Government of Nepal

Ministry of Finance

DEVELOPMENT COOPERATION REPORT

2022/2023

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Government of Nepal
MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

Hon'ble Deputy Prime Minister and
Finance Minister

FOREWORD

Nepal aspires to become a happy and prosperous Country through delivering on the global promise of 2030 Agenda. The timeline for achieving Sustainable Development Goals is just about half a decade away. For this, Nepal requires huge resource mobilization through internal as well as external sources. We firmly realize the need to maximise domestic resource mobilization and want to place it to the forefront. Having said this, external resources still remain a crucial source to finance for the development affairs of Nepal. The government of Nepal appreciates all the development partners for their engagement with continued support in Nepal's development process.

Development Cooperation Report for FY 2022/23 plays a role in maintaining transparency and accountability through its comprehensive depiction of how development assistance to Nepal has been received, allocated, and disbursed during FY 2022/23. This report assists both the Government of Nepal and the development partner community in understanding Nepal's evolving development cooperation landscape, providing insights into areas where progress is being made and where opportunities for further improvement exist.

Nepal's commitment to development effectiveness goes beyond the volume. We want to see improvement in the quality. We aspire to receive external assistance to implement our national program utilizing our own institutions and systems. Nepal's unique socio-economic context demands sustainable practices that benefit current and future generations and secure the long-term health of our economy, society, and environment.

Going forward, Nepal will continue its engagement with the global community to adopt a development effectiveness approach in managing development cooperation. I trust the initiatives, such as making the Development Cooperation Report public, enhancing partnership with multi-stakeholders and continuously upgrading the aid management information systems will provide an entry point for dialogue among stakeholders on effective utilization of all available resources for maximizing development impact.

Bishnu Prasad Paudel
Deputy Prime Minister and Finance Minister

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Government of Nepal
MINISTRY OF FINANCE

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KATHMANDU, NEPAL

PREFACE

The Ministry of Finance has been publishing Development Cooperation Reports (DCR) since 2010 when the then Aid Management Platform (AMP) started capturing aid data. As previous reports, the DCR for FY 2022/23 serves as an integrated source of data regarding external development finance and the dynamics of development cooperation. Drawing from the Aid Management Information System (AMIS), this report presents a comprehensive overview of Official Development Assistance (ODA) and the contributions made by International Non-Governmental Organisations as reported voluntarily by respective DPs and INGOs.

The DCR aims to enhance both the quality and quantity of ODA, its alignment with Nepal's public financial management system, institutions, and the SDGs. Nepal's continued engagement in global monitoring of the implementation of aid effectiveness principles reflects Nepal's commitment to the international aid and development architecture. The DCRs and aid data management system have long been offering valuable inputs to the global monitoring exercises. The DCRs also portray how well we and our development partners fulfil our high-level international commitment at country level.

Central to our development cooperation approach is the strategic focus on national priority projects that contribute to productivity, job creation, and capital formation, which are cornerstones for achieving inclusive and sustainable growth. To this end, the Government of Nepal remains committed to strengthening transparency and accountability by ensuring integration of development cooperation into the national budget and alignment with our institutional structures. This approach, coupled with our commitment to continuously strengthen implementation, monitoring and evaluation capacity, will address low disbursement and low expenditure issues.

My gratitude to all development partners for their contributions and to the dedicated team, including the Effective Finance for Development project team within IECCD led by Joint Secretary Mr. Dhani Ram Sharma for their exceptional work compiling this report.

Ghanshyam Upadhyaya
Finance Secretary

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Government of Nepal

MINISTRY OF FINANCE

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ACKNOWLEDGEMENTS

The annual Development Cooperation Report (DCR) of FY 2022/23 was prepared by the International Economic Cooperation Coordination Division (IECCD) of the Ministry of Finance on the basis of data captured into the Aid Management Information System (AMIS). I am happy to present the 13th DCR capturing quantitative data and qualitative analysis of Nepal's international development cooperation landscape. As always, our goal in publishing this report is to strengthen existing trust, transparency and mutual accountability.

I believe the insights gleaned from the report will be used as evidence for policy formulation, decision making and planning with appropriate triangulation. As suggested by the data captured in this DCR, inclusive partnership among all government agencies, private sector and development partners at country level is critical to further enhance country ownership, alignment with national institutions, focus on results, transparency in our activities and mutual accountability to smoothen our pathways toward achieving Sustainable Development Goals.

I take this opportunity to express my sincere thanks to Nepal's diverse development actors, including agencies of the Government of Nepal, our bilateral and multilateral development partners, United Nations agencies, national and international non-government organizations for their continued cooperation. Your support in providing and validating development cooperation data within our AMIS has, once again, enabled us to publish this report. Sticking with data entry and validation schedules would greatly help us in timely publication of DCR in future. I also extend my sincere appreciation to the International Economic Cooperation Coordination Division team and Effective Financing for Development (EFD) team whose dedication and meticulous efforts have, once again, made this report possible.

Special thanks to Mr. Dolindra Prasad Sharma, Under Secretary for his excellent coordination and to Dr. Narayan Dhakal along with Mr. Prem Upadhyay, Deputy Project Manager, EFD and Mr Bishesh Pradhan, Computer Engineer, EFD for meticulously accomplishing this task. This achievement was further enabled by the support extended by the United Nations Development Programme to the EFD project.

I urge all development stakeholders to continue proactive collaboration in pursuit of our shared mission of delivering SDGs, while reaffirming our commitment towards transparency and accountability in managing finance for development.

Mr. Dhani Ram Sharma
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ACRONYMS & ABBREVIATIONS

ADB	Asian Development Bank
AMIS	Aid Management Information System
AMP	Aid Management Platform
BMIS	Budget Management Information System
CARES	COVID-19 Active Response and Expenditure Support
CRB	Country Report Brief
DCR	Development Cooperation Report
DFA	Development Finance Assessment
DFIMS	Development Finance Information Management System
EU	European Union
FDI	Foreign Direct Investment
FMIS	Finance Management Information System
FY	Fiscal Year
GDP	Gross Domestic Product
GPEDC	Global Partnership for Effective Development Co-operation
IATI	International Aid Transparency Initiative
IDA	International Development Association
IECCD	International Economic Cooperation Coordination Division
IFAD	International Fund for Agriculture Development
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
LDC	Least Developed Country
LMBIS	Line Ministry Budget Information System
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
MTEF	Medium Term Expenditure Framework
NDP	National Development Plan
NDC	Nationally Determined Contribution
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
SAARC	South Asian Association for Regional Cooperation
SDG	Sustainable Development Goal
SWAp	Sector Wide Approach
TA	Technical Assistance
UK	United Kingdom
UNCT	United Nations Country Team
UNGA	United Nations General Assembly
USAID	United States Agency for International Development
USD	United States Dollar
WB	The World Bank

1

CHAPTER

EXECUTIVE SUMMARY

1. **The ODA disbursement in FY 2022/23 decreased by 3.5 percent compared to previous year.** USD 1.37 billion was disbursed in FY 2022/23, while it was USD 1.42 billion in FY 2021/22. Disbursement value in both the fiscal years were almost equal to the ten-year average value of disbursement of the period from FY 2013/14 through FY 2022/23 (i.e. USD 1.4 million) .

2. **The Government of Nepal signed 26 ODA agreements with 11 DPs covering a total value of USD 1.68 billion during FY 2022/23.** The financial portfolio included 9 loans, which made up 80.6 percent, and 17 grants, representing the remaining 19.4 percent of agreement.

3. **Loans were the major assistance type in FY 2022/23.** USD 912.3 million (66.5%) of ODA disbursements were loans, USD 271.7 million (19.8 %) were grants and USD 187.1 million (13.6%) were technical assistance.

4. **The World Bank Group disbursed the highest amount among multilateral DPs.** The WB group disbursement was USD 387.4 million followed by ADB (USD 334.4 million), IMF (USD 52.4 million), EU (USD 17.4 million) and GAVI (USD 10.2 million). The UN system mobilized USD 53.6 million received from various DPs in FY 2022/23, among others.

5. **Japan was the highest disbursing bilateral DP in FY 2022/23.** Japan disbursed USD 146.2 million in FY 2022/23, followed by USAID (USD 120.1 million), India (USD 99.8 million), UK (USD 44.4 million), Switzerland (USD 28.1 million) and China (USD 14.5 million).

6. **Multilateral DPs occupied 59.3 percent of total disbursement in FY 2022/23 (USD 812.0 million).** The bilateral occupied 36.8 percent with USD 504.4 million and the UN system, combined with various UN agencies occupied 3.9 percent, with USD 53.6 million. The top 5 highest disbursing multilateral DPs occupied 98.6 percent (USD 802.2 million) of the total multilateral disbursement (USD 812.9 million).

7. **Top 10 DPs occupied about 94 percent of total disbursement in FY 2022/23.** Combining multilateral, bilateral and UN system, the top 10 disbursing DPs in descending order were the WB (USD 387.4 million), ADB (USD 334.4 million), Japan (USD 146.2 million), USAID (USD 120.2 million), India (USD 99.8 million), UN system (USD 53.6 million), IMF (USD 52.8 million), UK (USD 44.4 million), Switzerland (USD28.1 million), and Norway (USD 20.3 million).

8. **On-budget and on-treasury disbursement decreased while off-budget disbursement increased.** On-budget disbursement was USD 1.1 billion in FY 2022/23 after a 5.6 percent decrease from the previous year. On-treasury disbursement was USD 428.1 million after a 33.7 percent decrease from the previous year. During the same period, off-budget disbursement increased to USD 309.3 million, with a 4.7 percent increase from the previous year.

9. **ODA occupied 16.6 percent of the total national budget in FY 2022/23.** The total ODA allocation increased slightly from USD 13.7 billion in FY 2021/22 to USD 13.8 billion in FY 2022/23. However the percent share of ODA in the total national budget decreased from 22.6 percent in FY 2021/22 to 16.6 percent in FY 2022/23.

10. **The economic reform sector received the highest disbursement in FY 2022/23 surpassing the health sector, the top recipient of FY 2021/22.** Among the top 5 sectors receiving highest ODA disbursement, the economic reform sector received USD 202.1 million (14.7%) followed by health USD 171.1 million (12.5 %), education USD 170.6 million (12.4%), energy USD 143.2 million (10.4%) and environment, science and technology USD 104.3 million (7.6%).

11. **Fragmentation of ODA continued in FY 2022/23.** Twenty different government entities implemented a total of 351 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 2022/23 both in numbers and amount.** In FY 2021/22, a total of 77 INGOs contributed USD 139.9 million, while only 65 INGOs contributed about USD 72.7 million in FY 2022/23.

2

CHAPTER

INTRODUCTION

Nepal is a landlocked country situated between two of the world's fastest growing economies-India and China, with a population of 29.1 million and a per capita GDP of USD 1389 per annum in FY 2022/23 (NSO, 2023). Nepal has been implementing periodic plans prioritising sustainable growth, employment, infrastructure, human development, and resilience. In 2021, the United Nations General Assembly (UNGA) recognised Nepal's development success by approving a proposal to support its graduation from Least Developed Country (LDC) status in 2026.[1] It has been listed as a lower middle-income country as per the World Bank's classification.

Nepal's approach to development cooperation management largely aligns with the global principles of aid and development effectiveness through harmonization and partnership. Nepal actively participated in various high-level international conferences and subscribed to global commitments for aid management and governance reforms, made including through the Paris Declaration on Aid Effectiveness (2005), the Accra Agenda for Actions (2008), the Busan Outcome Documents (2008) on Global Partnership for Effective Development Cooperation (GPEDC) followed by subsequent reaffirmations, and series of Financing for Development (FfD) forums. Nepal remains committed to the global development agenda and maintains its active engagements in crafting global aid architectures.

Nepal has been consistently showing its commitment in achieving ambitious development goals, including impending graduation from LDC status in 2026 and its transition to Middle-Income Country (MIC) status by 2030.[2] Challenges posed by global poly-crises in fulfilling its development agenda, however, contribute to widening Nepal's development finance gap that requires increased access to a diverse source of external development finance.

During FY 2022/23, Nepal has experienced a significant decline in ODA, relative to its levels of previous years over the past decade following shifting strategies of DPs. ODA per capita has shown a downward trend. In 2022, Nepal received ODA per capita of USD 39.6, a decline of 25.5 percent from its peak of USD 53.2 in 2021.

Nepal is seen below the average of other South Asian countries and LDCs in Asia in terms of per capita ODA. The reasons for this reduction are capacity constraints in ODA mobilization and the implications of donors' policy changes following the political economy of aid. Whatever be the underlying causes, reduction in ODA adversely affects the country's ability to finance crucial development projects. Unfavourable changes in assistance types and disbursement modalities have also been observed during the review period. Domination of loan financing over grants indicates a growing financial burden of external debt.

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)

ODA's contribution to the national budget has declined markedly in the fiscal year 2022/23 accounting for only 16.6 percent of the national budget as compared to 22.6 percent in the previous fiscal year. This contraction underscores Nepal's growing need to strengthen financing for sustainable development in a period of transition toward graduation. Furthermore, the decline in ODA coincides with a reduction in total budget expenditure. Nepal's sustainability and economic growth depend largely on the country's ability to mobilise both domestic and external resources efficiently and equitably. The data for fiscal year 2022/23 indicate the need of addressing declines in ODA and assessment of the development cooperation architecture, including policies and strategies, seeking the predictability and consistency of development cooperation.

