energy exhibited a more balanced aid structure, with substantial disbursements through program-based support (USD 69.1 million) and project support (USD 120.6 million).

Budget support was selectively disbursed with high concentration to Economic Affairs (USD 93.6 million). The flow of loans in the form of budgetary support in this area indicates DPs policy to support institutional or policy reforms for effectiveness of ODA and other forms of development financing.

Figure 8.8: ODA Disbursements to Top 5 Sectors by Assistance Type, FY 2023/24

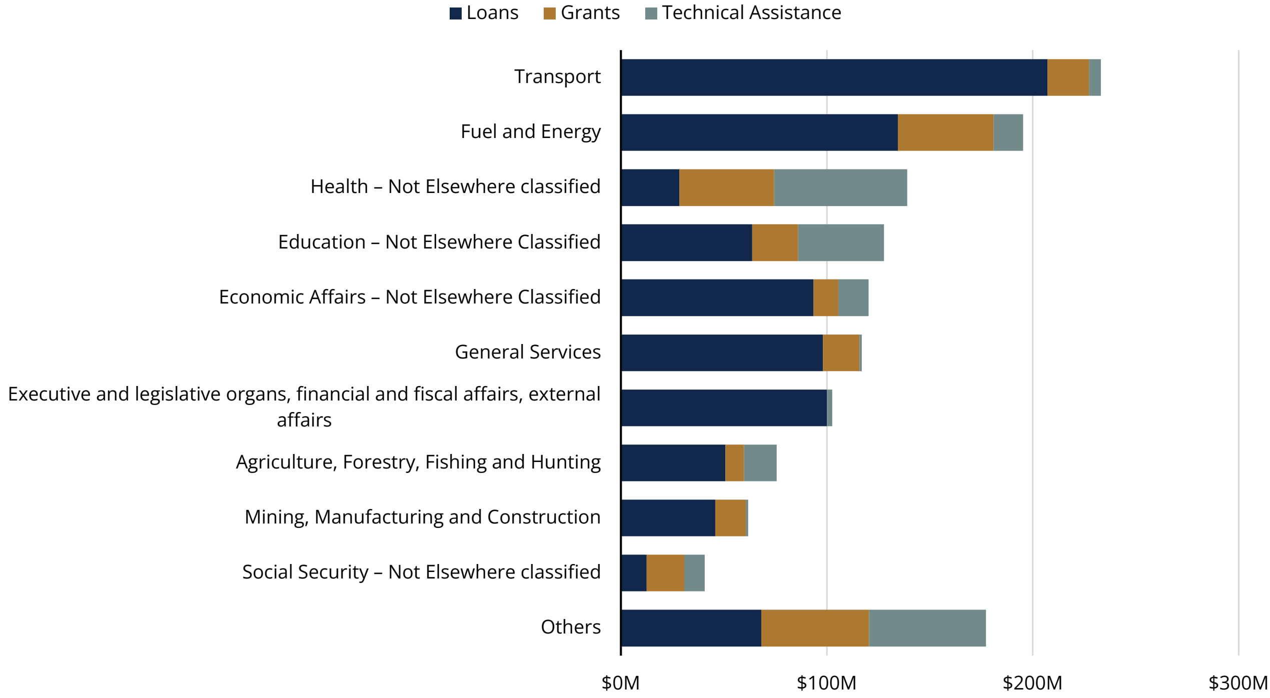


Figure 8.8 illustrates the distribution of ODA disbursements across the top five sectors, categorized by assistance type. The data highlights a strategic reliance on loans, complemented by targeted grants and Technical Assistance (TA).

Loans remained the predominant form of development finance, constituting the largest share of total disbursements in each sector. Transport received the highest loan-based assistance at USD 207.2 million, followed by Fuel and Energy (USD 134.5 million), Economic Affairs (USD 93.6 million), and Education (USD 63.8 million). This underscores development partners' focus on infrastructure and policy reform through concessional loans.

Grant financing was most prominent in Fuel and Energy ($46.5 million) and Health ($46.0 million), reflecting a commitment to sectors where concessionality is vital for equitable service delivery and capacity building, reflecting the donors' ongoing commitment to sectors where grant financing is critical to ensure equitable access and capacity-building. Education also received moderate levels of grant support (USD 22.3 million), though it remained heavily supported by other forms of aid.

A substantial share of Technical Assistance (TA) was channeled to Health (USD 64.5 million), making it the largest recipient of TA among the top sectors. This aligns with the complexity of health systems, where expertise is as crucial as financial input. Education (USD 41.6 million) also received notable TA allocations, underscoring an evolving focus on systemic reform and technical capacity.

Notably, no in-kind support was reported for FY 2023/24. Given Nepal's historical reliance on off-budget commodity aid, this absence suggests either a shift toward financial modalities or persistent challenges in capturing and verifying non-monetary support within the current reporting systems. The overall data reflects a growing reliance on loan financing balanced by targeted technical and grant support. The data reported in the system tells that Nepal's DPs have a clear preference for financial and TA forms over commodity aid.

Figure 8.9: ODA Disbursements to Top 10 Sectors by Assistance Type (%), FY 2023/24

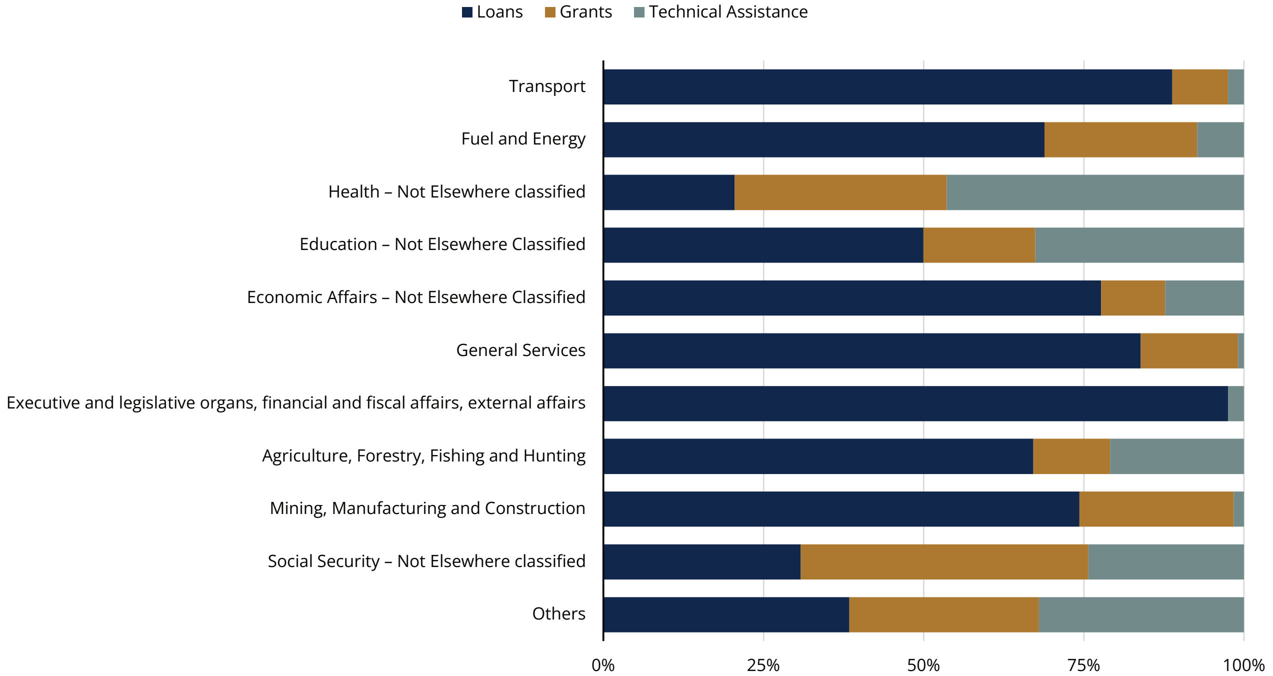


Figure 8.9 illustrates the proportional dependency of Nepal's top five sectors on various aid modalities. The data reveals a clear divide between infrastructure-heavy sectors, which rely on debt financing, and social sectors, which utilize a more diversified mix of grants and technical expertise.

Infrastructure and economic sectors show the highest dependency on loans. Transport leads at 88.9 percent, followed by Economic Affairs (77.7 percent) and Fuel and Energy (68.8 percent). Education also relied significantly on loans, which accounted for 50.0 percent of its total disbursements.

The Health sector maintains the most diversified profile, with Technical Assistance (TA) accounting for 46.4 percent, grants for 33.1 percent, and loans for only 20.5 percent. This reflects a strategic focus on human capital and systemic capacity over physical infrastructure. This diverse mix underscores the complex needs of this sector, where financial support must be accompanied by expertise and capacity-building to create impact. Education also received notable support through grants (17.5 percent) and TA (32.6 percent), indicating its need for both capital and advisory inputs.

Consistent with previous findings, in-kind or commodity aid was negligible across all top five sectors, reinforcing the shift toward direct financial and technical cooperation. The "Other" category showed a relatively diversified aid structure, though still leaning towards loans (65.3 percent), with grants accounting for 19.5 percent and technical assistance for 15.2 percent, reflecting a broader range of sectoral engagements outside the top five sectors. The data suggests that while DPs utilize loans for high-capital projects, they prioritize TA and grants for sectors requiring specialized expertise and capacity development activities.

8.1 Transport

In FY 2023/24, the Transport sector emerged as the leading recipient of disbursements, totaling USD 233.1 million. This represents a significant shift from the previous fiscal year and the three-year cumulative, where the sector consistently ranked fifth. Long-term historical data further highlights this upward trend; over the past decade, the sector held the sixth position with a cumulative USD 168.4 million. While recent years show growth, the sector has demonstrated historical volatility, notably peaking in FY 2020/21 at USD 269.3 million (ranking second).

While disbursement volumes theoretically correlate with recipients' absorption capacity and donors' procedural efficiency, empirical evidence suggests that fluctuations are more accurately attributed to project lifecycle dynamics. These include the timing of project completion, debt maturity cycles, and sectoral prioritization.

In the Transport sector, the current disbursement surge is largely driven by 'catch-up' spending on delayed projects. Specifically, two of the top five disbursing projects—including the Nagdhunga Tunnel Construction Project (Japan), and the SASEC Road Improvement Project (ADB) have approached their original completion dates surrounding the review period. Operating under extended timelines, these projects have likely entered a phase of accelerated disbursement as they move toward finalized milestones.

Figure 8.10: ODA to Transport Sector, FY 2014/15 - 2023/24

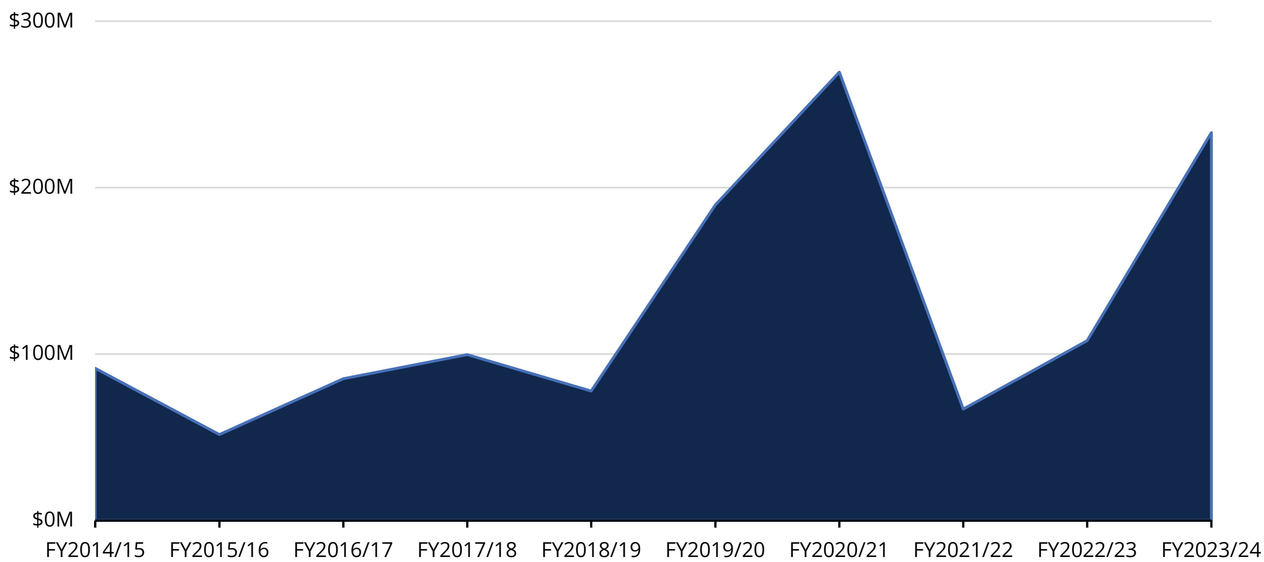


Figure 8.11: Total ODA to Transport Sector by Development Partners, FY 2023/24

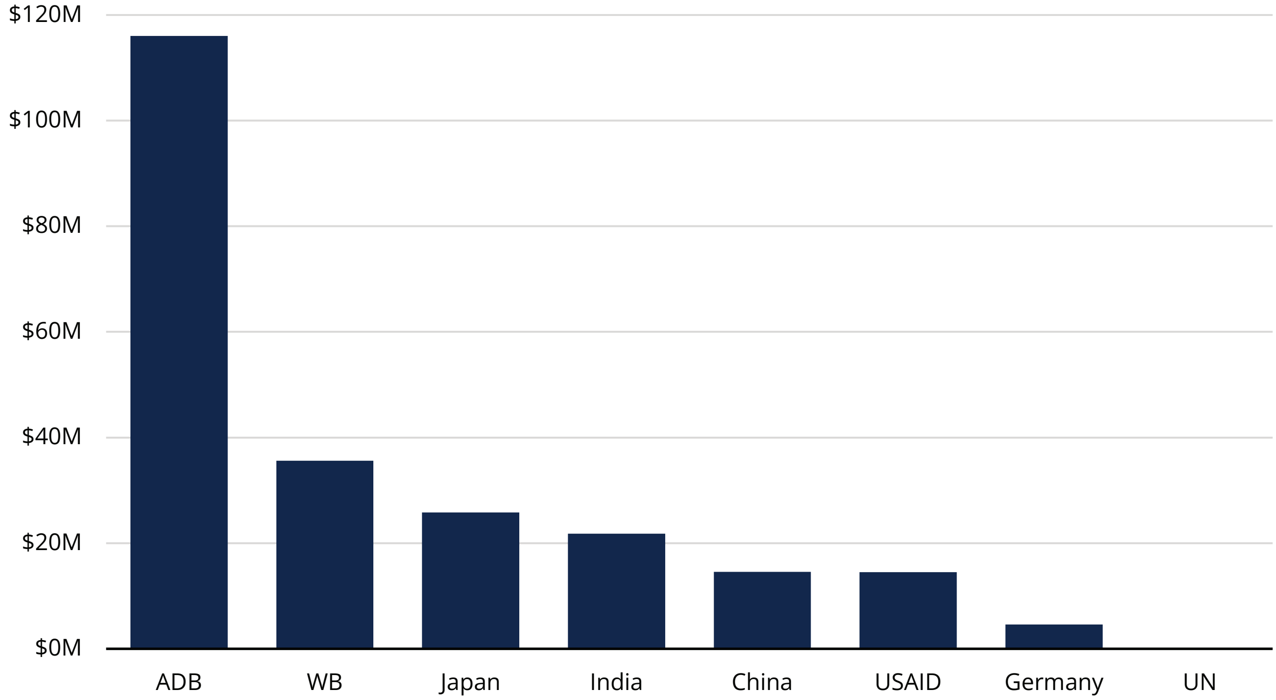


Figure 8.12: Aid Modalities of Transport Sector, FY 2023/24

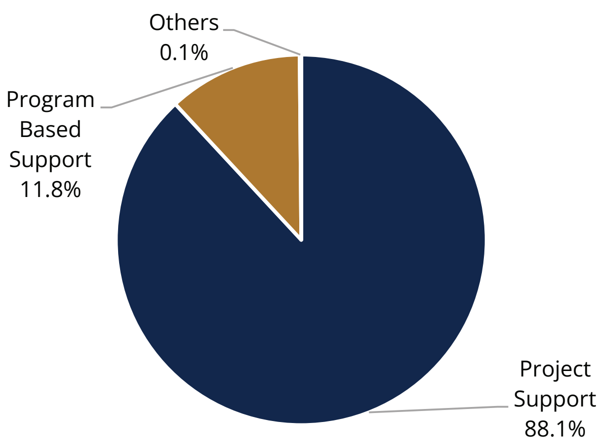


Figure 8.13: Type of Aid of Transport Sector, FY 2023/24

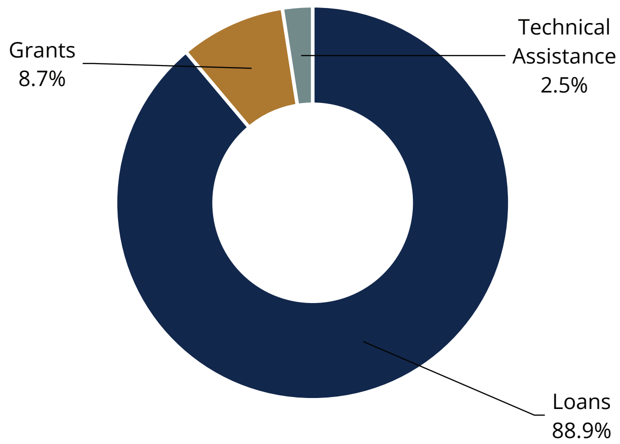


Table 2: Top 5 disbursing projects of Transport Sector, FY 2023/24

Project Title	DPs	Disbursement (USD)	Original Completion Date
Nagdhunga Tunnel Construction Project	JICA	25,174,618	1/31/2022
SASEC Highway Enhancement Project	ADB	23,999,206	12/31/2029
Strategic Road Connectivity and Trade Improvement Project	IDA	21,917,183	7/15/2027
Mugling Pokhara Highway Improvement Project	ADB	20,513,636	1/31/2025
SASEC Road Improvement Project (SRIP) Loan 3478-NEP	ADB	19,974,907	7/31/2022

8.2 Fuel and Energy

The fuel and energy sector received the second highest disbursement in FY 2023/24. This sector was in the fourth position among top 5 in FY 2022/23. This sector ranked the 2nd highest receiver of ODA disbursement both in cumulative of the last three years as well as over the past decade.

The Fuel and Energy sector was highly volatile over the decade, with disbursements fluctuating significantly based on the implementation of large-scale infrastructure projects. During the early years from FY 2014/15 to FY 2017/18, funding ranged from USD 78.6 million to USD 164.9 million. The sector saw a massive peak in FY 2020/21, reaching USD 323.1 million, the highest in the decade, driven by significant investments in hydropower and transmission line projects.

Although disbursements faced a sharp decline to USD 150.1 million in FY 2021/22, they began a steady recovery, rising to USD 166.8 million in FY 2022/23 and further to USD 195.3 million in FY 2023/24. Despite these fluctuations, energy consistently remained a top priority for development partners, reflecting its strategic importance in Nepal's transition toward energy self-sufficiency and its growing role as a regional electricity exporter.

Analysing original completion dates of the top 5 disbursing projects of the Fuel and Energy sector, all projects were running in either final year or one year ahead of the scheduled timeline. As in the case of the Transport sector, disbursement could have speeded up during the final years.

Figure 8.14: ODA to Fuel and Energy Sector, FY 2014/15 - 2023/24

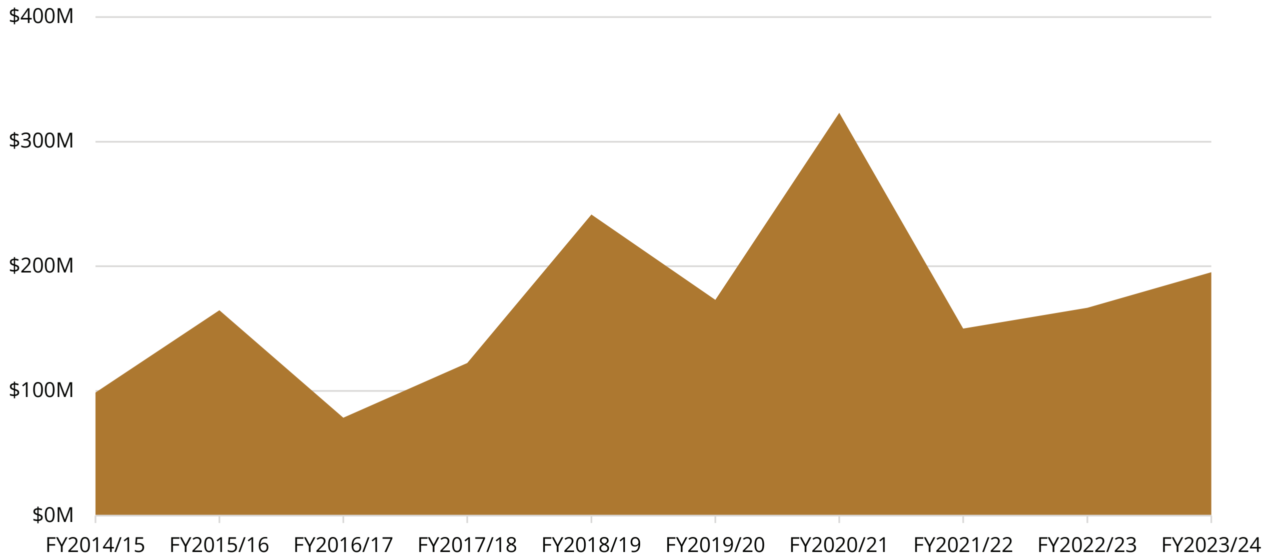


Figure 8.15: Total ODA to Fuel and Energy Sector by Development Partners, FY 2023/24

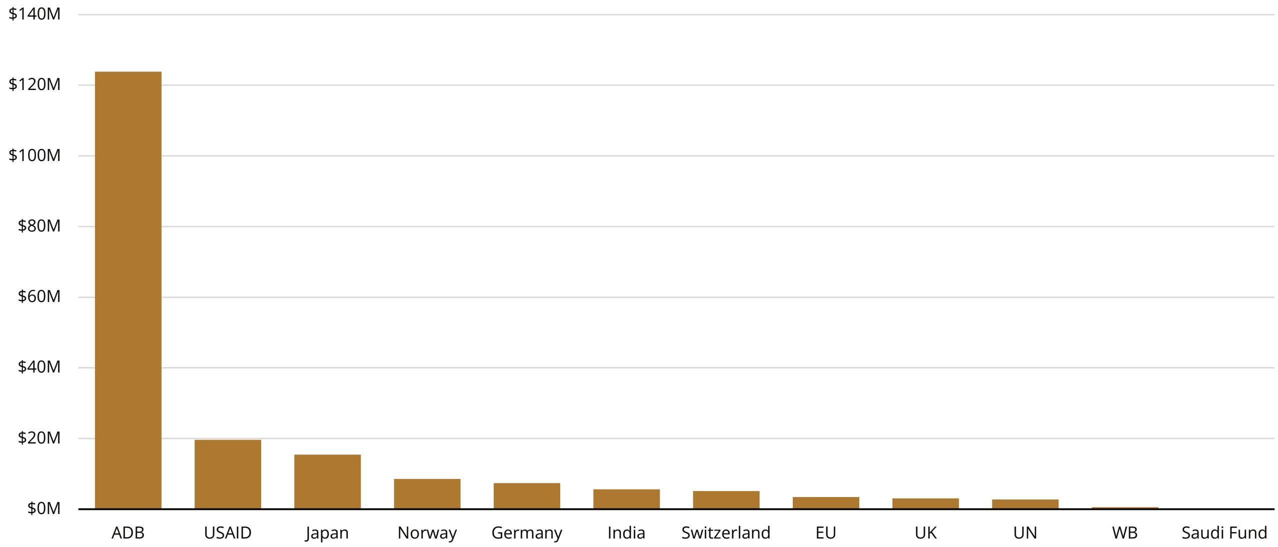


Figure 8.16: Aid Modalities of Fuel and Energy Sector, FY 2023/24

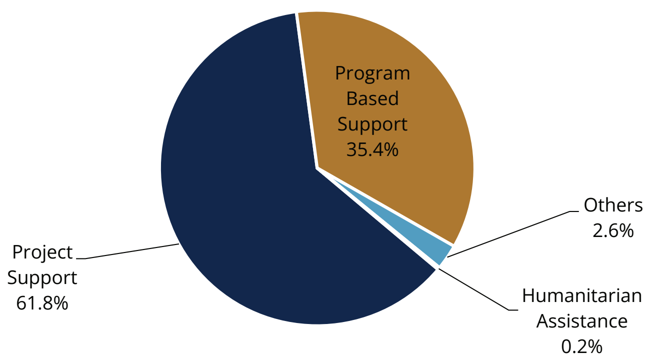


Figure 8.17: Type of Aid of Fuel and Energy Sector, FY 2023/24

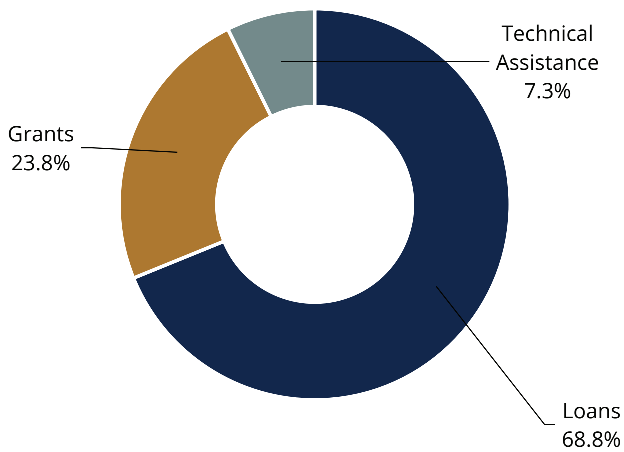


Table 3: Top 5 disbursing projects of Fuel and Energy Sector, FY 2023/24

Project Title	DPs	Disbursement (USD)	Original Completion Date
Tanahu Hydropower Project	ADB, JICA	31,607,101	6/30/2026
SASEC Power Transmission Distribution System Strengthening Project	ADB	34,207,847	6/30/2026
Electricity Grid Modernization Project	ADB	29,249,676	9/30/2026
Millennium Challenge Corporation Compact Program	MCC	14,238,286	
Power Transmission and Distribution Efficiency Enhancement Project	ADB	14,227,722	6/30/2025

8.3 Health

In FY 2023/24, the Health sector secured its position as the third-highest recipient of ODA disbursement, despite a decade characterized by significant disbursement volatility.

The sector's funding trajectory began with a moderate USD 177.7 million in FY 2014/15, followed by a period of instability where figures dipped as low as USD 89.6 million (FY 2016/17) and USD 87 million (FY 2018/19).

The most substantial surge occurred in FY 2019/20, with disbursements peaking at a decadal high of USD 318.4 million. While subsequent years—FY 2020/21 (USD 222.7 million) and FY 2021/22 (USD 241.5 million)—showed a gradual tapering, they maintained a baseline significantly higher than pre-2019 levels. This sustained elevation underscores the sector's prioritized status in national development and human capital investment.

The most recent data indicates a contraction in funding. Following a drop to USD 171.1 million in FY 2022/23, disbursements further declined to USD 139.0 million in FY 2023/24—a year-on-year decrease of 18.8 percent.

The recent downward trend is partially attributed to the maturation of high-impact initiatives. Three of the top five projects within the sector reached their conclusion during the review period:

- Family Welfare Programme (GAVI)
- Development Policy Financing with CatDDO (IDA)
- NHSS Impact Contribution (WHO)

The phasing out of these major projects highlights a lopsided disbursement profile, where capital flow is heavily weighted toward the final stages of the project lifecycle. This suggests that the current decline may be a cyclical transition as the portfolio awaits the initiation of new large-scale interventions.

Figure 8.18: ODA to Health Sector, FY 2014/15 - 2023/24

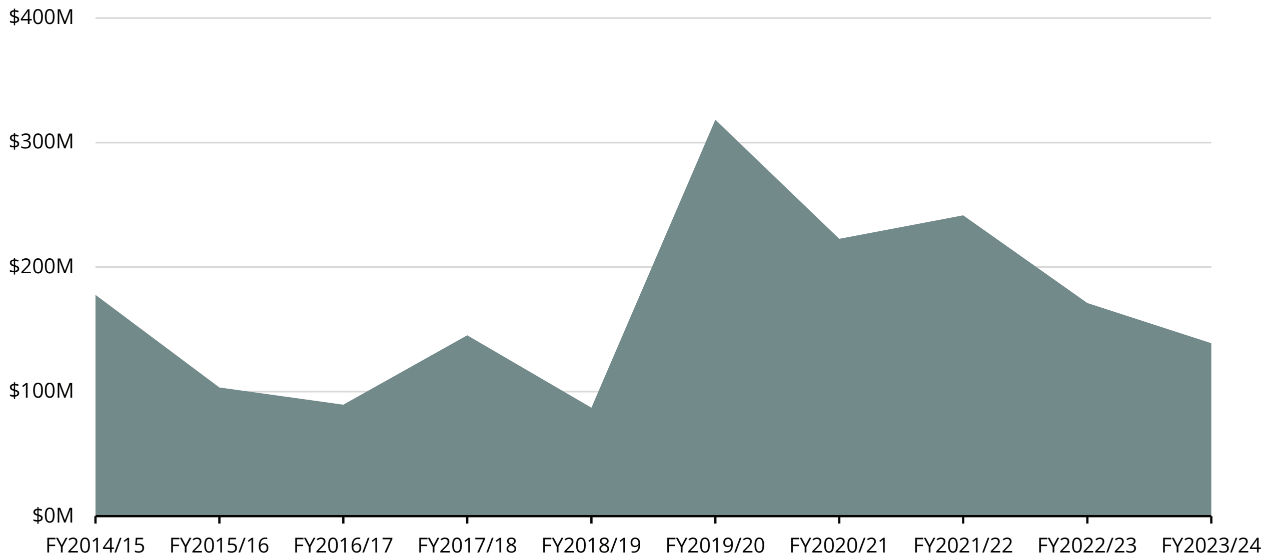


Figure 8.19: Total ODA to Health Sector by Development Partners, FY 2023/24

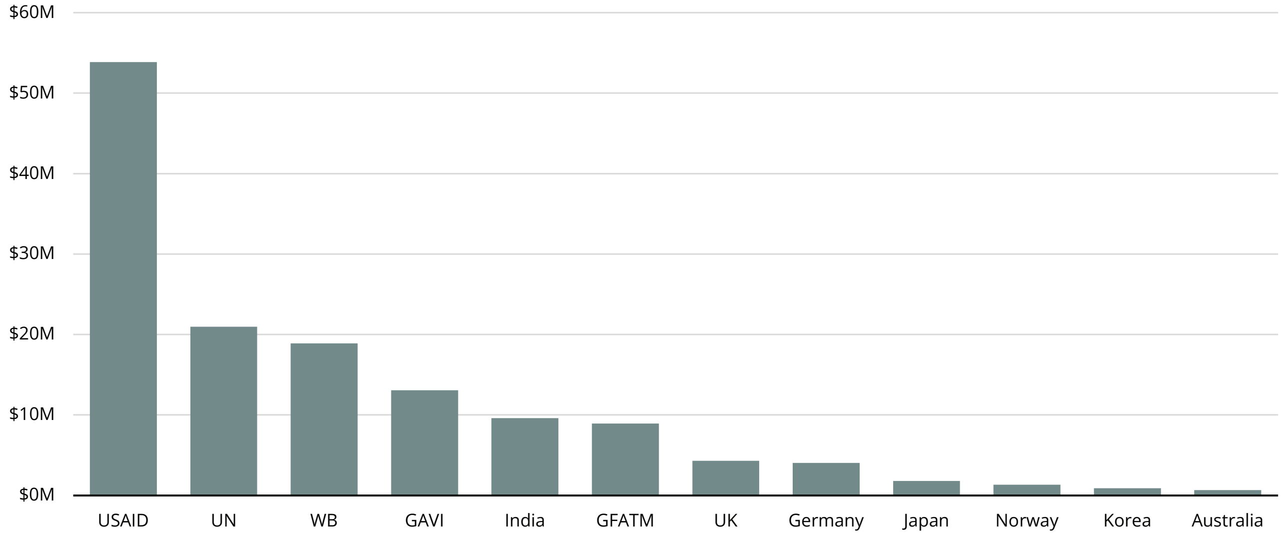


Figure 8.20: Aid Modalities: Health Sector, FY 2023/24

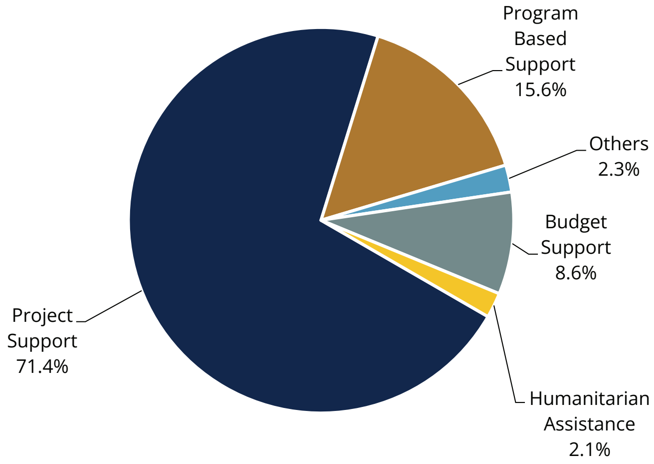


Figure 8.21: Type of Aid: Health Sector, FY 2023/24

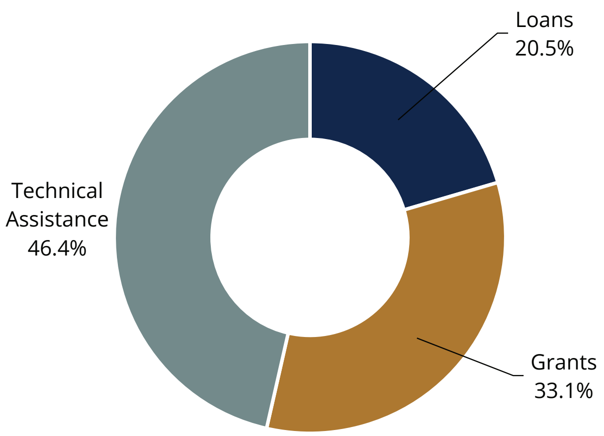


Table 4: Top 5 disbursing projects of Health Sector, FY 2023/24

Project Title	DPs	Disbursement (USD)	Original Completion Date
USAID Integrated Nutrition	USAID	22,967,534	6/26/2029
Family Welfare Program	GAVI	13,081,206	12/31/2021
Development Policy Financing with a Catastrophe Deferred Drawdown Option (Cat DDO)	IDA	11,910,072	5/31/2023
Contribution to NHSS impact in relevant program areas - 2022-2023	WHO	11,711,616	12/31/2023
Economic and Development Cooperation	India	9,617,755	

8.4 Education

Disbursements to the education sector ranked 4th out of top 5 disbursing sectors and exhibited a fluctuating but upward trajectory between FY 2014/15 (USD 113.7 million) and FY 2017/18 (USD 202.2 million), eventually reaching a historical peak of USD 242.4 million in FY 2018/19.