Inflows of ODA to Nepal have fluctuated in the past five years. Major ups and downs, in part, are due to the reconstruction activities after the 2015 earthquake, the impact of the COVID-19 pandemic, and Nepal's impending graduation from LDC status.

This year's DCR notes a slightly decreasing trend in ODA mobilisation, with a slight decrease in both ODA commitments and disbursements. The role of multilateral partners has remained significant, while loans have continued to be the most common assistance type. There has also been a steady decline in ODA disbursements by INGOs.

A proactive approach is essential to mitigate the impact of diminishing external development finance. This may entail diversifying financing sources, unlocking new resources from both domestic and international private sectors, and leveraging past achievements.

Additionally, several innovative financing tools and approaches need to be explored. These include mobilizing alternative and innovative financing instruments, enhancing private capital mobilization, utilizing climate finance, prioritising the use of blended finance, enhancing access to digital financial services for rural and marginalised communities, and fostering a deeper understanding of diverse financing strategies deployed by various development stakeholders. Developing and executing an Integrated National Financing Framework (INFF) approach can encompass and facilitate these tools and initiatives.

Box 1 An Integrated National Financing Framework (INFF) for Nepal

The INFF is designed to improve the effectiveness and impact of development finance by fostering greater harmonization, ownership, alignment, result orientation, policy coherence, transparency and accountability, and encouraging multi-stakeholder collaboration. It is an approach that provides a forum to address policy issues as they emerge, engage more consistently with the private sector, align development partner support, and promote the engagement of civil society to strengthen the demand side of governance. Nepal also subscribed to the global commitment to prepare and implement the INFF approach made in Addis Ababa Action Agenda 2015 adopted at the end of the 3rd International Conference on Financing for Development along with other participant countries. Based on the findings of a Development Finance Assessment (DFA) and recognising the need to advance progress toward the Sustainable Development Goals (SDGs), Nepal has initiated the INFF process as a strategic mechanism to mobilise and coordinate financing from a broad array of domestic and international sources and from public and private sectors.

2.1 Development Cooperation Overview

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

The 13th edition of the DCR offers a comprehensive overview of the receipt, allocation and disbursement of development cooperation across Nepal during FY 2022/23 (16 July 2022 to 15 July 2023). This data is primarily received from Nepal's Aid Management Information System (AMIS), a centralised 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 AMIS.

To ensure the accuracy of the dataset, the IECCD conducted its standard data verification process by requesting all DPsto review and confirm their FY 2022/23 AMIS data on 20 February 2023 . Subsequent follow-up requests and reminders were issued in the weeks that followed indicating April 2023 as the cut off date.

Box 2 Nepal's Aid Management Information System

Nepal's Aid Information Management System (AMIS) has served as a key digital platform for recording and publishing data on ODA-supported development activities in Nepal. It collects inputs from DPs, INGOs, and government agencies to make it publicly accessible. The AMIS is managed by the IECCD under the Ministry of Finance to assist evidence-based decision making on ODA related issues.

During the reporting period, AMIS offered a set of basic dashboards and reporting features. As Nepal intensifies its efforts to achieve the SDGs by 2030, it is imperative to secure more funding from diverse sources, for which Nepal aspires to capture the growing diversity of public, private, external, and domestic development finance flows into the AMIS. Recognizing this, Nepal has prioritized an upgrade to a more robust and interoperable application capable of integrating seamlessly with various government and non-government platforms, including but not limited to Nepal's Financial Management Information System (FMIS), Line Ministry Budget Information System (LMBIS), and the International Aid Transparency Initiative (IATI) Datastore.

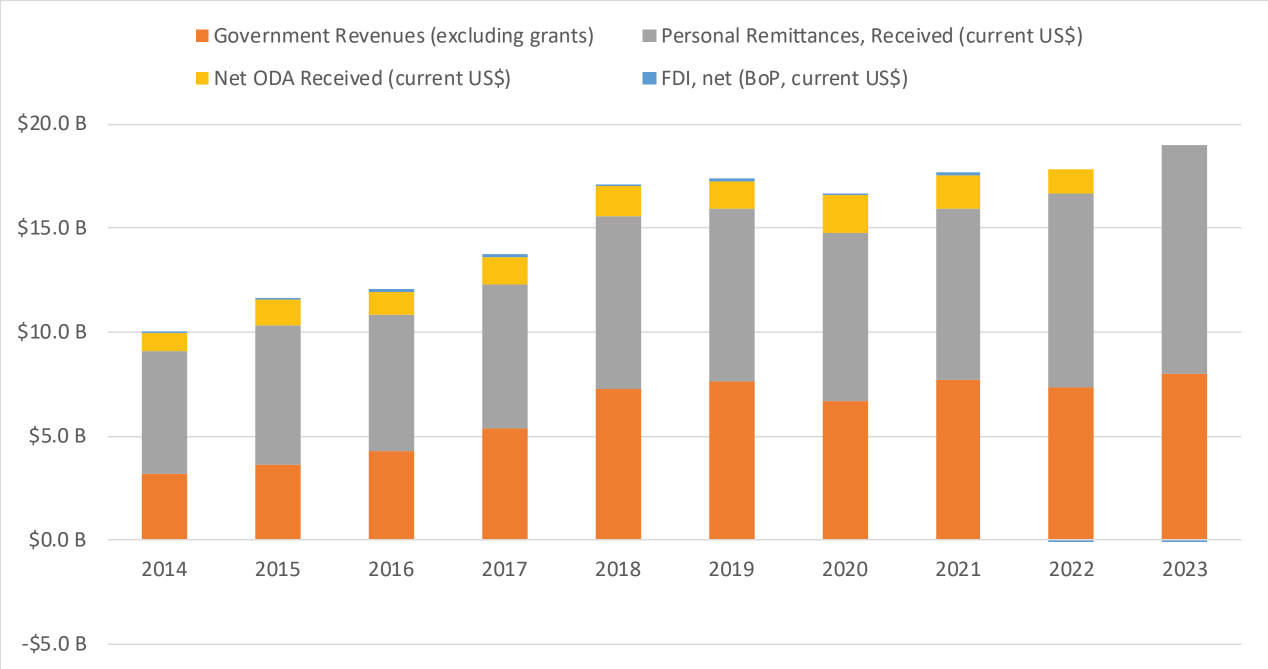
In response to this need, the IECCD has already initiated upgrading AMIS by developing a more advanced and integrated platform: the Development Finance Management Information System (DFMIS).

2.2 Role of Development Finance

Beyond the data captured by the AMIS, figure 2.1, illustrates the composition of development finance inflows to Nepal from 2014 to 2023, based on the data available from World Bank's World Development Indicators. This figure analyses four key sources of development finance: government revenues, personal remittances, ODA, and FDI.

Over the past decade, Nepal has made commendable progress in domestic resource mobilisation efforts. However, external sources, particularly ODA, remittances and FDI, continue to serve as vital contributors to the country's economy.

FIGURE 2.1 Sources of Development Finance to Nepal, 2014 - 2023

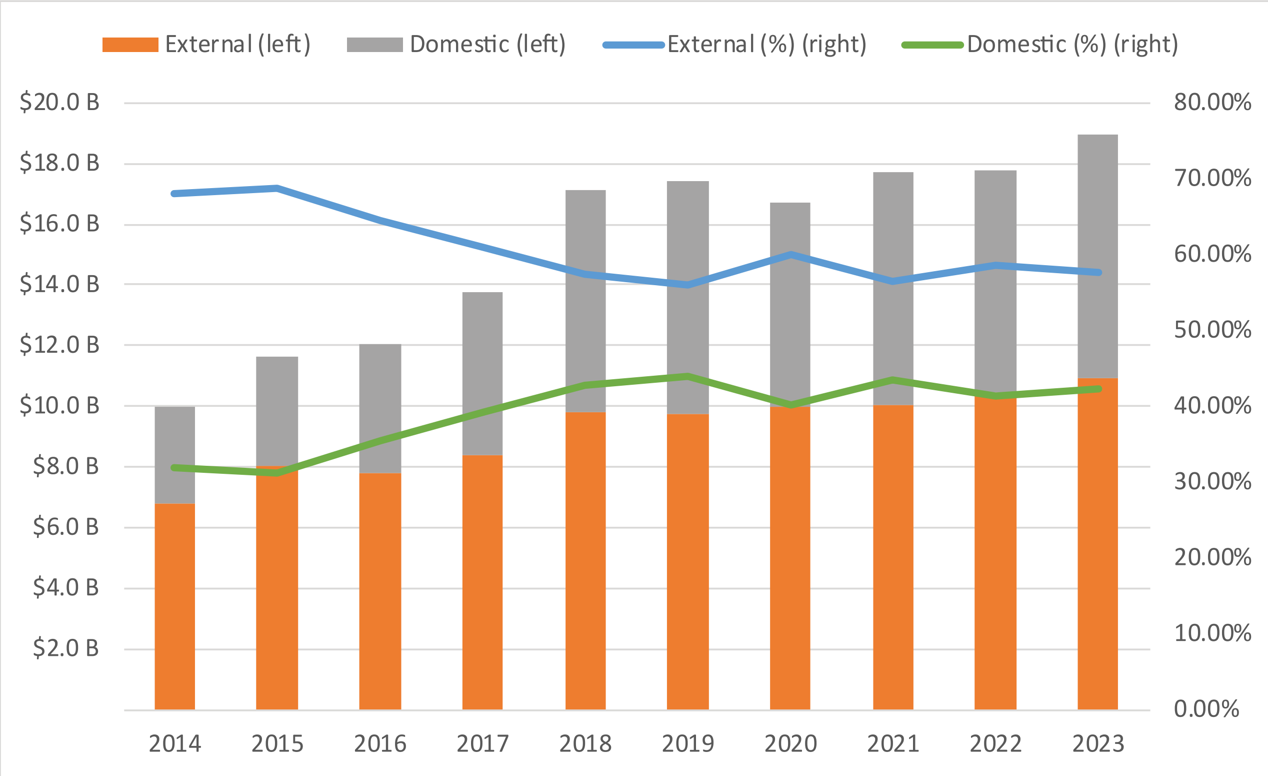


Source: World Bank, World Development Indicators

As shown in Figure 2.1, remittances play a pivotal role in Nepal's economy in supporting household consumption, bolstering foreign exchange reserves, and enhancing overall financial stability. Their impact extends beyond individual livelihoods, contributing significantly to national economic resilience. Between 2014 and 2023, Nepal saw a significant rise in personal remittances which more than doubled from USD 5.9 billion to USD 11 billion.

Government revenues (excluding grants) also showed a strong upward trend, rising from USD 3.2 billion in 2014 to USD 8.0 billion in 2023. ODA, a key source of development finance for Nepal, has increased to USD 1.4 billion in 2023 from USD 1.2 billion in 2022, despite fluctuations throughout the decade. FDI inflows were modest and volatile over the decade. After reaching USD 196.3 million in 2021, it declined to USD 66.1 million and USD 74.8 million in 2022 and 2023, respectively. Nepal's fiscal stability remains closely tied to external finance flows, particularly remittances and ODA. This dependence introduces considerable exposure to external vulnerabilities. Shifts in global labour markets or policy environments in countries hosting Nepali migrant workers can directly affect remittance inflows, disrupting household livelihood. Similarly, a sudden decline in ODA could jeopardize development, particularly in key sectors such as health, education, energy and infrastructure. To mitigate associated risks, Nepal is now seeking strategies to enhance domestic resource mobilisation while exploring a broader array of financing mechanisms, including alternative sources of development finance. The aim is to diversify financial inflows and build resilience against external shocks, thereby reinforcing sustainability of national development finance.