Following a sharp contraction to USD 133.3 million in FY 2019/20, funding rebounded to USD 218.9 million the following year. However, since this recovery, the sector has experienced a consistent decline, with disbursements receding to USD 172.1 million in FY 2021/22, followed by further reductions to USD 170.6 million and USD 127.7 million in the subsequent fiscal years. This overarching pattern suggests a historically robust commitment to education, though recent volatility likely reflects shifting program cycles, evolving funding modalities, or a realignment of Development Partner (DP) priorities.

The longitudinal data reveals a robust and sustained commitment to the education sector, though periodic fluctuations suggest shifts in program lifecycles, funding modalities, or development partner priorities amidst realignment demands. Notably, disbursement volume contracted in FY 2023/24, with the sector falling to fourth among the top five disbursing sectors. This decline is primarily attributed to the current project lifecycle stage; most major projects are in their nascent phases, yielding lower absorption rates. This trend was further compounded by the July 2023 closure of the World Bank-financed 'Enhanced Vocational Education and Training Project II (EVENT II),' which had previously been a significant driver of sector expenditure.

Figure 8.22: ODA to Education, FY 2014/15 - 2023/24

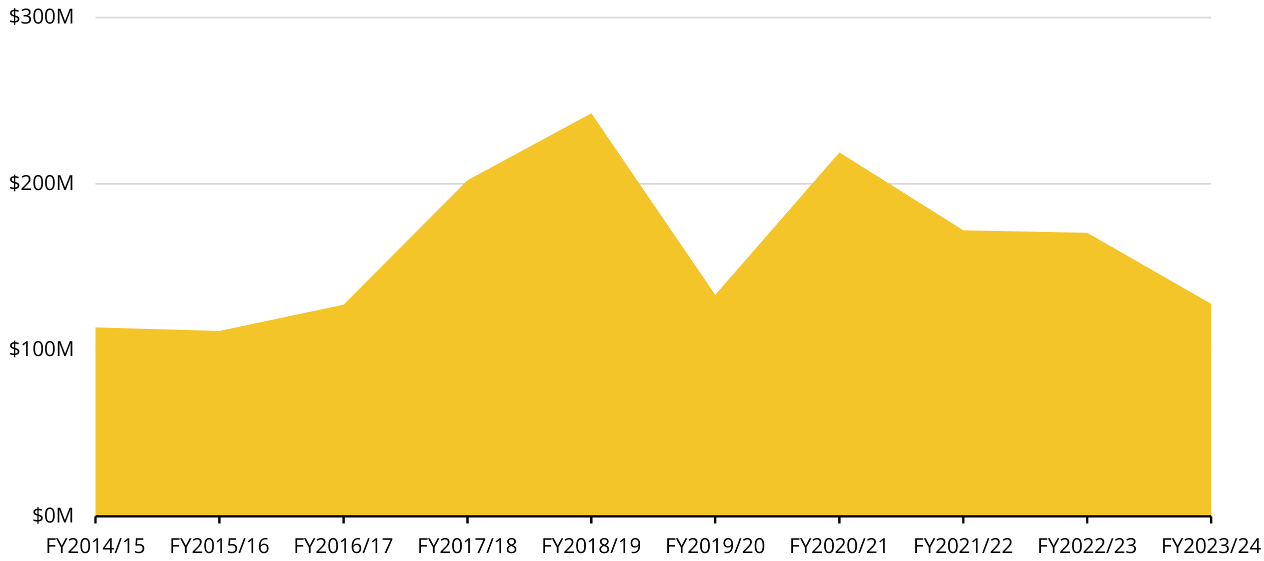


Figure 8.23: Total ODA to Education Sector by Development Partners, FY 2023/24

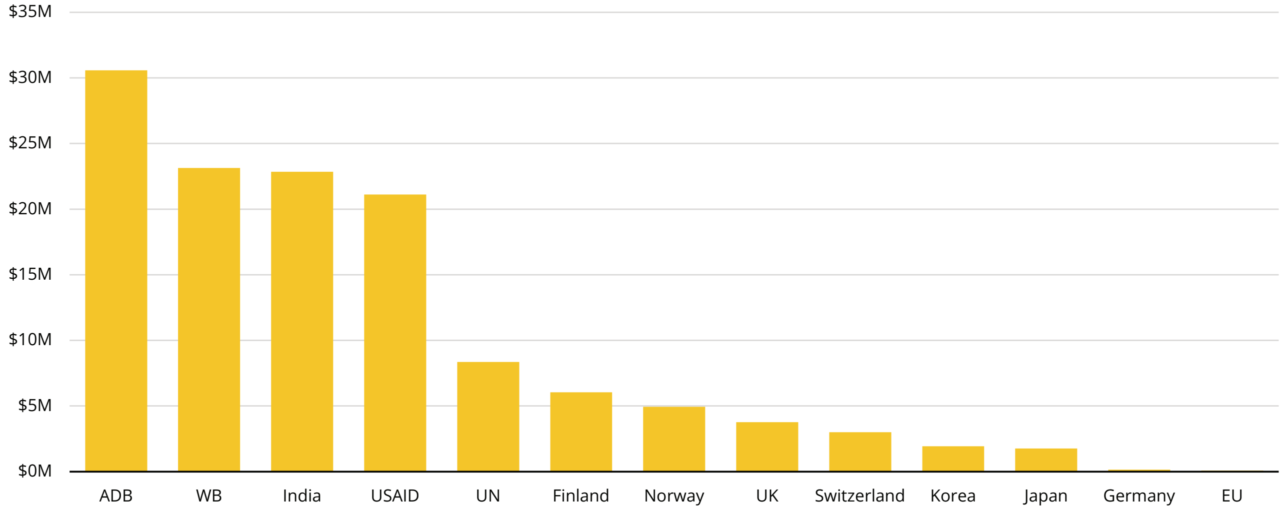


Figure 8.24: Aid Modalities of Education Sector, FY 2023/24

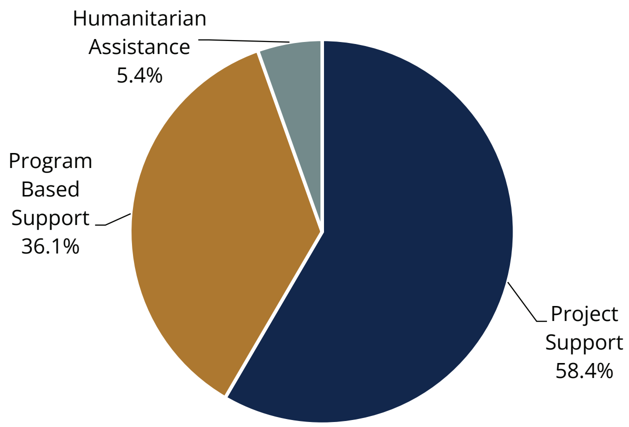


Figure 8.25: Type of Aid of Education Sector, FY 2023/24

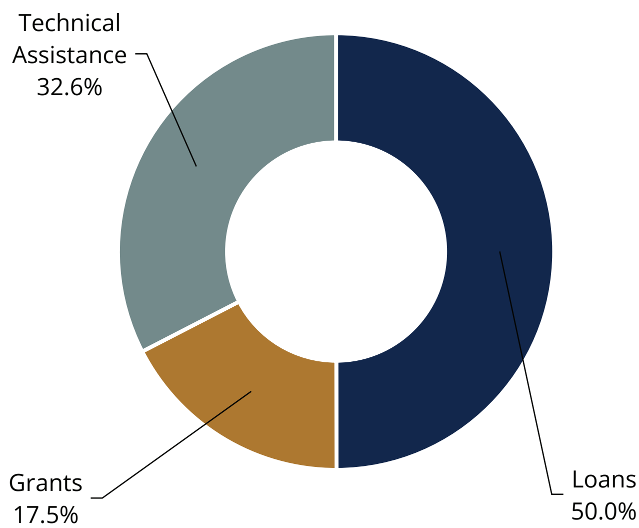


Table 5: Top 5 disbursing projects of Education Sector, FY 2023/24

Project Title	DPs	Disbursement (USD)	Original Completion Date
School Education Sector Programme	ADB, Norway, Finland	23,800,513	7/15/2032
Supporting the School Education Sector Plan	ADB	15,000,000	7/31/2028
USAID Early Grade Learning	USAID	12,858,241	9/29/2028
Economic and Development Cooperation	India	12,177,727	
Enhanced Vocational Education and Training Project II (EVENT II)	IDA	9,276,168	7/16/2023

8.5 Economic Affairs

Official Development Assistance to the Economic Affairs sector was stable between FY 2014/15 and FY 2015/16, with figures between USD 55.6 million and USD 90.1 million. A significant increase occurred between FY 2016/17 and FY 2017/18, eventually peaking at USD 382.0 million in FY 2019/20. This growth was primarily driven by the World Bank's Fiscal and Public Finance Management Development Policy Credits. Following a sharp decline to USD 24.8 million in FY 2020/21, disbursements recovered to USD 223.1 million in FY 2022/23. In the most recent period, FY 2023/24, the volume moderated to USD 120.3 million.

In FY 2023/24, the International Monetary Fund (IMF) was the primary development partner in this sector. It provided USD 93.6 million, which accounted for 77.9 percent of the sector total, mostly through the Extended Credit Facility (ECF). Other contributors included USAID (USD 8.5 million), Norway (USD 4.3 million), and Germany (USD 3.6 million). Smaller allocations were also noted from Australia, Switzerland, the Asian Development Bank, and the United Kingdom.

The overall trend shows periodic but substantial injections of ODA linked to economic reform conditions. There is a growing preference for the budget support modality among both multilateral and bilateral partners. In FY 2023/24, the high use of budget support (77.9 percent) and program support (4.1 percent) indicates that ODA is becoming better aligned with government priorities and the national Public Financial Management (PFM) system.

The sector's decline from first to fifth rank in FY 2023/24 is largely attributable to the specific timing of major credit inflows. Significant disbursements, including USD 52.8 million from the IMF's Extended Credit Facility and a USD 50 million ADB loan for the SASEC Customs and Logistics Reform Programme, commenced in June 2023. Because these substantial funds were primarily recorded at the very end of the previous cycle or early in the current one, the year-on-year comparison reflects a relative reduction in active disbursement volume for the remainder of the fiscal year.

Figure 8.26: ODA to Economic Affairs, FY 2014/15 - 2023/24

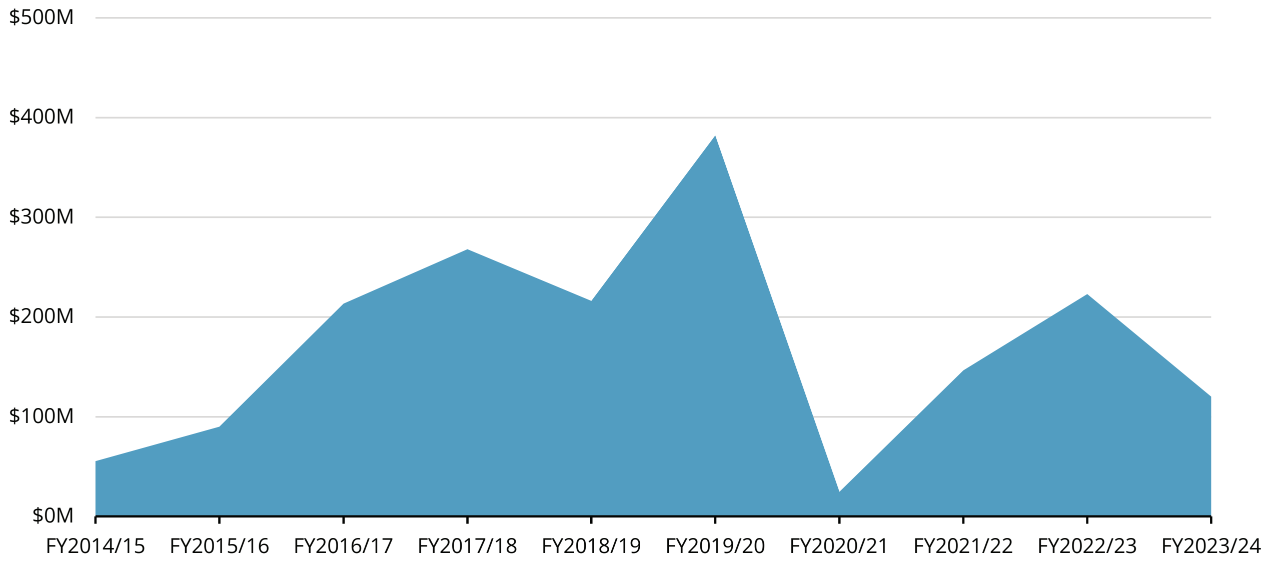


Figure 8.27: Total ODA by Development Partners, FY 2023/24

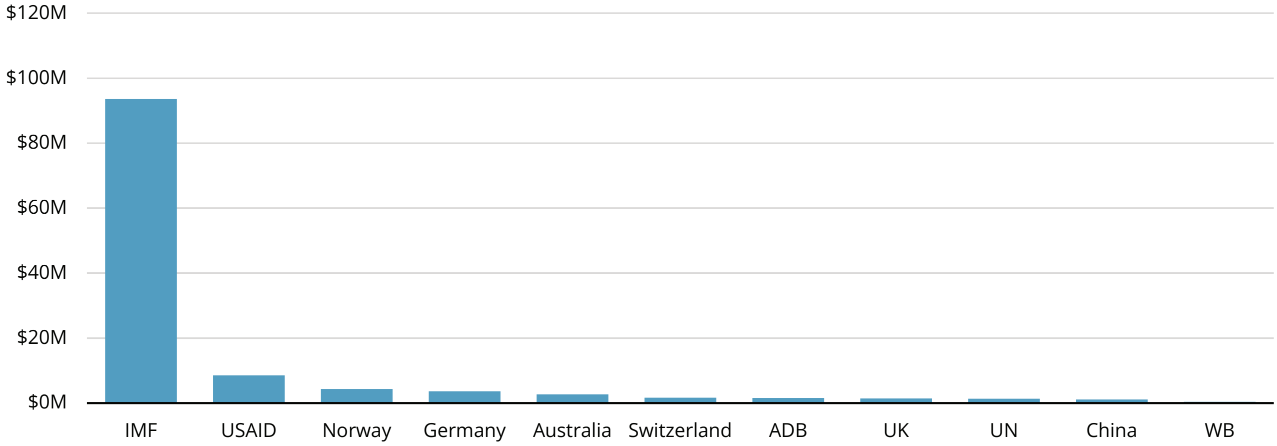


Figure 8.28: Aid Modalities of Economic Affairs Sector, FY 2023/24

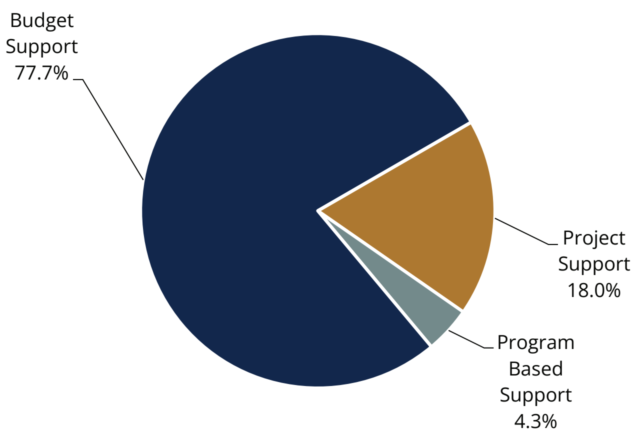


Figure 8.29: Type of Aid of Economic Affairs Sector, FY 2023/24

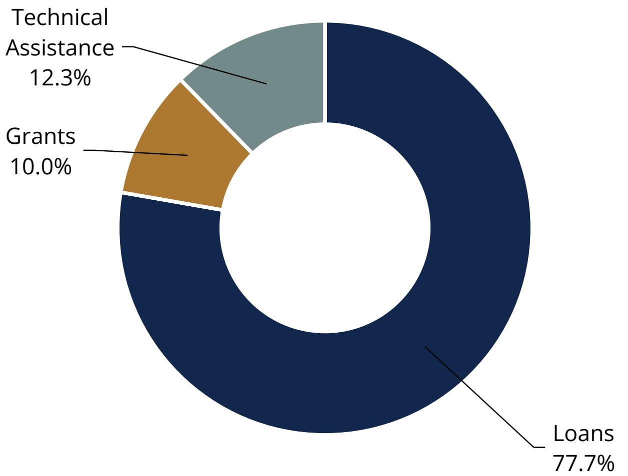


Table 6: Top 5 disbursing project of Economic Affairs Sector, FY 2023/24

Project Title	DPs	Disbursement (USD)	Original Completion Date
Extended Credit Facility	IMF	93,550,000	3/13/2025
USAID Localization Support	USAID	6,623,576	6/12/2029
Sustainable Economic Development in Rural and Semi Urban Areas	KfW	2,405,208	1/31/2022
Enhancing Access to Justice through Institutional Reform Project 2018-2024	Norway	2,119,672	1/31/2020
UDAYA - Investment and Innovation for Economic Development Project Phase 1	Switzerland	1,566,182	9/30/2027

CHAPTER 9

POST-EARTHQUAKE RECONSTRUCTION

Table 7: Post-Earthquake Reconstruction Pledges, Commitments, and Disbursements (USD), FY 2015/16 - 2023/24

Development Partners	Total Pledged	FY2015/16 - Total Committed	FY2016/17 - Total Committed	FY2017/18 - Total Committed	FY2018/19 - Total Committed	FY2019/20 - Total Committed	FY2020/21 - Total Committed	FY2021/22 - Total Committed	FY2022/23 - Total Committed	FY2023/24 - Total Committed	FY2015/16 - Total Disbursed	FY2016/17 - Total Disbursed	FY2017/18 - Total Disbursed	FY2018/19 - Total Disbursed	FY2019/20 - Total Disbursed	FY2020/21 - Total Disbursed	FY2021/22 - Total Disbursed	FY2022/23 - Total Disbursed	FY2023/24 - Total Disbursed
ADB	$600.0M	$215.0M		$107.6M	$1,499.0M						$18.4M	$15.0M	$56.1M	$62.4M	$58.6M	$36.2M	$25.6M	$20.8M	$10.7M
Australia	$4.6M										$4.8M								
Austria	$1.2M																		
Bangladesh	$0.5M																		
Canada	$10.5M																		
China	$766.9M	$489.6M	$277.3M								$10.7M		$9.6M			$5.1M		$3.9M	$1.1M
EU	$117.5M	$118.4M		$75.9M			$0.1M				$6.7M	$2.3M	$49.8M	$3.5M	$0.9M	$1.8M		$0.1M	
Finland	$2.2M	$1.1M										$0.4M	$0.0M						
Germany	$33.6M	$34.0M										$4.0M	$3.9M	$1.6M		$0.7M	$2.6M	$1.2M	$0.5M
IMF	$50.0M	$50.0M																	
India	$1,400.0M	$1,000.0M		$78.8M								-	$2.2M	$4.7M		$4.0M	$3.0M	$12.6M	$18.1M
Japan	$260.0M	$247.1M		$113.3M	$11.6M				$149.5M		$10.3M	$55.8M	$89.6M	$70.4M	$5.9M	$3.7M	$11.3M	$13.1M	$2.3M
Netherlands	$26.0M																		
Norway	$16.0M				$5.6M		$0.7M				$2.2M	$1.8M	$0.4M	$6.2M	$1.5M	$1.4M	-$0.1M		
Pakistan	$1.0M																		
Republic of Korea	$10.0M	$8.4M								$0.3M	$5.7M	$1.5M	$3.4M	$1.6M	$0.4M	$0.0M			$0.3M
Saudi Fund	$30.0M						$29.2M								$3.1M	$16.6M	$2,6 M		
Sri Lanka	$2.5M																		
Sweden	$10.0M																		

Development Partners	Total Pledged	FY2015/16 - Total Committed	FY2016/17 - Total Committed	FY2017/18 - Total Committed	FY2018/19 - Total Committed	FY2019/20 - Total Committed	FY2020/21 - Total Committed	FY2021/22 - Total Committed	FY2022/23 - Total Committed	FY2023/24 - Total Committed	FY2015/16 - Total Disbursed	FY2016/17 - Total Disbursed	FY2017/18 - Total Disbursed	FY2018/19 - Total Disbursed	FY2019/20 - Total Disbursed	FY2020/21 - Total Disbursed	FY2021/22 - Total Disbursed	FY2022/23 - Total Disbursed	FY2023/24 - Total Disbursed
Switzerland	$25.0M				$7.5M						$7.7M	$2.6M	$3.6M	$0.8M	$1.7M		$0.0M		
Turkey	$2.0M																		
UK (DFID)	$110.0M	$94.0M	$71.5M								$10.0M	$25.2M	$19.4M	$15.8M	$16.7M	$7.3M	$3.9M	$0.4M	
USA	$130.0M	$159.8M		$0.0M	$0.0M	$10.3M	$1.4M	$0.4M	-$0.1M		$14.4M	$23.7M	$4.3M	$0.2M	$12.0M	$3.5M	$2.4M	$0.2M	
WB	$500.0M	$300.0M		$199.0M		$200.0M	$5.0M				$20.0M	$106.3M	$152.9M	$80.0M	$154.2M	$74.1M	$95.0M	$18.5M	$3.4M

Table 7 provides an analysis of the financial contributions made by DPs toward Nepal’s post-earthquake reconstruction efforts from FY 2015/16 to FY 2023/24. The analysis includes pledged amounts, committed funds, and actual disbursements. In total, approximately USD 4.1 billion was pledged by various bilateral and multilateral DPs. However, the total disbursement as of FY 2023/24 stood at just USD 1.7 billion, approximately 30 percent of the total commitments.

Figure 9.1: Total Amount Pledged Post-Earthquake by Top 5 Development Partners (%), FY 2015/16 - 2023/24

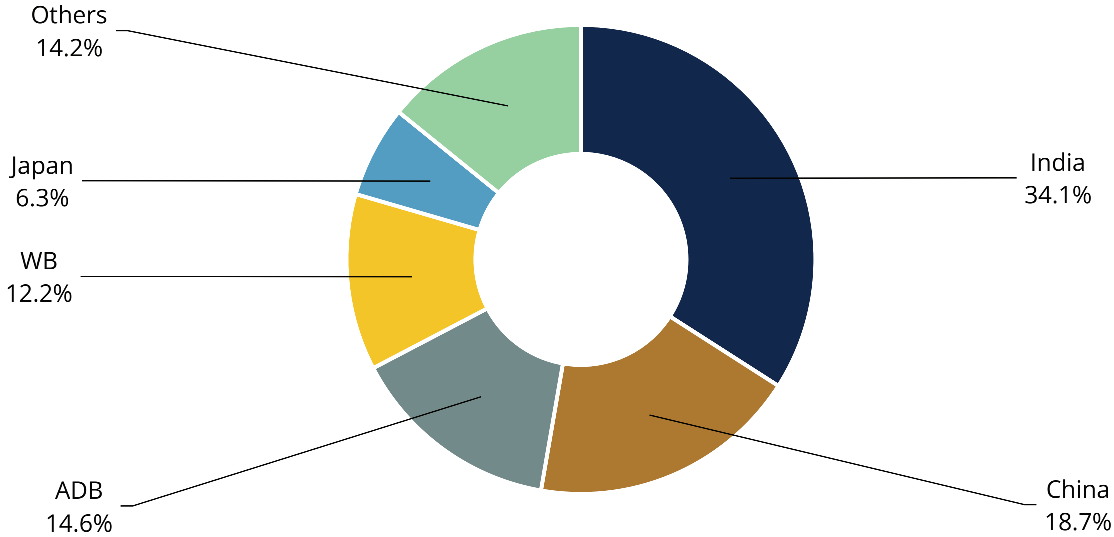


Figure 9.1 visualises the distribution of the top five total pledges made by DPs towards Nepal's post-earthquake reconstruction efforts. India, China, ADB, World Bank (WB), and Japan emerged as the top five contributors.

Figure 9.2: Cumulative Post-Earthquake Assistance, FY 2015/16 - 2023/24

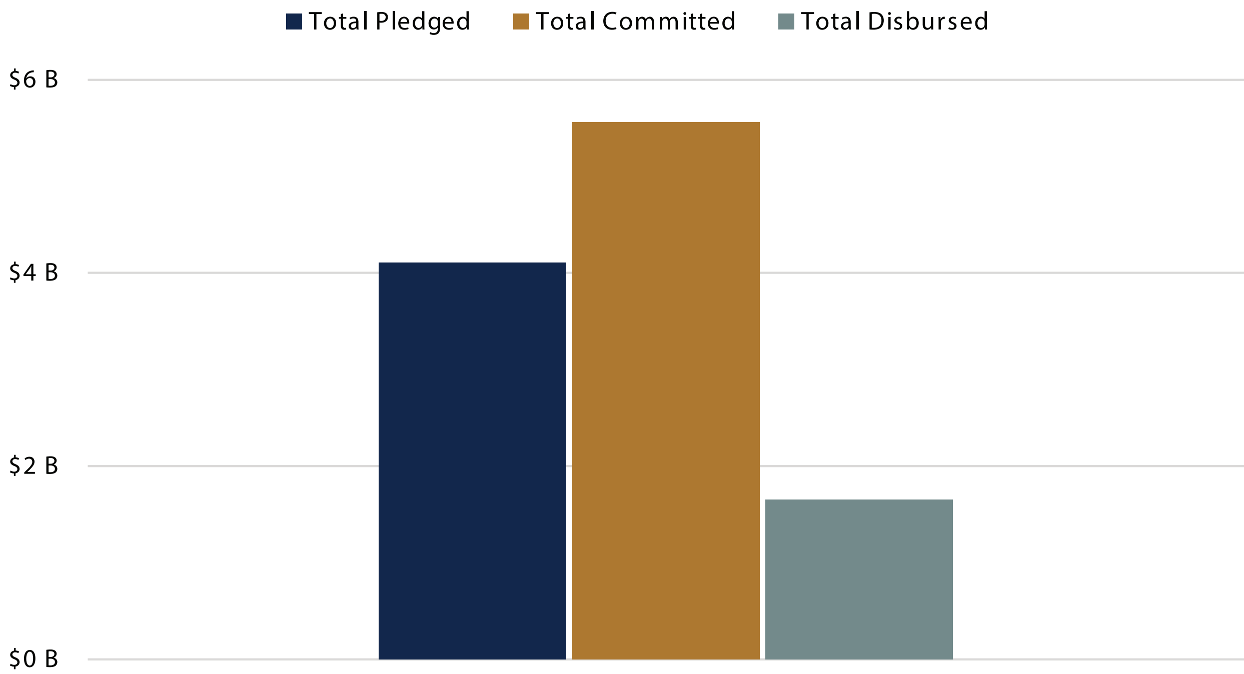


Figure 9.2 presents a comparative bar chart illustrating the cumulative post-earthquake assistance pledged, committed, and disbursed by DPs in Nepal over the period FY 2015/16 to FY 2023/24.

According to the chart, a total of USD 4.1 billion was pledged, representing the initial financial promises made by DPs following the 2015 earthquake. However, the portion of pledges that DPs formally agreed to provide, the total committed amount, exceeds this, standing at approximately USD 5.6 billion. This reflects instances where actual commitments surpassed initial pledges.

Despite these high figures, the actual disbursement remains significantly lower, with only USD 1.7

billion disbursed as of FY 2023/24 indicating a substantial gap with only 29.7 percent of committed funds having been converted into actual disbursements over the reporting period suggesting a significant amount of work remaining to be done.

Figure 9.3: Post-Earthquake Commitments vs Disbursements, FY 2015/16 - 2023/24

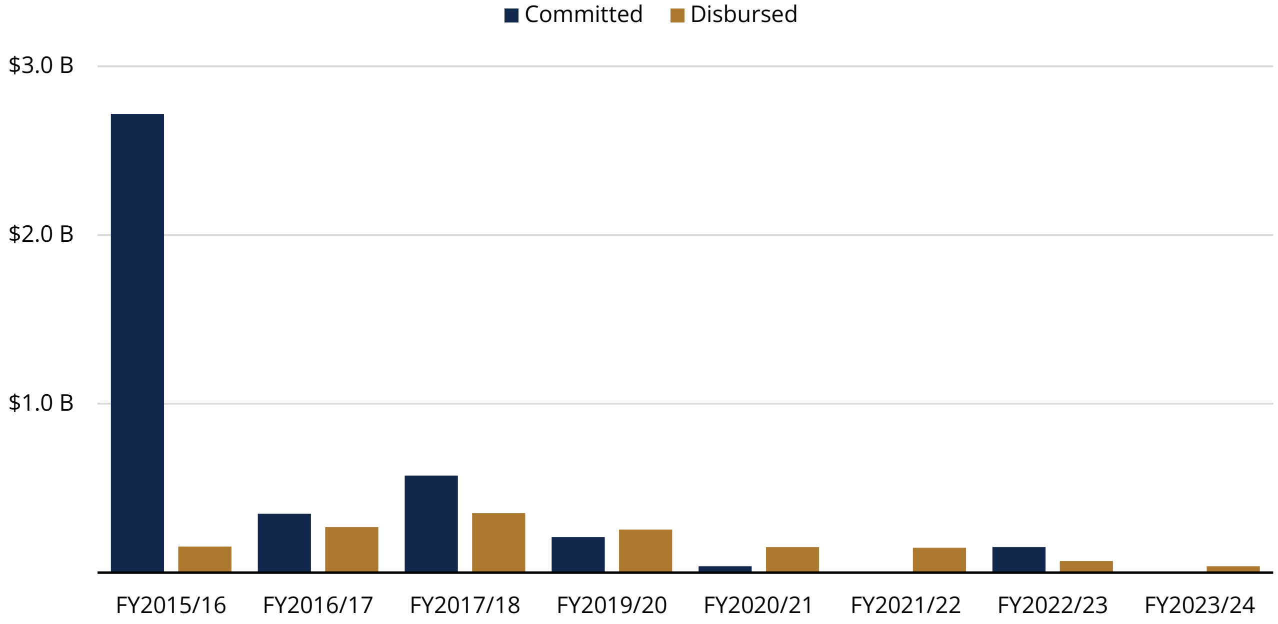


Figure 9.3 presents a year-wise comparison between post-earthquake commitments and disbursements from FY 2015/16 to FY 2023/24, offering insight into the timing and delivery of pledged support from DPs.

The highest level of commitment was made in FY 2015/16, immediately following the earthquake, amounting to approximately USD 2.72 billion. However, only USD 154.4 million of that was disbursed in the same year.

In FY 2016/17, commitments dropped sharply to USD 348.8 million, while disbursements increased to USD 269.7 million indicating execution of many recovery-related projects. The peak disbursement occurred in FY 2017/18, at USD 352.4 million, against commitments of USD 574.6 million. In FY 2019/20, disbursements were USD 254.0 million and commitments were USD 210.3 million.

In subsequent years, both commitments and disbursements showed a declining trend. Notably, FY 2021/22 saw a sharp decrease in commitment reaching USD 0.44 million, while disbursements remained relatively high at USD 146.4 million. In FY 2022/23, commitments saw a temporary rise to USD 149.4 million, while disbursements dropped to USD 68.0 million. In FY 2023/24, commitments fell to USD 0.30, and disbursements further declined to USD 36.4 million.

The downward trend of commitment and disbursement reflects a gradual winding down of post-earthquake assistance to Nepal corresponding to the reducing stress of the 2015 earthquake in Nepal.

Overall, the figure underscores a significant front-loading of commitments in the early years, with disbursements spanning 9 years and highlights the delays in implementation.

Figure 9.4: Top 5 Post-Earthquake Assistance Disbursing Development Partners, FY 2015/16 - 2023/24

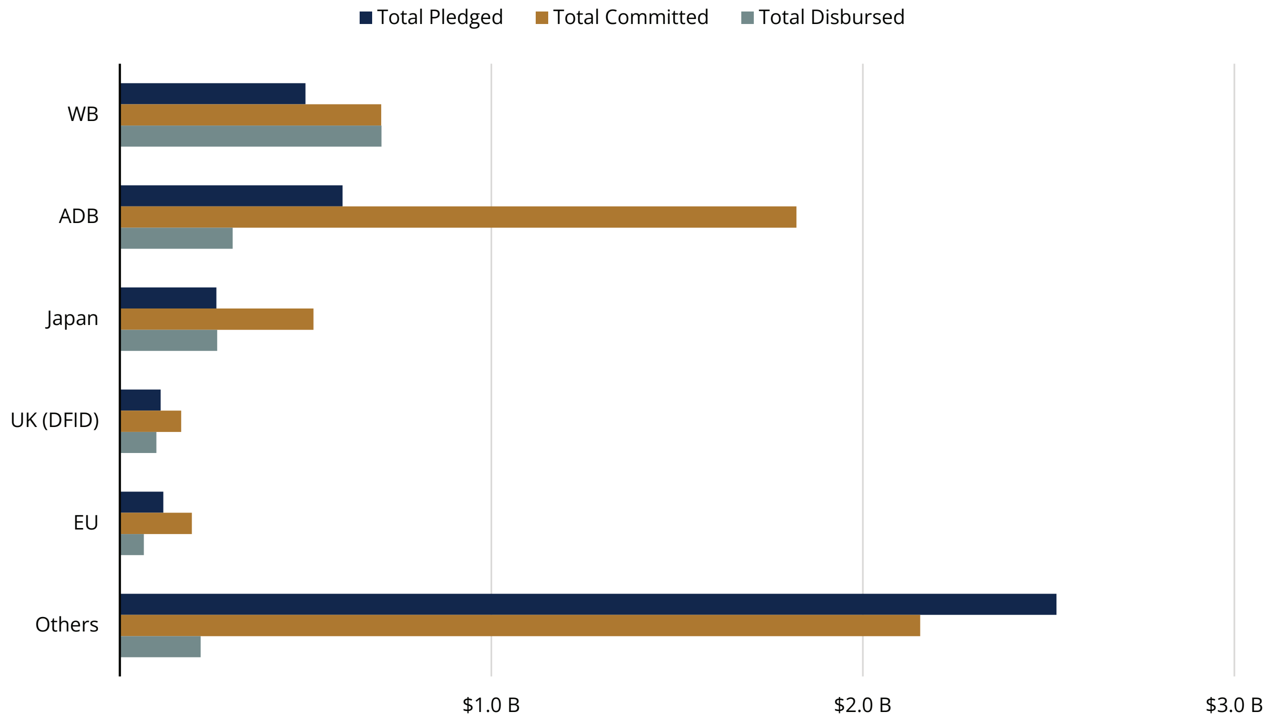


Figure 9.4 presents a comparative bar chart highlighting the performance of the top five DPs in terms of total pledges, commitments, and actual disbursements of post-earthquake assistance between FY 2015/16 and FY 2023/24.

The WB stands out as the most consistent and effective partner in execution. It pledged USD 500 million but committed USD 704.0 million, while its actual disbursement reached USD 704.4 million. The WB remains the only partner to have disbursed more than both its pledge and commitment, showcasing exemplary aid execution in Nepal's post-earthquake context.

The ADB initially pledged USD 600 million, and while its total commitment recorded in the system is significantly higher at USD 1.82 billion, actual disbursement reached USD 303.9 million. Japan maintained close alignment between its original pledge and final delivery. From an initial pledge of USD 260 million, Japan committed USD 521.5 million and disbursed USD 262.5 million, effectively fulfilling its original pledge.

The United Kingdom pledged USD 110 million, committed USD 165.5 million, and disbursed USD 98.8 million, showing a relatively steady flow of assistance though slightly under its original pledge. The European Union pledged USD 117.5 million, increased commitments to USD 194.4 million, but disbursed USD 65.1 million.

The 'Others' category, which includes numerous smaller DPs, collectively pledged USD 2.52 billion but committed USD 2.15 billion, and disbursed USD 217.7 million. This wide disparity between pledged and disbursed amounts may suggest several demand and supply side constraints, including low absorption caused by lengthy procurement laws, unrealistic donors conditionalities, obstructions in supply chain caused by blockade by India and other political economic factors leading to fragmentation and possible reallocation of aid to other priorities.

CHAPTER 10 GEOGRAPHIC ANALYSIS

Achieving a balanced geographic distribution of ODA or other forms of development finance is more than just a matter of fairness; it is a strategic necessity for long-term national stability and economic growth. When resources are concentrated in a single region, i.e., a capital city or a geographically accessible Province, it may inadvertently create "development deserts" elsewhere. Concentrating aid in already developed areas can widen the gap between "leading" and "lagging" regions. If one province receives the bulk of infrastructure, health, and education funding, it attracts more migration and investment, leaving other regions trapped in a cycle of poverty. Balanced aid ensures that the benefits of development reach the most marginalized populations. This section analyses geographical distribution based on data captured in the DFIMS.

10.1 Single and Multi-District ODA Disbursement

Figure 10.1: Single vs Multi-District ODA Disbursements, FY 2021/22 - 2022/23

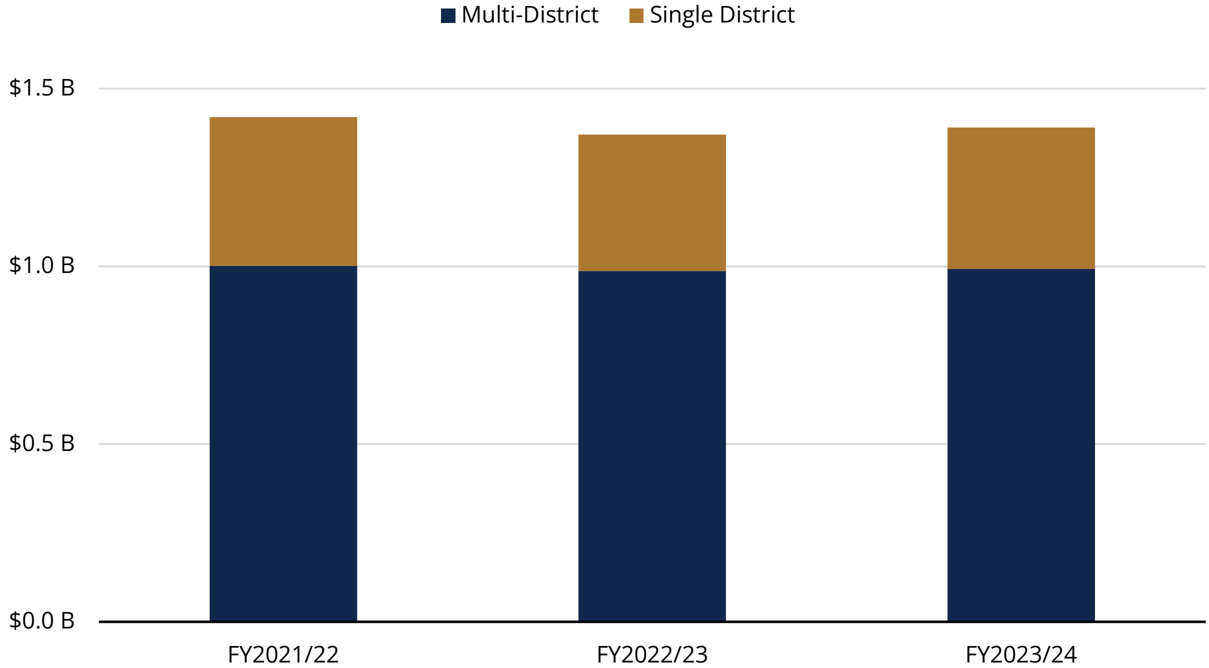


Figure 10.1 delineates the distribution of ODA across single-district and multi-district frameworks from FY 2021/22 through FY 2023/24.

The data for FY 2023/24 reveals a relative stabilization in funding levels. Multi-district disbursements reached USD 993.1 million, representing a negligible growth of 0.6 percent year-on-year. In contrast, single-district projects experienced a more robust expansion of 3.5 percent, totaling USD 397.3 million.

The sustained dominance of multi-district projects suggests a programmatic preference for cross-regional development, likely driven by the pursuit of wider systemic impacts and operational efficiencies. However, the current stabilization presents an opportunity for DPs to refine their portfolios. Moving forward, it is imperative that implementing agencies strategically align their interventions with localized needs, ensuring that geographically targeted projects are both high-yielding and resource-efficient.

Figure 10.2: Single vs Multi-District ODA Disbursements Year-on-Year Change (%), FY 2021/22 - 2023/24

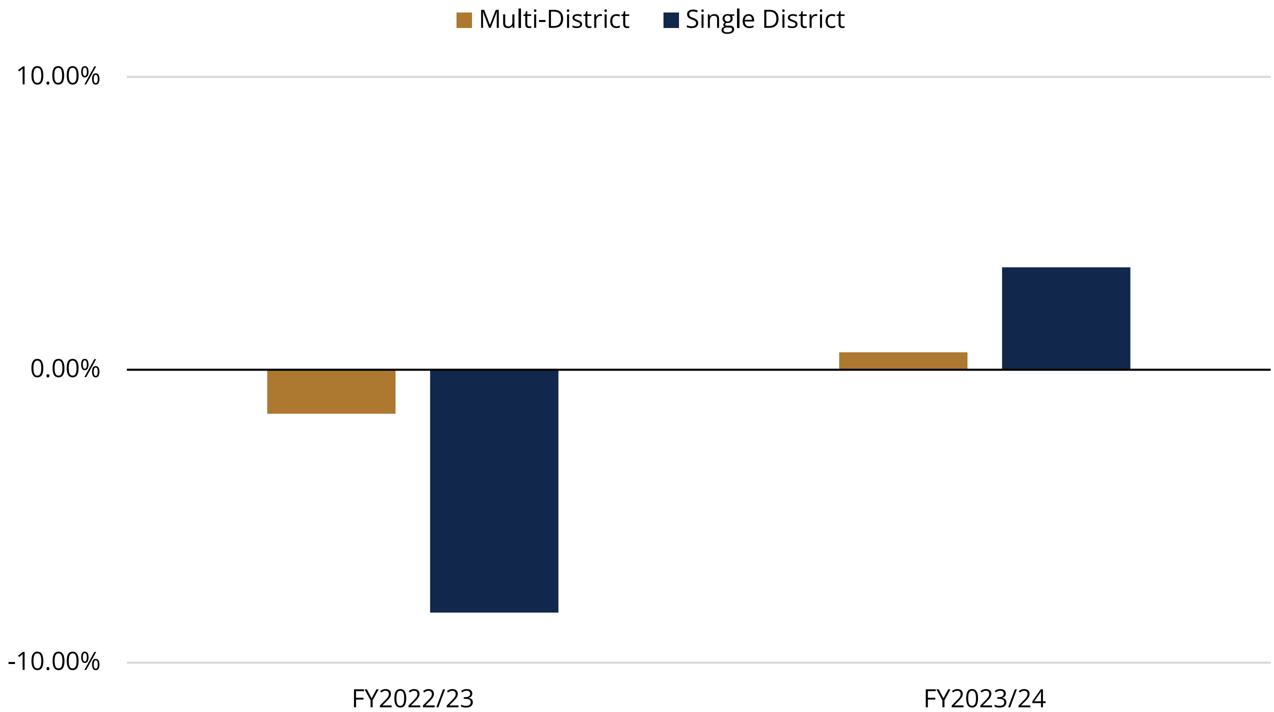


Figure 10.2 delineates the year-on-year percentage change in ODA disbursements for single-district and multi-district projects.

In FY 2023/24, multi-district disbursements recorded a marginal increase of 0.6 percent compared to the previous fiscal year. While this growth appears relatively stagnant, the data confirms that multi-district initiatives consistently capture the largest share of total ODA. This trend underscores a sustained strategic preference among DPs for broad-spectrum interventions that leverage economies of scale across multiple geographic regions.

Conversely, single-district disbursements experienced a more pronounced expansion of 3.5 percent over the same period. This growth is significant as it suggests a tactical shift toward localized, district-specific interventions, marking a departure from the downward trajectory observed in preceding years.

Overall, the two-year comparison reveals a stabilizing pattern across both categories. While multi-district projects continue to dominate in absolute volume, single-district disbursements have demonstrated a higher rate of annual growth in the most recent fiscal year. This suggests a careful rebalancing of the ODA portfolio, potentially serving two objectives: regional focus for broader regional impact and district focus for addressing local needs and priorities.

10.2 Province-Level Analysis

The Development Finance Information Management System (DFIMS) captures data at both the district and provincial levels. When aggregating district-level data to the provincial scale, Bagmati Province consistently reports the highest volume of ODA disbursements. This concentration of funding is driven by several key factors:

As the seat of the national capital, it hosts the Central Project/Program Management Units (CPMU).

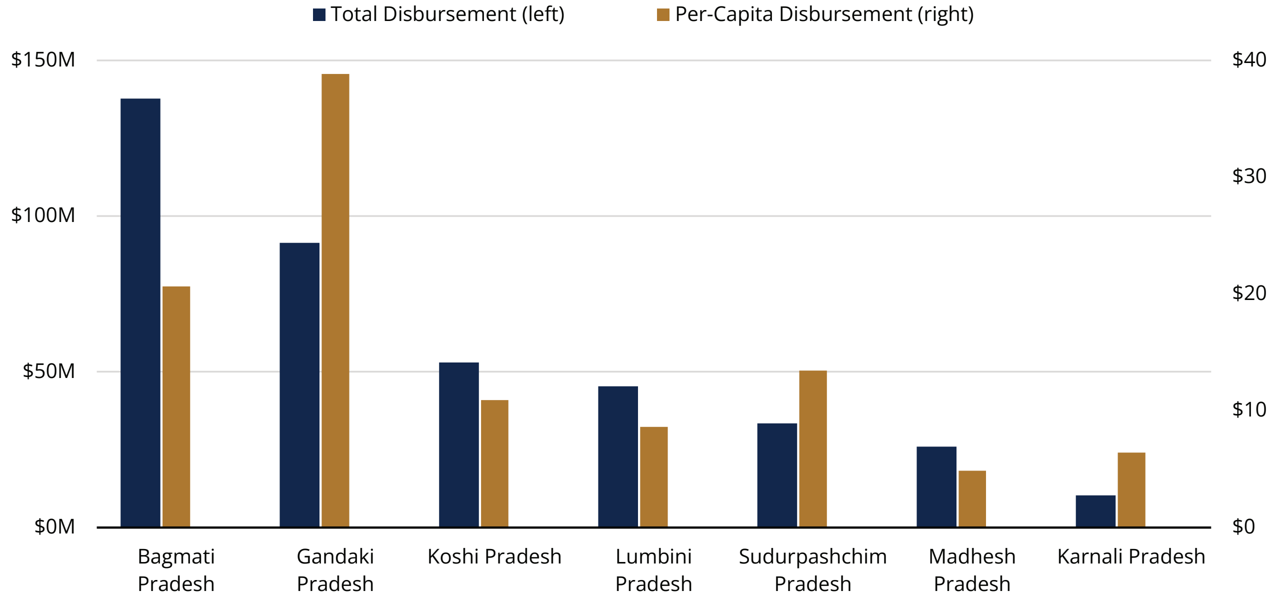
The province has been a primary focal point for large-scale post-earthquake reconstruction and COVID-19-related projects.

These elements collectively draw a significant portion of development activities and corresponding financial resources to the region.

To achieve inclusive and sustainable development across Nepal, a more equitable distribution of resources is essential. Ensuring that all provinces receive adequate support requires improved reporting mechanisms to enable precise geographic tracking of ODA. The findings in this section highlight the urgent need for enhanced transparency and a more balanced approach to aid allocation across the country.

Figure 10.3 presents total and per-capita ODA disbursements for FY 2023/24 across all provinces. This dual-axis comparison provides a more comprehensive view of resource distribution by weighing the absolute volume of aid against the amount received per resident. This distinction is vital for understanding whether funding levels truly align with the needs of the people of each province.

Figure 10.3: Total and Per-Capita Province-Level ODA Disbursements, FY 2023/24



Bagmati Province received the highest disbursement in FY 2023/24, receiving a total of approximately USD 137.8 million. However, when adjusted for population, Bagmati ranks second with a per-capita disbursement of USD 20.65. Although receiving a comparatively lower total disbursement of USD 91.4 million, Gandaki Province recorded the highest per-capita ODA at USD 38.85.

The province with the lowest disbursement was Karnali, receiving approximately USD 10.3 million. In terms of per-capita disbursement, Madhesh Province reported the lowest figure at approximately USD 4.86 per person, followed by Karnali (USD 6.42) and Lumbini (USD 8.61).

The contrast between Bagmati's high total volume and Madhesh's low per-capita figure suggests that ODA is currently driven more by project location (such as central administrative units or specific reconstruction zones) than by population-based needs. For Nepal to achieve its goal of inclusive development, future ODA strategies may need to recalibrate funding to ensure that high-population or high-poverty provinces, such as Madhesh and Karnali, receive more equitable per-capita support.

Figure 10.4: Total Province-Level ODA Disbursements, FY 2023/24

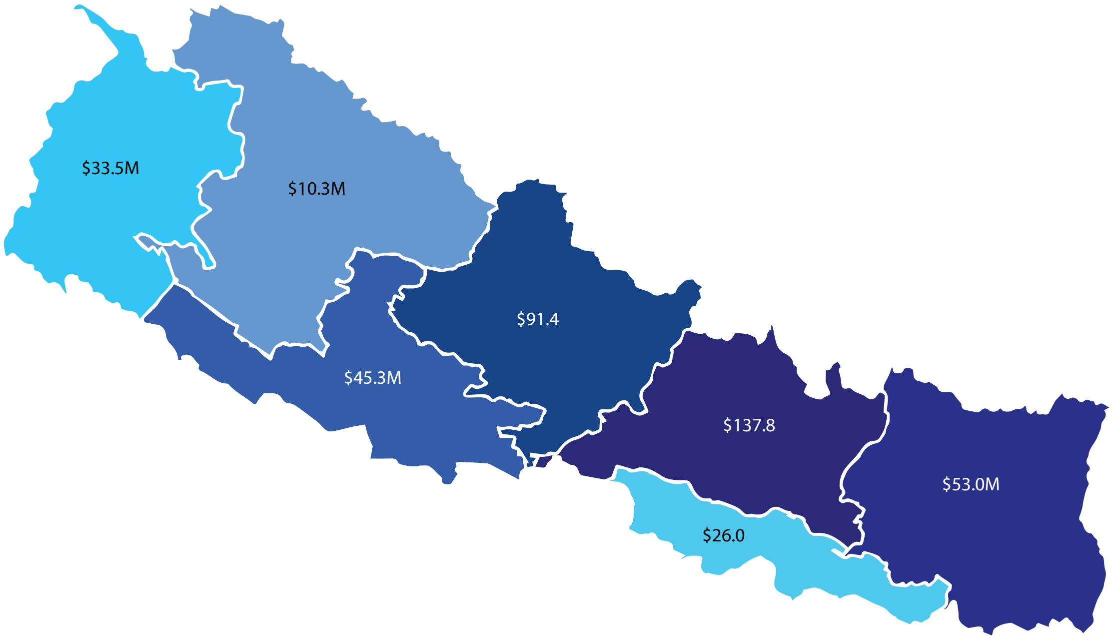


Figure 10.5: Total Province-Level Per-Capita ODA Disbursements, FY 2023/24

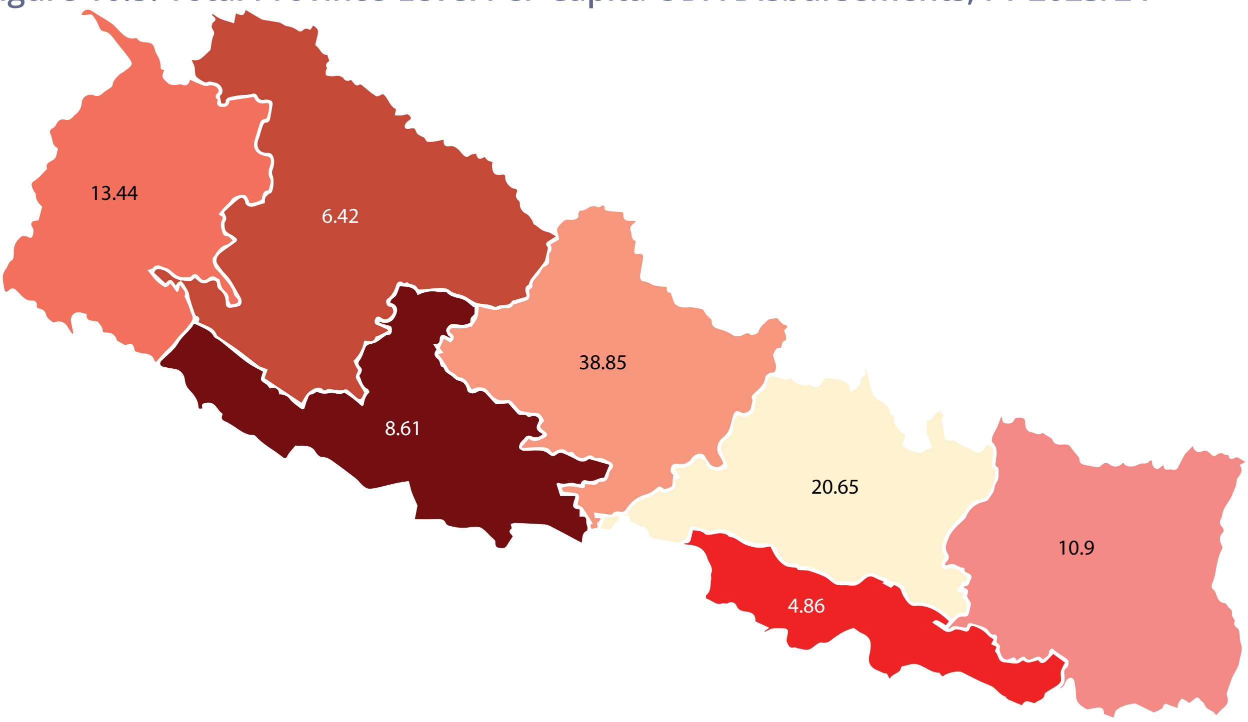
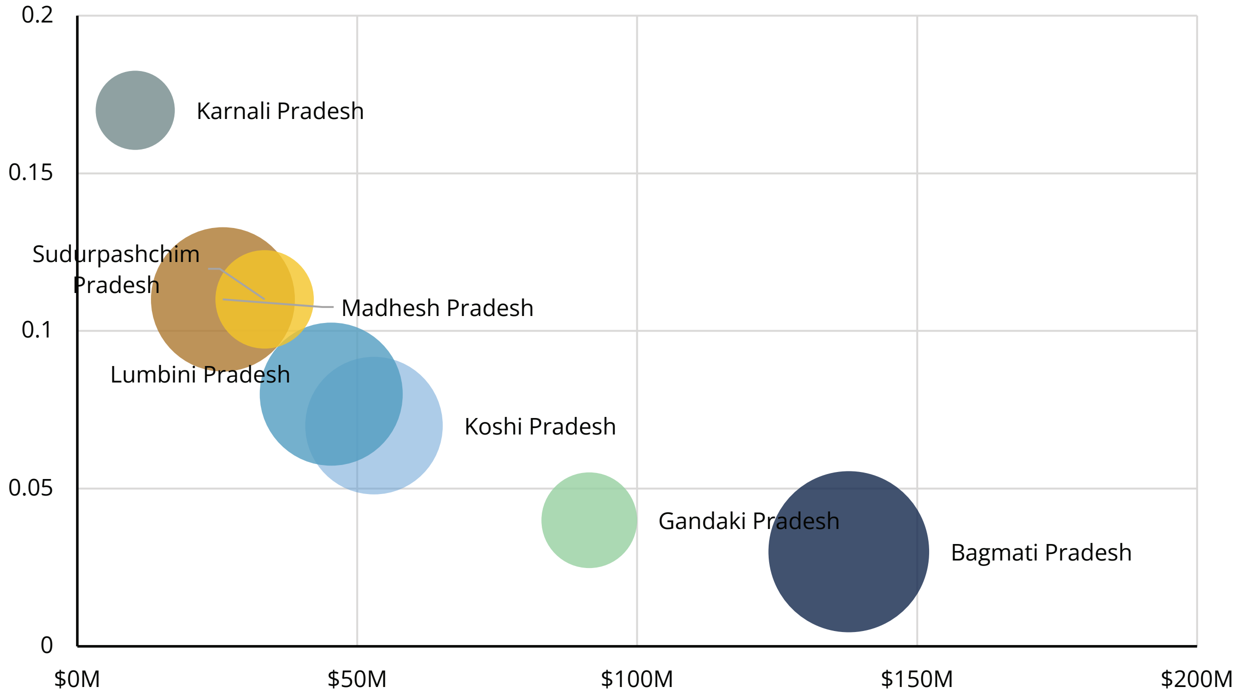


Figure 10.6: ODA Disbursements and MPI Incidence by District and Population, FY 2023/24



Source: Nepal Multidimensional Poverty Index, 2021, NPC, Nepal.

Figure 10.6 illustrates the multidimensional relationship between ODA disbursements, poverty levels, measured by the Multidimensional Poverty Index (MPI), and population size across Nepal's provinces. In this scatterplot, each province is represented by a bubble, where the x-axis denotes total ODA (USD), the y-axis represents MPI incidence, and the bubble size corresponds to the population.

The data reveals a concerning inverse relationship between aid volume and poverty. Generally, provinces with lower poverty levels receive higher ODA disbursements, while those with the highest MPI scores receive significantly lower funding.

Bagmati Province received the nation's highest allocation at USD 137.8 million, despite having the lowest MPI (0.03). As noted previously, this disproportionate share is largely driven by its administrative status as the capital, its role as the hub for post-earthquake and COVID-19 recovery, and the presence of the Central Project/Program Management Unit (CPMU).

Conversely, Karnali Province, which faces the highest poverty incidence (0.17), received the lowest disbursement at just USD 10.3 million. Similarly, Madhesh Province, which carries the second-largest population and a high MPI of 0.11, received only USD 26.0 million.

These findings underscore a persistent geographic imbalance in aid allocation. Current ODA distribution appears to favor economically stronger provinces with established infrastructure and administrative units, rather than being directed toward regions with the greatest developmental needs. To align with national goals of inclusive growth, a strategic shift is required to bridge this "funding-to-need" gap in provinces like Karnali and Madhesh.

CHAPTER 11 ODA DISBURSEMENT BY DEVELOPMENT PARTNER

Figure 11.1: ODA to Nepal by Top 5 Development Partners, Share of Total ODA, FY 2014/15 - 2023/24

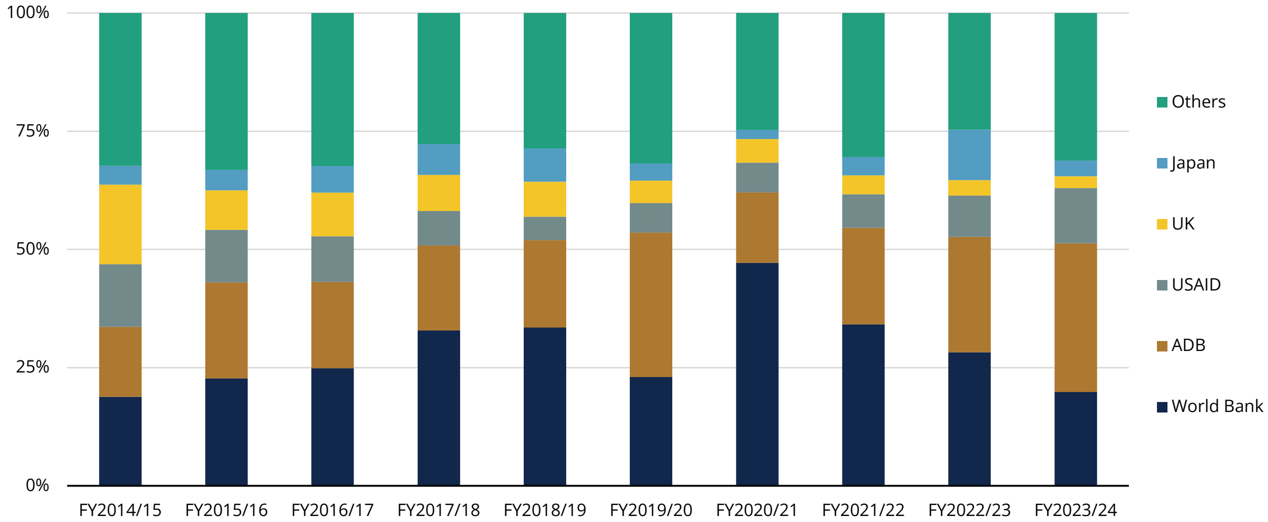


Figure 11.1 illustrates the shifting composition of ODA to Nepal over a ten-year period. It highlights the relative shares of the top five Development Partners alongside the cumulative contribution of all other partners.

Over the last decade, the World Bank has maintained a dominant presence in Nepal's development landscape. Its share of ODA rose significantly from 18.8 percent in FY 2014/15 to a peak of 47.2 percent in FY 2020/21, reflecting its critical role in financing the national COVID-19 response. By FY 2023/24, its contribution moderated to 19.9 percent.

In contrast, the Asian Development Bank emerged as the leading donor in FY 2023/24, capturing its highest-ever share of 31.5 percent. While the ADB has consistently been a primary partner, its trajectory has been marked by fluctuation—climbing to 30.5 percent in FY 2019/20 before a sharp contraction to 14.9 percent during the peak of the pandemic in FY 2020/21.

Bilateral aid patterns revealed divergent strategies among key partners. USAID demonstrated sustained engagement, with its share increasing to 11.6 percent in FY 2023/24 from 8.8 percent the previous year.

The UK (FCDO) continued a decade-long decline in relative share, falling from a high of 16.8 percent in FY 2014/15 to just 2.5 percent in FY 2023/24. Japan exhibited notable volatility; after reaching a ten-year peak of 10.7 percent in FY 2022/23, its contribution retracted to 3.3 percent in the most recent fiscal year.

The “Others” category, representing the collective contribution of remaining DPs, rose to 31.2 percent in FY 2023/24. This growth signifies an increasing diversification in Nepal’s aid portfolio, suggesting that while major multilaterals provide the bulk of funding, a broad range of international partners continues to play a vital role in the country’s development.

Figure 11.2: Cumulative ODA to Nepal by Top 5 Development Partners, FY 2014/15 - 2023/24

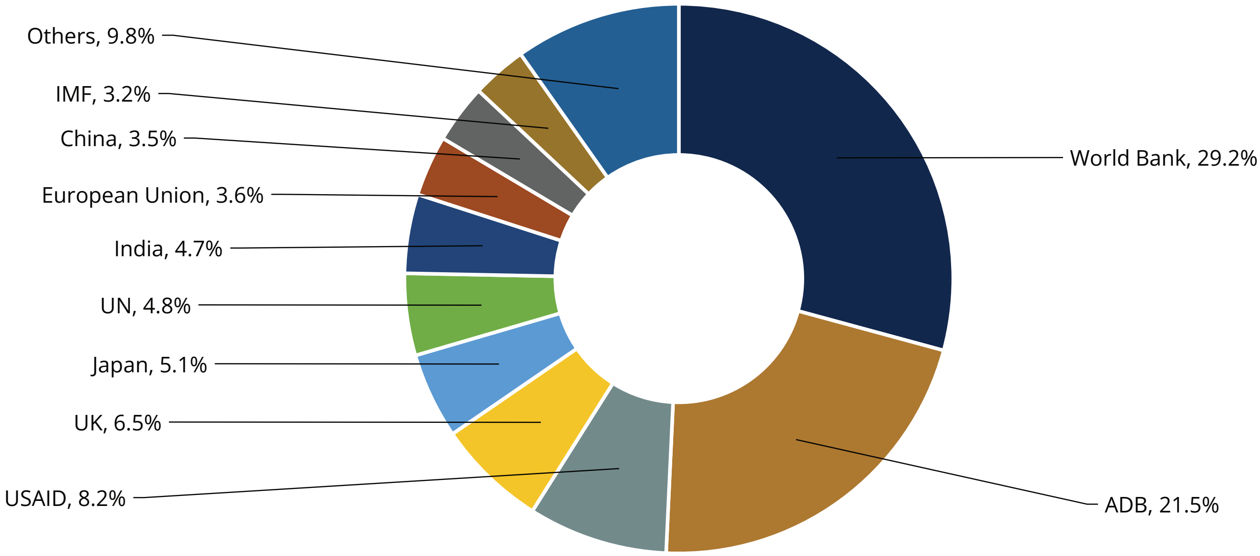


Figure 11.2 illustrates the cumulative share of ODA disbursed to Nepal by its top five DPs over the period of FY 2014/15 to FY 2023/24, summarizing a decade of development cooperation and offering a holistic view of the long-term donor landscape.

Over this decade, the World Bank accounted for 29.2 percent of the total ODA to Nepal, maintaining its position as the largest development partner. It is followed by the Asian Development Bank with 21.5 percent, USAID with 8.2 percent, and the UK (FCDO) with 6.5 percent. Japan contributed 5.1 percent of the cumulative ODA. Other development partners collectively accounted for 29.5 percent of the total disbursements over the ten-year span.

The high cumulative share of the World Bank and ADB (over 50 percent combined) underscores the increasing importance of multilateral development banks in Nepal’s development financing. Meanwhile, the consistent participation of bilateral partners like the US, UK, and Japan highlights the strategic and enduring nature of these bilateral ties.

11.1 Bilateral and Multilateral Development Partners

Figure 11.3: ODA Disbursements by Development Partner Type, FY 2014/15 - 2023/24

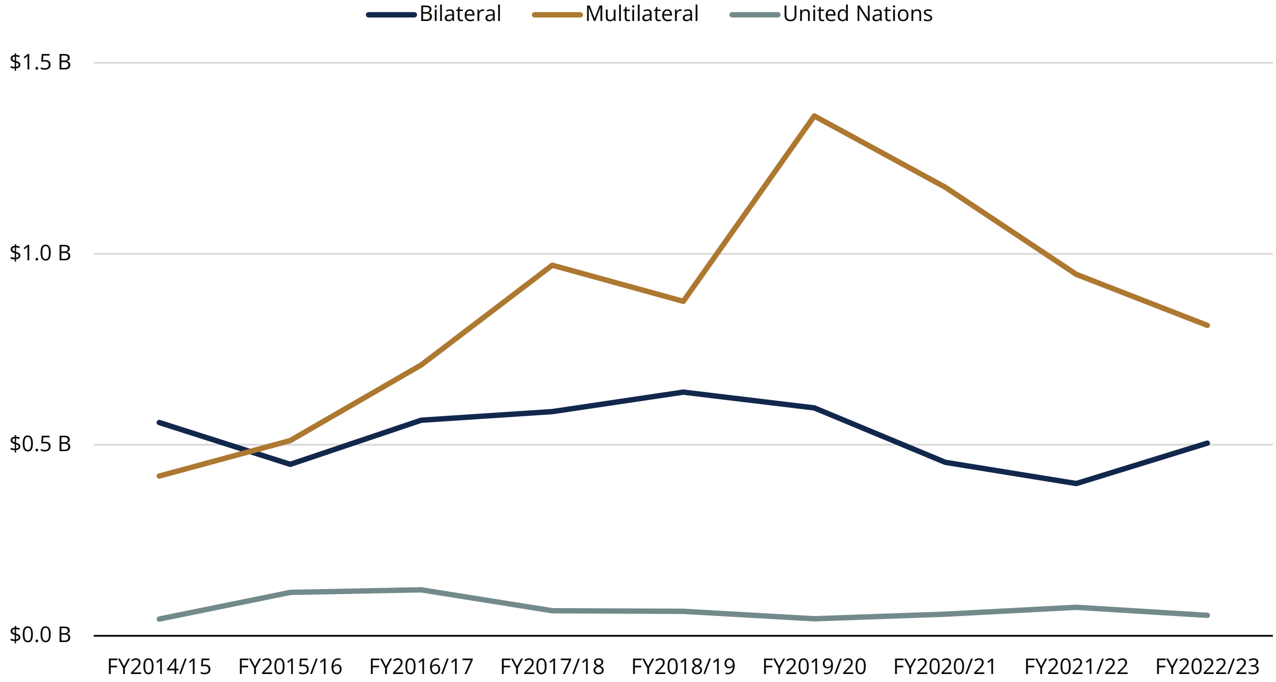


Figure 11.3 presents a comprehensive overview of ODA disbursements to Nepal over the past decade. The data is categorized into three primary partner groups: bilateral, multilateral, and United Nations agencies.