FIGURE 2.2 Domestic vs External Development Finance to Nepal, 2014 - 2023



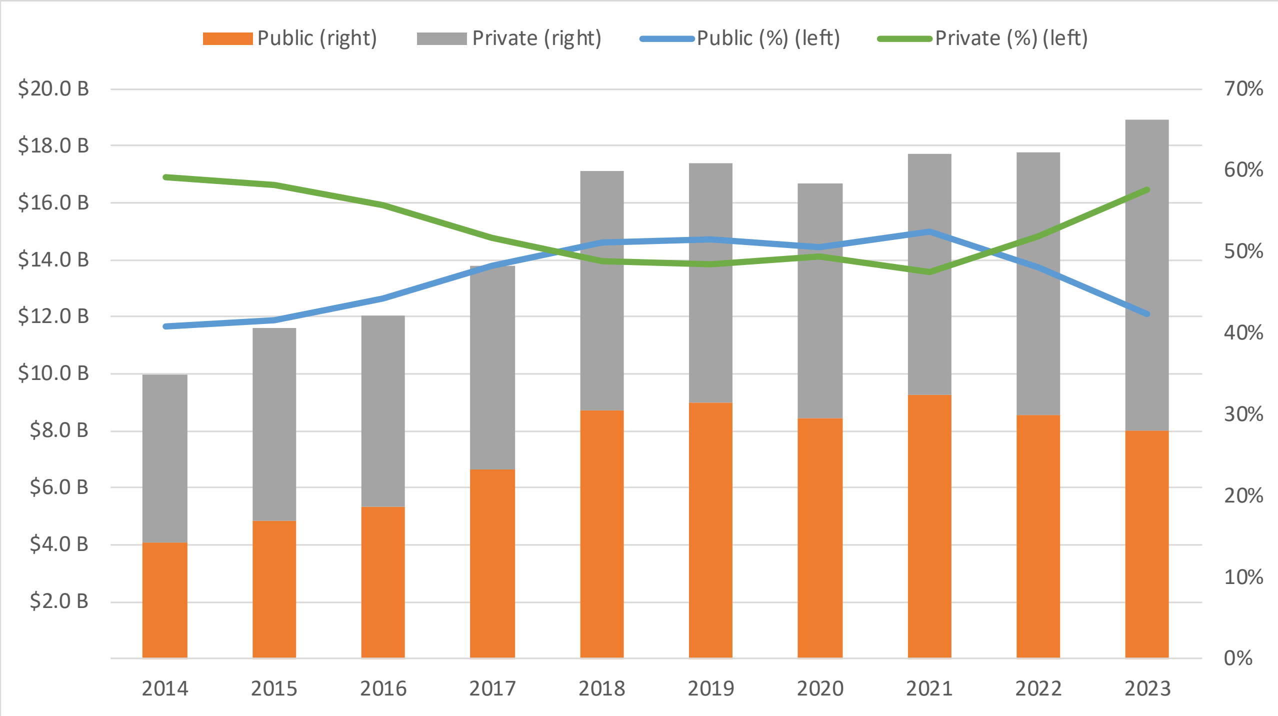
Source: World Bank, World Development Indicators, 2023

Figure 2.2 illustrates trends in Nepal's development finance landscape from 2014 to 2023, capturing both domestic and external resource flows.

Domestic finance, represented by government revenues excluding grants, has shown a general upward trend over the decade growing from USD 3.2 billion in 2014 to USD 8 billion in 2023. The percentage share of domestic finance in the total development finance has shown a relatively stable trend in recent years ranging from 31.2 percent to 44 percent. In 2023, its share was 39.5 percent of the total development finance.

External finance, comprising personal remittances, ODA and FDI, has steadily increased from USD 6.8 billion in 2014 to nearly USD 12.3 billion in 2023. This rise has been primarily driven by the sharp increase in remittances, which nearly doubled during the reporting period. Despite this growth in absolute terms, the share of external finance in the total development finance has shown some fluctuation, declining from 68.1 percent in 2014 to an average of around 58 percent in the period from 2018 to 2023.

FIGURE 2.3 Public vs Private Development Finance to Nepal, 2014 - 2023



Source: World Bank, World Development Indicators, 2023

Figure 2.3 illustrates the development finance landscape in Nepal from 2014 to 2023, focusing on public and private sources. For analysis purposes in this report, public finance denotes sum of government revenue and ODA, while private development finance means sum of remittances and FDI.

Infrastructure development, public services, and social protection schemes in Nepal rely heavily on public development finance, which is largely funded through government revenues and ODA. By addressing foundational development priorities, public investment often drives economic growth and acts as a catalyst for future private investments.

Public development finance to Nepal grew significantly over the past decade, rising from USD 4.1 billion in 2014 to approximately USD 9.4 billion in 2023 marking an increase of over two-fold. This data reveals an increasing trend of public sector development financing in Nepal's overall development finance landscape.

Private sector development finance also depicts a trend of robust growth rising from USD 5.9 billion in 2014 to USD 11.1 billion in 2023. While the trend from 2018 to 2023 was not uniformly upward, the overall trajectory indicates growing investor confidence and a growing role of the private sector in Nepal's development.

Together, the two sources contributed a total development finance of USD 20.5 billion in 2023, with private finance accounting for 54.1 percent and public finance for 45.9 percent signaling an increasing role of the private sector in Nepal's development finance landscape.

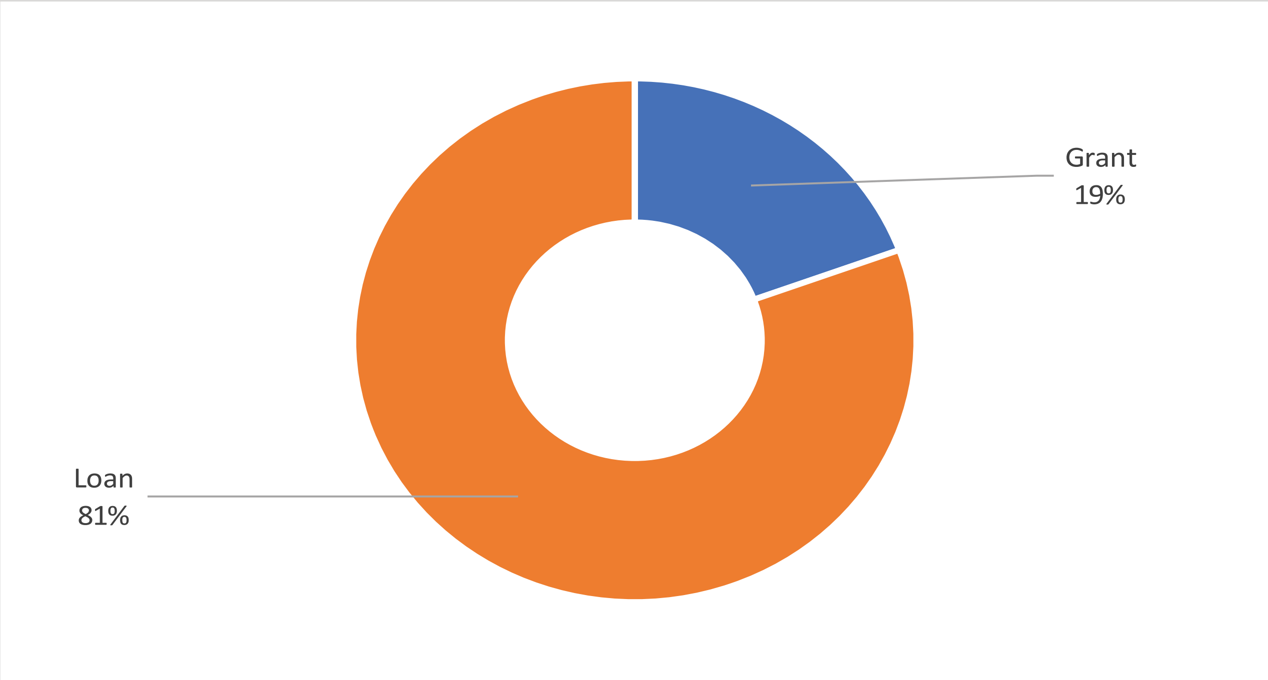
3

CHAPTER

ODA AGREEMENTS IN FY 2022/23

During FY 2022/23, the Government of Nepal signed 26 financial agreements with 11 DPs, totalling around USD 1.6 billion. This financial portfolio included 9 loans, which made up 80.6 percent of agreements, and 17 grants, representing the remaining 19.4 percent.

FIGURE 3.1. Value of Agreements Signed by Assistance Type, FY 2022/23



As shown in Figure 3.1, the majority of the ODA agreements signed in FY 2022/23 were loan-based, accounting for 80.6 percent, while grants accounted for 19.4 percent. The domination of loan financing over grant financing is also due to Nepal's persistently low debt distress as well as consistently meeting repayment obligations, which also implies improved creditworthiness. For the last few years, the World Bank and the IMF have been jointly assessing both external and overall public debt in Nepal as being at low risk of debt distress (WB-IMF, 2024). Whatever be the underlying causes, the composition of assistance types warns for meticulous preparedness and stringent execution of loan-funded projects as to generate long-term returns while maintaining fiscal sustainability. It also underscores the need to enhance coordination with DPs to optimize the use of grants in sectors where loans may not be feasible. This trend further necessitates advocacy for increased access to grant-based global and vertical funds established for combating global problems requiring collective actions, such as climate change and pandemic.

FIGURE 3.2. Value of Agreements Signed by Development Partner Type, FY 2022/23

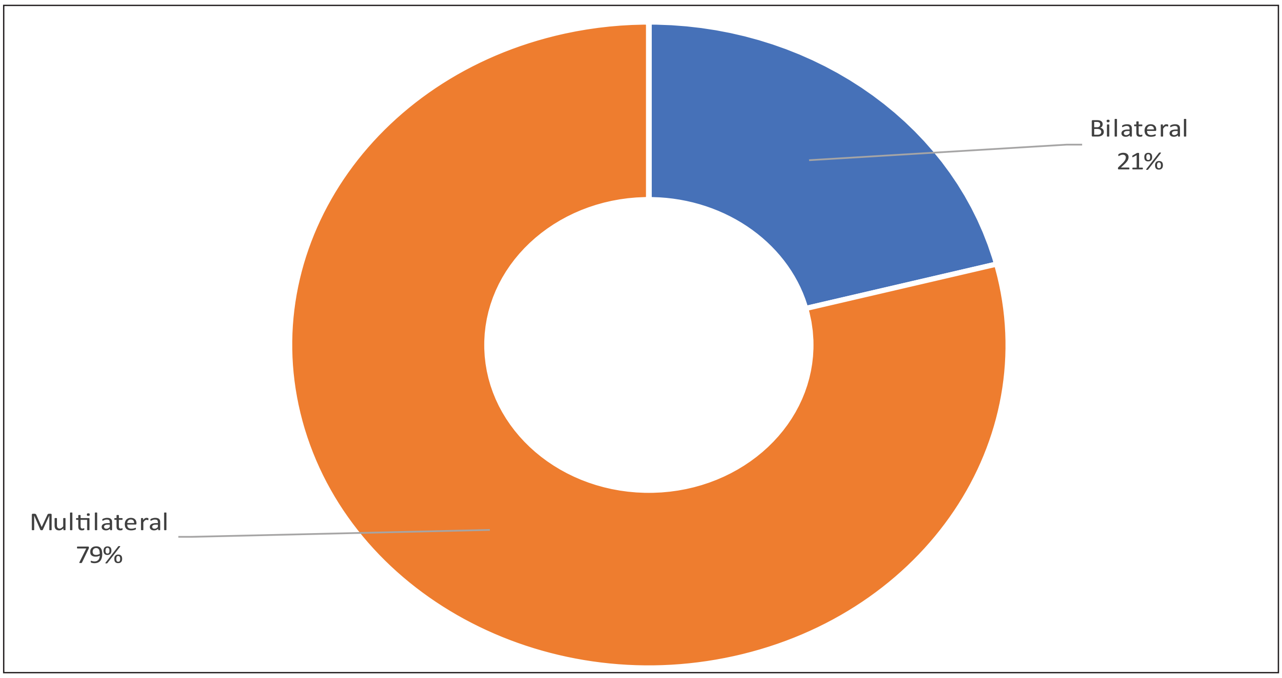


Figure 3.2 shows that in FY 2022/23, multilateral DPs, including UN agencies, have occupied the majority of the total ODA commitments accounting for 79.0 percent, while bilateral partners made up the remaining 21.0 percent. This structure signals a strong presence of multilateralism in the development financing landscape in Nepal. The reason for the low share of the bilateral DPs is changes in the donor country's internal policy. This also implies the need for more tactful development diplomacy that Nepal may require for enhancing bilateral engagement in the days ahead. This is because strengthening bilateral engagement is essential to ensure balanced support across priority sectors by ways of blending loan and grant financing, facilitating technical cooperation and knowledge sharing.

FIGURE 3.3. Value of Signed Agreements by DPs and Assistance Type, FY 2022/23

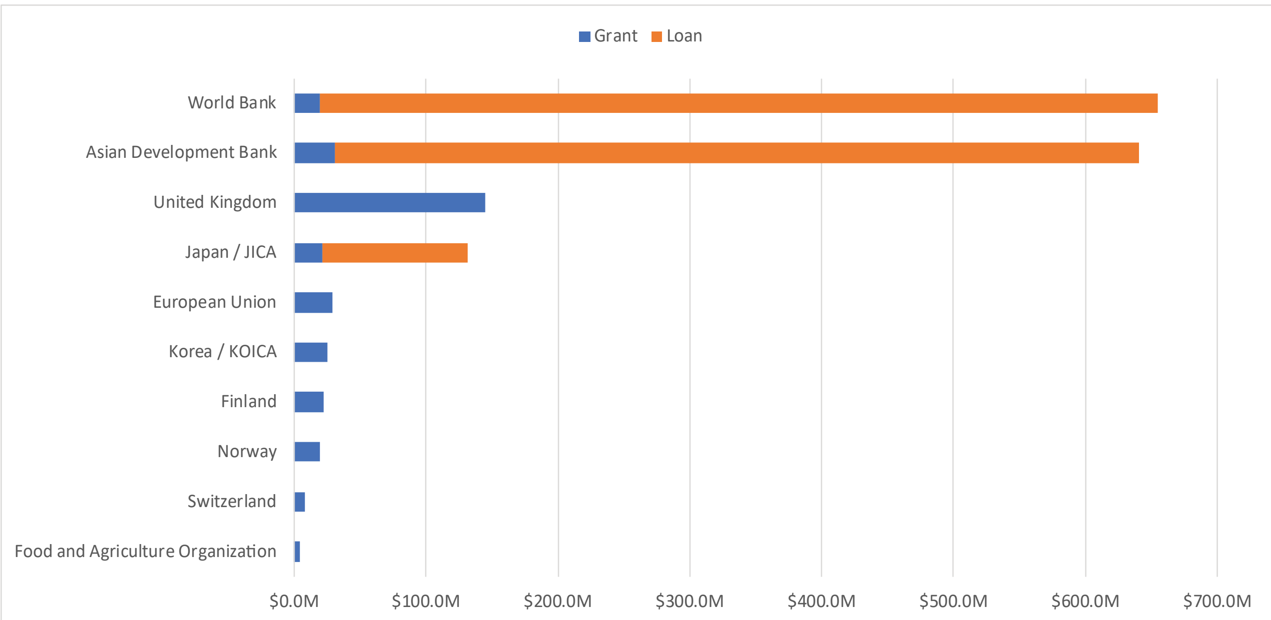


Figure 3.3 presents the value of ODA agreements signed between DPs and the Government of Nepal in FY 2022/23, totalling nearly USD 1.7 billion, comprising USD 326.1 million in grants and nearly USD 1.4 billion in loans.

In FY 2022/23, several DPs signed ODA agreements reflecting substantial investments in the education and energy sectors, with the World Bank and the ADB leading in volume and scope. Specifically, the World Bank committed a total of USD 654.7 million, distributed across four main sectors: road transportation (USD 275 million), communication (USD 140 million), education (USD 139.7 million), and environment, science and technology (USD 100 million). This distribution focussed on a multi-sectoral approach aligned with long-term development priorities.

The ADB followed closely with a total of USD 641 million in ODA with focus to multisector approach as WB did allocating USD 300 million to road transportation, USD 212 million to education, USD 79 million to agriculture and USD 50 million to industry projects.

The United Kingdom (UK) committed nearly USD 145.3 million in grants focusing nearly USD 109 million to local development and USD 36.3 million to education, reflecting a focus on enhancing equitable access to education and regional development opportunities.

The Japan International Cooperation Agency (JICA) invested a total of USD 131.87 million, with its largest share (USD 110.4 million) committed to the energy sector as a loan, followed by USD 15.6 million in irrigation and USD 5.8 million in education as grants, underlining its support to key sectors for growth in infrastructure, human capital and agricultural productivity.

The European Union (EU) channelled USD 29.03 million in grants, focusing USD 18.31 million on women, children and social welfare and USD 10.72 million on drinking water, indicating an effort to boost social welfare while improving basic services.

The Korea International Cooperation Agency (KOICA) contributed USD 25.5 million in grant assistance, with USD 9.5 million allocated to the health sector, USD, USD 8 million to ICT, and USD 8 million for reintegration of migrant workers returned from Korea, reflecting its interest in enhancing public health, cyber security and employment.

Countries like Finland, Norway and Switzerland committed grants worth USD 22.7 million, USD 19.5 million and USD7.8 million respectively, each targeting the education sector reflecting continued support from bilateral donors to strengthen Nepal's human capital development. Finally, the Food and Agriculture Organization (FAO) mobilized USD 4.2 million in the forest sector, supporting environmental sustainability and natural resource management initiatives.

This data illustrates the diversity in sectoral focus among various DPs highlighting their strategic areas of focus, as reflected in their funding commitments. It is crucial to ensure that these agreements continue to align with the national priorities of Nepal to ensure meaningful and sustainable development outcomes.

While this snapshot provides a broad overview of the distribution and scale of assistance, the true effectiveness of these commitments will ultimately depend on how efficiently the associated projects and programmes are implemented.

FIGURE 3.4. Value of Agreements Signed (Sectors within DPs), FY 2022/23

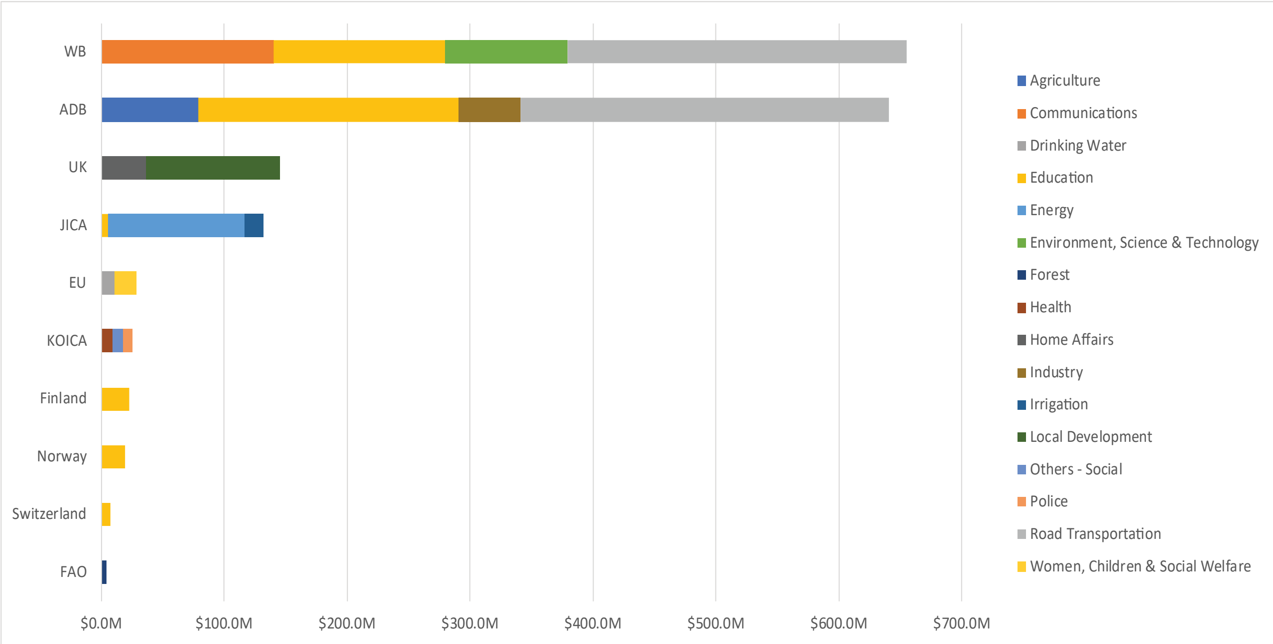


Figure 3.4 depicts three dimensions of the signed agreements- the value, sector-wise allocation and DPs engaging in those sectors in FY 2022/23 in one place. As explained above, the World Bank and the ADB signed the highest-value agreements. Among bilateral DPs, the UK signed the highest value agreement followed by JICA, EU, KOICA, Finland, Norway, Switzerland and FAO all focusing on Nepal's priority sectors.

The total commitments from all DPs reached over USD 1.68 billion, with road transportation accounting for the highest financial commitment, amounting to USD 575 million and the education sector attracting the broadest engagement, with six DPs contributing to initiatives within this sector.

FIGURE 3.5. Value and Number of Agreements Signed by Sector, FY 2022/23

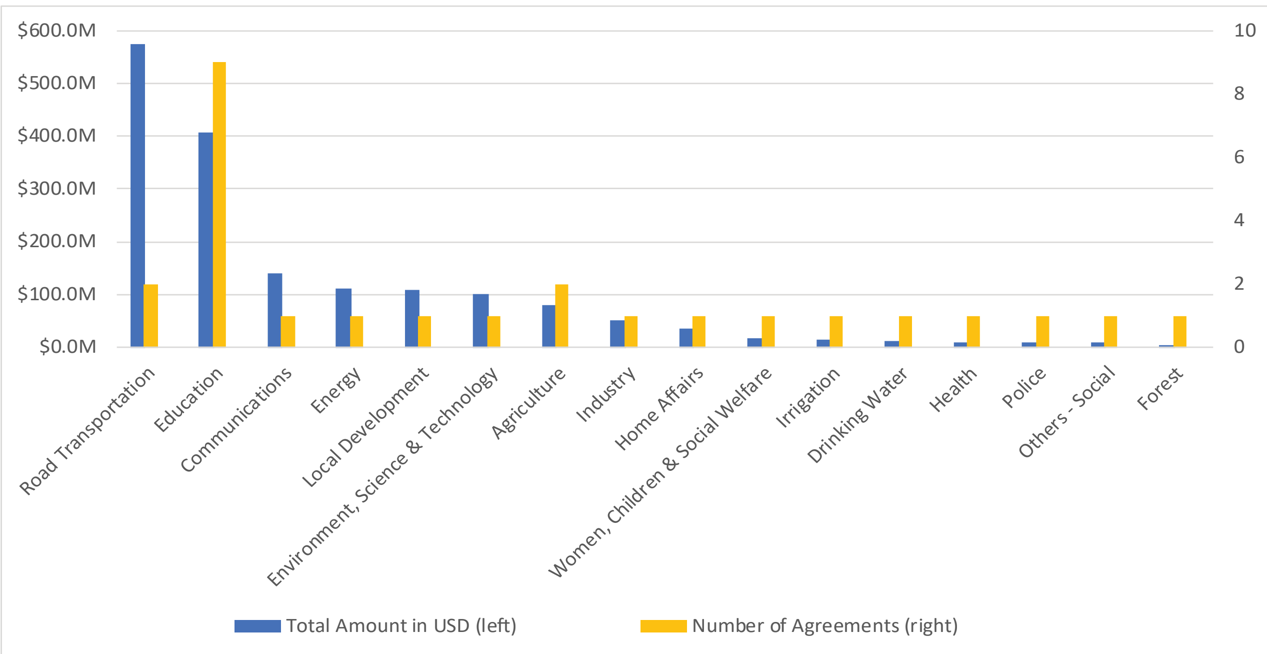


Figure 3.5 shows a total of 26 development cooperation agreements were signed across 16 sectors, amounting to a combined commitment of USD 1.68 billion in FY 2022/23. The road transportation sector received the largest share of funding, totaling USD 575 million through two agreements. This was followed by the education sector, which recorded the highest number of agreements (nine in total) and secured commitments amounting to nearly USD 407.5 million, reflecting widespread donor engagement.

The communications, energy, local development, and environment, science and technology sectors each had one agreement, with commitments of USD 140 million, USD 110.4 million, USD 108.9 million, and USD 100 million, respectively. The agriculture sector was supported through two agreements amounting to USD 79 million. The remaining sectors including industry (USD 50 million), home affairs (USD 36.3 million), women, children and social welfare (USD 18.31 million), irrigation (USD 15.66 million), drinking water (USD 10.7 million), health (USD 9.5 million), police (USD 8 million), others-social (USD 8 million), and forest (USD 4.2 million) received support through a single agreement each.

FIGURE 3.6. Value and Number of Agreements Signed by Development Partner, FY 2022/23

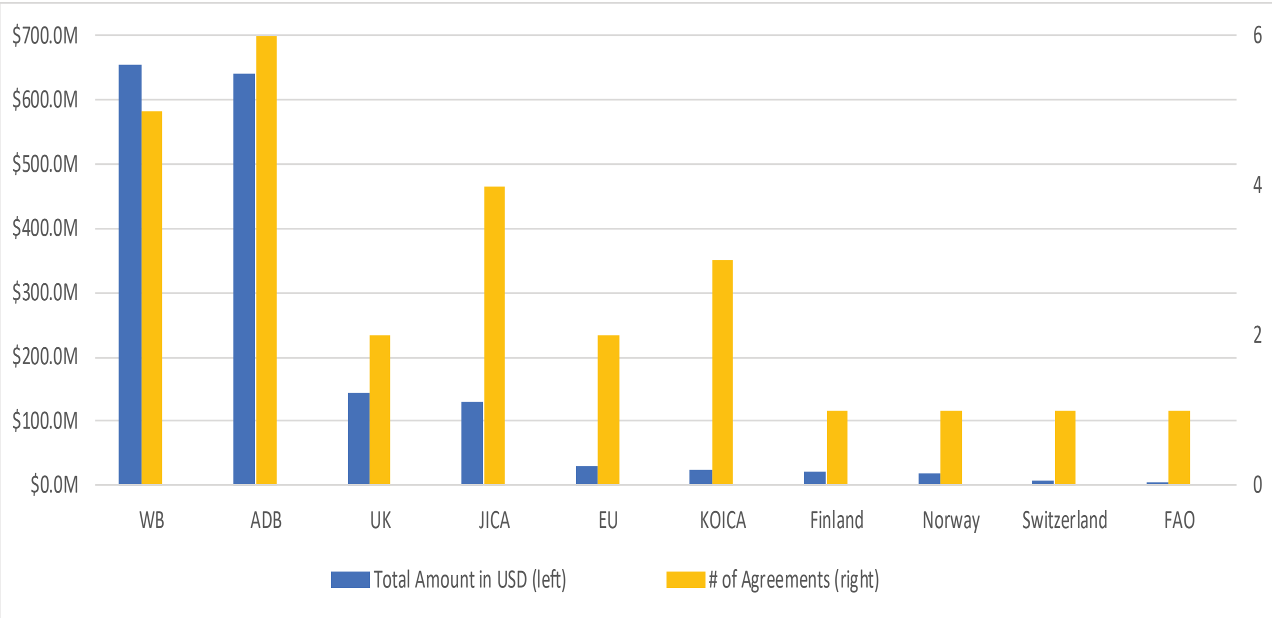


Figure 3.6 value and number of ODA agreements signed by DPs in 2022/23. ADB signed the largest number of agreements (6) covering a value of USD 641 million, followed closely by the World Bank (5) covering USD 654.7 million in FY 2022/23. The United Kingdom and the Japan International Cooperation Agency signed 2 and 4 agreements with a value of USD 145.3 million and USD 131.9 million, respectively. Other DPs included the European Union and KOICA, making contributions through 2 and 3 agreements, respectively.