Bilateral assistance, defined by cooperation arrangements between two nations, has shown notable fluctuation throughout this period. Disbursements reached a peak of USD 638.4 million in FY 2018/19. Following this high point, the figures entered a consistent downward trend until FY 2021/22, when they hit USD 398.9 million. Although there was a brief recovery to USD 504.4 million in FY 2022/23, disbursements fell again to USD 470.4 million in FY 2023/24.

Multilateral assistance involves international institutions with multiple member countries. Since FY 2015/16, this category has consistently exceeded bilateral contributions. Multilateral funding peaked in FY 2019/20 at USD 1.36 billion. Despite a subsequent downward trajectory that led to USD 857.3 million in FY 2023/24, multilateral assistance continues to maintain a commanding lead in Nepal's development portfolio.

While smaller in scale than bilateral and multilateral flows, United Nations assistance remains a vital component of the ODA landscape. These disbursements peaked in FY 2016/17 at USD 120.7 million and have fluctuated since. A moderate upturn occurred in FY 2021/22, reaching USD 74.9 million, before the figures settled at USD 62.7 million in FY 2023/24. Despite these relatively modest totals, UN agencies provide essential targeted interventions in governance, humanitarian aid, and the Sustainable Development Goals.

Although total ODA disbursements have varied over the decade, the steady commitment from these diverse development partners underscores the international community's ongoing support for Nepal's development initiatives.

Figure 11.4: ODA Disbursements by Development Partner Type and Assistance Type, FY 2023/24

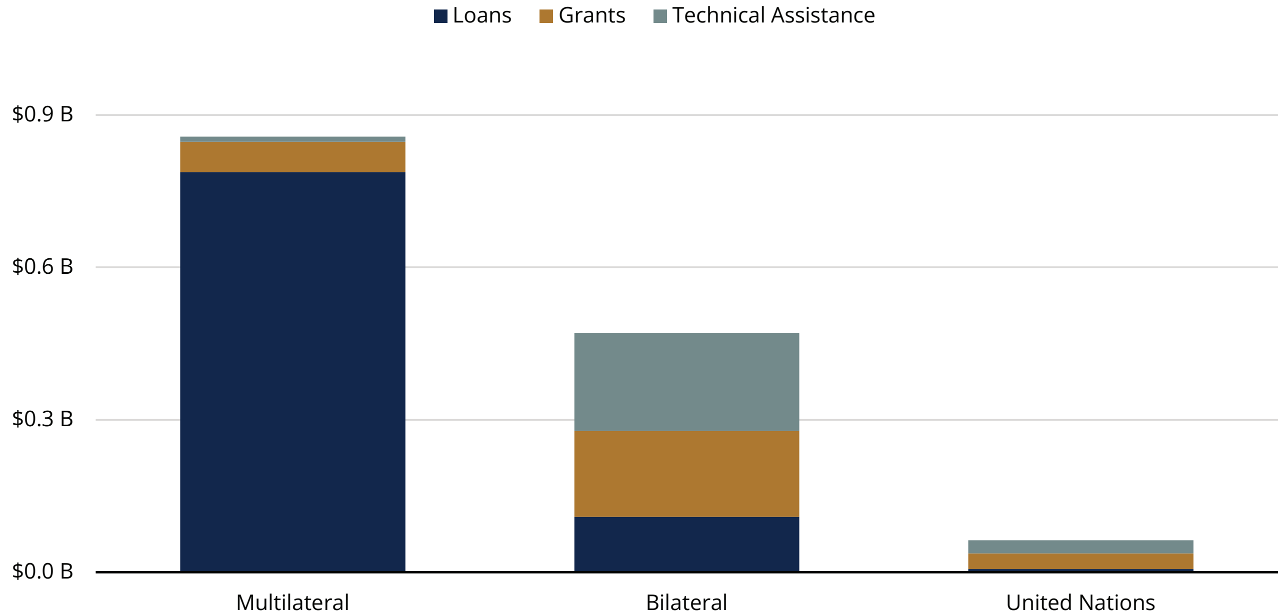


Figure 11.4 provides an analytical breakdown of ODA disbursements for FY 2023/24. The data is categorized by assistance type—including loans, grants, technical assistance, and in-kind support—and further classified by development partner type.

Multilateral donors contributed the highest overall disbursement with a clear dominance in loan financing. Loans accounted for approximately USD 787.9 million of their total contribution, significantly exceeding their grant disbursements of USD 259.4 million and technical assistance valued at USD 9.9 million. This heavy concentration of loans reflects the primary role of multilateral institutions in supporting large-scale infrastructure projects, economic reform, and fiscal policy operations.

Bilateral donors maintained a more balanced distribution across various assistance modalities. Their portfolio included USD 108.9 million in loans and USD 168.8 million in grants. Furthermore, bilateral partners delivered substantial technical assistance worth USD 192.6 million. This diversified approach highlights their dual focus on providing direct financial support alongside critical capacity-building initiatives.

The UN system contributed the smallest share of total ODA and placed a strong emphasis on non-loan modalities. In FY 2023/24, UN agencies disbursed USD 31.1 million in grants and USD 25.6 million in technical assistance, while loans accounted for only USD 6 million. These figures reflect the UN's strategic prioritization of technical expertise and direct grant-based interventions.

While in-kind support is a recognized reporting category, no disbursements were recorded under this classification by any of the three partner types during this fiscal year.

Figure 11.5: ODA Disbursements by Partner Type, FY 2023/24

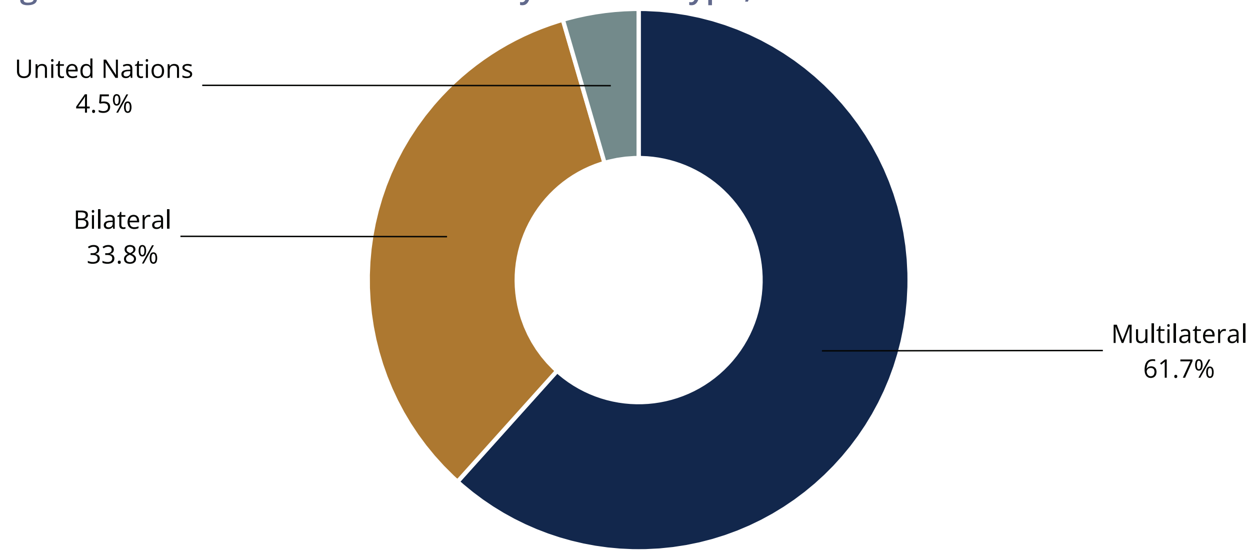


Figure 11.5 complements the preceding data by illustrating the percentage share of total ODA disbursements for FY 2023/24. Multilateral development partners held the dominant share at 61.7 percent, followed by bilateral donors at 33.8 percent and the United Nations at 4.5 percent.

Figure 11.6: Multilateral ODA Disbursements by Development Partner and Assistance Type, FY 2023/24

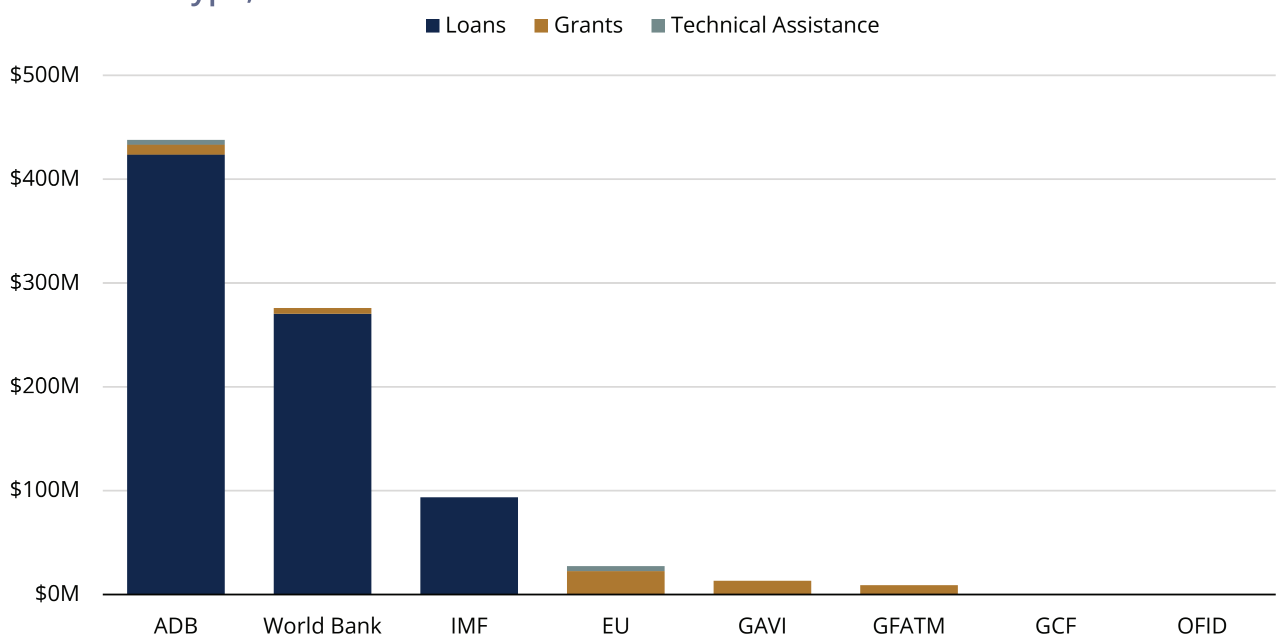


Figure 11.6 illustrates multilateral ODA disbursements for FY 2023/24, categorized by individual development partner and assistance type.

The Asian Development Bank and the World Bank remained the two largest multilateral lenders, significantly increasing their loan portfolios compared to the previous year. The ADB disbursed USD 423.8 million in loans, USD 9.3 million in grants, and USD 4.4 million in technical assistance. Similarly, the World Bank contributed USD 270.4 million in loans and USD 5.5 million in grants. The International Monetary Fund (IMF) provided USD 93.6 million, which was fully disbursed as loans under its Extended Credit Facility.

Among other multilateral partners, the European Union extended USD 22.4 million in grants and USD 5 million in technical assistance. GAVI disbursed USD 13.1 million in grants specifically for health initiatives, while the Global Fund (GFATM) provided USD 8.9 million in grants. Finally, the Green Climate Fund (GCF) and the OPEC Fund for International Development (OFID) reported modest disbursements of USD 0.6 million and USD 0.1 million, respectively, primarily in the form of technical assistance and loans.

Table 8: Top 5 Multilateral DPs, FY 2023/24

Development Partner	Total DIsbursement in USD
ADB	437,727,582
World Bank	275,969,265
IMF	93,550,000
EU	27,404,225
GAVI	13,081,206

Figure 11.7: Bilateral ODA Disbursements by Development Partner and Assistance Type, FY 2023/24

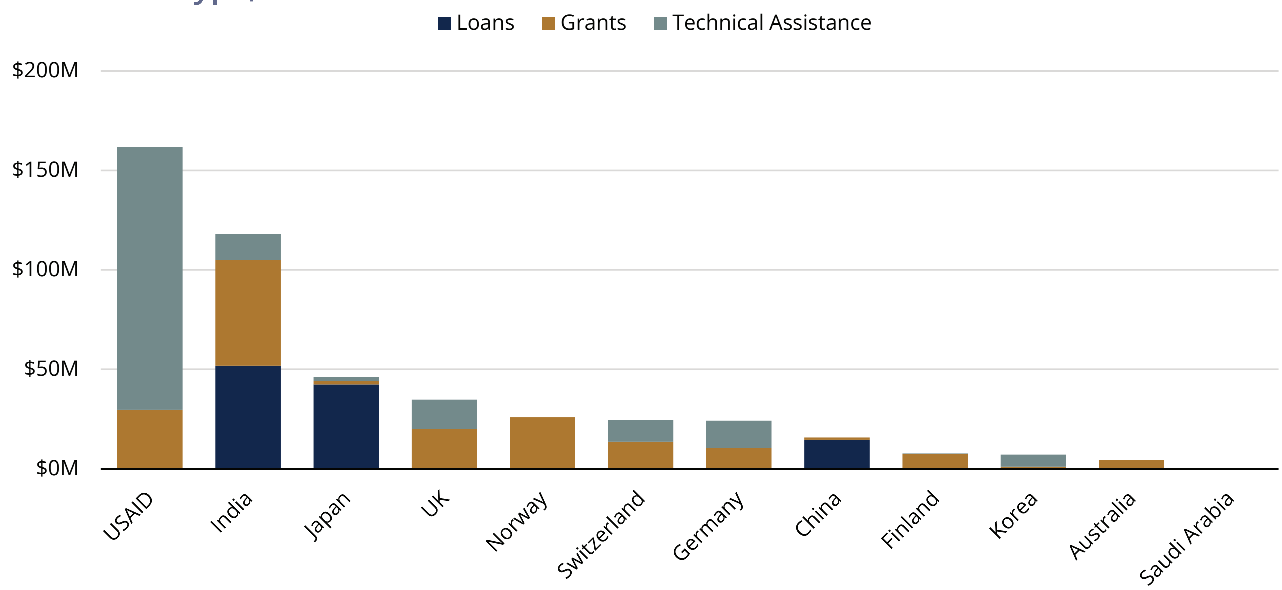


Figure 11.7 presents the distribution of bilateral ODA by development partners across four assistance types: loans, grants, technical assistance, and in-kind support for FY 2023/24.

Among the bilateral partners, USAID emerged as the highest disbursing donor with a total of USD 161.7 million. This portfolio showed a strong focus on technical assistance at USD 131.9 million and grants at USD 29.8 million, highlighting a continued emphasis on capacity building and institutional strengthening. India followed as the second-largest bilateral donor, contributing approximately USD 118.1 million. Its support was characterized by a diverse mix of modalities, including USD 53.0 million in grants, USD 51.9 million in loans, and USD 13.2 million in technical assistance.

Japan disbursed a total of USD 46.2 million, with a portfolio largely balanced between USD 42.4 million in loans and USD 1.8 million in grants, complemented by USD 2.0 million in technical assistance. The United Kingdom (FCDO) contributed USD 34.8 million, maintaining a significant focus on grants at USD 20.1 million and technical assistance at USD 14.7 million.

Norway and Switzerland provided USD 25.8 million and USD 24.5 million respectively, with both DPs focusing entirely on grant-based assistance. Germany disbursed USD 24.2 million and Korea provided USD 7.2 million, both showing a strong preference for technical assistance. Finally, China contributed USD 15.7 million through a combination of loans and grants.

Table 9: Top 5 Bilateral Development Partners, FY 2023/24

Development Partner	Total Disbursement in USD
USAID	161,692,108
India	118,148,868
Japan	46,199,321
UK	34,823,715
Norway	25,849,765

Figure 11.8: ODA Disbursements by Assistance Type, FY 2023/24

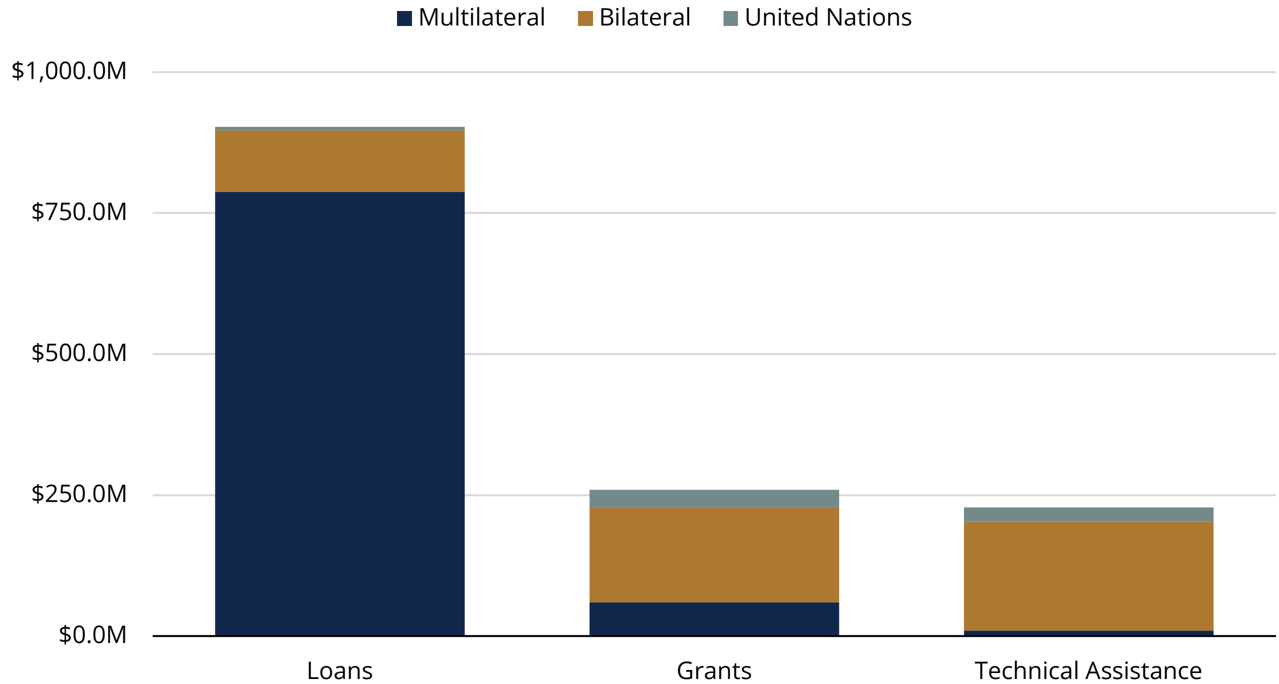


Figure 11.8 illustrates the total ODA disbursements by assistance type for FY 2023/24. Loans constituted the largest portion of aid, totaling approximately USD 902.9 million, and were primarily provided by multilateral development partners. Grants reached USD 255.9 million, while technical assistance amounted to USD 224.7 million, both largely driven by bilateral partners. The United Nations delivered the vast majority of its support through the technical assistance modality.

Figure 11.9: ODA Disbursements by Assistance Type, (%), FY 2023/24

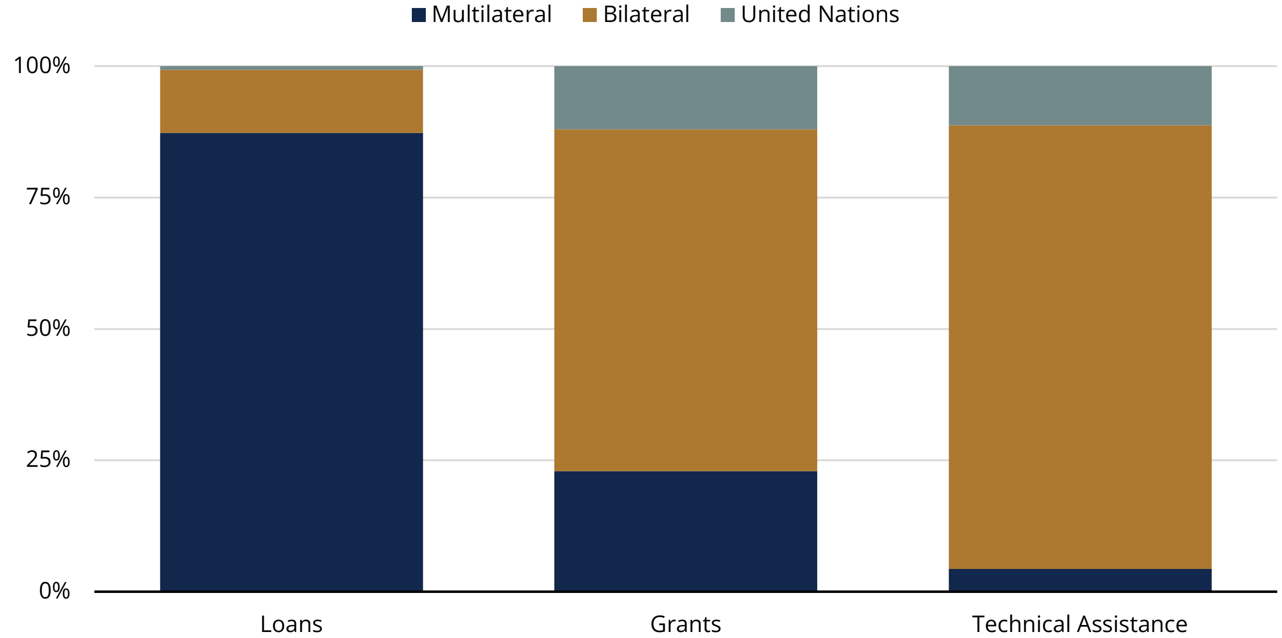


Figure 11.9 illustrates the proportional breakdown of ODA disbursements by assistance type for FY 2023/24. Multilateral development partners primarily provided support through loans, whereas bilateral development partners accounted for the largest percentage of grants and technical assistance. Similarly, the United Nations' contributions were concentrated in these latter two categories.

Multilateral development partners provided a significant 87.3 percent of all loans, with bilateral partners contributing 12.1 percent and the UN accounting for 0.7 percent. In terms of grants, bilateral partners were the leading source at 66.0 percent, followed by multilateral agencies at 21.9 percent and the UN at 12.2 percent.

Technical assistance was likewise dominated by bilateral donors, who provided 85.7 percent of the total, while the UN and multilateral partners contributed 11.4 percent and 2.9 percent, respectively. Notably, there were no documented contributions of in-kind support during the FY 2023/24 period.

Figure 11.10: ODA Disbursements by Development Partner Type, (%), FY 2023/24

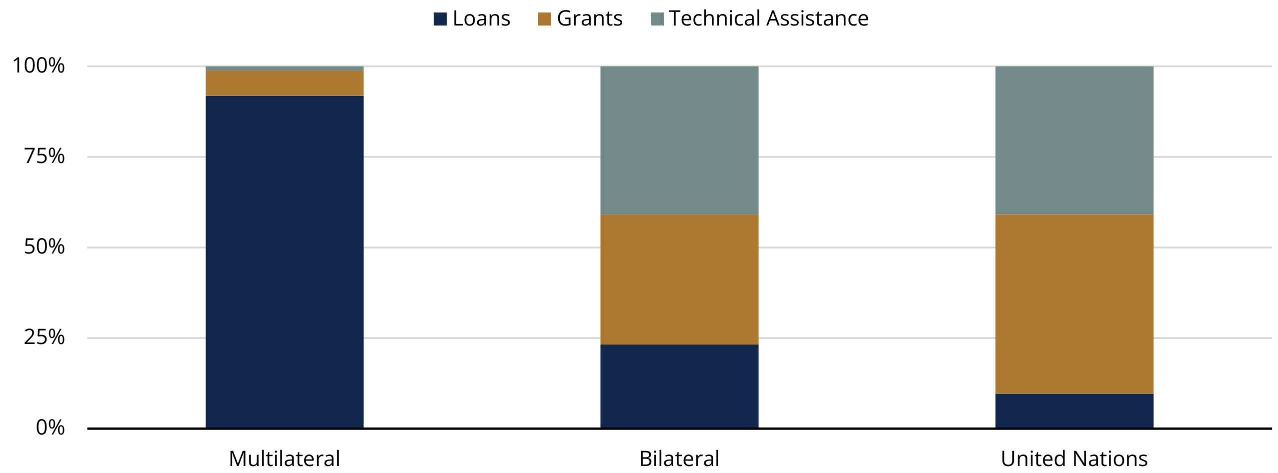


Figure 11.10 provides a breakdown of assistance types categorized by type of development partner for FY 2023/24. Multilateral organizations delivered the bulk of their support through loans, which accounted for 91.9 percent of their portfolio, while grants and technical assistance represented 6.9 percent and 1.2 percent, respectively.

Bilateral partners maintained a more varied distribution, with technical assistance comprising the largest share at 41.0 percent, followed by grants at 35.9 percent and loans at 23.2 percent. The United Nations focused almost exclusively on grants (49.6 percent) and technical cooperation (40.8 percent), which made up 90.4 percent of its total disbursement, with a negligible fraction provided as loans (9.6 percent). This distribution underscores the specialized roles of different DPs, with multilaterals focusing on capital lending and the UN and bilateral donors prioritizing expertise and institutional strengthening.

Figure 11.11: Top 5 ODA Disbursing Development Partners, FY 2013/14 - 2023/24

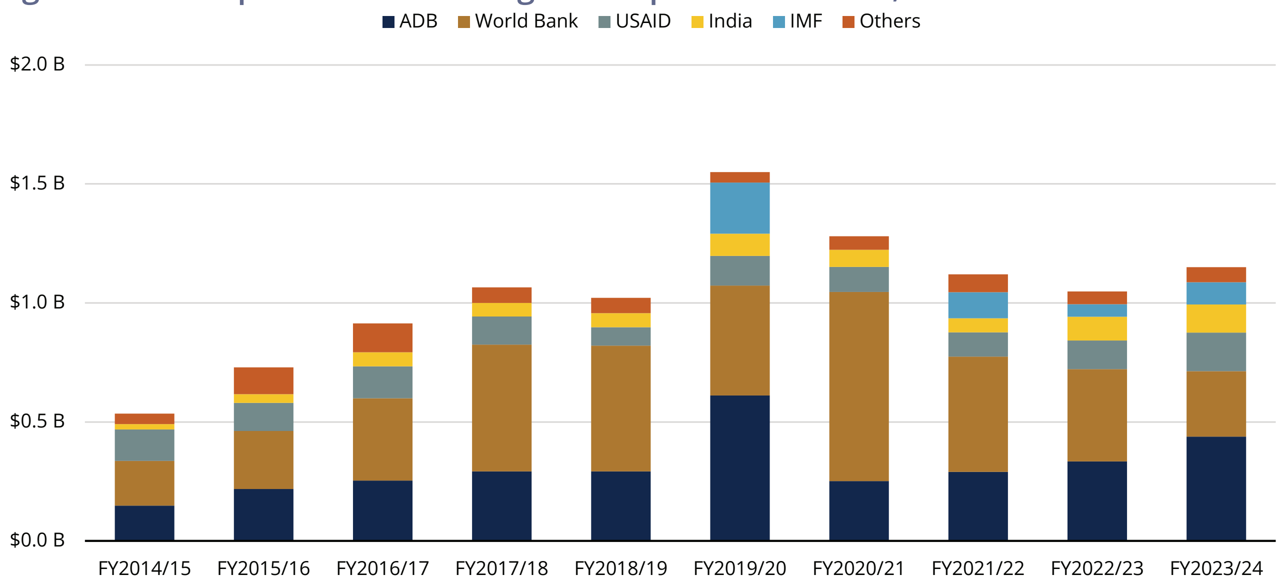


Figure 11.11 details the annual ODA disbursements from Nepal's top five development partners over the past decade. In FY 2023/24, the Asian Development Bank emerged as the leading partner, with disbursements rising to USD 437.7 million, continuing an upward trend from the previous year. Conversely, the World Bank, which peaked at USD 794.6 million in FY 2020/21, saw its contributions moderate further to USD 276.0 million.

USAID recorded a significant increase to USD 161.7 million, its highest level in the decade. India also demonstrated sustained growth, with disbursements reaching USD 118.1 million in FY 2023/24, up from USD 99.8 million the prior year. Additionally, the IMF provided USD 93.6 million, reflecting its continued support through extended credit facilities. These shifts highlight a transition in the donor landscape, with ADB and bilateral partners like India and USAID taking a more prominent role in recent disbursements.

11.2 Asian Development Bank

Figure 11.12: ODA Disbursements - Asian Development Bank, FY 2014/15 - 2023/24

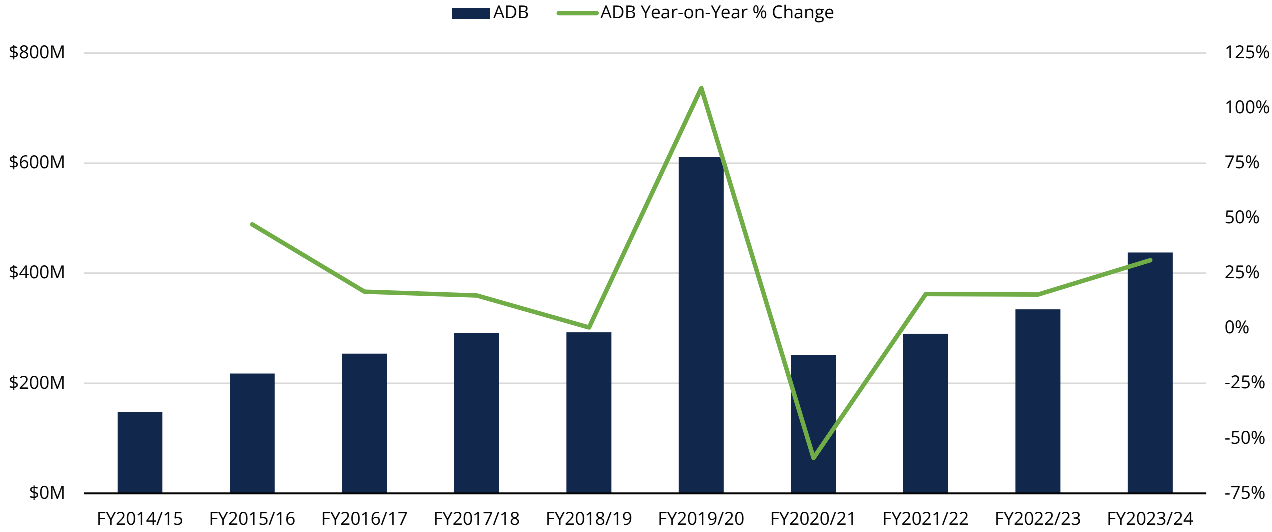


Figure 11.12 details the annual ODA disbursements from the Asian Development Bank to Nepal over the last decade. Starting at USD 147.9 million in FY 2014/15, ADB's contributions saw a moderate upward trend before surging to a significant peak of USD 611.5 million in FY 2019/20. This spike was primarily driven by emergency support for the COVID-19 pandemic and large-scale infrastructure projects in the energy and water sectors.

Following a correction in FY 2020/21, disbursements have steadily rebounded. In FY 2023/24, ADB's funding reached USD 437.7 million, reflecting a 30.9 percent increase from the previous year. This growth highlights ADB's emergence as Nepal's largest development partner for the current fiscal year, with a portfolio increasingly focused on climate-resilient infrastructure, energy transmission, and agricultural commercialization.

11.3 The World Bank

Figure 11.13: ODA Disbursements - World Bank, FY 2014/15 - 2023/24

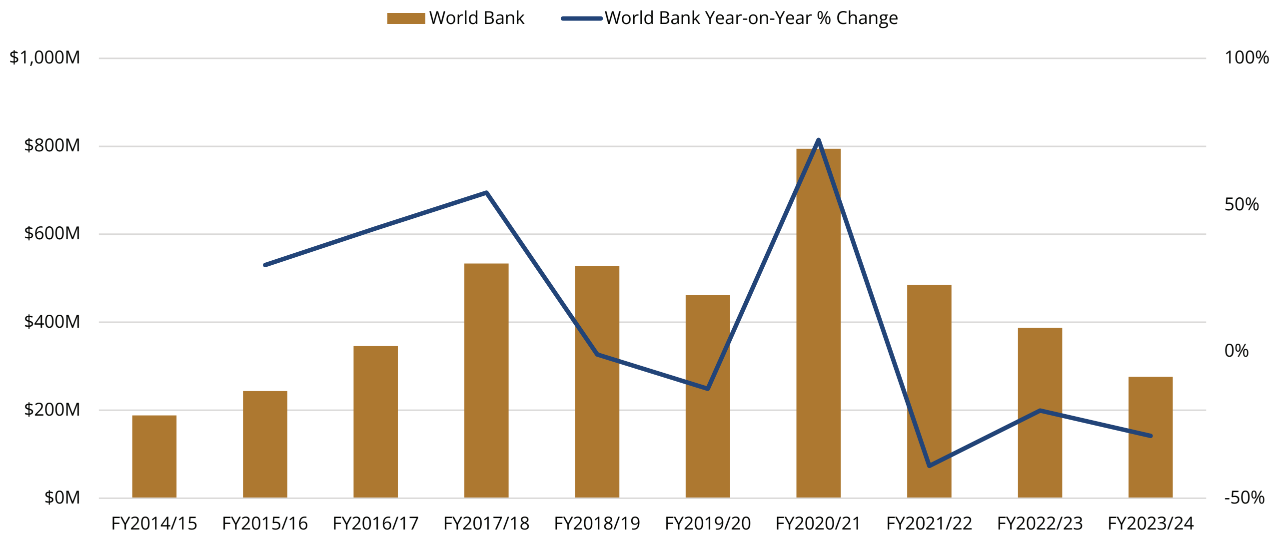


Figure 11.13 details the annual ODA disbursements provided by the World Bank to Nepal over the last ten years, alongside the corresponding year-on-year percentage fluctuations. After starting the decade at USD 188.1 million in FY 2014/15, contributions climbed significantly to reach a maximum of USD 794.6 million in FY 2020/21. This substantial peak, marking a 72.2 percent rise from the preceding year, reflects the Bank's intensified financial support during the height of the COVID-19 pandemic.