Single-agreement DPs included Finland (USD 22.7 million), Norway (USD 19.5 million), Switzerland (USD 7.8 million), and the Food and Agriculture Organization (FAO) (USD 4.2 million).

FIGURE 3.7. Value of Agreements Signed (DPs within Sectors), FY 2022/23

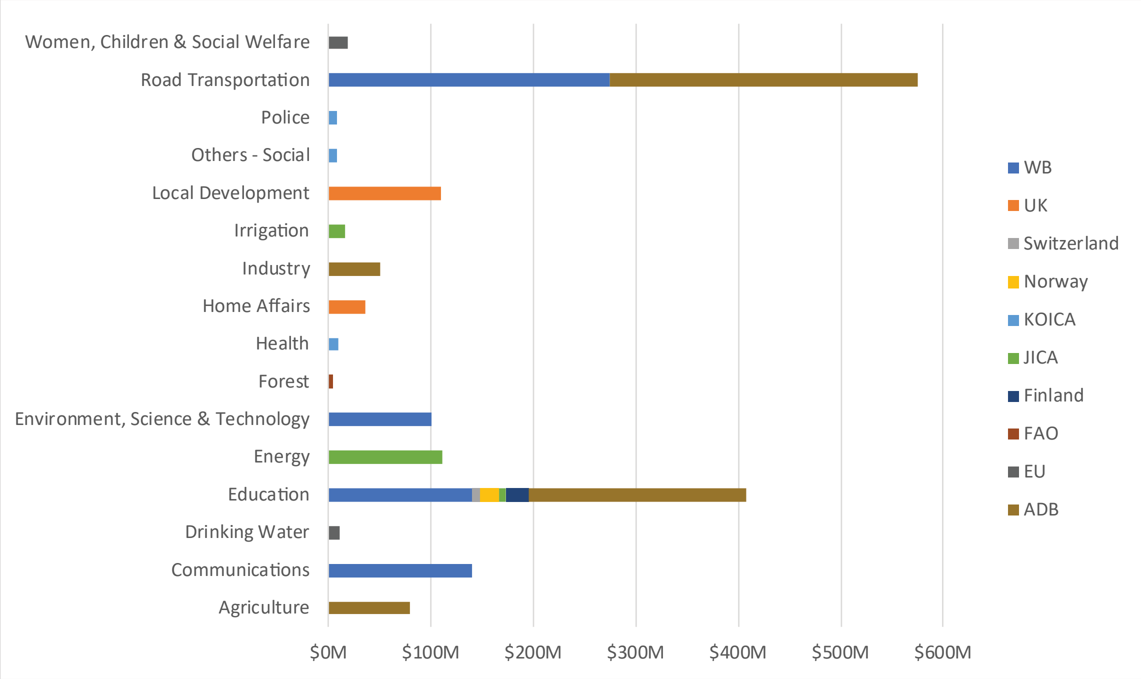


Figure 3.7 illustrates how various DPs allocated financial commitments across different sectors in Nepal during the fiscal year 2022/23. It highlights both the magnitude of funding received by each sector and the breadth of partner engagement across the development landscape.

Road transportation was the most heavily funded sector, receiving a total of USD 575 million, primarily from the ADB and the World Bank. The education sector followed, with commitments exceeding USD 407.5 million, supported by a broad range of partners including WB, ADB, JICA, Finland, Norway, and Switzerland. These two sectors alone accounted for more than half of the total commitments, reflecting a strong development focus on improving infrastructure and human capital.

Although sourced from fewer partners, other sectors such as communications (USD 140 million), energy (USD 110.4 million), and local development (USD 109 million) also secured substantial funding. Sectors like agriculture, health, irrigation, and social welfare received relatively smaller but targeted investments from KOICA, the EU, and the United Kingdom (UK). Some areas, including police, home affairs, forest, and drinking water, received contributions from a single partner, emphasizing the niche focus of specific DP.

4

CHAPTER

ODA COMMITMENTS

In FY 2022/23, DPs committed a total of USD 2.3 billion in Official Development Assistance (ODA) to Nepal. Commitment, in general, is DPs firm obligation to provide specific assistance for specified time under agreed upon terms and conditions that is explicitly expressed in formal agreements. From this perspective, agreement value should have been equal to the commitment value. However, this report includes both on-budget and off-budget support in commitments with a view to offering a broader and comprehensive picture of the external development finance landscape. Given the diverse fund flow modalities and assistance types, some of the commitments directly entered into the AMIS by DPs, which may or may not be reflected in the budget. Therefore, the commitment in this report may equal or exceed the agreement value.

FIGURE 4.1. Total Development Partner Commitments, FY 2013/14 - 2022/23

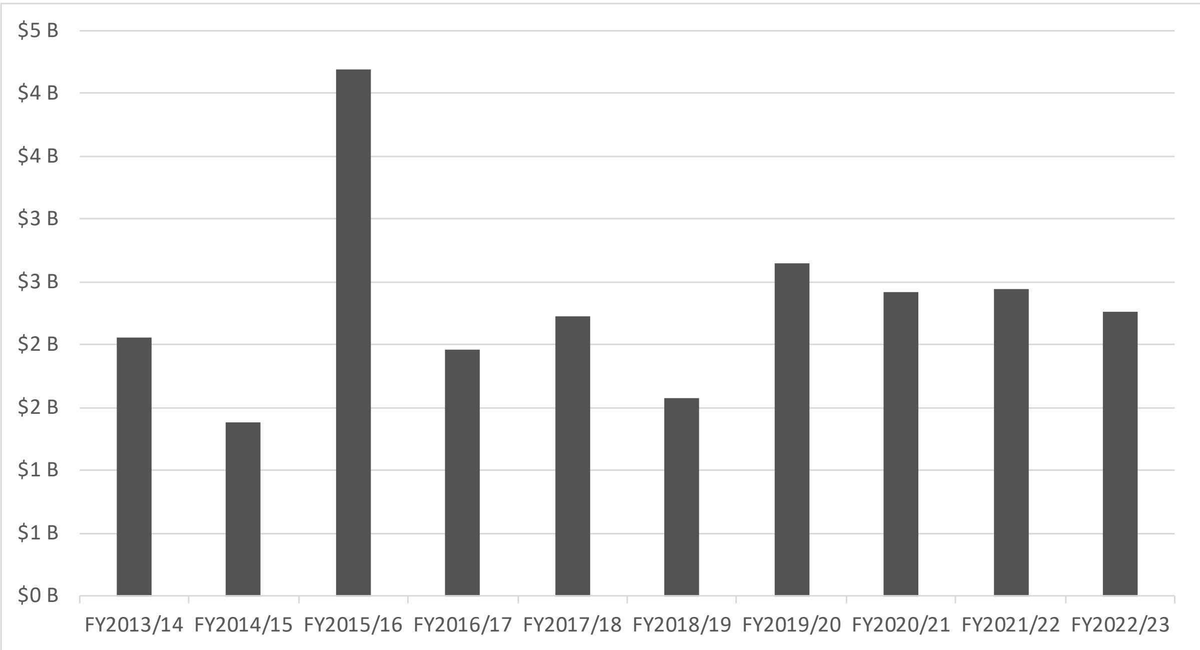


Figure 4.1 presents total ODA commitments between FY 2013/14 and FY 2022/23. In FY 2022/23, total ODA commitments stood at USD 2.3 billion, which represents a slight decline from USD 2.4 billion in the previous fiscal year. Although the peak of USD 4.2 billion in FY 2015/16 seems remarkably high, it was a circumstantial surge largely driven by the 2015 earthquake recovery assistance. Other years over the decade show slight fluctuations in ODA commitments with notable declines in FY 2014/15 (USD 1.4 billion) and in FY 2018/19 (USD 1.6 billion). The slight decrease in FY 2022/23 does not necessarily indicate a trend but a decrease of that particular fiscal year.

FIGURE 4.2. Total Development Partner Commitments, Year-on-Year Change (%), FY 2013/14 - 2022/23

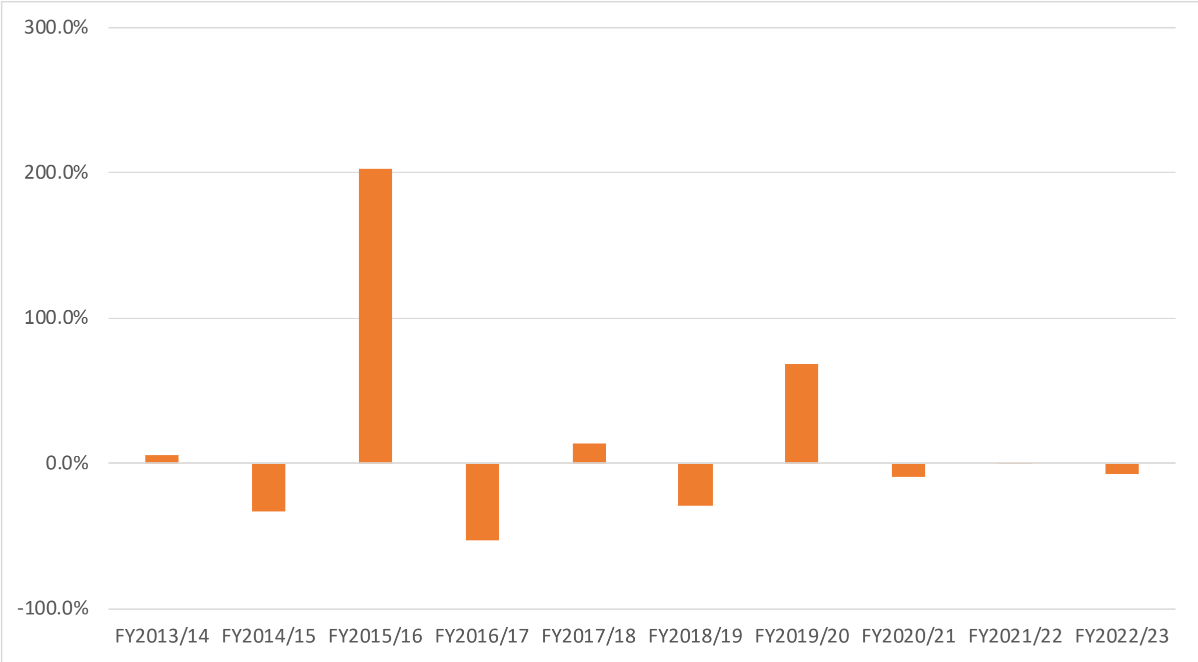


Figure 4.2 illustrates the year-on-year percentage changes in total ODA commitments to Nepal from FY 2013/14 to FY 2022/23. The period begins with a moderate increase of 5.8 percent in FY 2013/14, followed by a sharp decline of 32.7 percent in FY 2014/15. This was immediately succeeded by a substantial surge of 202.6 percent in FY 2015/16 which is the highest growth recorded in the observed timeframe attributed, as explained above, mainly to the post-earthquake assistance. FY 2016/17 saw natural commitments fall again by 53.3 percent. In FY 2017/18, commitments recovered with a 14.0 percent rise, only to drop by 29.3 percent in FY 2018/19. The data shows another strong rebound in FY 2019/20 with a 68.1 percent increase, followed by minor fluctuations in the last three fiscal years: an 8.8 percent decline in FY 2020/21, a slight 0.8 percent increase in FY 2021/22, and a 7.4 percent decline in FY 2022/23. On one hand, these fluctuations imply DPs shock responsive policy, which , on the other hand, is likely to erode predictability, with commitment volumes varying from year to year over the past decade.