Following this period of exceptional funding, disbursements have seen a steady reduction. In FY 2021/22, figures fell to USD 484.9 million (drop by 39 percent), followed by a 20.1 percent decline in FY 2022/23 to USD 387.4 million. This downward trajectory continued into FY 2023/24, with disbursements reaching USD 276.0 million, representing a further decrease of approximately 28.8 percent. Despite these recent declines in volume, the World Bank's sustained involvement over the decade underscores its critical role and financial responsiveness to Nepal's shifting development landscape.

11.4 United States

Figure 11.14: ODA Disbursements - USA, FY 2014/15 - 2023/24

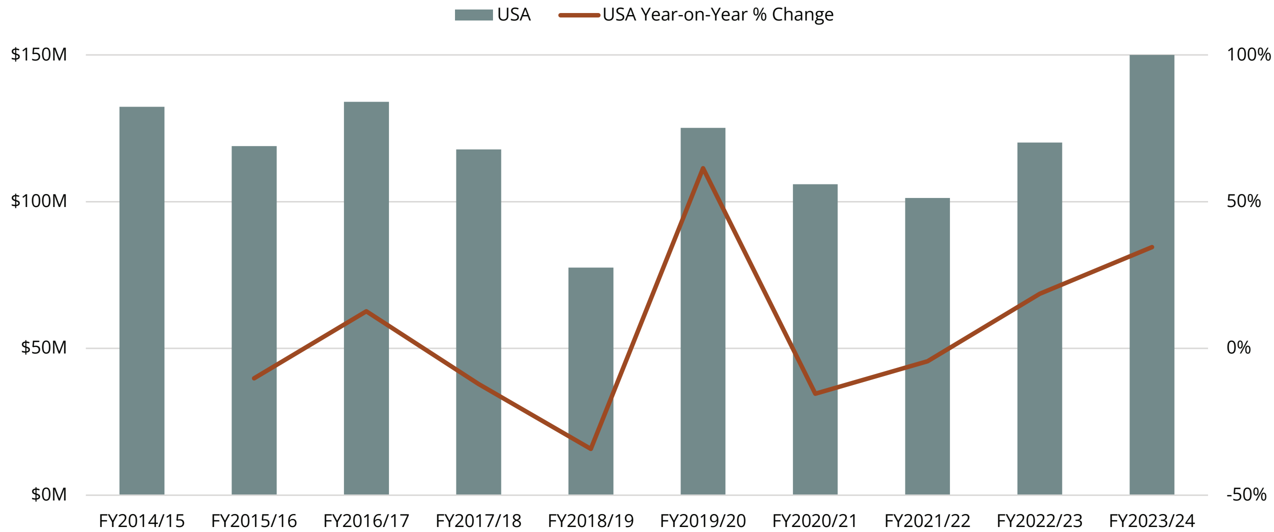


Figure 11.14 outlines the annual ODA disbursements from USA to Nepal over the last decade. Starting at USD 132.4 million in FY 2014/15, USAID's contributions have remained consistently significant, although they experienced a notable dip to USD 77.5 million in FY 2018/19. This period was followed by a steady recovery as the agency shifted its strategic focus toward systems strengthening and climate resilience.

In FY 2023/24, USA's disbursements reached a decade-high of USD 161.7 million, representing a 34.5 percent increase from the previous year. This surge reflects the commencement of a new five-year bilateral agreement and an intensified focus on technical assistance, which now accounts for over 80 percent of its total portfolio. The agency remains a critical partner in Nepal's health, education, and governance sectors, particularly in supporting the country's federalization process and post-pandemic economic recovery.

11.5 India

Figure 11.15: ODA Disbursements - India, FY 2014/15 - 2023/24

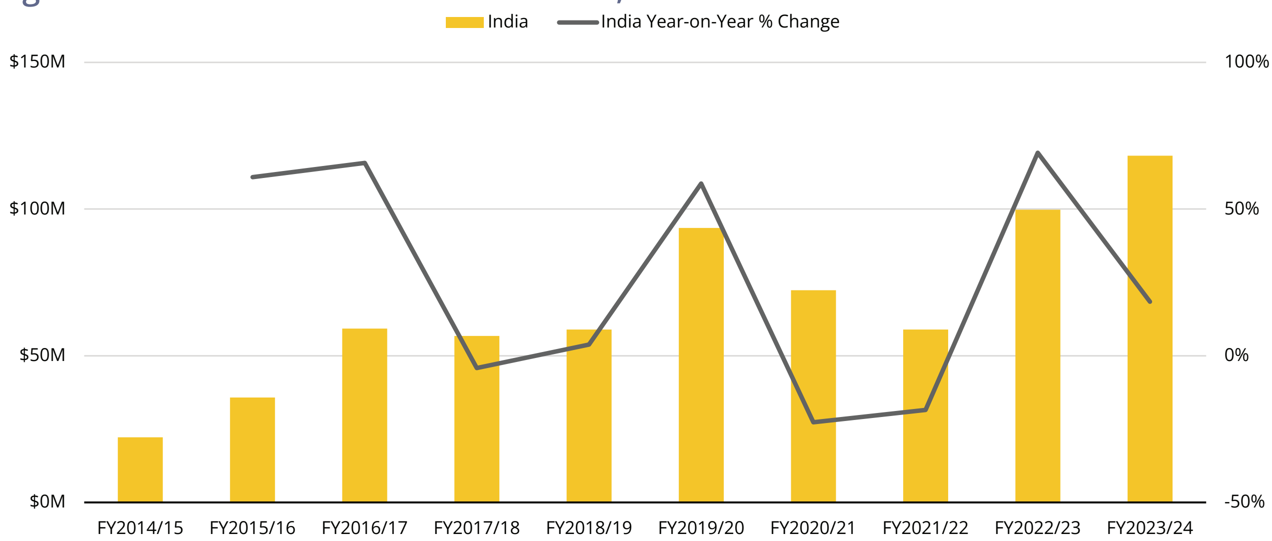


Figure 11.15 presents the annual ODA disbursements from India to Nepal over the past ten years. In FY 2014/15, contributions began at USD 22.2 million, followed by a steady upward trajectory as bilateral cooperation expanded into large-scale connectivity and infrastructure projects. A significant peak occurred in FY 2019/20, with disbursements reaching USD 93.6 million, largely driven by the progress of post-earthquake reconstruction housing grants and cross-border infrastructure.

The growth trend remained robust in FY 2023/24, with Indian assistance hitting a decade-high of USD 118.1 million, an 18.3 percent increase over the previous year. This rise underscores India's continued role as a primary bilateral partner, focusing heavily on a mix of grants and concessional loans for high-impact community development projects, energy connectivity, and educational infrastructure.

11.6 IMF

Figure 11.16: ODA Disbursements - IMF, FY 2014/15 - 2023/24

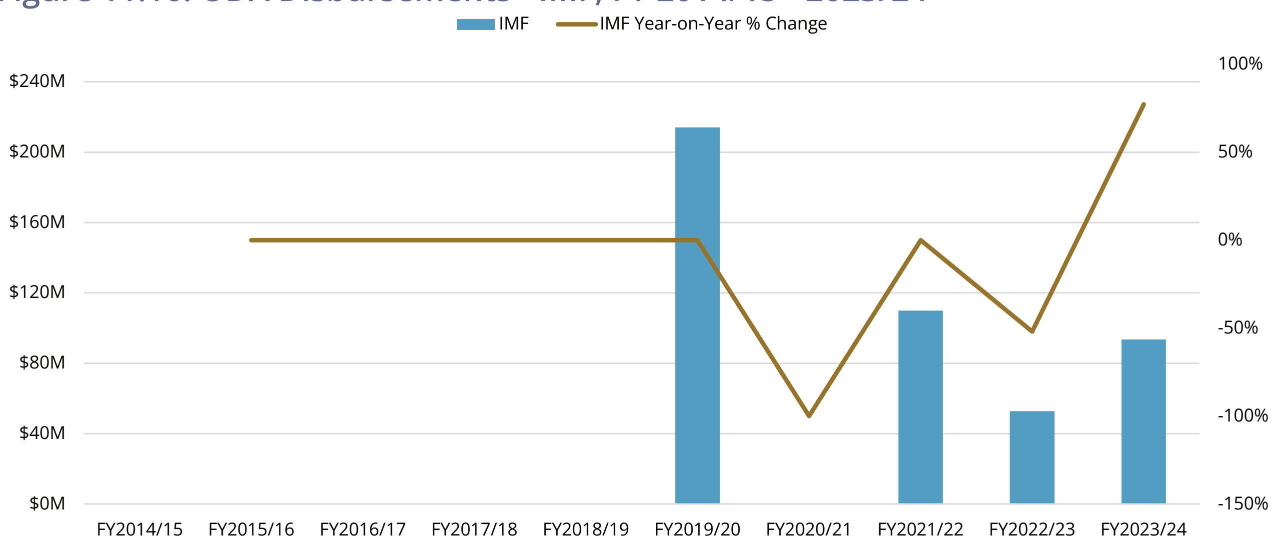


Figure 11.16 details the annual ODA disbursements from the International Monetary Fund to Nepal over the last decade. Unlike other development partners, the IMF's involvement is characterized by periodic, high-volume disbursements through the Rapid Credit Facility (RCF) after years of no active disbursement, such as the IMF provided USD 214.0 million in FY 2019/20 to address fiscal gaps created by the pandemic.

Following another period of inactivity in FY 2020/21, disbursements resumed with USD 110.0 million in FY 2021/22. In FY 2023/24, the IMF disbursed USD 93.6 million through extended credit facility (ECF) programme, marking a 77.3 percent increase from the USD 52.8 million recorded in the previous year. These disbursements remain critical for maintaining Nepal's foreign exchange reserves and supporting structural reforms under the ongoing ECF program.

11.7 United Nations

Figure 11.17: ODA Disbursements by UN Agencies - On-/Off-Budget, FY 2023/24

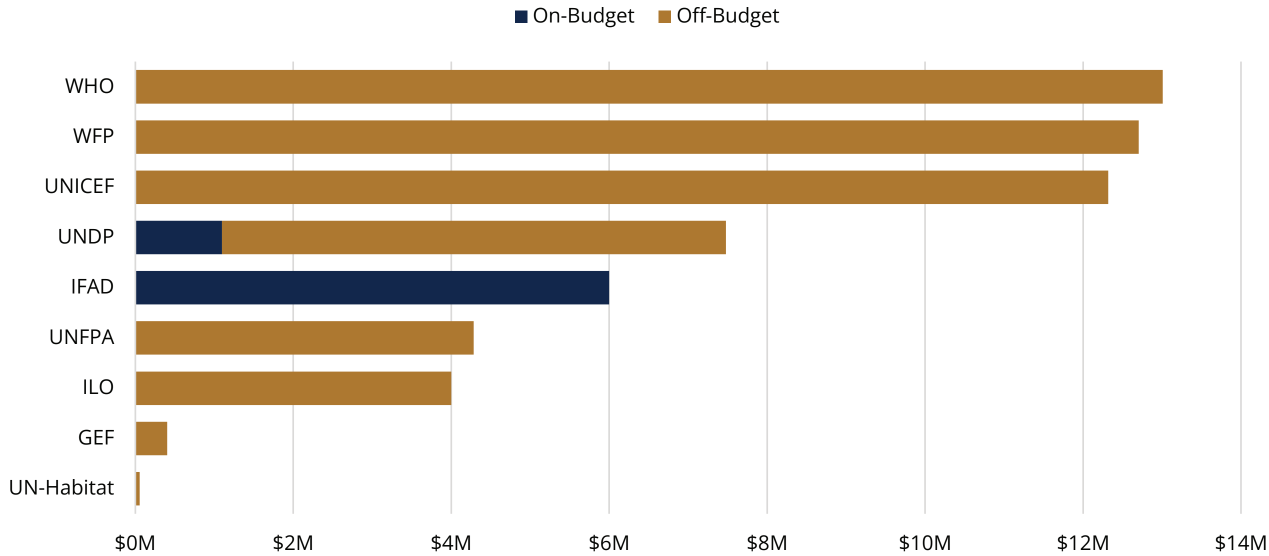


Figure 11.17 provides a breakdown of ODA disbursements from United Nations (UN) agencies in FY 2023/24, categorized by their use of on-budget and off-budget modalities. The data illustrates a clear preference for off-budget support among the majority of UN organizations operating in Nepal.

Several agencies, including the WHO (USD 13.0 million), UNFPA (USD 4.3 million), ILO (USD 4.0 million), FAO (USD 2.5 million), and UN-Habitat, channeled 100 percent of their disbursements through off-budget mechanisms. Similarly, WFP (USD 12.7 million) and UNICEF (USD 12.3 million) operated entirely off-budget during this fiscal year, reflecting an institutional focus on direct program delivery and operational control.

In contrast, IFAD remains a notable outlier, disbursing 100 percent of its USD 6.0 million contribution through on-budget channels, demonstrating a strong alignment with Nepal's national budgetary systems. UNDP adopted a hybrid model, though it remained largely off-budget with USD 6.4 million (85.3 percent) delivered outside the national budget and USD 1.1 million provided on-budget.

The continued reliance on off-budget funding by most UN agencies emphasizes the need for strengthened coordination with the Government of Nepal to ensure these interventions remain fully synchronized with national development priorities.

CHAPTER 12 INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS

International Non-Governmental Organisations are key contributors in advancing Nepal's development agenda across a wide range of sectors. Their contribution extends beyond the direct services delivery to advocacy, public awareness, education in areas of public interest and reinforcing transparency and mutual accountability.

This chapter highlights ODA disbursements through INGOs, underscoring their pivotal role in fostering inclusive, equitable, and sustainable development outcomes for prosperous Nepal.

Figure 12.1: ODA Disbursements vs. INGO Disbursements, FY 2014/15 - 2023/24[7]

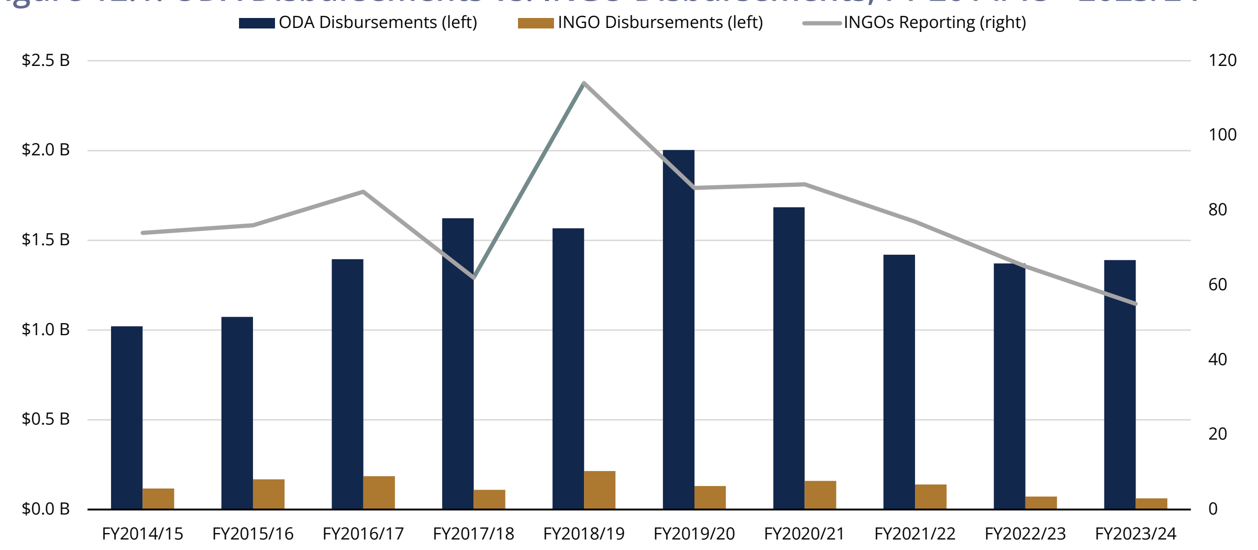


Figure 12.1 examines the trajectory of ODA disbursements channeled through INGOs from FY 2014/15 to FY 2023/24.

Throughout this decade, total ODA disbursements followed a generally upward path, expanding from roughly USD 1.02 billion in FY 2014/15 to USD 1.39 billion in FY 2023/24, with significant surges recorded in FY 2016/17 and FY 2019/20.

In contrast, INGO disbursements were characterized by high volatility. Funding through these organizations rose from USD 116.9 million in FY 2014/15 to a substantial peak of USD 215.3 million in FY 2018/19. However, recent years have seen a persistent decline. This trend reached a new low in FY 2023/24, with disbursements falling to USD 63.1 million—a 13.2 percent decrease from the previous year and the lowest level recorded in the last ten years.

7 The data on INGO disbursements captured in this DCR may be subject to inaccuracies resulting from potential double counting. Inconsistencies can arise when development partners report contributions at the source while intermediaries, such as INGOs or UN agencies, report the same funds at the point of delivery. Due to current limitations within the DFIMS, the system is unable to automatically reconcile these overlapping entries. Consequently, this potential for double reporting should be taken into consideration when interpreting the overall figures.

The number of reporting INGOs has mirrored this contraction. After reaching a high of 114 organizations in FY 2018/19, the count has steadily diminished, dropping to just 55 reporting INGOs in FY 2023/24.

Figure 12.2: INGO Disbursements by Sector and Number of Projects, FY 2023/24

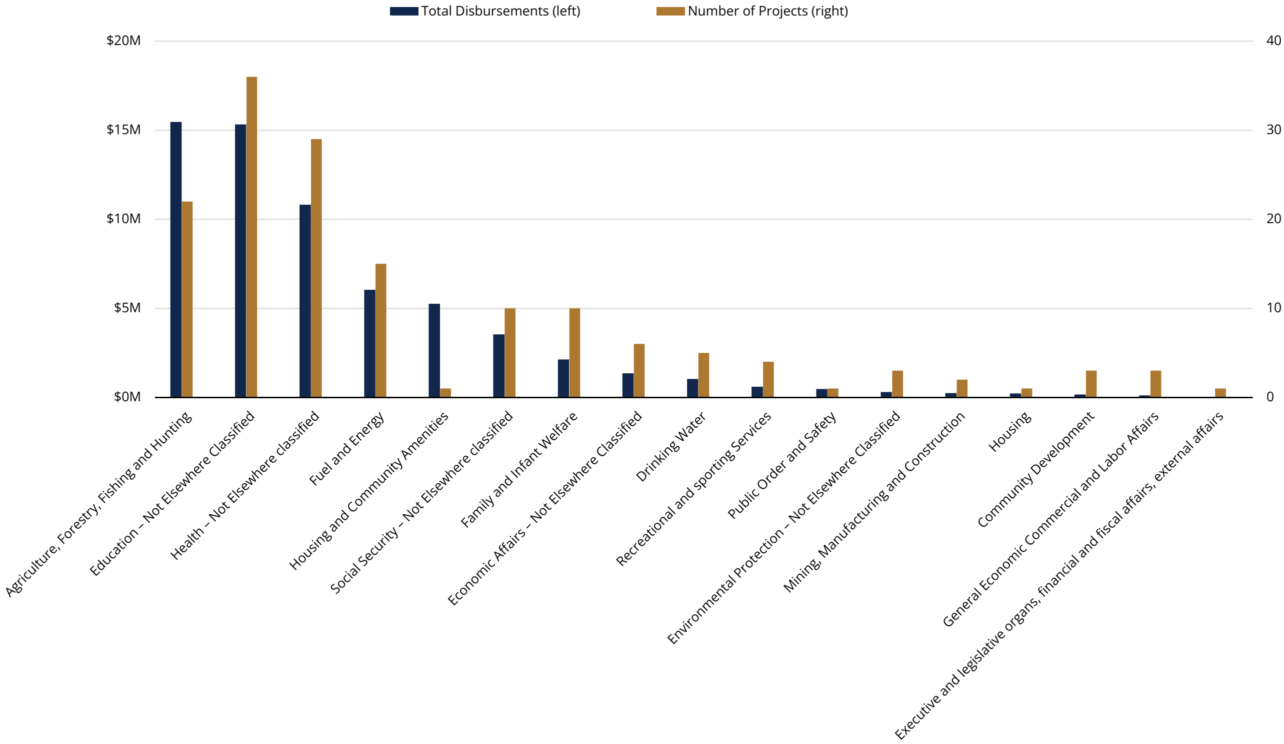


Figure 12.2 provides an analysis of INGO disbursements across various sectors for FY 2023/24. The data indicates that the Agriculture, Forestry, Fishing, and Hunting sector became the leading recipient of INGO support, totaling USD 15.5 million across 22 projects. This was closely followed by the Education sector, which received USD 15.3 million through 36 projects, highlighting a continued focus on human capital development.

The Health sector also remained a major priority, with USD 10.8 million disbursed across 29 projects. Other notable allocations were seen in Fuel and Energy (USD 6.0 million) and Housing and Community Amenities (USD 5.3 million). Sectors such as Social Security (USD 3.5 million) and Family and Infant Welfare (USD 2.1 million) received moderate funding, reflecting the specialized social protection roles these organizations play.

At the lower end of the financial spectrum, sectors like Mining, Manufacturing, and Construction, Environmental Protection, and General Economic Affairs each recorded disbursements below USD 0.5 million. The Executive and Legislative sector saw the smallest engagement, with a single project disbursing just over USD 3,000. Overall, the FY 2023/24 distribution underscores a strategic concentration on rural livelihoods and social services, while maintaining a broad but lean operational presence in infrastructure and governance.

Figure 12.3: Top 5 Sectors Receiving INGO Disbursements, FY 2023/24

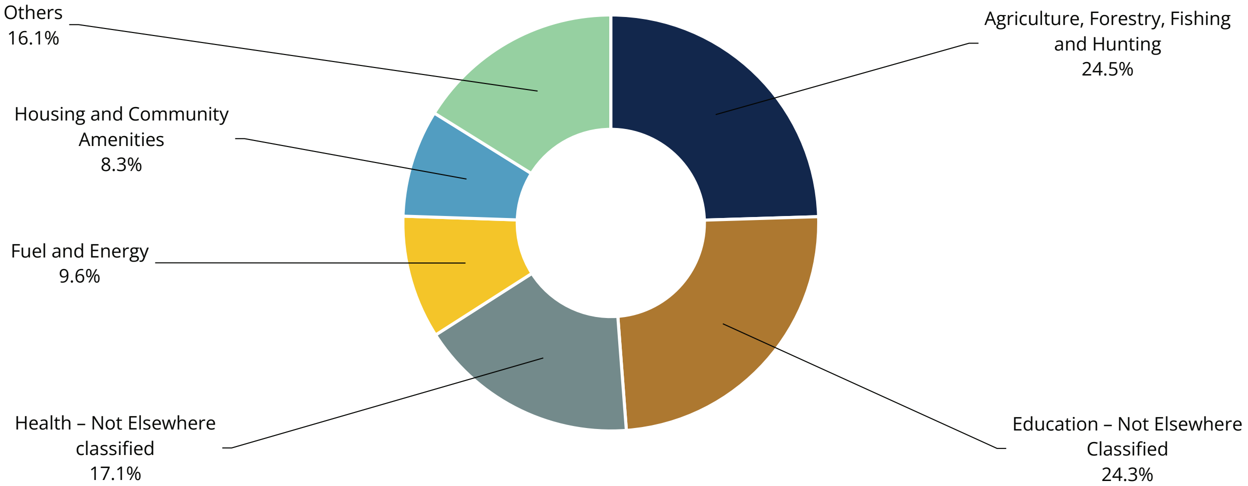


Figure 12.3 illustrates the distribution of INGO disbursements across the top five sectors in Nepal during FY 2023/24. During this period, the Agriculture, Forestry, Fishing, and Hunting sector emerged as the primary recipient, accounting for 24.5 percent of total INGO disbursements with a financial allocation of USD 15.5 million.

The Education sector followed closely, receiving 24.3 percent of total funding, amounting to approximately USD 15.3 million. Health initiatives represented 17.1 percent of disbursements, totaling USD 10.8 million, while the Fuel and Energy sector received 9.6 percent (USD 6.0 million). Housing and Community Amenities accounted for 8.3 percent (USD 5.3 million), highlighting a continued strategic focus on essential infrastructure and rural livelihoods.

The “Others” category, which includes diverse smaller-scale engagements in sectors like social security, welfare, and environmental protection, made up 16.2 percent of the total INGO funding for the year.

Figure 12.4: Top 5 Disbursing INGOs, FY 2023/24

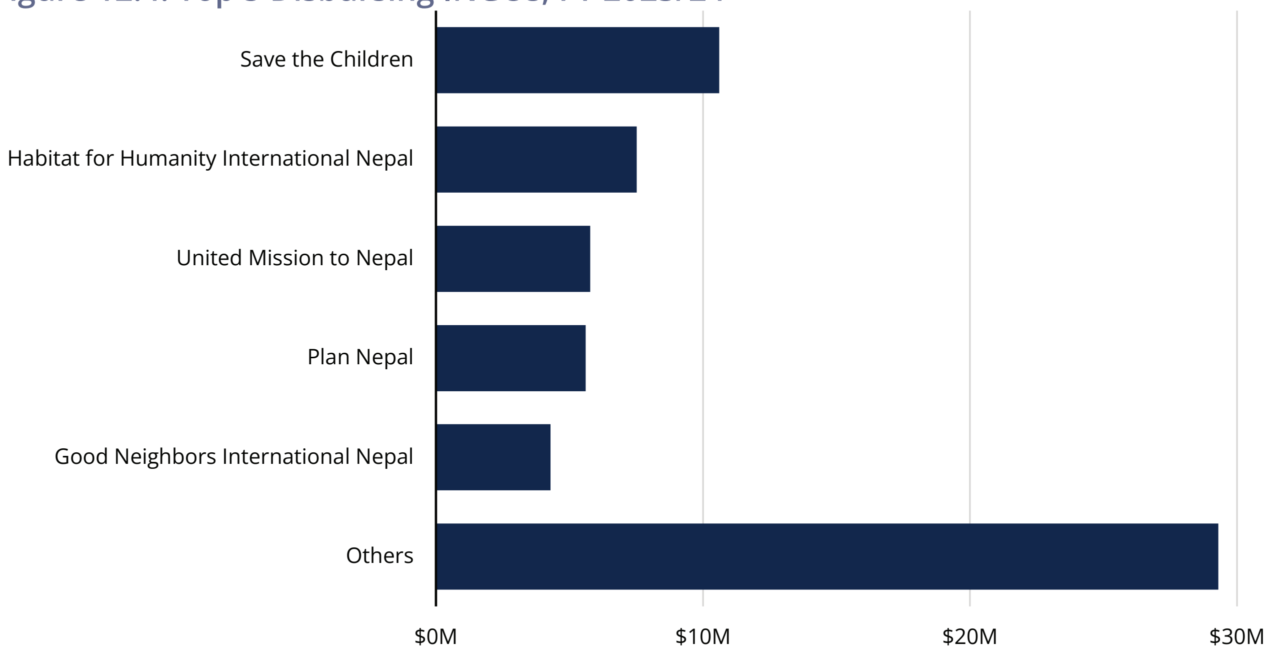


Figure 12.4 identifies the leading INGOs in Nepal based on their total disbursements for FY 2023/24, illustrating the scale of their financial contributions to the country's development.

Save the Children emerged as the top disbursing INGO, with USD 10.6 million, marking the largest individual contribution from a non-governmental partner this year. Habitat for Humanity International Nepal followed as the second-highest, with disbursements totaling approximately USD 7.5 million. Other major contributors included the United Mission to Nepal (USD 5.8 million), Plan Nepal (USD 5.6 million), and Good Neighbors International Nepal (USD 4.3 million).

The "Others" category, representing a broad range of smaller organizations, collectively accounted for USD 29.3 million. This distribution indicates that while the top five organizations drive significant portions of the portfolio, a diverse group of smaller INGOs continues to play a vital role in delivering targeted aid across various sectors.

CHAPTER 13

GENDER ANALYSIS

To assess the degree of gender mainstreaming in development cooperation, the DFIMS applies a specialized gender marker classification. This mechanism categorizes ODA projects based on their level of support for gender equality. Specifically, it distinguishes between projects that are directly supportive, indirectly supportive, or neutral regarding gender components.

- **Directly Supportive:** These projects expressly allocate more than 50 percent of their total budget toward efforts to promote gender equality and empower women.
- **Indirectly Supportive:** These projects dedicate between 20 percent and 50 percent of their total budget to gender equality and women's empowerment. While these initiatives may have other primary objectives, they still allocate a significant portion of their resources to gender-focused activities.
- **Neutral:** These projects allocate less than 20 percent of their total budget to specific gender equality and women's empowerment goals. While they may contribute to these goals indirectly or through a holistic approach, the explicit financial commitment remains comparatively small.

This section analyzes trends in gender-focused ODA from FY 2016/17 to FY 2023/24 by examining disbursement amounts, project counts, budget types, and development partner contributions. Gender marker analysis was first incorporated into the Development Cooperation Report in FY 2016/17 through the previous Aid Management Platform (AMP). Consequently, this eight-year period serves as the basis for the current longitudinal analysis.

Figure 13.1: ODA and Gender Marker Classification, FY 2016/17- 2023/24

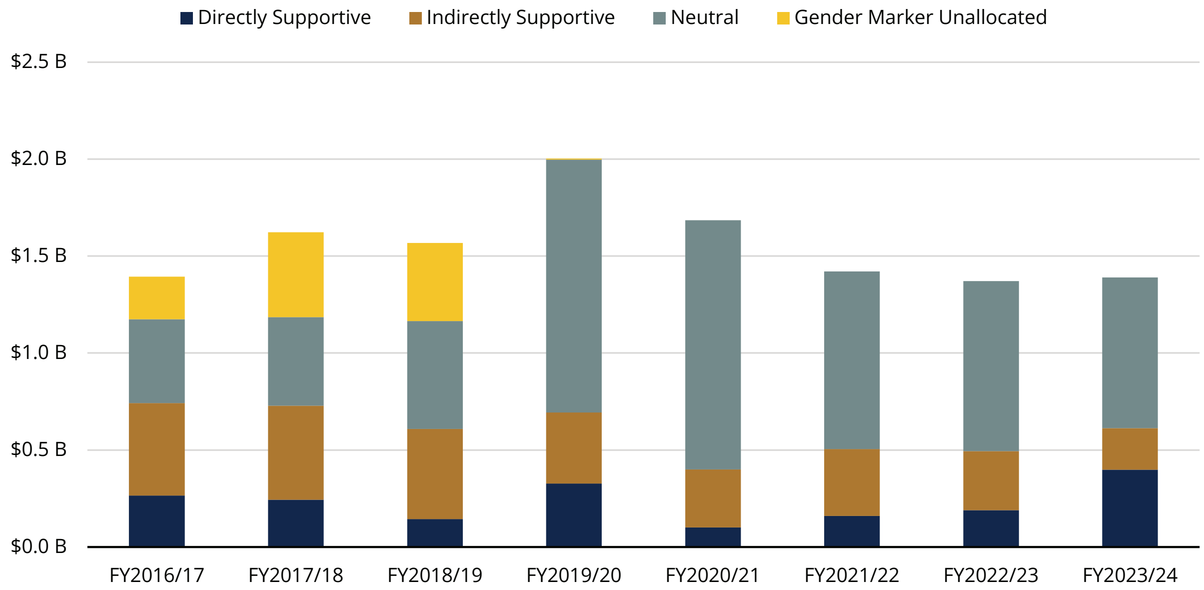


Figure 13.1 details the evolution of ODA disbursements from FY 2016/17 through FY 2023/24, classified by their gender marker: directly supportive, indirectly supportive, neutral, and unallocated.

Funding for directly gender-supportive initiatives has shown notable volatility. After reaching USD 327.4 million in FY 2019/20, it dropped to a decade-low of USD 100.3 million the following year. However, FY 2023/24 saw a significant resurgence, with directly supportive disbursements hitting a peak of USD 399.1 million, a substantial increase from the USD 189.3 million recorded in FY 2022/23.

Projects classified as indirectly gender-supportive commanded higher support in the earlier part of the decade, starting at USD 477 million in FY 2016/17 and remaining stable for several years. Since FY 2019/20, this category has experienced a consistent decline, reaching USD 213.4 million in the current fiscal year.

Meanwhile, neutral projects began to dominate the portfolio in later years. Starting at USD 432.8 million in FY 2016/17, this category surged to an exceptional USD 1.30 billion in FY 2019/20. Although it has since steadily declined to USD 777.9 million in FY 2023/24, it continues to represent the largest share of total ODA.

Figure 13.2: Gender Marker Classification by Number of Projects, FY 2016/17 - 2023/24

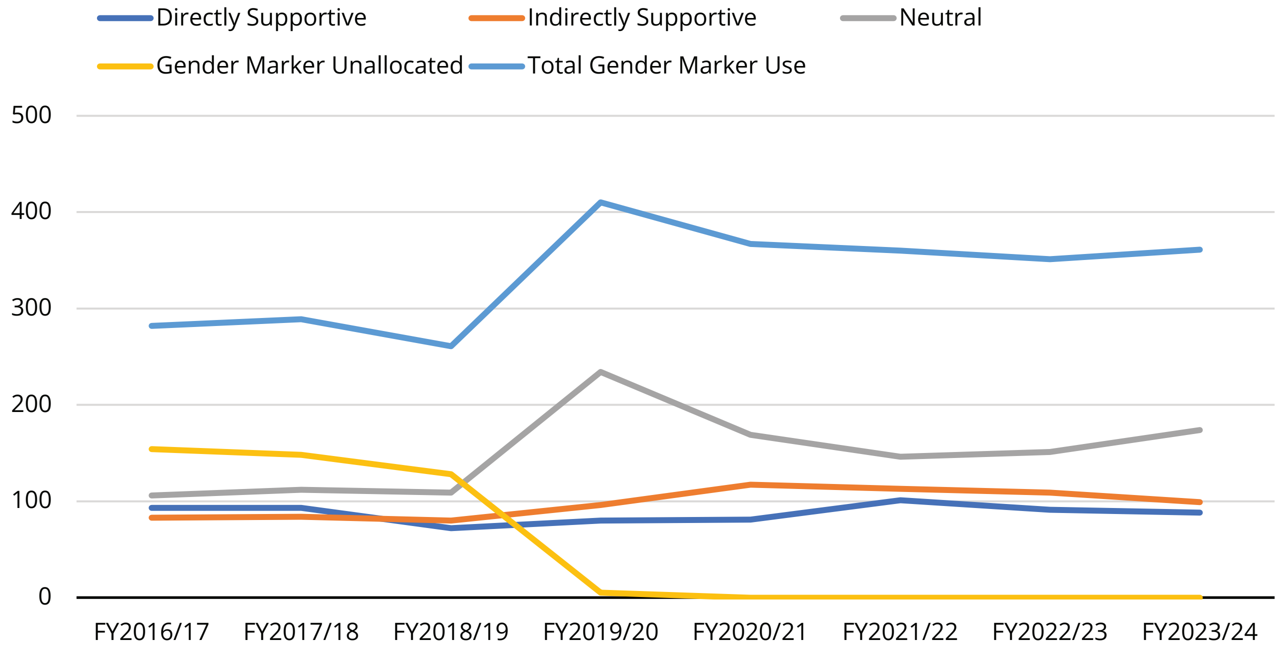


Figure 13.2 illustrates the progression of gender marker classification by project count from FY 2016/17 to FY 2023/24. The total volume of projects increased over the decade, rising from 282 in FY 2016/17 to 361 in FY 2023/24, with a notable peak of 410 projects in FY 2019/20.

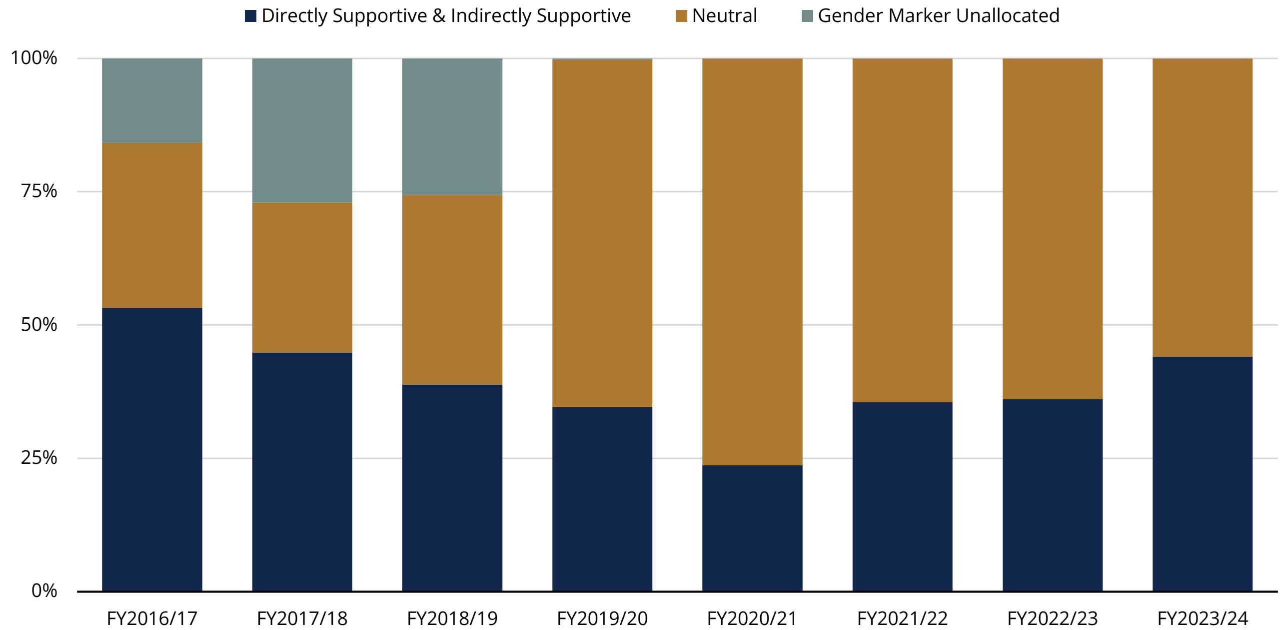
The number of directly supportive projects has shown moderate fluctuation. After reaching a peak of 110 projects in FY 2021/22, the count decreased to 88 projects in FY 2023/24. Despite this slight decline in quantity, the financial disbursement for these projects reached a decade high, suggesting a shift toward larger, more resource-intensive gender-focused interventions.

Indirectly supportive projects witnessed a steady rise for several years, climbing from 83 in FY 2016/17 to 113 in FY 2021/22. However, this trend has reversed recently, with the count falling to 99 projects in the current fiscal year.

Neutral projects peaked sharply in FY 2019/20 with 234 projects, reflecting emergency response activities. This category has since stabilized, settling at 174 projects in FY 2023/24, which represents the largest portion of the project portfolio.

A significant achievement in aid transparency is the elimination of unallocated gender markers. From a high of 154 projects in FY 2016/17, the count dropped to zero in FY 2020/21 and has remained there for four consecutive years. This 100 percent allocation rate underscores the Government of Nepal's success in ensuring that all development projects are screened for their impact on gender equality and women empowerment activities.

Figure 13.3: Gender Marker Classification by ODA Disbursement (%), FY 2016/17 - 2023/24



Research consistently highlights the significant economic advantages of advancing gender equality. A study by the McKinsey Global Institute estimated that achieving full gender parity in global labor markets could add as much as USD 28 trillion (or 26 percent) to the global annual GDP[8]. Within the context of Nepal, the strategic shift toward gender-supportive development projects and increased ODA allocations represents a vital pathway for fostering inclusive and sustainable economic growth.

As illustrated in Figure 13.3, the combined share of directly and indirectly gender-supportive ODA experienced a notable decline in previous years, falling from 53.2 percent in FY 2016/17 to a low of 23.8 percent in FY 2020/21. However, FY 2023/24 marks a critical turning point; the share of directly supportive ODA surged to 28.7 percent, the highest percentage recorded in the decade against a notable decline from 34.2 percent in FY 2015/16 to 15.3 percent making 44.1 percent combined share of directly and indirectly supportive in the current fiscal year.

Conversely, gender-neutral disbursements, which peaked at 76.3 percent in FY 2020/21, have begun contraction, settling at 55.9 percent in FY 2023/24.

8 McKinsey Global Institute. (2015). The Power of Parity: How Advancing Women's Equality Can Add $12 Trillion to Global Growth. Retrieved from https://www.mckinsey.com/featured-insights/-employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth

This trend suggests a strategic shift toward more targeted investments. Furthermore, the complete elimination of the unallocated category since FY 2020/21 demonstrates full compliance with data entry parameters. This improvement aligns closely with the principles of transparency and mutual accountability. These behavioral changes reflect a robust commitment to both gender-responsive budgeting and enhanced aid transparency.

Figure 13.4: Gender Marker Classification by Number of Projects (%), FY 2016/17 - 2023/24

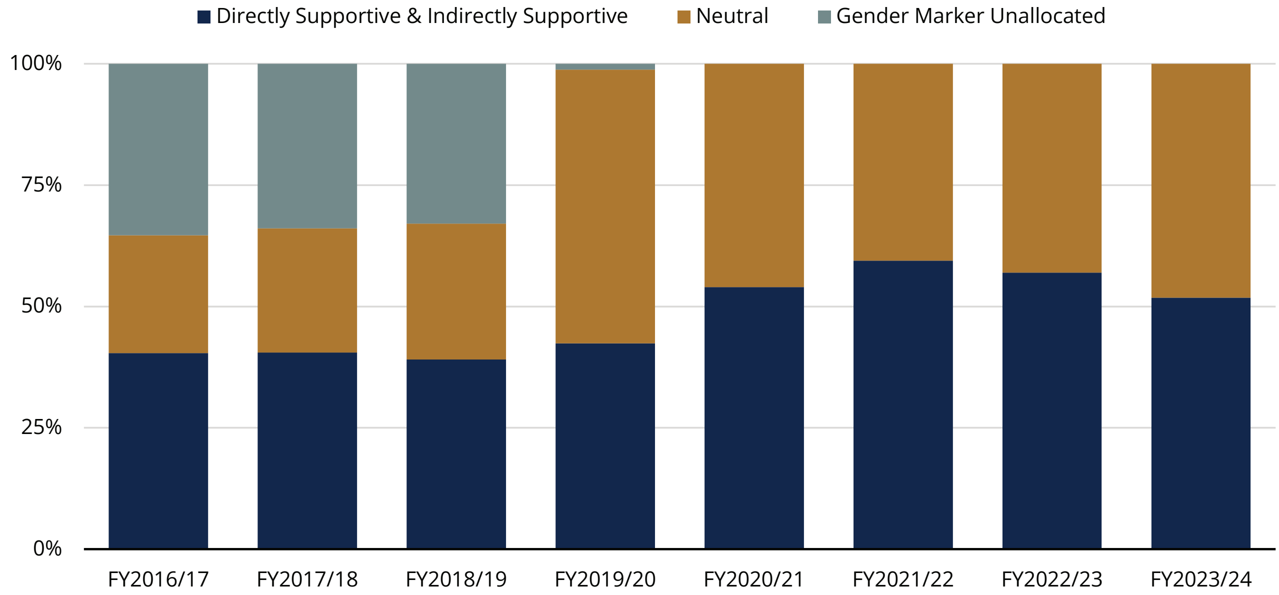


Figure 13.4 presents the annual proportional distribution of projects across gender marker categories. While previous sections noted fluctuations in disbursement volumes, the number of gender-supportive projects (combining both directly and indirectly supportive) has shown an overall upward trajectory compared to early-decade figures, moving from 40.4 percent in FY 2016/17 to 51.8 percent in FY 2023/24.

A defining trend in this data is the systematic eradication of the unallocated category. The share of projects without a gender marker decreased from a high of 35.3 percent in FY 2016/17 to 0 percent starting in FY 2020/21. This sustained achievement highlights consistent institutional rigor in data reporting. However, the proportion of gender-neutral projects has grown notably over the decade, rising from 24.3 percent in FY 2016/17 to 48.2 percent in FY 2023/24. This suggests that while data entry has improved, a substantial half of the project portfolio is currently classified as having no specific gender-related objectives.

Figure 13.5: ODA and Gender Marker Classification - On-Budget vs Off-Budget, FY 2023/24

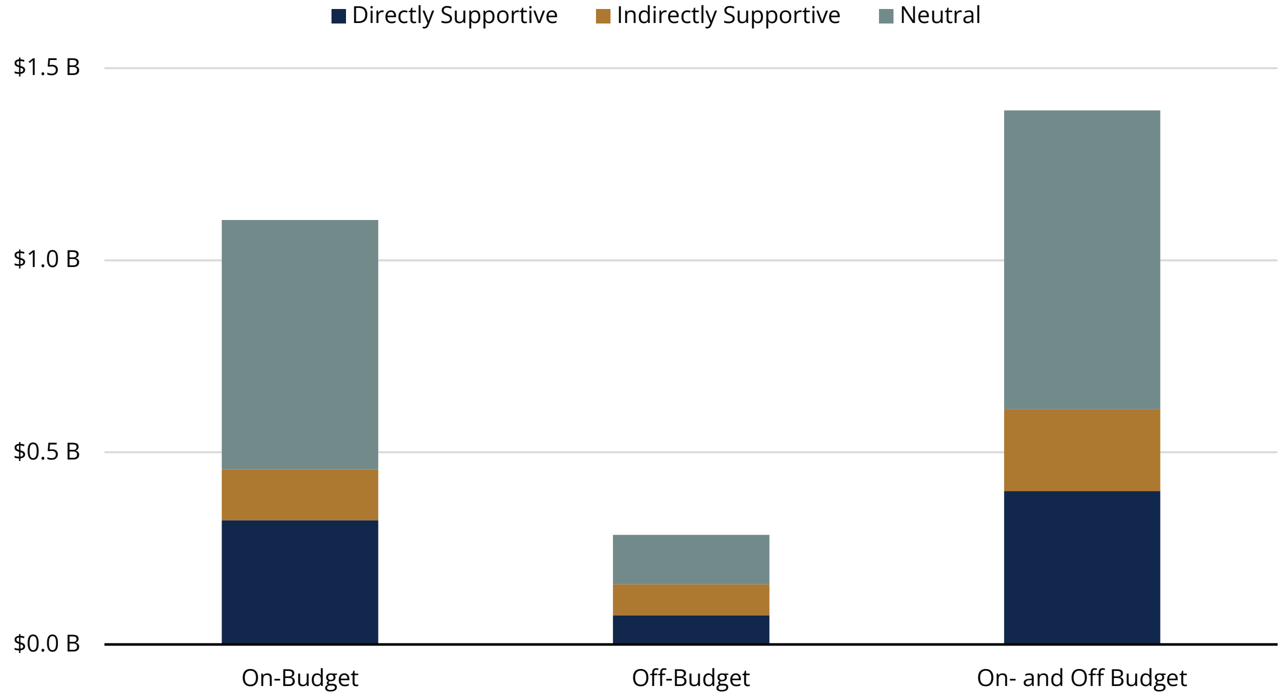


Figure 13.5 provides a detailed breakdown of ODA disbursements for FY 2023/24, categorized by budgetary modality (on-budget and off-budget) across each gender marker. The data reveals a total disbursement of USD 1.39 billion, with USD 1.11 billion delivered on-budget and USD 285.1 million off-budget.

Within the on-budget portfolio, a substantial USD 649.7 million was classified as neutral, while USD 323.3 million was directly supportive and USD 132.3 million was indirectly supportive. Conversely, for off-budget ODA, the distribution was more concentrated on gender-specific interventions: USD 75.8 million was directly supportive, USD 81.1 million was indirectly supportive, and USD 128.2 million was neutral.

A comparative analysis shows distinct differences in how these modalities address gender equality. While on-budget ODA contains the largest volume of neutral funding, it also accounts for the vast majority of directly supportive finance (81.1 percent of all directly supportive ODA). Off-budget support, while smaller in scale, remains highly targeted, with more than half of its total volume (55 percent) categorized as either directly or indirectly supportive.

Figure 13.6: Proportion of Development Partner Disbursements Directly or Indirectly Supportive of Gender Mainstreaming, FY 2023/24

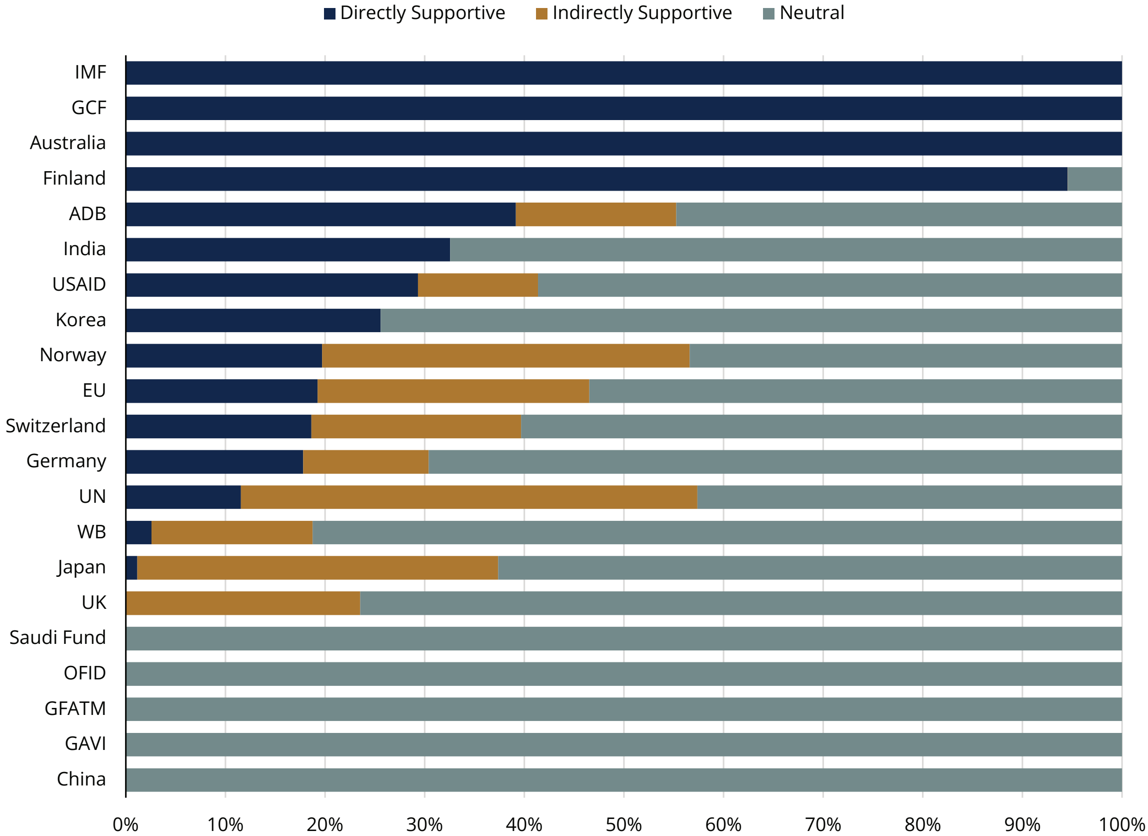


Figure 13.6 illustrates the proportion of ODA disbursements for FY 2023/24 categorized by gender marker across major development partners. The data reveals highly specialized approaches to gender mainstreaming, with several partners dedicating their entire portfolios to specific markers.

In terms of directly supportive contributions, the GCF and IMF led the group, with 100 percent of their disbursements classified as directly gender-supportive. Finland followed closely with 94.5 percent. Among major multilateral and bilateral agencies, the ADB demonstrated a strong commitment with 39.2 percent, followed by USAID (29.3 percent), Korea (25.6 percent), and the EU (19.3 percent).

Regarding indirectly supportive efforts, Norway and Japan were notable contributors, with 36.9 percent and 36.2 percent of their portfolios dedicated to this category, respectively. The UK also allocated 23.5 percent of its funding toward indirect gender mainstreaming.

Several partners reported portfolios that were entirely gender-neutral, including China, GAVI, GFATM, OFID, and the Saudi Fund. Other partners with high neutral shares included the World Bank (81.2 percent), the UK (76.5 percent), and Germany (69.6 percent).

The high prevalence of gender-neutral classifications suggests that gender-responsive elements may not be fully captured during the reporting process. This trend is particularly visible among major DPs financing projects of infrastructure and health sectors. While these projects may integrate gender considerations into their designs, the current reporting often fails to reflect that disaggregated information. This gap underscores the necessity for improved capacity building among reporting officers. Enhanced training will ensure that gender-related outcomes are accurately identified and reflected in national data systems.

CHAPTER 14

CLIMATE FINANCE

Climate finance has emerged as a growing priority within Nepal's ODA landscape. For the first time, the previous AMIS has captured project-level data classified under three categories: highly relevant, relevant, and neutral, in relation to climate objectives. This advancement provides a clearer understanding of how DPs are aligning their disbursements with climate-related goals, offering valuable insights into the extent of climate mainstreaming within development cooperation.

Figure 14.1: ODA and Climate Finance Marker Classification by ODA Disbursements and Number of Projects, FY 2023/24

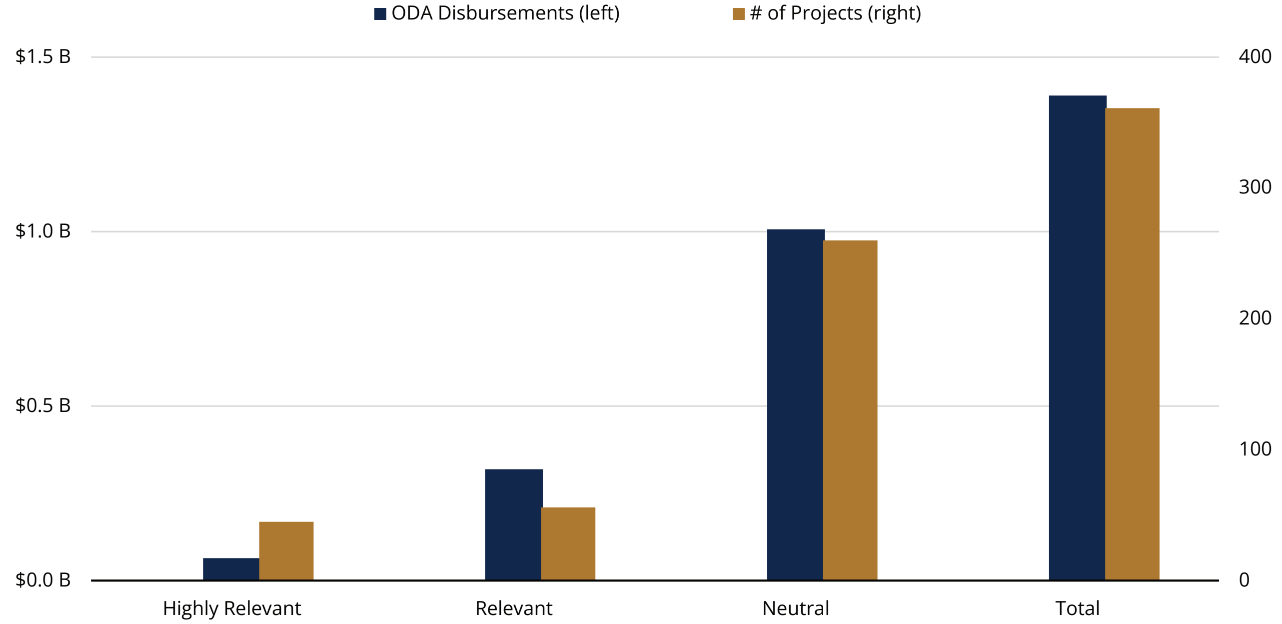


Figure 14.1 details the distribution of ODA for FY 2023/24 based on the climate finance marker classification, which categorizes interventions as "Highly Relevant," "Relevant," or "Neutral" regarding climate change mitigation and adaptation.

In terms of financial volume, out of the total USD 1.39 billion disbursed, USD 64.3 million (4.6 percent) was classified as highly relevant to climate change. Projects deemed relevant received USD 319.3 million, representing 23.0 percent of total ODA, while the vast majority—USD 1.00 billion (72.4 percent)—were tagged as neutral, indicating no specific climate objectives were identified.

From a project count perspective, 45 projects were identified as highly relevant and 56 projects as relevant. The remaining 260 projects were deemed neutral. These figures highlight that the majority of development activities in Nepal during FY 2023/24 did not explicitly target climate-related outcomes.

Given that climate change is an international public good, incorporating climate considerations into all ODA portfolios is a critical necessity for national resilience. The high proportion of climate-neutral projects is concerning, as it suggests either a gap in project design or a limitation in the current reporting system's ability to capture climate-focused elements. To address this, it seems necessary to add features to the DFIMS that can track activity-level climate intensity in addition to project-level information along with rigorous orientation for reporting officials.

CHAPTER 15

SUPPORT FOR COVID-19

In the aftermath of the global COVID-19 pandemic, the Government of Nepal has maintained a strong commitment to managing both public health and economic consequences of the crisis. A range of measures have been implemented to mitigate the socio-economic impacts, particularly focusing on low-income households, small to medium-sized entrepreneurs, farmers, and other disadvantaged groups. Recognizing the dynamic nature of the pandemic, the government has continued to reassess and recalibrate its support initiatives to ensure that assistance is continually fine-tuned to remain relevant and reach those most affected.

Public health remained a top priority throughout the pandemic response, with the government ensuring equitable access to vaccines and critical healthcare services, while also focusing on supportive rehabilitation measures and necessary policy reforms to drive economic recovery.

With generous support from DPs in the form of COVID-related ODA, Nepal made significant progress in its pandemic response. However, as the rate of infection declined and the pandemic's immediate threats diminished, COVID-specific aid has gradually decreased. In light of this transition, the Government of Nepal has advocated for a strategic shift towards long-term support aimed at bolstering the nation's health sector. This forward-looking approach prioritizes preparedness for future health crises while reinforcing the provision of accessible, high-quality health services for all citizens.

BOX 2: COVID-19 Active Response and Expenditure Support Program

Launched on March 29, 2020, the National Relief Program (NRP) was initiated with the aim of minimising the impact of COVID-19 and supporting the country's socio-economic recovery. The total estimated cost of the program stood at USD 1.26 billion, structured across three major pillars:

- USD 347 million for medical and health response,
- USD 359 million for social protection for the poor and vulnerable, and
- USD 555 million for economic support to affected sectors.

To implement the NRP effectively, Nepal secured significant assistance from DPs. The ADB extended USD 250 million through the CARES programme. The WB contributed USD 122 million under the COVID-19 Emergency Response and Health System Preparedness project, which included support for vaccine procurement.

In FY 2023/24, out of the total ODA disbursement of approximately USD 1.4 billion, USD 100.9 million was dedicated to COVID-19 response and recovery. A substantial share of this came from existing projects, while the rest was disbursed towards COVID-19 from newly signed projects. INGOs played a significant role in this fight, contributing a total of USD 10.8 million towards the health sector.

Figure 15.1: Total ODA Disbursements vs COVID-19 Disbursements, FY 2023/24

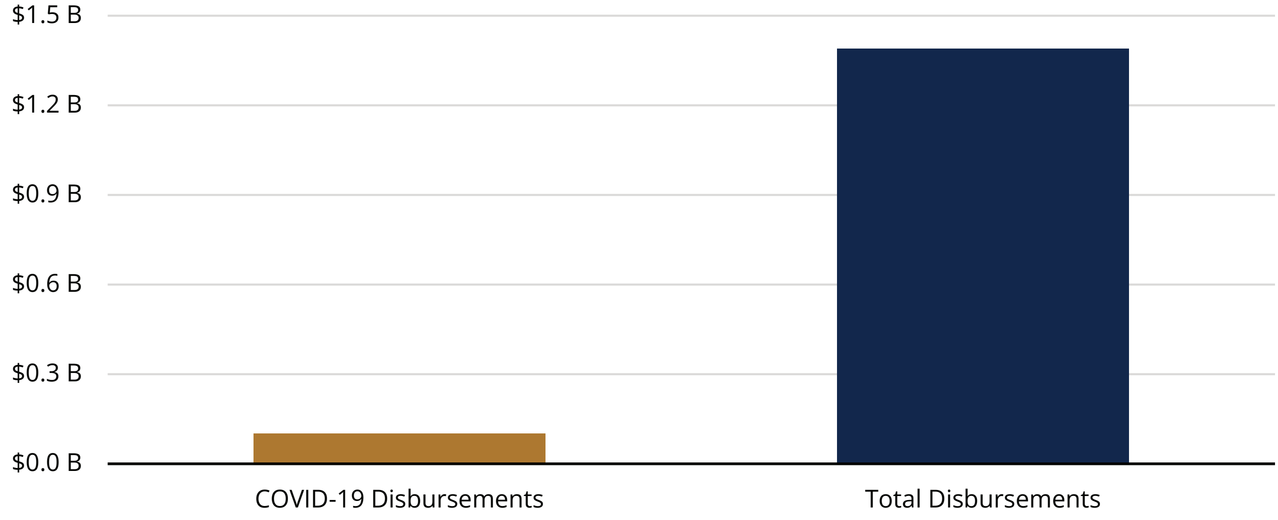


Figure 15.1 compares the total ODA disbursements with those specifically earmarked for COVID-19 interventions in FY 2023/24. Of the total USD 1.39 billion disbursed during the fiscal year, USD 100.9 million was formally recorded as COVID-19-specific assistance.

While there remains a commitment to managing the long-term impacts of the pandemic, the specific disbursement figures show a stabilizing trend as the country moves fully into the recovery phase. The observed figures are relatively low because, as the acute phase of the pandemic has eased, ODA previously allocated to emergency COVID-19 responses has been re-integrated into broader health sector programs and general budgetary support. Consequently, these funds are now often recorded under their primary sector categories rather than as pandemic-specific disbursements.

Figure 15.2: Total Development Partner Support Committed and Disbursed for COVID-19, FY 2019/20 - 2023/24

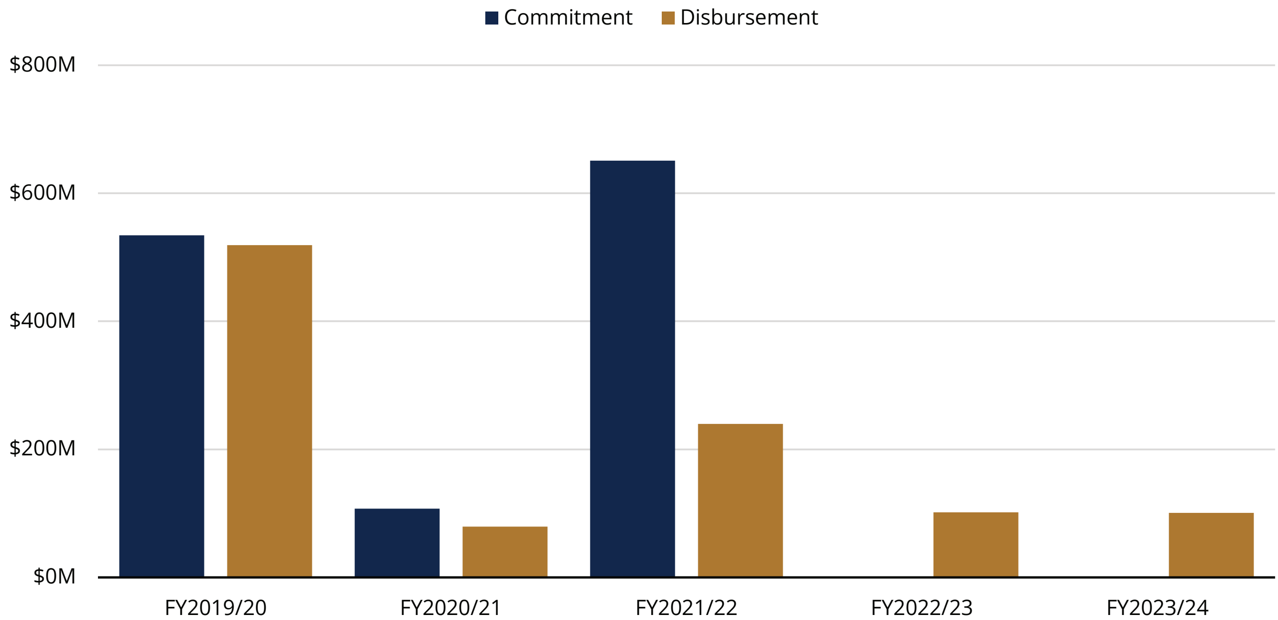


Figure 15.2 provides a longitudinal view of ODA commitments and disbursements specifically allocated for COVID-19 initiatives from FY 2019/20 through FY 2023/24.

The onset of the pandemic in FY 2019/20 triggered an immediate and robust response, with development partners pledging USD 534.4 million and disbursing USD 516.2 million (a 96.6 percent execution rate) within the same year. This phase was followed by a sharp contraction in FY 2020/21, before a second surge in FY 2021/22, where commitments hit a record USD 651.2 million to support large-scale vaccine procurement and health system resilience.

By FY 2023/24, the landscape has fully transitioned from emergency response to a "normalcy". New commitments for COVID-19 remained zero, mirroring the trend from the previous year, as the global and national focus shifted toward broader economic recovery and long-term health infrastructure. However, disbursements remained stable at USD 100.9 million, nearly identical to the USD 100.7 million recorded in FY 2022/23. This indicates the continued execution of multi-year recovery projects and the finalization of pandemic-related financial agreements.

The data underscores a strategic pivot: while the era of emergency COVID-19 pledging has concluded, the consistent disbursement levels reflect a commitment to ensuring that the lessons learned from the pandemic are integrated into Nepal's permanent health and social protection systems.