FIGURE 4.3. Development Partner wise Commitments, FY 2022/23

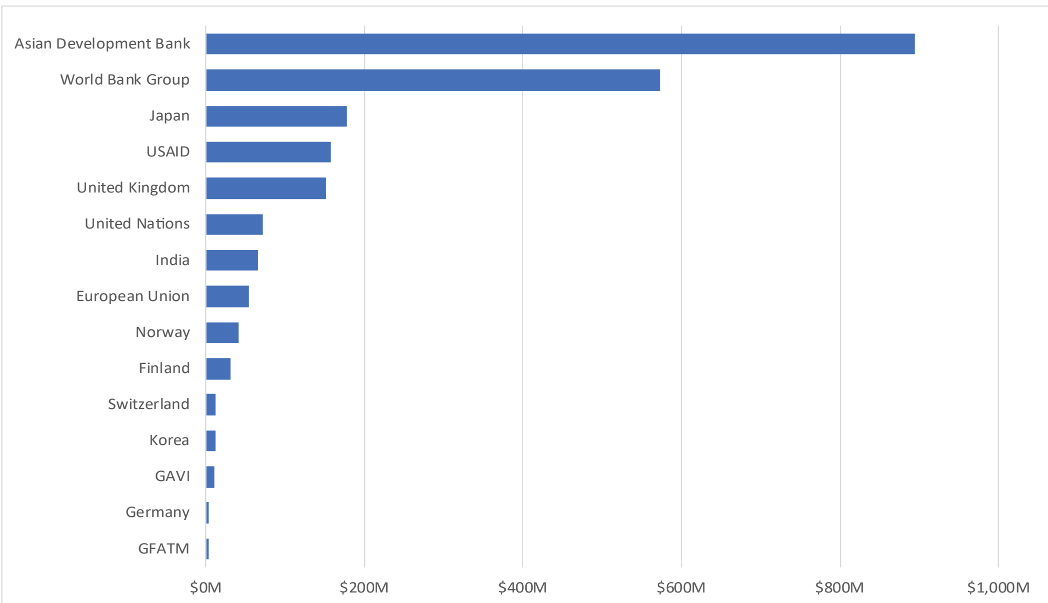
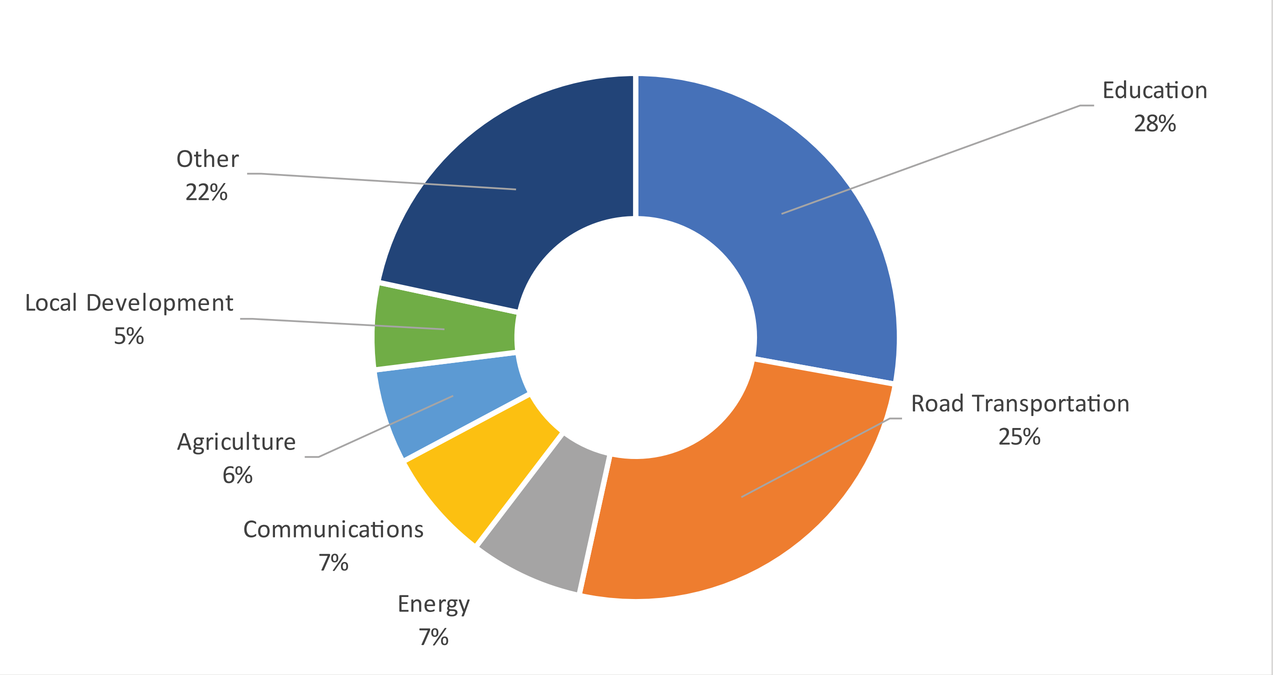


Figure 4.3 presents the development partner wise distribution of ODA commitments for FY 2022/23. The ADB emerged as the largest contributor, with a total commitment of approximately USD 894.9 million followed by the World Bank, with commitments of approximately USD 573.6 million. Bilateral partners like Japan, USAID and the UK also deployed significant support with a commitment of USD 178.2, USD 157.6 million and $151.6 million, respectively. Other notable partners included the United Nations (USD 70.9 million), India (USD 65 million) and the EU (USD 53.4 million).

It is also important to note that ODA commitments can vary significantly from year to year, and may not follow a consistent trend. While these fluctuations might indicate various influencing factors, it is inaccurate to draw conclusions from these isolated annual figures alone.

Furthermore, commitments in a given fiscal year do not necessarily correspond to immediate disbursements. Funds are typically disbursed over several years to align with the respective project or programme implementation schedules.

FIGURE 4.4. ODA Commitments to Nepal by Top 5 Sectors, FY 2022/23



In the fiscal year 2022/23, ODA commitments to Nepal amounted to approximately USD 2.3 billion addressing multiple areas of priority. The education sector received the highest commitment, amounting to USD 628.2 million (27.8 percent), reflecting commitment to enhancing the access to and the quality of education: an essential pillar for long-term development.

Road transportation was the second-largest recipient, with commitments amounting to USD 578.3 million (25.6 percent), supporting infrastructure development critical for economic development, regional connectivity and access to services, particularly in remote areas.

The energy sector received USD 156.8 million (6.9 percent) reflecting efforts to improve the availability and sustainability of energy, boosting both industrial growth and household energy access.

Communications accounted for USD 154.1 million (6.8 percent) of ODA commitments aimed at improving telecommunications infrastructure and advancing digital connectivity and integration across the country.

The agriculture sector received $131.3 million (5.8 percent) reinforcing its vital role in food security, employment generation and rural development.

The remaining USD 608.7 million (27 percent) was directed toward a range of other sectors, including health, environment, urban development, governance, and social protection. This broad allocation indicates a comprehensive approach with balanced investment across multiple sectors.

5

CHAPTER

ODA DISBURSEMENTS

ODA disbursement represents the funds transferred from the DPs to the Government of Nepal and paid directly by DPs on behalf of the Government of Nepal. For DP-implemented projects, the fund transfers to the executing/implementing agency. In Nepal, DPs provide information of actual disbursements on a trimester basis (in October, February and June) into the AMIS.

FIGURE 5.1. Total Disbursements, FY 2013/14 - 2022/23

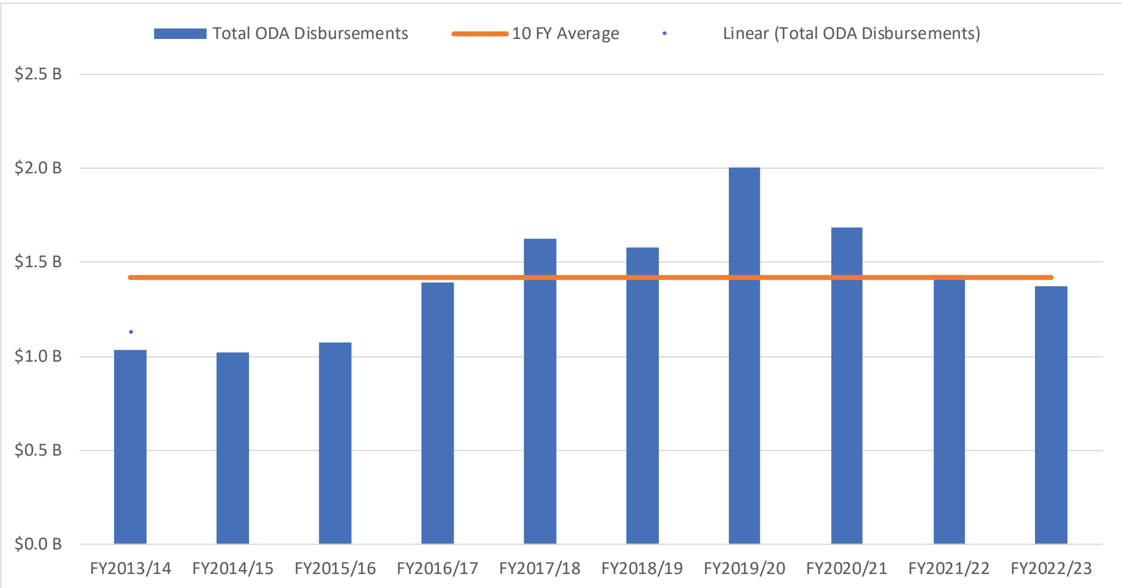


Figure 5.1 presents total ODA disbursements to Nepal from FY 2013/14 to FY 2022/23. The data shows that while ODA disbursements have seen an increasing trend until the peak in the FY 2019/20 (USD 2 billion), there has been a steady downward trend ever since, settling at the amount coinciding with the ten-year average of USD 1.4 billion in FY 2021/22 and 2022/23. This reduction still seems attributable partly to the COVID-19 pandemic as observed in the previous year (DCR, 2021-22). COVID-19 followed by evolving uncertainty in the global geopolitical situation have substantially impacted on the shifting allocation policies and priorities, domestic financial stresses and administrative as well as implementation capability gap. Nepal's impending graduation from LDC status in 2026 might have partly impacted Nepal's recipient country status. This resulted in a reduction in funds available for development projects at relatively lower levels. This situation should better be understood not as a reflection of DP's commitment erosion but as the inevitable aftershocks of global upheavals and increased demand for realigning already constrained resources.

FIGURE 5.2. Total ODA Disbursements, Year-on-Year Change, FY 2013/14 - 2022/23

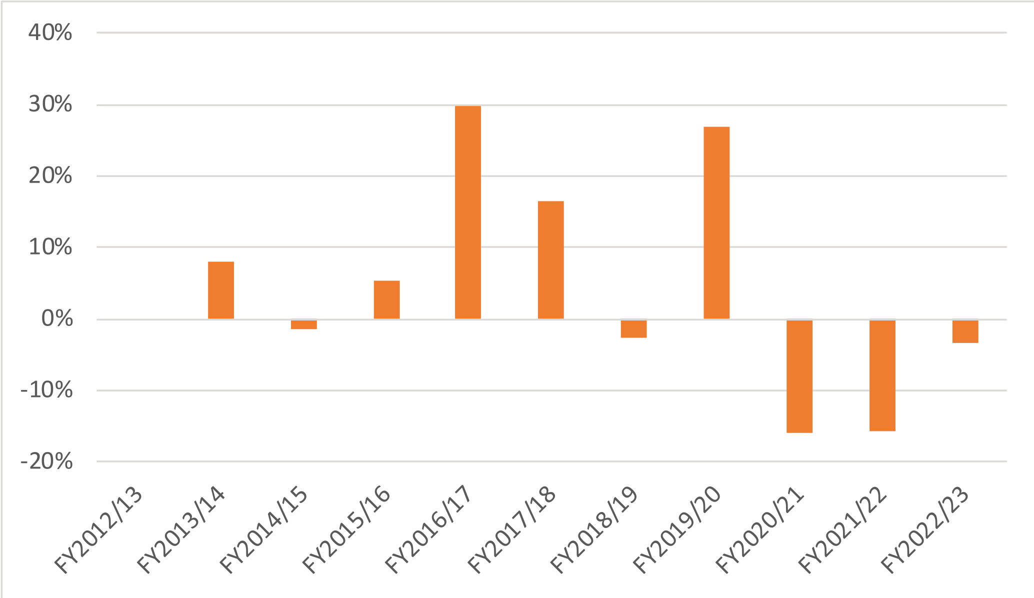
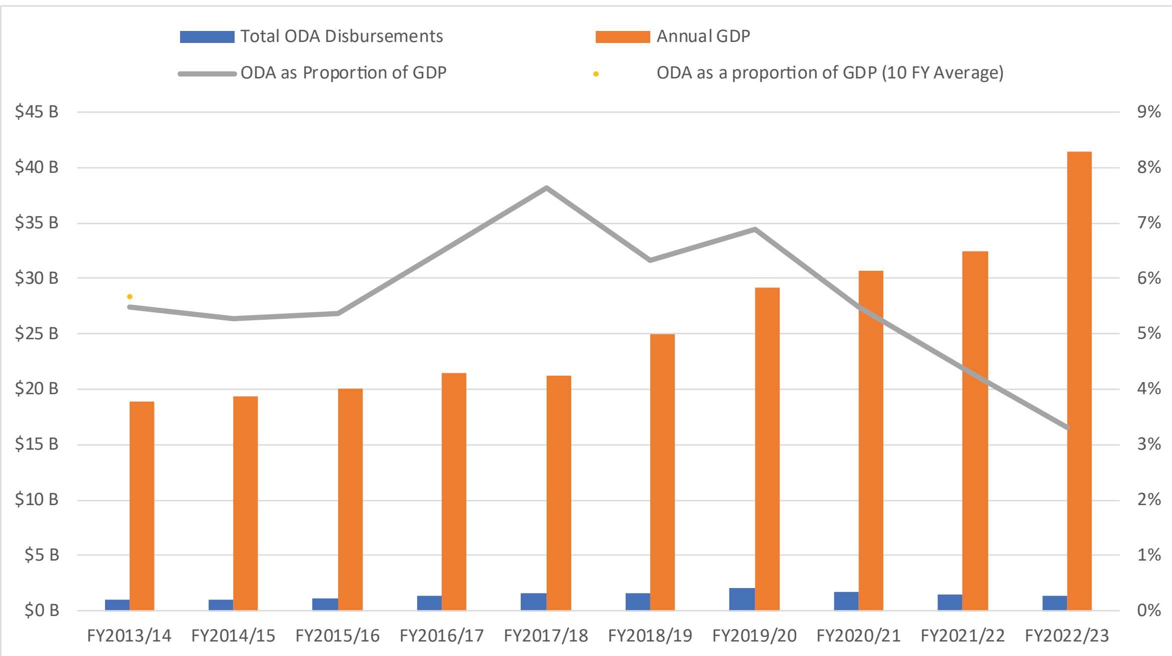


Figure 5.2 illustrates the annual percentage change in ODA disbursements. The most significant year-on-year increase occurred from the FY 2015/16 to FY 2016/17, with a growth of 29.8 percent, driven by recovery efforts following the 2015 earthquake and an influx of reconstruction aid.