Figure 15.3: Cumulative Support for COVID-19 by Committed and Disbursed by Development Partner, FY 2019/20 - 2023/24

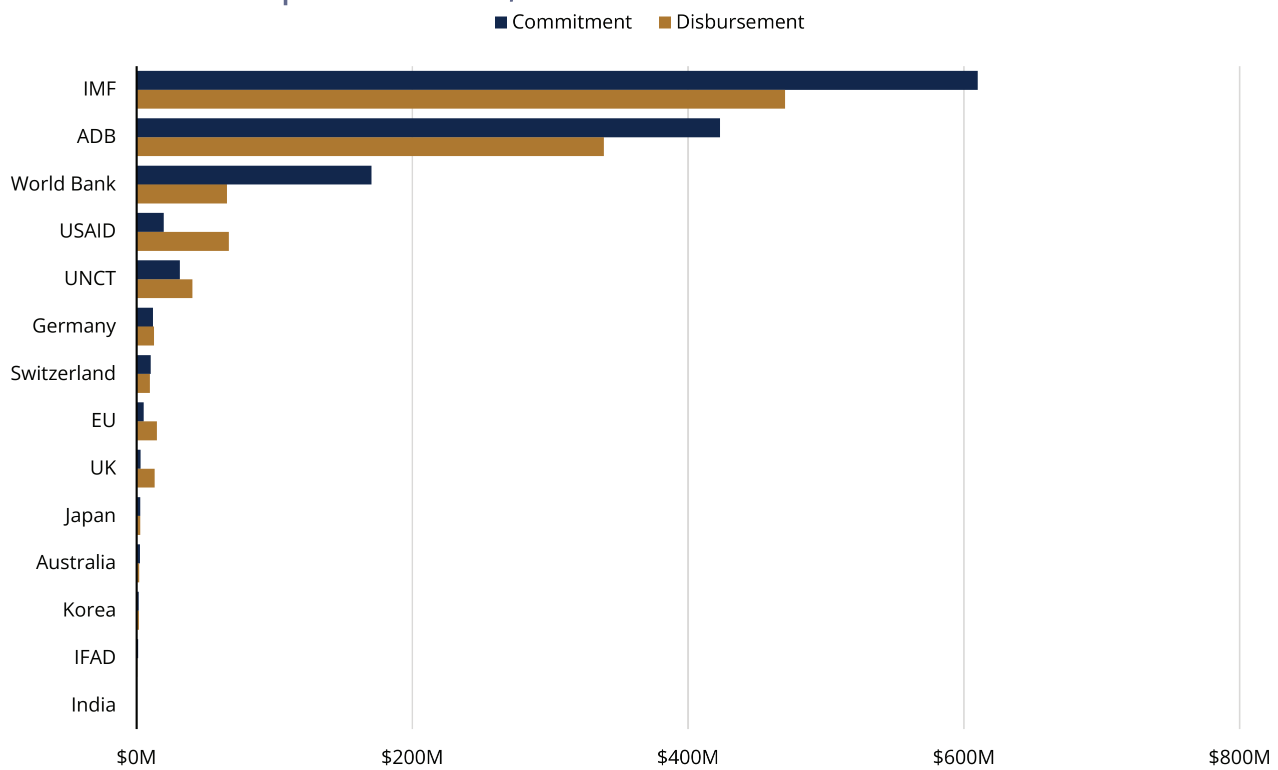


Figure 15.3 presents COVID-19 commitments and disbursements from various DPs between FY 2019/20 and FY 2023/24. Over the last five-year period, IMF and ADB made the largest total commitments for COVID-19 support, pledging USD 609.9 million and USD 423 million and disbursing USD 470.3 million and USD 338.6 million respectively.

Other notable contributions included the World Bank, which committed USD 170.3 million and disbursed USD 65.7 million, and USAID, which committed USD 19.7 million while disbursing USD

66.9 million. The UNCT committed USD 31.5 million and disbursed USD 40.5 million, while Germany committed USD 12.1 million and disbursed USD 12.7 million. Switzerland reported commitments of USD 10.4 million and disbursements of USD 9.7 million.

Additional support came from the EU, with USD 5.2 million committed and USD 14.8 million disbursed, and the UK, with USD 2.9 million committed and USD 13.1 million disbursed. Australia committed USD 2.5 million and disbursed USD 2 million, while Korea committed USD 1.5 million and disbursed USD 1.8 million.

It can be observed that disbursements from USAID, UNCT, Germany, the EU, the UK, and Korea exceeded their specific commitments. This may be due to the reallocation of funds from existing projects during the crisis. These reallocations addressed urgent needs but may not have been officially recorded as original COVID-19 commitments in the system.

Normally, off-budget grants and commodity support should have been disbursed immediately. Despite this, some development partners reported financial commitments without corresponding disbursements in the previous years. This gap may stem from various factors, including delays in the release of funds or specific implementation constraints on the ground. Alternatively, these discrepancies could be the result of fund reprogramming or potential data reporting errors within the DFIMS.

Figure 15.4: Development Partner Support Disbursed for COVID-19 by Development Partner, FY 2023/24

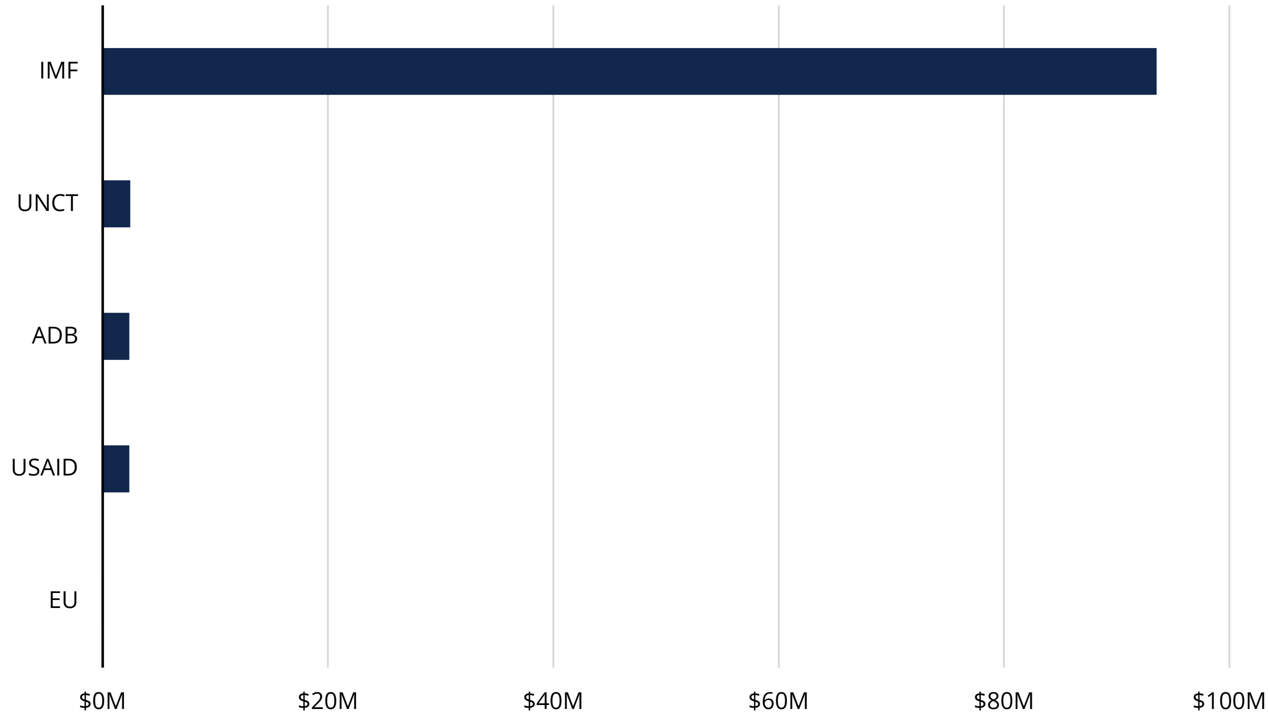


Figure 15.4 illustrates the COVID-19-related disbursements made by key DPs to Nepal in FY 2023/24.

The IMF emerged as the largest contributor, disbursing USD 93.6 million in FY 2023/24, followed by the UNCT with a disbursement of USD 2.5 million and ADB with USD 2.4 million. These three multilateral institutions collectively accounted for more than 97 percent of the total COVID-related ODA (USD 100.9 million) disbursed during the year.

USAID and EU also made modest contributions, disbursing USD 2.4 million and USD 0.1 million respectively, in continued support of pandemic response and recovery efforts. Notably, other development partners including the world bank reported zero disbursement due to the cancellation of a loan under the COVID-19 Emergency Response and Health Systems Preparedness Project.

This figure highlights the tapering nature of COVID-19-specific assistance in FY 2023/24, with fewer active DPs and lower disbursement volumes compared to the peak years of the pandemic.

Figure 15.5: Total Commitment and Disbursement of support for COVID-19 by Development Partner, FY 2019/20 - 2023/24

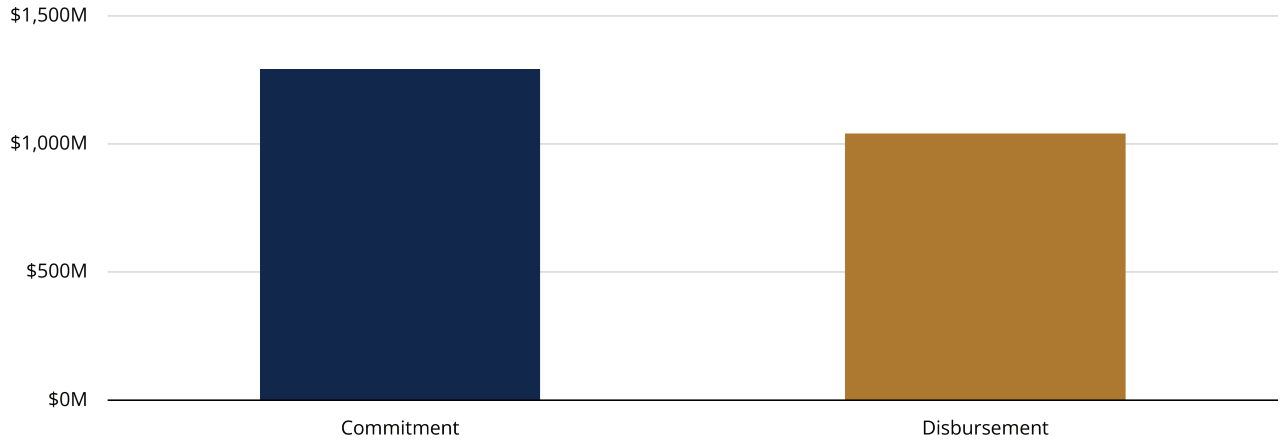


Figure 15.5 shows the total amount committed and disbursed by DPs from FY 2019/20 to FY 2023/24 towards the fight against the COVID-19 pandemic. The total commitment during this period amounts to approximately USD 1293.3 million. This refers to the total amount that all DPs pledged to contribute towards COVID-19 support between FY 2019/20 and 2021/22. Meanwhile, the total disbursement over this period was approximately USD 1036.7 million.

BOX 3: The COVID-19 Portal

The availability of high-quality data has proven to be instrumental in empowering governments to make informed decisions on development planning and resource allocation, a need that was especially highlighted during the COVID-19 pandemic. While the immediate threat of the pandemic has largely diminished in Nepal, the relevance of structured and transparent data systems remains paramount in managing residual COVID-19-related support and integrating lessons learned into long-term development planning.

Recognizing this need, the Ministry of Finance launched a dedicated COVID-19 portal within the previous Aid Management Information System (AMIS) at the height of the crisis. However, this platform remains relevant as a centralised mechanism to this date. It supports retrospective analysis of partner engagement, highlighting residual funding needs, and helping track the integration of pandemic-specific assistance into broader development frameworks. The data were migrated to the DFIMS.

In the current post-pandemic context, the portal functions not only as a monitoring mechanism but also as a strategic knowledge hub. It ensures that past investments are well-documented and that future policies, particularly those aimed at health system resilience and emergency preparedness, are grounded in robust, evidence-based data.

Table 10: COVID-19 Allocations: Commitments and Disbursements, FY 2019/20 - 2023/24

DPs	Commitment				Commitment Total	Disbursement					Disbursement Total
	FY2019/20	FY2020/21	FY2021/22	FY2022/23		FY2019/20	FY2020/21	FY2021/22	FY2022/23	FY2023/24	
IMF	$214.0M		$395.9M		$609.9M	$214.0M		$110.0M	$52.8M	$93.6M	$470.4M
ADB	$253.0M		$170.0M		$423.0M	$250.0M		$42.3M	$44.0M	$2.4M	$338.7M
World Bank	$29.0M	$75.0M	$66.3M		$170.3M	$5.8M	$16.8M	$48.3M	-$5.2M		$65.7M
USAID	$13.2M	$4.0M	$2.5M		$19.7M	$27.9M	$18.7M	$18.0M		$2.4M	$67.0M
UNCT	$9.3M	$9.7M	$12.1M	$0.4M	$31.5M	$4.1M	$11.9M	$15.1M	$6.9M	$2.5M	$40.5M
Germany	$1.1M	$11.0M	$0.0M		$12.1M	$0.8M	$11.9M				$12.7M
Switzerland	$8.4M	$2.0M	$0.0M		$10.4M	$2.1M	$5.4M	$0.9M	$1.4M		$9.7M
EU		$0.8M	$4.4M		$5.2M	$10.4M	$0.4M	$3.9M		$0.1M	$14.8M
UK	$2.9M		$0.0M		$2.9M	$0.3M	$12.7M				$13.1M
Japan	$2.8M		$0.0M		$2.8M	$2.8M					$2.8M
Australia		$2.5M	$0.0M		$2.5M		$0.5M	$0.6M	$0.9M		$2.0M
Korea	$0.7M	$0.8M	$0.0M		$1.5M	$0.7M	$0.5M	$0.6M			$1.8M
IFAD		$1.2M	$0.0M		$1.2M				$0.9M		$0.9M
India		$0.4M	$0.0M		$0.4M		$0.4M				$0.4M
Grand Total	$534.4M	$107.3M	$651.2M	$0.4M	$1,293.3M	$519.0M	$79.2M	$239.8M	$101.5M	$100.9M	$1,040.4M

Across FY 2019/20, FY 2020/21, and FY 2021/22, several DPs played a pivotal role in providing COVID-19 assistance to Nepal. Notable contributors included the IMF, the ADB, the World Bank, USAID, the UNCT, the EU, the UK, Germany, Switzerland, Korea, Australia, India, Japan, and the IFAD, among others.

Given the urgent nature of pandemic-related support, many DPs provided assistance, including in-kind contributions, without entering into formal commitment agreements in advance. In such cases, the support was either not reported or not captured within the commitment records. Therefore, discrepancies may exist between the total commitment and actual disbursements of COVID-19-related assistance, reflecting the unique nature of emergency response operations during the pandemic.

CHAPTER 16

SDG ALIGNMENT AND MAPPING

This section presents a new analysis of Nepal's Official Development Assistance for FY 2023/24, specifically focused on its alignment with the Sustainable Development Goals. By examining how external financing supports specific development priorities, this assessment identifies key patterns and disparities in the distribution of funds.

The primary objective is to evaluate how closely ODA disbursements correspond to various SDG targets and indicators. Analyzing these financial flows provides a more comprehensive understanding of the current development landscape. These findings are intended to highlight strategic implications for the government and its partners, ultimately encouraging more informed decision-making and a more balanced allocation of international assistance across all goals.

Figure 16.1: Top 5 SDG- Mapped Disbursements by SDG Goal (%), FY 2023/24

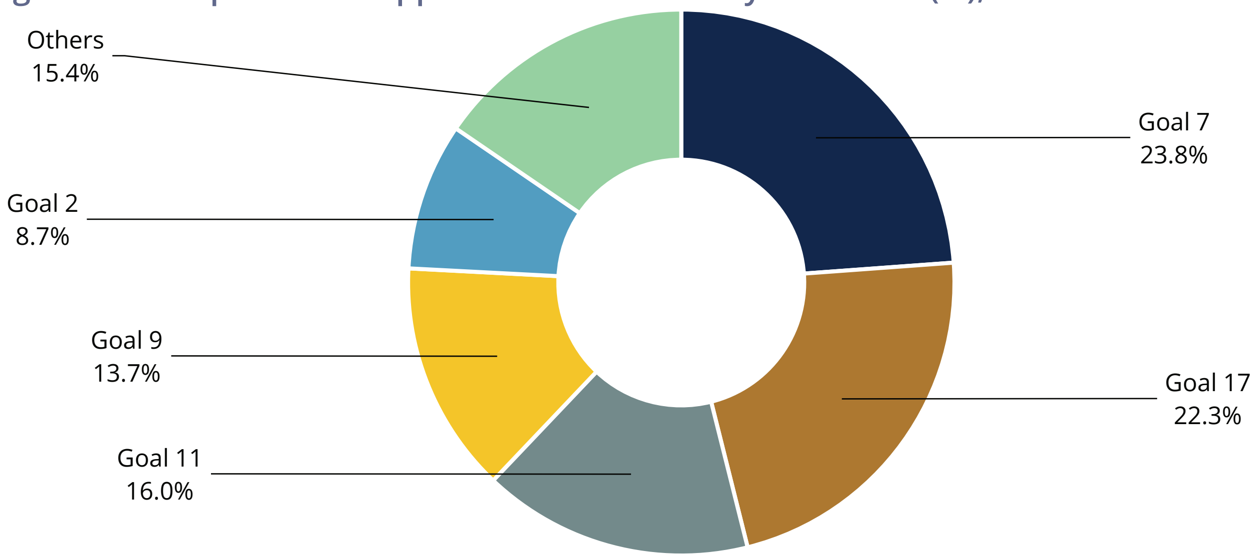


Figure 16.1 illustrates the distribution of ODA mapped to the top five SDGs for FY 2023/24. The data reveals a concentrated investment strategy, with the top five goals accounting for 84.5 percent of all SDG-mapped disbursements.

Key Disbursement Priorities include Goal 7 (Affordable and Clean Energy), which received the highest proportion of funding at 23.8 percent, reflecting a strong national commitment to energy infrastructure and security. Goal 17 (Partnerships for the Goals), ranking second at 22.3 percent, indicates a high volume of multi-sectoral support and global cooperation initiatives. Goal 11 (Sustainable Cities and Communities) accounted for 16.0 percent of disbursements, highlighting significant investments in urban resilience and sustainable planning. Goal 9 (Industry, Innovation and Infrastructure) was tagged with 13.7 percent of ODA reflecting continued focus on physical and industrial development. Finally, Goal 2 (Zero Hunger) rounded out the top five with 8.7 percent of the mapped total.

Remaining 15.4 percent of ODA distributed across the other 12 SDGs, suggest a highly targeted approach to development finance. This distribution underscores Nepal's current prioritization of energy access, urban resilience, and strategic global partnerships. By focusing resources on these specific areas, the Government of Nepal and its development partners are addressing the core pillars of economic recovery and long-term infrastructure stability.

Figure 16.2: SDG Mapped Disbursements by SDG Goal and Number of Projects, FY 2023/24

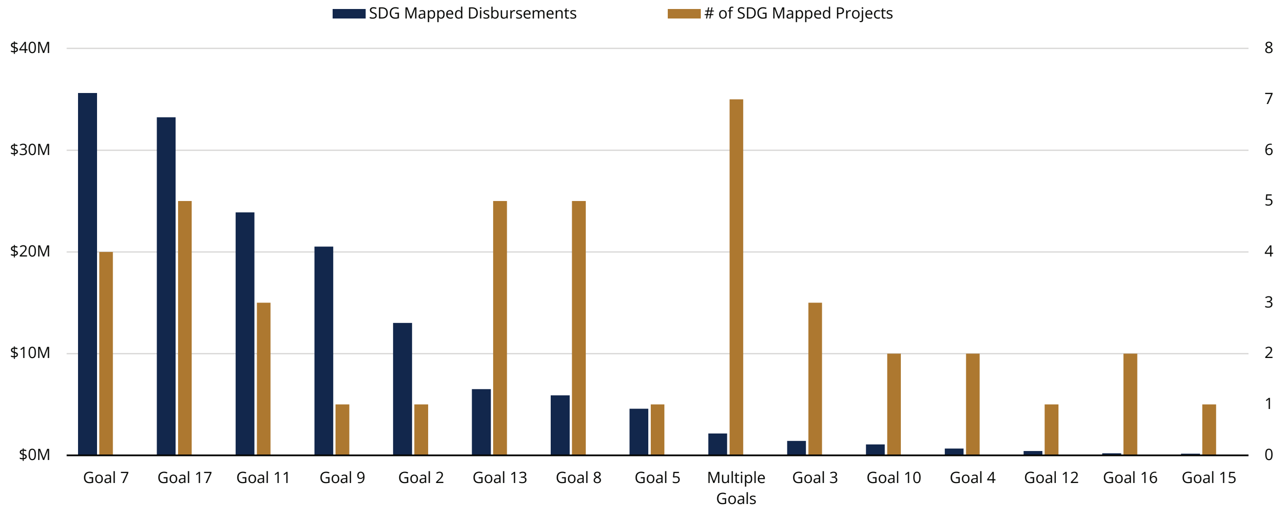
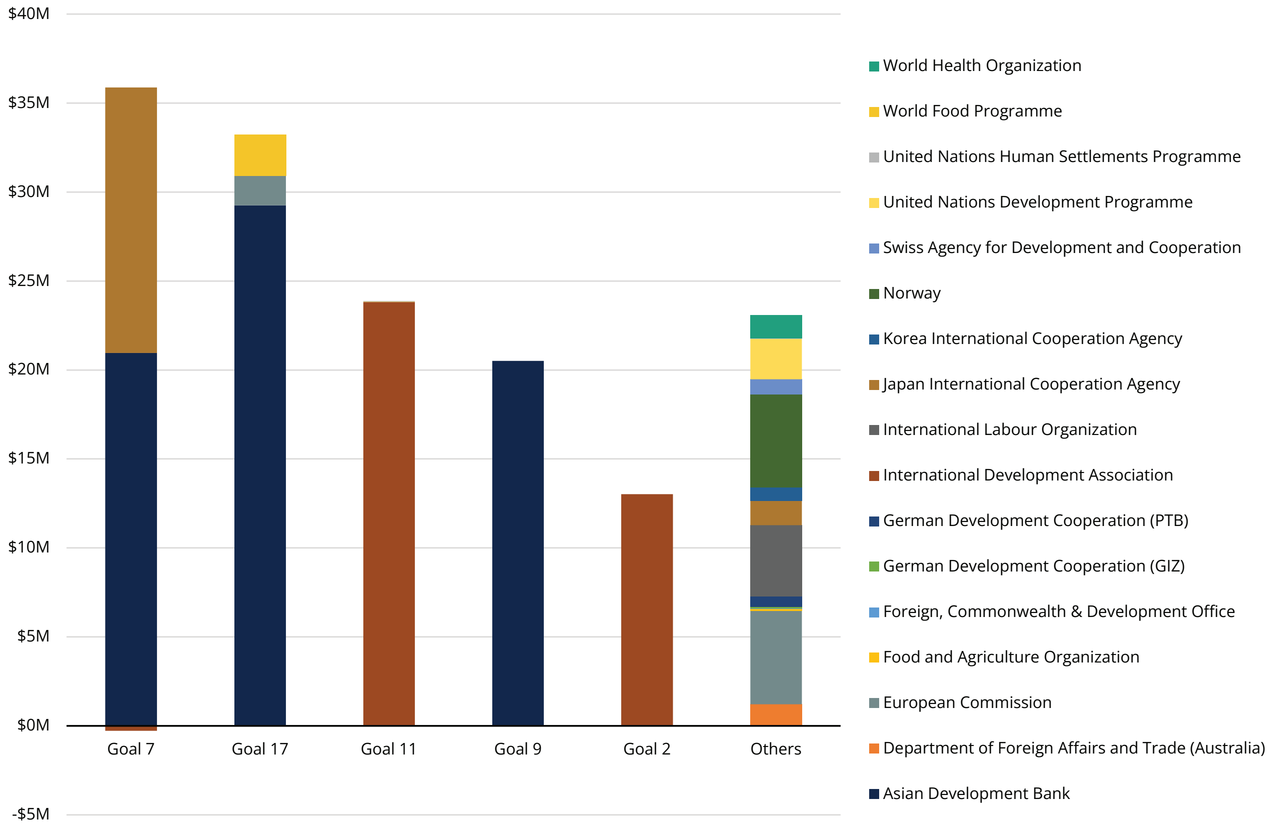


Figure 16.2 shows the number of projects associated with each SDG alongside the corresponding ODA disbursement. One may assume a higher number of projects linked to a specific SDG should correspond to higher disbursements to that SDG. However, as presented by Figure 16.2, this correlation is not absolute. For instance, goal 3 had 3 projects but received only USD 1.4 million, whereas goal 17 had just 5 projects yet received USD 33.2 million. Notably, Goal 3 (Good Health and Well-being) received only USD1.4 million across 3 projects, Goal 15 (Life on Land) received the lowest allocation (USD 0.02 million), for a single project.

Projects mapped to multiple goals in the FY 2023/24 have received a collective disbursement of USD 2.1 million across seven projects.

Figure 16.3 displays SDG-mapped disbursements by development partner and associated SDG for FY 2023/24. Volume-wise, Goal 7 (Affordable and Clean Energy) received SDG-coded disbursement (USD 35.59 million) with balanced contributions from ADB (USD 20.95 million) and Japan (USD 14.915 million). Goal 17 (Partnerships for Goals) was tagged with the second largest ODA mostly financed by ADB (USD 29.2 million), followed by WFP (USD 2.3million). Disbursements for goal 11 (Sustainable Cities and Communities) was USD 23.88 million mostly from WB (USD 23.8 million) followed by relatively small contributions from UNDP and UN-Habitat. Disbursement mapped with Goal 9 (Industry, Innovation and Infrastructure) was entirely funded by ADB (USD 20.51 million) while Goal 2 by the World Bank (USD 13.02 million).

Figure 16.3: SDG Mapped Disbursements by Development Partner and SDG Goal, FY 2023/24



BOX 4: Implementation of Sustainable Development Goals (SDGs) Mapping Functionality in DFIMS

Starting in FY 2023/24, Nepal integrated SDG coding functionality into its Development Finance Information Management System (DFIMS). This update is designed to capture granular data on how development finance aligns with global sustainability targets. By systematically linking ODA-funded projects to specific SDG targets and indicators, the government aims to strengthen its capacity to monitor, evaluate, and report on how international aid contributes to each goal.

The effectiveness of this tracking feature depends on the active participation and technical accuracy of both development partners and the Ministry of Finance, International Economic Relations Division (IERD) desks. To ensure data quality, it is essential that all newly approved and ongoing projects explicitly identify the specific SDG areas they support. Precise coding at the entry point is necessary to build a comprehensive and reliable map of ODA contributions across the country.

While the technical infrastructure is now in place, the data captured within DFIMS during the current review period remains insufficient for a full thematic analysis. The transition to this new system requires a stabilization period to address existing gaps in reporting. Consequently, while the framework for SDG-aligned reporting is established, further efforts are needed to ensure the data is complete enough to drive evidence-based policy decisions.

CHAPTER 17 THE WAY FORWARD

As the global landscape of development finance undergoes rapid transformation, Nepal is also experiencing the effects of these evolving dynamics. Key drivers of this shift include policy changes within donor countries, rising geopolitical tensions and conflicts across regions, evolving classifications of bilateral and multilateral development partners, and Nepal's impending graduation from Least Developed Country status in 2026. These developments are likely to reshape the availability, terms, and composition of external development finance. To effectively navigate this transition and address the emerging development finance gap, the Government of Nepal and its development partners should prioritize the following strategic actions:

1. **Diversifying the Financial Portfolio and Innovative Financing:** With the impending "graduation cliff" likely to reduce access to traditional grants, Nepal must aggressively explore alternative financing instruments. This includes operationalizing the Integrated National Financing Framework to align public and private flows with national priorities. Specific focus should be placed on mobilizing blended finance, green bonds, and increased private sector engagement to sustain infrastructure and climate resilience projects.
2. **Enhancing Absorptive Capacity and Implementation Efficiency:** A noticeable gap continues between ODA spending and overall national budget expenditure. In FY2023/24, total government expenditure increased significantly by 22.3 percent, while ODA expenditure declined by 5.2 percent. This divergence suggests challenges in translating external commitments into actual spending. Going forward, stronger emphasis is needed on improving project readiness and prioritizing well-prepared, demand-driven, and "bankable" projects that match Nepal's implementation capacity. It is equally important to shorten the time lag between commitment and disbursement across the project cycle. Addressing these issues will be critical to improving aid absorption and maximizing the overall effectiveness of development assistance.
3. **Strengthening Aid Predictability and Medium-Term Planning:** Although annual predictability remains high at 96 percent, medium-term predictability (three years ahead) has fallen sharply to just 17 percent—well below the average for Least Developed Countries. This significant gap limits the government's ability to plan and allocate resources effectively over the medium term. To address this, development partners should be encouraged to provide credible and forward-looking multi-year disbursement forecasts. Reliable medium-term projections are essential for realistic resource planning and for strengthening the effectiveness of the Medium-Term Expenditure Framework.
4. **Reducing Fragmentation and Administrative Burden:** Fragmentation continues to hamper efficiency, with 22 government entities managing 361 projects across 22 DPs. High fragmentation in sectors like Health and Education increases transaction costs and administrative strain. The GoN should advocate for a more coordinated division of labor among DPs, encouraging them to focus their portfolios on fewer, larger, and more impactful projects rather than scattered interventions.

5. **Correcting Geographic Imbalances through Needs-Based Allocation:** Current ODA distribution favors economically stronger provinces like Bagmati, while those with the highest Multidimensional Poverty Index (MPI), such as Karnali and Madhesh, receive the lowest per-capita support. Future ODA strategies must transition from "project-location" driven funding toward needs-based allocation to ensure inclusive development and regional equity.
6. **Improving Data Quality for Thematic Mainstreaming:** While gender marker reporting has achieved 100 percent compliance, the high volume of "neutral" classifications in climate finance (72.4 percent) and SDG mapping suggests that reporting officers need enhanced capacity building. The Development Finance Information Management System should be further refined to capture activity-level data, ensuring that ODA contributions to climate resilience and specific SDG targets are accurately documented.

CHAPTER 18 CONCLUDING REMARKS

The Development Cooperation Report FY 2023/24 captures a pivotal moment in Nepal's development journey. As the nation prepares for its transition to Middle-Income status by 2030, the findings in this report highlight both the resilience of Nepal's development partnerships and the structural challenges that must be addressed to ensure long-term fiscal sustainability.

In FY 2023/24, ODA disbursements remained relatively stable at USD 1.39 billion, a marginal increase of 1.4 percent from the previous year. However, ODA's role in the national budget has reached a decade low, accounting for just 15 percent of total allocations. This decline, coupled with a dominant shift toward loan-based assistance (64.9 percent), underscores a growing financial burden of external debt that requires prudent management to maintain Nepal's low-risk debt distress rating.

There has been commendable progress in aligning development cooperation with national systems. On-budget disbursements reached 79.5 percent in the current fiscal year, and on-treasury support saw a notable recovery of 21.2 percent. Furthermore, the elimination of unallocated gender markers demonstrates a high level of institutional commitment to transparency and gender-responsive budgeting. These achievements reinforce the principles of country ownership and mutual accountability that are central to Nepal's aid effectiveness agenda.

The donor landscape is increasingly characterized by the dominance of multilateral partners, who provided 61.7 percent of total disbursements this year, primarily focusing on large-scale infrastructure and economic reform. Meanwhile, bilateral partners and the UN system continue to play an indispensable role in technical assistance and grant-based human development. The resurgence of the Asian Development Bank as the leading partner and the record-high disbursements from USAID and India reflect the dynamic and diversifying nature of Nepal's international support.

The post-pandemic and post-earthquake eras have demonstrated that while Nepal is highly effective at mobilizing emergency aid, the transition to sustainable, long-term infrastructure and climate-resilient growth requires a different approach. The volatility in medium-term aid predictability and the persistent geographic disparities in funding highlight that "more aid" is not the only answer; "smarter aid", i.e., better targeted, more predictable, and more equitably distributed, is the path forward.

In conclusion, the data for FY 2023/24 serves as a call to action for the Government of Nepal and the international community. By leveraging the insights provided by the DFIMS and strengthening the alignment between external finance and national priorities, Nepal can navigate its LDC graduation with confidence, ensuring that the benefits of development cooperation reach every citizen across all seven provinces of the Country.

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ANNEX A

DEVELOPMENT PARTNER DISBURSEMENTS, FY 2010/11 TO FY 2023/24

Development Partners	Disbursement (US$)													
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Asian Development Bank	184,419,986	193,400,498	101,204,607	155,553,208	147,894,405	217,685,705	253,898,091	291,693,735	292,484,030	611,453,523	251,055,059	290,036,751	334,407,445	437,727,582
Australia	22,067,850	22,729,014	16,064,901	30,237,087	28,112,555	21,233,745	18,559,851	20,884,676	15,000,392	13,975,955	5,137,227	12,629,297	1,142,616	4,529,947
Canada	4,552,367	546,535												
China	18,843,988	28,344,923	34,120,033	41,381,522	37,948,751	35,364,713	41,244,254	58,727,078	150,370,540	93,026,787	37,081,650	17,402,640	14,451,709	15,706,455
Denmark	17,832,150	29,099,959	30,549,044	31,368,778	21,953,820	2,700,959	4,560,499		100,000					
European Union	42,384,482	43,974,932	28,066,696	51,618,780	31,378,363	29,488,509	83,885,219	116,178,534	26,177,011	49,845,027	105,444,147	31,591,940	17,420,548	27,404,225
Finland	22,153,680	13,242,353	6,470,909	19,419,234	16,282,477	6,604,662	9,698,132	12,779,120	10,615,868	13,910,781	12,202,386	3,635,557	3,568,932	7,558,437
GAVI	7,520,622	-	798,529	1,928,093	9,242,811	2,187,991	244,614	1,173,541	22,783	11,693,153	9,329,736	25,488,171	10,229,450	13,081,206
GCF												181,129	6,038,418	551,205
Germany	27,300,849	38,830,532	23,743,866	26,458,910	9,697,882	6,646,850	25,058,320	28,902,395	36,115,866	26,091,090	31,170,430	24,097,296	19,153,185	24,217,564
GFATM	18,973,027	15,094,614	28,241,077	11,287,214	22,059,056	9,106,038	1,720,536	11,867,980	1,724,464	940,327	3,015,332	2,503,134	3,041,788	8,927,433
IFAD				4,042,736	1,913,022	9,226,879	11,559,988	15,818,547	15,204,107	7,047,401	6,471,462			
IMF										214,000,000		110,000,000	52,800,000	93,550,000
India	50,728,502	50,620,749	63,813,269	47,796,349	22,227,306	35,767,655	59,259,429	56,762,100	58,944,224	93,571,298	72,320,905	58,945,361	99,759,728	118,148,868
Japan	58,691,311	44,090,184	65,759,647	40,592,722	39,867,923	45,913,262	77,652,833	106,207,039	110,502,190	72,612,032	32,977,147	55,366,549	146,151,642	46,199,321
KFAED				103,037	95,246	541,771	649,148	3,274,490	2,652,546	267,163	797,826	79,587	32,299	
Korea	22,203,697	4,715,410	14,247,876	8,754,915	16,683,337	11,451,879	7,638,528	6,874,412	7,652,068	7,425,546	8,124,983	7,715,204	6,711,118	7,164,535
Netherlands	2,503,206	858,916	1,015,515		1,138,305	683,109			1,478,866		1,322,302	124,820		
Nordic Development Fund	2,943,806				1,202,500		739,865		498,907					
Norway	32,818,161	41,686,343	32,823,348	24,467,086	30,797,758	35,535,102	20,318,915	23,984,012	23,584,627	15,876,280	21,868,100	30,258,625	20,315,502	25,849,765
OFID	5,280,000		13,214,303	6,730,793	15,124,926		11,377,029		11,583,420	4,993,013	4,277,126	1,947,773	1,621,194	102,772
Others		142,555												

Development Partners	Disbursement (US$)													
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
SAARC Dev Fund				92,412	963,503	223,685	143,500	68,843	150,249	138,792		63,075		
Saudi Fund	1,141,351		798,696	1,012,251	900,429	1,035,317	2,382,612	331,559	568,013	3,110,778	16,768,405	2,744,921	449,748	9,257
Switzerland	27,632,405	33,417,302	41,767,109	33,853,529	32,467,406	36,981,936	34,941,429	26,412,734	25,880,596	36,734,500	24,397,709	27,807,888	28,138,141	24,457,192
UN Country Team	112,543,336	108,169,072	68,661,608	26,684,005	44,236,346	113,576,926	120,729,957	65,622,702	64,077,836	44,385,419	56,384,483	74,908,975	53,648,936	62,747,294
United Kingdom	92,612,422	84,240,019	89,989,120	151,135,383	168,073,845	89,478,104	128,313,164	123,870,280	117,238,011	95,227,536	83,974,700	56,742,341	44,385,194	34,823,715
USAID	48,450,255	22,487,717	67,196,696	45,360,254	132,370,217	118,933,332	134,056,598	117,831,730	77,545,174	125,163,031	105,941,208	101,308,051	120,178,694	161,692,108
World Bank Group	256,113,102	269,605,647	231,404,440	276,770,043	188,122,967	243,692,504	345,968,357	533,515,228	528,313,473	461,311,832	794,605,737	484,879,470	387,403,534	275,969,265
Total	1,079,710,554	1,045,297,273	959,951,292	1,036,648,340	1,020,755,157	1,074,060,634	1,394,600,868	1,622,780,736	1,578,485,262	2,002,801,264	1,684,668,060	1,420,458,555	1,371,049,821	1,390,418,146

ANNEX

B DEVELOPMENT PARTNER DISBURSEMENTS BY TYPE OF ASSISTANCE, FY 2023/24

Development Partner	Disbursement (US$)		
	Grant	Loan	Technical Assistance
ADB	9,480,601	423,849,928	4,397,053
Australia	4,529,947		
China	1,092,534	14,613,921	
EU	22,425,080		4,979,144
Finland	7,555,957		2,480
GAVI	13,081,206		
GCF			551,205
Germany	10,337,023		13,880,541
GFATM	8,927,433		
IMF		93,550,000	
IFAD			
India	53,015,494	51,894,022	13,239,352
Japan	1,810,890	42,393,495	1,994,936
KFAED			
Korea	1,043,669		6,120,866
Netherlands			
Norway	25,849,765		
OFID		102,772	
SAARC			
Saudi Fund		9,257	
Switzerland	13,693,929		10,763,263
UK	20,134,394		14,689,321
UN	31,117,289	6,000,000	25,630,005
USAID	29,777,359		131,914,749
WB	5,530,925	270,438,340	
Total	259,403,496	902,851,734	228,162,915

ANNEX C

DEVELOPMENT AGENCIES ON- AND OFF-BUDGET DISBURSEMENTS, FY 2023/24

Development Partner	Disbursement (US$)			On-Budget (%)	Off-Budget (%)	Total (%)
	On-Budget	Off-Budget	Total			
ADB	415,450,918	20,534,697	435,985,615	95%	5%	100%
JFPR	1,741,967		1,741,967	100%	0%	100%
Australia		4,529,947	4,529,947	0%	100%	100%
China	15,706,455		15,706,455	100%	0%	100%
EU	12,942,240	14,461,985	27,404,225	47%	53%	100%
Finland	3,854,427	3,704,010	7,558,437	51%	49%	100%
GAVI	13,081,206		13,081,206	100%	0%	100%
GCF		551,205	551,205	0%	100%	100%
GIZ		13,302,666	13,302,666	0%	100%	100%
KFW		577,875	577,875	0%	100%	100%
PTB	10,337,023		10,337,023	100%	0%	100%
GFATM	8,927,433		8,927,433	100%	0%	100%
IMF	93,550,000		93,550,000	100%	0%	100%
India	118,148,868		118,148,868	100%	0%	100%
JICA	44,204,385	1,994,936	46,199,321	96%	4%	100%
KOICA	5,489,872	1,374,663	6,864,535	80%	20%	100%
South Korea		300,000	300,000	0%	100%	100%
Norway	5,161,692	20,688,074	25,849,765	20%	80%	100%
OFID	102,772		102,772	100%	0%	100%
Saudi Fund	9,257		9,257	100%	0%	100%
SDC	23,197,657	1,259,535	24,457,192	95%	5%	100%
FCDO	22,153,886	12,669,829	34,823,715	64%	36%	100%
FAO		2,493,864	2,493,864	0%	100%	100%
GEF		402,752	402,752	0%	100%	100%
IFAD	6,000,000		6,000,000	100%	0%	100%
ILO		4,000,000	4,000,000	0%	100%	100%
UNICEF		12,318,457	12,318,457	0%	100%	100%
UNDP	1,098,223	6,381,100	7,479,323	15%	85%	100%
UN Habitat		54,528	54,528	0%	100%	100%

Development Partner	Disbursement (US$)			On-Budget (%)	Off-Budget (%)	Total (%)
	On-Budget	Off-Budget	Total			
UNFPA		4,283,936	4,283,936	0%	100%	100%
WFP		12,705,938	12,705,938	0%	100%	100%
WHO		13,008,496	13,008,496	0%	100%	100%
MCC	28,476,571		28,476,571	100%	0%	100%
USAID		133,215,537	133,215,537	0%	100%	100%
IDA	270,314,726	283,620	270,598,346	100%	0%	100%
WB Trust Fund	5,370,919		5,370,919	100%	0%	100%
Total	1,105,320,497	285,097,650	1,390,418,146			

ANNEX D

ODA DISBURSEMENTS BY SECTOR, FY 2010/11 TO FY 2023/24

Sector	Disbursement (US$)													
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Agriculture, Forestry, Fishing and Hunting	100,213,113	74,011,288	59,693,534	101,608,731	85,509,026	79,785,543	86,071,603	99,534,966	43,370,055	140,509,397	109,466,935	60,665,921	112,475,132	75,626,355
Communication	1,358,376	1,500,692	2,926,131	8,135,179	4,293,202	767,854	5,540,476	7,871,814	3,230,153	1,901,910	1,749,924	353,136	-38,899	
Community Development	135,065,879	153,514,312	118,294,994	152,337,703	124,903,019	119,153,479	123,000,975	135,853,877	132,872,021	67,583,690	114,924,391	45,413,659	43,697,782	32,437,687
Drinking Water	52,892,075	26,801,648	42,278,463	38,842,495	71,004,210	42,285,601	110,093,323	68,449,074	57,035,670	69,371,213	62,235,888	61,135,394	50,266,137	30,639,538
Economic Affairs – Not Elsewhere Classified	105,597,087	58,682,543	53,932,875	104,324,974	55,643,406	90,077,360	213,524,890	268,015,289	216,336,780	381,954,209	24,832,318	146,506,883	223,051,977	120,322,779
Education – Not Elsewhere Classified	202,848,741	229,049,894	140,721,598	175,053,028	113,684,124	111,552,236	127,237,083	202,167,436	242,386,029	133,284,078	218,851,390	172,073,881	170,576,736	127,731,350
Environmental Protection – Not Elsewhere Classified			14,150,601	31,429,270	15,957,694	54,183,728	28,733,283	20,481,028	23,068,501	10,905,181	15,772,596	10,907,139	104,272,285	14,237,450
Executive and legislative organs, financial and fiscal affairs, external affairs	18,165,544	11,570,494	18,285,048	16,805,616	7,910,400	8,551,254	13,830,632	14,261,417	31,190,815	8,616,878	2,774,230	146,486,682	2,773,473	102,568,623
Family and Infant Welfare	15,908,852	13,397,080	7,772,850	8,224,185	6,321,447	10,565,209	13,339,483	10,172,248	12,966,539	9,366,617	13,122,659	15,644,054	14,459,467	19,146,661
Fuel and Energy	81,665,538	130,435,193	102,676,161	72,267,339	98,764,694	164,867,427	78,647,346	122,458,744	241,570,685	173,093,982	323,058,050	150,131,919	166,828,303	195,295,926
General Economic Commercial and Labor Affairs	42,890,531	38,264,500	49,643,099	23,463,798	39,420,886	37,968,823	42,081,000	43,888,879	40,021,902	106,654,704	14,078,169	51,266,385	39,011,854	40,411,297
General Public Service that are not elsewhere classified														840,771
General Services	1,312,168	481,143	3,501,373	6,109,213	2,211,232		3,382,417	8,003,404	6,541,585	4,500,160	36,378,962	23,215,572	6,782,731	116,926,994

Sector	Disbursement (US$)													
	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Health – Not Elsewhere classified	129,633,812	85,078,740	128,514,285	115,723,521	177,747,406	103,443,766	89,576,472	145,251,322	87,032,416	318,352,773	222,719,861	241,529,674	171,067,396	139,001,102
Housing													296,296	413,897
Mining, Manufacturing and Construction	48,117,612	57,897,136	42,945,104	60,192,078	43,205,189	144846694	310,560,848	337,155,204	315,271,666	312,155,997	196,578,050	175,110,726	105,559,907	61,765,261
Other Industries	2,028,322	10,110,905	7,651,135	43,767,357	17,081,883	11408591	11,681,319	3,327,570	15,218,080	42,987,294	7,806,094	5,827,024	9,960,417	4,946,148
Pre-Primary and Primary Education														666,159
Public Order and Safety			4,258,208	612,377	43,714,515	16,364,238	13,505,053	28,353,247	11,938,934	14,508,150	33,308,345	14,823,099	17,864,918	29,198,153
Pollution Minimization/ Reduction	524,039	347,506												
Public Debt Transaction			14,443,836											
Recreational and sporting Services	685,964	710,333	434,136	1,226,453	956,408	564,301	422,521	364,147	287,974	214,686		13,546	226,082	150,152
Research and Development – Economic Affairs	604,237	852,978	2,745,271	1,016,406	2,786,331	2,340,408	7,503,803	3,270,308	6,835,250	6,555,536	2,904,908	1,675,809	2,929,490	3,347,821
Social Exclusion														909,245
Social Security – Not Elsewhere classified	28,921,179	34,348,601	28,634,910	9,504,861	18,297,501	23,809,007	30,713,532	4,339,723	13,545,038	10,694,671	14,730,005	30,824,536	20,945,032	40,758,055
Transport	111,277,483	118,242,285	116,447,679	66,003,755	91,342,585	51,525,116	85,154,811	99,561,039	77,765,169	189,590,143	269,375,287	66,853,518	108,043,305	233,076,724
Total	**1,079,710,552**	**1,045,297,271**	**959,951,291**	**1,036,648,339**	**1,020,755,158**	**1,074,060,635**	**1,394,600,870**	**1,622,780,736**	**1,578,485,262**	**2,002,801,269**	**1,684,668,062**	**1,420,458,557**	**1,371,049,821**	**1,390,418,146**

ANNEX

E

ODA DISBURSEMENTS BY PROVINCE AND DISTRICT, FY 2023/24

Province	District	Disbursement (US$)	No. of Projects
Sudurpashim	Achham	925,512	14
Lumbini	Arghakhanchi	722,719	6
Gandaki	Baglung	2,074,275	5
Sudurpashim	Baitadi	519,225	9
Sudurpashim	Bajhang	519,225	9
Sudurpashim	Bajura	3,444,929	18
Lumbini	Banke	7,688,940	13
Madesh	Bara	7,266,956	10
Lumbini	Bardiya	1,503,751	9
Bagmati	Bhaktapur	6,677,974	17
Koshi	Bhojpur	1,088,800	13
Bagmati	Chitwan	9,792,623	16
Sudurpashim	Dadeldhura	1,190,085	15
Karnali	Dailekh	1,228,873	12
Lumbini	Dang Deukhuri	20,886,483	8
Sudurpashim	Darchula	510,034	9
Bagmati	Dhading	9,389,324	18
Koshi	Dhankuta	958,365	13
Madesh	Dhanusa	5,296,215	10
Bagmati	Dolakha	3,321,454	16
Karnali	Dolpa	496,793	5
Sudurpashim	Doti	1,225,637	16
Lumbini	Eastern Rukum	750,603	6
Gandaki	Gorkha	2,873,848	10
Lumbini	Gulmi	670,445	5
Karnali	Humla	902,822	10
Koshi	Ilam	1,671,808	18
Karnali	Jajarkot	603,869	6
Koshi	Jhapa	1,141,074	14
Karnali	Jumla	797,639	8

Province	District	Disbursement (US$)	No. of Projects
Sudurpashim	Kailali	5,090,830	27
Karnali	Kalikot	850,740	8
Sudurpashim	Kanchanpur	20,043,645	11
Lumbini	Kapilvastu	679,636	5
Gandaki	Kaski	27,721,553	11
Bagmati	Kathmandu	75,082,659	29
Bagmati	Kavrepalanchok	5,964,908	18
Koshi	Khotang	1,088,800	13
Bagmati	Lalitpur	3,346,387	17
Gandaki	Lamjung	2,132,256	6
Madesh	Mahottari	3,131,023	10
Bagmati	Makwanpur	6,130,228	16
Gandaki	Manang	2,021,149	4
Koshi	Morang	12,335,579	19
Karnali	Mugu	689,711	7
Gandaki	Mustang	2,021,149	4
Gandaki	Myagdi	2,022,001	4
Gandaki	Nawalpur	2,021,149	4
Bagmati	Nuwakot	6,249,033	18
Koshi	Okhaldhunga	2,214,150	15
Lumbini	Palpa	673,234	5
Koshi	Panchthar	1,612,946	16
Lumbini	Parasi	931,182	8
Gandaki	Parbat	2,022,001	4
Madesh	Parsa	3,126,237	9
Lumbini	Pyuthan	671,297	5
Bagmati	Ramechhap	2,125,109	14
Bagmati	Rasuwa	2,229,666	13
Madesh	Rautahat	1,735,386	8
Lumbini	Rolpa	670,445	5
Lumbini	Rupandehi	9,481,503	8
Karnali	Salyan	764,660	6
Koshi	Sankhuwasabha	1,141,926	14
Madesh	Saptari	1,794,248	10
Madesh	Sarlahi	1,887,482	10
Bagmati	Sindhuli	3,117,898	16
Bagmati	Sindhupalchok	4,362,144	17
Madesh	Siraha	1,762,320	9
Koshi	Solukhumbu	1,199,906	15
Koshi	Sunsari	25,273,437	17

Province	District	Disbursement (US$)	No. of Projects
Karnali	Surkhet	1,216,571	11
Gandaki	Syangja	2,077,865	6
Gandaki	Tanahu	44,435,882	9
Koshi	Taplejung	1,088,800	13
Koshi	Terhathum	1,089,652	13
Koshi	Udayapur	1,088,800	13
Karnali	Western Rukum	2,784,338	6
Nationwide	Nepal	993,076,325	218
Total		1,390,418,146	

ANNEX F
ODA FRAGMENTATION BY EXECUTING GOVERNMENT ENTITY, FY 2023/24

Ministry	Herfindahl Index	# of Development Partners	# of Projects
MoALD	0.14	10	42
MoICT	1.00	1	1
MoCTCA	0.33	6	6
MoEST	0.07	14	35
MoEWRI	0.10	11	32
MoFAGA	0.07	13	35
MoF	0.24	17	29
MoFE	0.21	14	23
MoHP	0.07	19	53
MoHA	0.15	11	20
MoICS	0.53	8	14
MoLESS	0.37	9	13
MoLMCPA	0.36	6	4
MoLJPA	0.77	2	3
MoPIT	0.09	10	21
MoUD	0.30	11	22
MoWS	0.23	10	11
MoWCSC	0.14	9	18
MoYS	1.00	1	1
NHRC	1.00	1	1
NPC	0.32	4	7
OPMCM	0.47	3	4

ANNEX G ODA FRAGMENTATION BY DEVELOPMENT PARTNER, FY 2023/24

Development Partner	Herfindal Index	# of Counterpart Government Entities	# of Projects/ Programmes
Saudi Fund	1.00	1	1
OFID	1.00	1	1
IMF	1.00	1	1
Green Climate Fund	1.00	1	1
GAVI	1.00	1	1
China	0.87	4	2
GFATM	0.65	1	2
Australia	0.61	5	5
Japan	0.41	8	10
Finland	0.37	5	6
European Union	0.27	10	37
Korea	0.20	10	11
Norway	0.18	9	12
World Bank	0.16	13	27
Switzerland	0.12	10	18
United Kingdom	0.11	12	17
Germany	0.09	9	23
India	0.09	8	7
Asian Development Bank	0.08	13	51
United States	0.07	15	50
United Nations	0.07	21	91

ANNEX H

DISBURSEMENTS BY DEVELOPMENT PARTNER AND GENDER MARKER CLASSIFICATION, FY 2023/24

Development Partner	Disbursement (US$)			Proportion of Total Disbursements that are Directly or Indirectly Supportive
	Directly Supportive	Indirectly Supportive	Neutral	
ADB	171,367,629	70,464,855	195,895,098	55%
Australia	4,529,947			100%
China			15,706,455	0%
EU	5,274,657	7,474,556	14,655,011	47%
Finland	7,144,042	2,480	411,915	95%
GAVI			13,081,206	0%
GCF	551,205			100%
Germany	4,311,925	3,053,311	16,852,328	30%
GFATM			8,927,433	0%
IMF	93,550,000			100%
India	38,471,018		79,677,850	33%
Japan	537,094	16,728,930	28,933,297	37%
KFAED				
Korea	1,833,492		5,331,043	26%
Norway	5,094,469	9,538,800	11,216,497	57%
OFID			102,772	0%
Saudi Fund			9,257	0%
Switzerland	4,558,535	5,147,784	14,750,873	40%
UK	25,291	8,166,722	26,631,701	24%
UN	7,257,288	28,741,820	26,748,186	57%
USAID	47,425,191	19,490,081	94,776,836	41%
WB	7,154,810	44,618,640	224,195,815	19%
Total	399,086,593	213,427,979	777,903,574	

ANNEX I

INGO DISBURSEMENTS, FY 2023/24

INGOs	Disbursement (US$)
Save the Children	10,606,985
Habitat for Humanity International Nepal	7,516,391
United Mission to Nepal	5,777,123
Plan Nepal	5,612,116
Good Neighbors International Nepal	4,289,401
Nepal Youth Foundation	2,553,613
One Heart World-Wide Nepal	1,997,015
dZi Foundation	1,610,992
Deutsche Welthungerhilfe e.V	1,501,677
Finnish Evangelical Lutheran Mission Nepal	1,376,356
Population Services International Nepal	1,345,785
Seva Nepal Eye Care Program	1,294,976
Mennonite Central Committee(MCC) Nepal	1,277,111
Finn Church Aid Foundation	1,275,420
Practical Action Nepal	1,250,421
American Himalayan Foundation	1,182,365
Childaid Network Foundation	1,077,011
Stromme Foundation	993,221
KURVE Wustrow	933,112
Human Practice Foundation	930,816
The Fred Hollows Foundation	909,994
United World Schools	881,121
FAIRMED	639,367
Adventist Development and Relief Agency	561,203
Shapla Neer	534,189
KTK -BELT Inc	517,460
Action Contre La Faim	505,003
Dan Church Aid	502,699
Norwegian Association of the Blind and Partially Sighted Nepal	455,097
ChildFund Japan	448,977

INGOs	Disbursement (US$)
Good Neighbors Japan	430,478
AWO International	369,725
Mission East	331,263
Medecine du Monde	304,751
Forget Me Not Australia	298,985
Community Action Nepal, UK	231,312
ECPAT Luxembourg Nepal	200,000
Adara Development	176,923
Sunrise Children's Association Inc. Australia/Nepal	167,448
Japan International Support Program	166,795
JSI Research & Training Institute Inc/World Education	60,049
Total	63,094,746

ANNEX

J

INGO DISBURSEMENTS BY SECTOR, FY 2023/24

Sector	Number of Projects	Disbursements (US$)
Agriculture, Forestry, Fishing and Hunting	22	15,469,106
Community Development	3	162,026
Drinking Water	5	1,033,188
Economic Affairs – Not Elsewhere Classified	6	1,357,549
Education – Not Elsewhere Classified	36	15,325,952
Environmental Protection – Not Elsewhere Classified	3	303,821
Executive and legislative organs, financial and fiscal affairs, external affairs	1	3,113
Family and Infant Welfare	10	2,126,459
Fuel and Energy	15	6,038,451
General Economic Commercial and Labor Affairs	3	115,062
Health – Not Elsewhere classified	29	10,816,474
Housing	1	224,651
Housing and Community Amenities	1	5,261,474
Mining, Manufacturing and Construction	2	244,753
Public Order and Safety	1	467,219
Recreational and sporting Services	4	602,545
Social Security – Not Elsewhere classified	10	3,542,905
Total		63,094,748

ANNEX K

INGO DISBURSEMENTS AND PROJECTS BY GEOGRAPHIC REGION, FY 2023/24

Province	District	Disbursement (US$)	No. of Projects
Sudurpashim	Achham	238,298	5
Lumbini	Arghakhanchi	323,302	6
Gandaki	Baglung	424,274	3
Sudurpashim	Baitadi	179,699	2
Sudurpashim	Bajhang	1,196,122	3
Sudurpashim	Bajura	283,690	3
Lumbini	Banke	670,901	12
Madesh	Bara	630,679	7
Lumbini	Bardiya	1,315,926	13
Bagmati	Bhaktapur	64,900	5
Koshi	Bhojpur	698,610	7
Bagmati	Chitwan	268,816	9
Sudurpashim	Dadeldhura	256,224	2
Karnali	Dailekh	514,337	5
Lumbini	Dang	300,687	7
Sudurpashim	Darchula	141,632	2
Bagmati	Dhading	953,681	10
Koshi	Dhankuta	284,929	6
Madesh	Dhanusa	1,865,071	13
Bagmati	Dolakha	654,210	6
Karnali	Dolpa	766,609	6
Sudurpashim	Doti	735,013	7
Lumbini	Eastern Rukum	756,875	8
Gandaki	Gorkha	339,538	3
Lumbini	Gulmi	336,252	6
Karnali	Humla	731,368	6
Koshi	Ilam	118,653	5
Karnali	Jajarkot	1,337,141	7
Koshi	Jhapa	170,263	7
Karnali	Jumla	969,947	6

Province	District	Disbursement (US$)	No. of Projects
Sudurpashim	Kailali	809,991	10
Karnali	Kalikot	1,253,356	8
Sudurpashim	Kanchanpur	620,635	9
Lumbini	Kapilvastu	1,267,487	9
Gandaki	Kaski	173,689	7
Bagmati	Kathmandu	1,588,499	18
Bagmati	Kavrepalanchok	410,163	10
Koshi	Khotang	940,259	7
Bagmati	Lalitpur	2,966,562	10
Gandaki	Lamjung	117,077	2
Madesh	Mahottari	885,360	8
Bagmati	Makwanpur	588,122	11
Gandaki	Manang	81,889	1
Koshi	Morang	1,436,187	13
Karnali	Mugu	1,419,599	7
Gandaki	Mustang	240,544	3
Gandaki	Myagdi	177,043	4
Gandaki	Nawalpur	167,226	6
Bagmati	Nuwakot	277,393	6
Koshi	Okhaldhunga	218,195	6
Lumbini	Palpa	375,101	6
Koshi	Panchthar	118,653	5
Lumbini	Parasi	369,790	10
Gandaki	Parbat	172,016	3
Madesh	Parsa	675,838	8
Lumbini	Pyuthan	352,486	8
Bagmati	Ramechhap	644,210	8
Bagmati	Rasuwa	556,213	6
Madesh	Rautahat	750,707	10
Lumbini	Rolpa	839,293	6
Lumbini	Rupandehi	970,046	11
Karnali	Salyan	551,675	5
Koshi	Sankhuwasabha	170,452	6
Madesh	Saptari	1,152,323	9
Madesh	Sarlahi	765,570	11
Bagmati	Sindhuli	1,448,021	12
Bagmati	Sindhupalchok	479,397	7
Madesh	Siraha	1,504,576	13
Koshi	Solukhumbu	539,733	11
Koshi	Sunsari	513,149	9

Province	District	Disbursement (US$)	No. of Projects
Karnali	Surkhet	607,800	7
Gandaki	Syangja	95,579	2
Gandaki	Tanahu	132,349	4
Koshi	Taplejung	1,783,276	8
Koshi	Terhathum	118,653	5
Koshi	Udayapur	189,648	8
Karnali	Western Rukum	882,780	6
Nationwide	Nepal	13,168,490	15
Total		63,094,748	

ANNEX

L

LIST OF AGREEMENTS IN FY 2023/24

Date of Agreement	Development Partner	Project/Programme Name	Type of Assistance	Sector	Total Amount in USD (CBN XR)
21-Jul-23	EU	Quality Education for All	Grant	Education	58,500,0000
21-Jul-23	EU	Local Adaption to Climate Change	Grant	Climate and Environment	25,740,000
21-Jul-23	GEF	Restoring the degraded watershed and livelihoods of Lakhandehi river basin through Sustainable Land Management	Grant	Climate and Environment	1,550,000
5-Oct-23	JICA	Project for the Improvement of Dhulikhel Hospital Trauma and Emergency Center	Grant	Health	21,088,000
31-Oct-23	ADB	Rural Connectivity Improvement Project - Additional Financing	Loan	Transport (Road)	100,000,000
2-Nov-23	WB	Nepal Quality Health Systems Program Operation	Grant	Health	3,840,000
2-Nov-23	WB	Nepal Quality Health Systems Program Operation	Loan	Health	100,000,000
12-Nov-23	China	Project Aid to Nepal from Xizang Autonomous Region (Framework Agreement)	Grant	Transport (Road)	14,000,000
21-Nov-23	Switzerland	UDAYA - Investment and Innovation for Economic Development	Grant	Social	6,867,000
24-Nov-23	ADB	Strengthening Public Finance Management and Devolved Service Delivery Program	Loan	PFM	100,000,000

Date of Agreement	Development Partner	Project/Programme Name	Type of Assistance	Sector	Total Amount in USD (CBN XR)
1-Dec-23	WB	Food and Nutrition Security Enhancement Project II	Grant	Agriculture	20,000,000
4-Dec-23	Switzerland	ENSSURE-Phase II -Additional Financing	Grant	Education	5,632,200
17-Jan-24	ADB	Urban Resilience and Livability Improvement Project	Grant	Urban Development	6,000,000
17-Jan-24	ADB	Urban Resilience and Livability Improvement Project	Loan	Urban Development	160,000,000
23-Jan-24	Germany	Financial Cooperation Agreement	Grant	Energy	40,950,000
20-Feb-24	UK	Nepal in Business	Grant	Industry and Commerce	45,225,000
20-Feb-24	UK	Green Growth Nepal Program	Grant	Climate and Environment	50,166,000
24-Apr-24	WB	Gender Based Violence	Grant	Social	4,600,000
9-May-24	Switzerland	Trail Based Tourism Development Project	Grant	Tourism	11,352,600
14-May-24	KOICA	Green Job Creation through Recycling and Upcycling Project in Pokhara Metropolitan City	Grant	Waste Management	9,800,000
21-May-24	Finland	Local Adaption to Climate Change	Grant	Climate and Environment	15,210,000
22-May-24	WB	Second Fiscal Policy for Growth, Recovery and Resilience DPC	Loan	Budget Support	100,000,000
24-Jun-24	WB	Nepal Finance for Growth DPC-III	Loan	Budget Support	80,000,000

ANNEX M

DEVELOPMENT PARTNER DISBURSEMENTS BY GEOGRAPHIC REGION, FY 2023/24

Development Partners	Bagmati		Gandaki		Karnali		Koshi		Lumbini		Madesh		Nationwide		Sudurpashim		Grand Total	
	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects
Saudi Fund															9,257	1	9,257	1
OFID	102,778	13															102,778	13
GCF													551,205	1			551,205	1
Australia	552,239	13	552,234	11	552,238	10	552,232	14	552,238	12	1,768,769	9					4,529,949	69
Korea	3,783,747	18	1,478,303	13							1,340,574	1	90,180	1	471,735	18	7,164,539	51
Finland	357,981	13			276,432	16			205,958	1	220,296	8	6,248,515	3	249,249	17	7,558,431	58
GFATM													8,927,433	2			8,927,433	2
GAVI													13,081,206	1			13,081,206	1
China			14,613,921	1									1,092,534	1			15,706,455	2
Germany	2,438,392	14	206,305	3	1,855,692	21	5,253,461	20	1,098,933	10	159,238	3	10,656,059	7	2,549,485	26	24,217,565	104
Switzerland	2,173,773	21	117,664	2			8,784,028	100	1,703,112	12	1,071,176	8	10,607,441	9			24,457,194	152
Norway							686,952	14			7,693,912	8	17,468,898	10			25,849,762	32
EU					921,596	24	1,731,908	13	133,224	1	33,929	8	22,402,386	30	2,181,181	23	27,404,225	99
United Kingdom					61,510	5							34,737,597	16	24,604	2	34,823,711	23
Japan	29,830,563	22	15,521,951	3									846,804	2			46,199,318	27
United Nations	792,238	30	226,239	14	147,875	12	732,311	28	368,403	16	327,082	26	59,602,321	69	550,824	25	62,747,293	220
IMF													93,550,000	1			93,550,000	1
India	43,660,128	7			2,315,429	1	243,188	1	11,916,233	2	2,315,429	1	55,383,034	4	2,315,429	1	118,148,870	17

Development Partners	Bagmati		Gandaki		Karnali		Koshi		Lumbini		Madesh		Nationwide		Sudurpashim		Grand Total	
	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects
United States	1,750,000	3	33,308	1	3,947,521	19	6,685,090	19	805,536	4	2,750,000	16	145,269,895	39	450,756	3	161,692,106	104
World Bank	21,190,496	19	1,360,216	11	134,644	1	1,360,212	14	1,360,212	12	6,839,504	9	242,094,487	19	1,629,501	11	275,969,272	96
Asian Development Bank	31,157,083	76	57,312,995	25	123,080	10	26,964,649	17	27,186,397	39	1,479,955	9	270,466,329	33	23,037,097	30	437,727,585	239
Total	137,789,418	249	91,423,135	84	10,336,017	119	52,994,031	240	45,330,246	109	25,999,865	106	993,076,324	248	33,469,118	157	1,390,418,154	1312

ANNEX N

MAPPING OF SECTOR CLASSIFICATION

Sector Classification in AMIS	COFOG Sector Classification (Secondary Sector)	COFOG Sector Classification (Primary Sector)
Agriculture	Agriculture, Forestry, Fishing and Hunting	Economic Affairs
Air Transportation	Transport	Economic Affairs
Alternate Energy	Fuel and Energy	Economic Affairs
Commerce	General Economic Commercial and Labor Affairs	Economic Affairs
Communications	Communication	Economic Affairs
Constitutional Bodies	Executive and legislative organs, financial and fiscal affairs, external affairs	General Public Service
Drinking Water	Drinking Water	Housing and Community Amenities
Earthquake Reconstruction	Mining, Manufacturing and Construction	Economic Affairs
Economic Reform	Economic Affairs – Not Elsewhere Classified	Economic Affairs
Education	Education – Not Elsewhere Classified	Education
Electricity	Fuel and Energy	Economic Affairs
Energy	Fuel and Energy	Economic Affairs
Environment,Science & Technology	Environmental Protection – Not Elsewhere Classified	Environmental Protection
External Loan Payment	Public Debt Transaction	General Public Service
Financial Reform	Economic Affairs – Not Elsewhere Classified	Economic Affairs
Financial Services	Executive and legislative organs, financial and fiscal affairs, external affairs	General Public Service
Forest	Agriculture, Forestry, Fishing and Hunting	Economic Affairs
General Administration	General Services	General Public Service

Sector Classification in AMIS	COFOG Sector Classification (Secondary Sector)	COFOG Sector Classification (Primary Sector)
Health	Health – Not Elsewhere classified	Health
Home Affairs	Public order and safety	Public order and safety
Housing	Housing	Social Security
Hydro Electricity	Fuel and Energy	Economic Affairs
Industry	Other Industries	Economic Affairs
Internal Loan Payment	Public Debt Transaction	General Public Service
Irrigation	Agriculture, Forestry, Fishing and Hunting	Economic Affairs
Labour	General Economic Commercial and Labor Affairs	Economic Affairs
Land Reform & Survey	General Services	General Public Service
Livelihood	General Economic Commercial and Labor Affairs	Economic Affairs
Local Development	Community Development	Housing and Community Amenities
Metereology	Pollution Minimization/Reduction	Environmental Protection
Miscellaneous	Economic Affairs – Not Elsewhere Classified	Economic Affairs
Office Of The Prime Minister	Executive and legislative organs, financial and fiscal affairs, external affairs	General Public Service
Others - Economic	Economic Affairs – Not Elsewhere Classified	Economic Affairs
Others - Social	Social Security – Not Elsewhere classified	Social Security
Peace And Reconstruction	Mining, Manufacturing and Construction	Economic Affairs
Planning & Statistics	Research and Development – Economic Affairs	Economic Affairs
Police	Police Services	Public order and safety
Policy And Strategic	Economic Affairs – Not Elsewhere Classified	Economic Affairs
Population	General Economic Commercial and Labor Affairs	Economic Affairs
Renewable Energy	Fuel and Energy	Economic Affairs
Revenue & Financial Administration	General Economic Commercial and Labor Affairs	Economic Affairs
Road Transportation	Transport	Economic Affairs
Supply	General Economic Commercial and Labor Affairs	Economic Affairs

Sector Classification in AMIS	COFOG Sector Classification (Secondary Sector)	COFOG Sector Classification (Primary Sector)
Tourism	Other Industries	Economic Affairs
Urban Development	Mining, Manufacturing and Construction	Economic Affairs
Water And Energy Commission Secretariats	Fuel and Energy	Economic Affairs
Women, Children & Social Welfare	Family and Infant Welfare	Social Security
Youth, Sports & Culture	Recreational and sporting Services	Recreation, Culture and Religion

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