In contrast, the period following FY 2019/20 has been marked by consecutive annual declines. Notably, FY 2020/21 and FY 2021/22 saw significant reductions of 15.9% and 15.7%, respectively. The rate of decline moderated slightly in FY 2022/23, with a 3.5% decrease compared to the previous year.

These trends underscore the impact of global economic challenges, shifting donor strategies, and the reallocation of resources in response to urgent needs. Despite this decline, ODA remains a critical component of Nepal's development finance framework.

FIGURE 5.3. ODA Disbursements Relative to GDP, FY 2013/14 - 2022/23



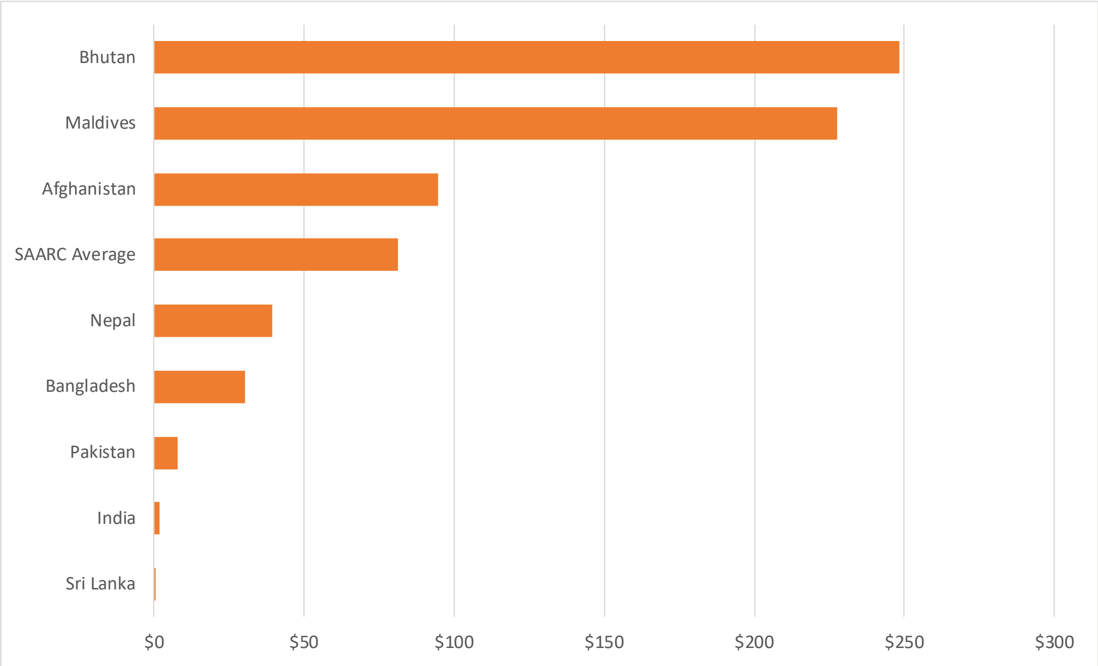
Source: Economic Surveys and DCRs, Ministry of Finance, Government of Nepal.

Over the past decade, a gradual decline in ODA disbursements ratio to GDP is evident. Figure 5.3 above presents this trend from data available from FY 2013/14 to FY 2021/22. Starting at 5.5 percent in 2013/14, the proportion has fluctuated over the years. It reached a peak of 7.6 percent in 2017/18. Since then, the only increase was seen in FY 2019/20 which can be attributed to the increased donor inflows at the starting phase of COVID-19 pandemic, which temporarily boosted ODA volumes. Since then, the continuous decline in ODA disbursements relative to GDP can partly be attributed to the adjustment to normalcy as well as significant increase in 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 2022 stood at USD 39.6, placing it below the mid-range among these nations.

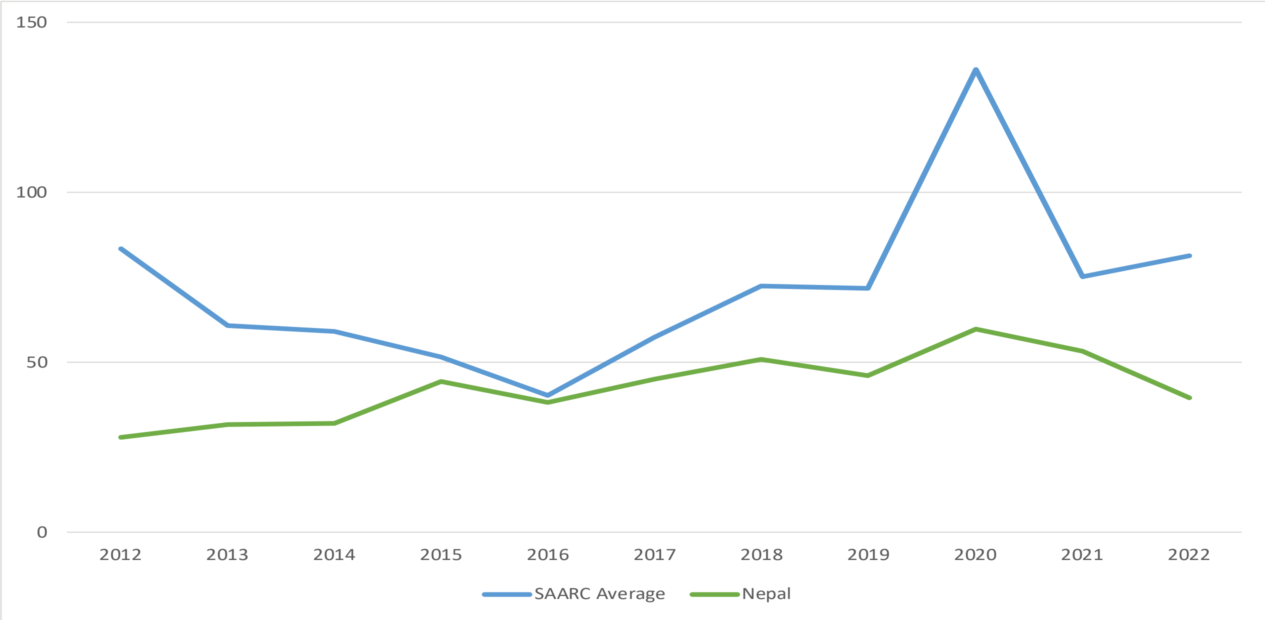
FIGURE 5.4. ODA Received Per-Capita, SAARC Countries, (Current Prices), 2022



Source: World Bank, World Development Indicators

In 2022, Bhutan (USD 249) and Maldives (USD 227.3) received the highest ODA per capita among SAARC countries, followed by Afghanistan (USD 95.9) exceeding the SAARC average of USD 81.7. In contrast, Nepal's ODA per capita (USD 40.7) remained below the regional average but above Bangladesh (USD 30.7), Pakistan (USD 7.6), India (USD 2.0), and Sri Lanka (USD 0.5).

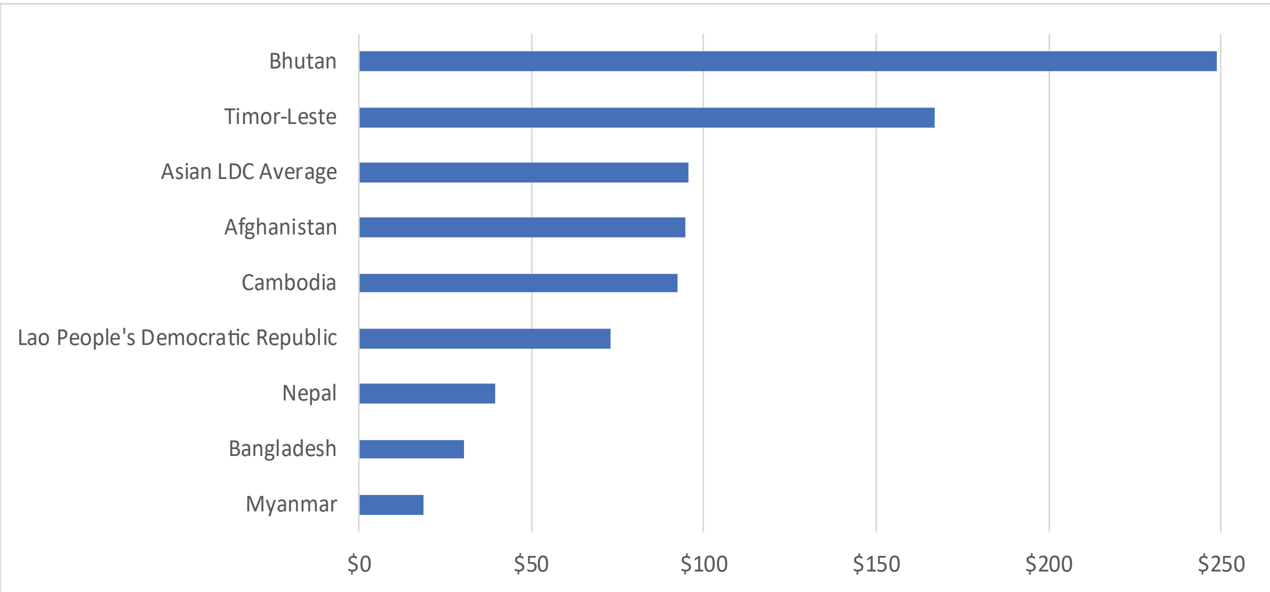
FIGURE 5.5. ODA Received Per-Capita, Nepal and SAARC Country Average (Current Prices), 2012-2022



Source: World Bank, World Development Indicators

From 2012 to 2022, Nepal experienced a generally upward trajectory in ODA received per capita. Starting at USD 28 in 2012, it peaked in 2020 (USD 60.7) likely due to increased aid in response to the COVID-19 pandemic. However, since then, ODA received per capita has decreased, reaching $40.7 in 2022, reaching the lowest level since the USD 38.08 mark in 2016. The 2022 figure represents a 25 percent drop from the previous year while increasing by 40.4 percent over the decade.

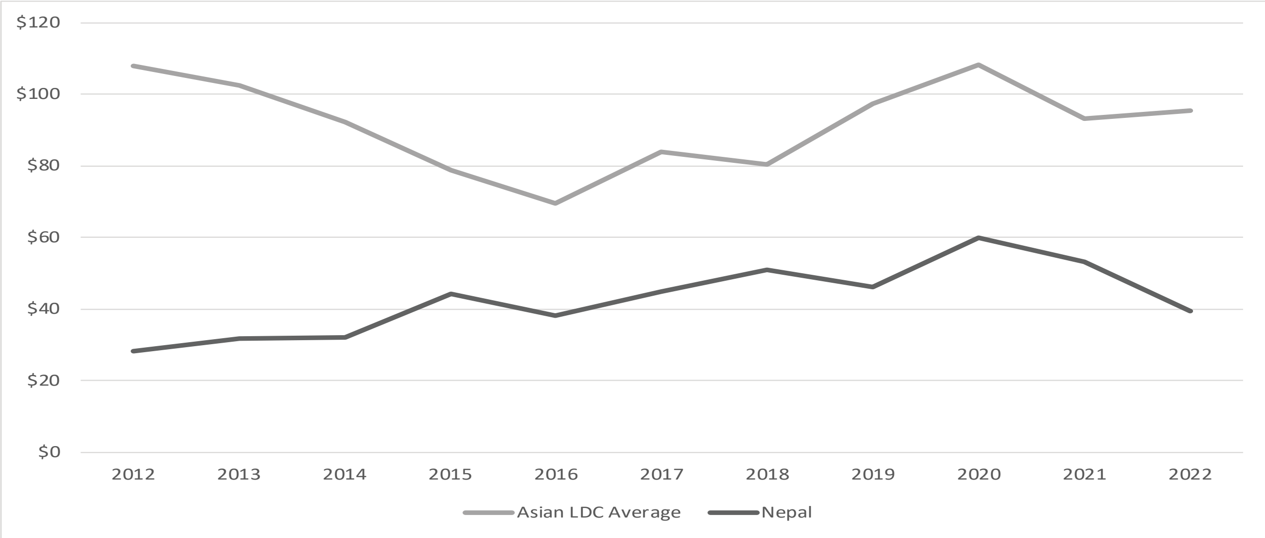
FIGURE 5.6. ODA Received Per-Capita, Asian LDCs, (Current Prices), FY 2022



Source: World Bank, World Development Indicators

Among Asian LDCs in 2022, Nepal's ODA received per capita (USD 40.6) fell well below the Asian LDC Average of USD 95.1. It was higher than Myanmar (USD 18.7) and Bangladesh (USD 30.7), but significantly lower than Bhutan (USD 249), Timor-Leste (USD 163.3), Afghanistan (USD 95.9), Cambodia (USD 89.9) and Lao People's Democratic Republic (USD 72.5).

FIGURE 5.7. ODA Received Per-Capita, Nepal and Asian LDC Country Average, (Current Prices), 2012-2022



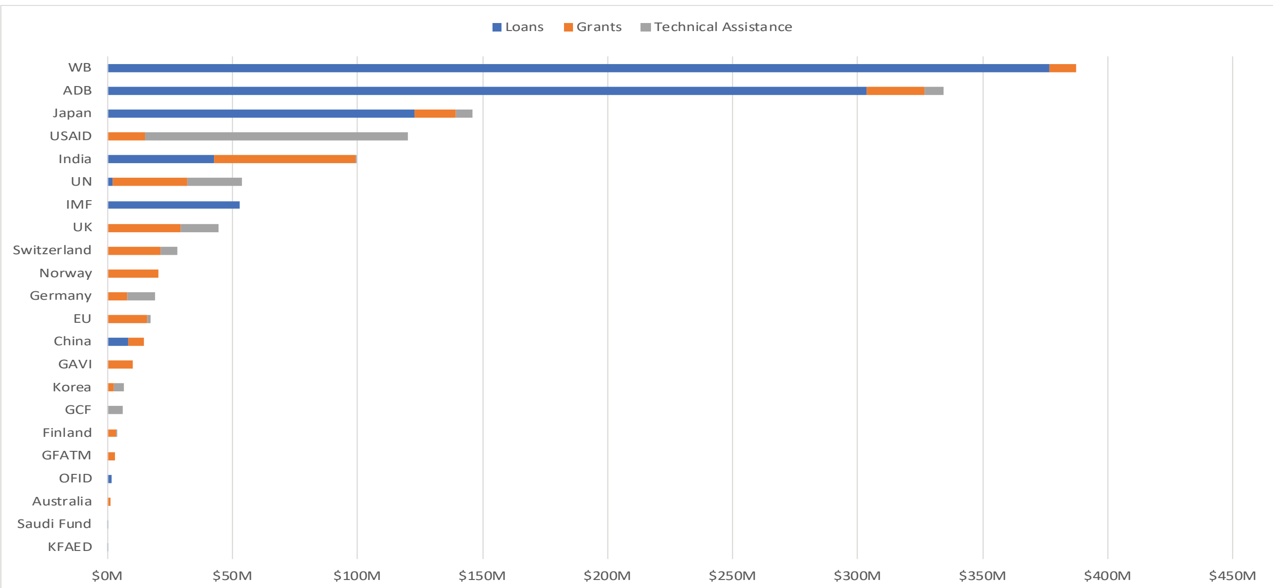
Source: World Bank, World Development Indicators

The decade-long comparison between Nepal and the Asian LDC average shows a persistent gap. While Nepal's ODA received per capita improved by 40.4 percent from 2012 to 2022 (from USD 28 to USD 40.7), it remained consistently below the regional average, which stood at USD 95.1 in 2022. Despite a positive trend over the decade, the recent years indicate a downward shift.

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 2022/23.

FIGURE 5.8. Disbursements by Development Partner and Assistance Type, FY 2022/23



In FY 2022/23, the World Bank was the largest contributor, with disbursements over USD 386.8 million, of which around USD 376.8 million, was extended as loans and the remaining USD 10.6 million was in grants. The ADB followed closely with total disbursements amounting to USD 334.4 million, composed of USD 303.5 million in loans, approximately USD 23.4 million in grants, and USD 7.5 million in technical assistance. Japan was another major contributor, providing a total of USD 146.2 million, comprising USD 122.7 million in loans, USD 16.7 million in grants, and USD 6.7 million in technical assistance. USAID disbursed significant amounts of USD 105 million in technical assistance and USD 15.1 million in grants budget support. The UN system mobilized significant disbursement of USD 53.6 million, of which USD 29.5 million as grants and USD 21.8 million as technical assistance. Other partners such as the UK, India, Norway, Switzerland, and Germany made important, though comparatively smaller, contributions spanning loans, grants, and technical assistance.

FIGURE 5.9. Disbursements by Development Partner and Assistance Type (%), FY 2022/23

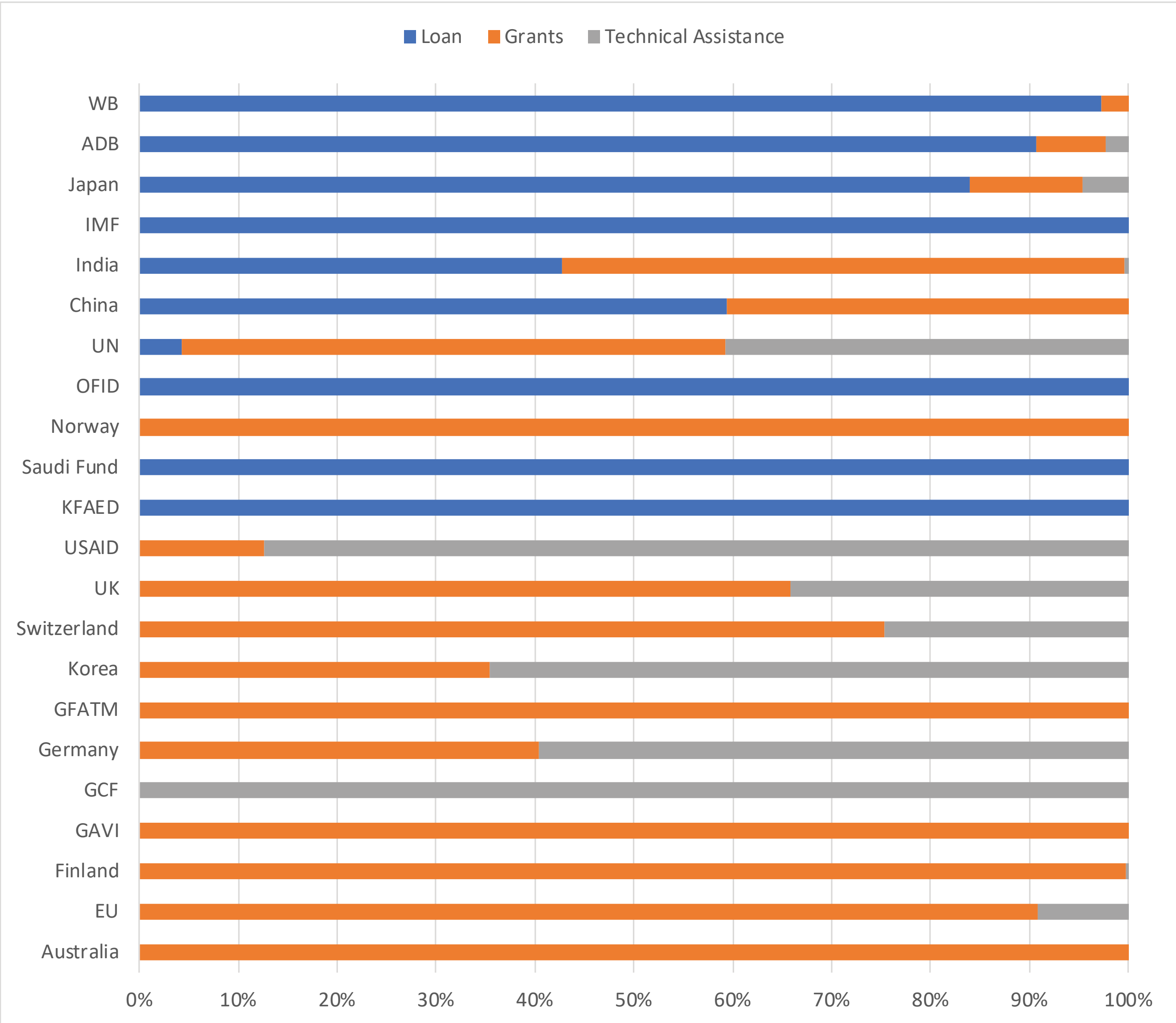


Figure 5.9 provides a breakdown of DPs' disbursements by type of assistance as a percentage of their total support. The data reveals distinct patterns in how partners prefer to channel their aid. The WB and ADB disbursed the majority of their assistance as loans: 97.3 percent and 90.8 percent respectively. Japan also leaned heavily on loans, with 84 percent of its disbursement in this form, while the remaining share was divided between grants (11.4 percent) and technical assistance (4.6

percent). In contrast, some partners such as the IMF, OFID, the Saudi Fund and KFAED provided 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 87.4 percent of its contributions, with the remaining 12.6 percent being grants. The UN adopted a balanced approach, with 55.1 percent as grants, 40.7 percent as technical assistance and only 4.2 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 2013/14 - 2022/23

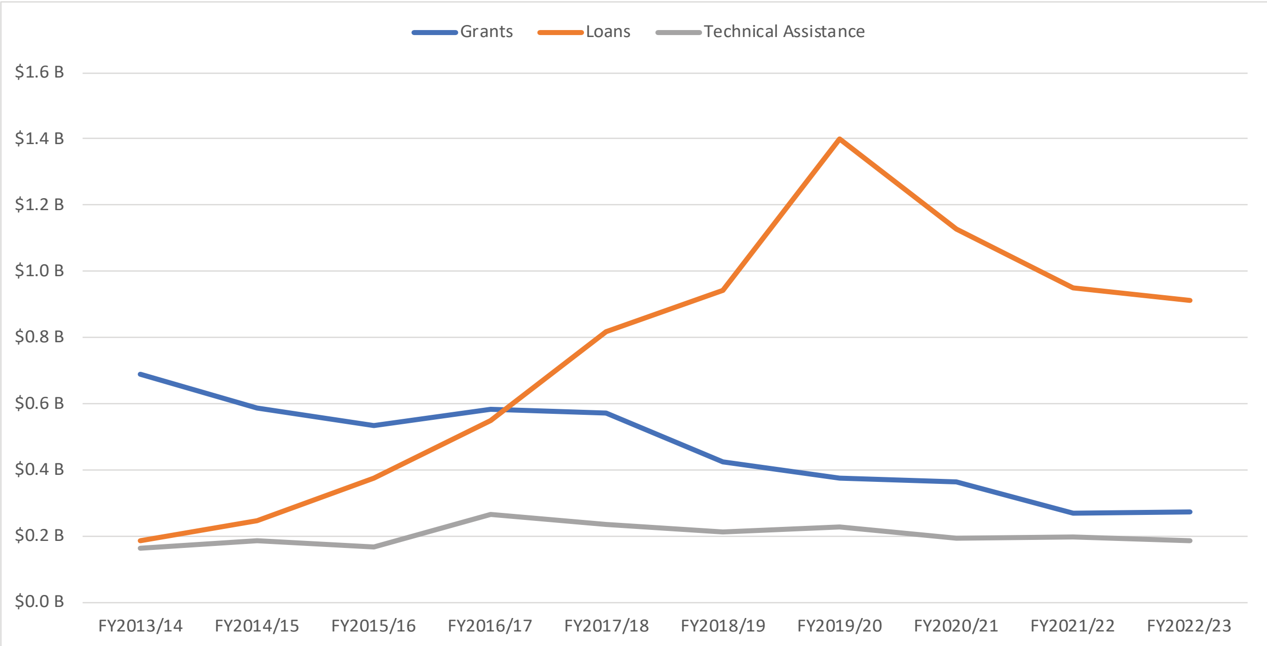


Figure 5.10 presents trends in Nepal's ODA disbursements between FY 2013/14 and 2022/23, highlighting notable shifts in the volume and composition of aid. In FY 2013/14, grants accounted for a substantial USD 688.5 million, compared to only USD 185.7 million in loans. Over the years, this balance shifted 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 2022/23, loans had declined to USD 911.4 million, while grants had declined to USD 272.5 million.

Technical assistance levels remained relatively stable over the years, with some fluctuation. It peaked at USD 263.4 million in FY 2016/17 but stood at USD 187.1 million in FY 2022/23. Overall, total ODA disbursement reached its highest in FY 2019/20 at over USD 2 billion, before declining to approximately USD 1.37 billion in FY 2022/23. This final figure represents an increase of 32.26 percent from the total ODA disbursement in FY 2012/13, reflecting a significant increase in overall ODA disbursement volume and an ongoing shift in donor strategies from grant-based to loan-based and technical assistance modalities.

FIGURE 5.11. ODA Disbursements by Fiscal Year and Assistance Type, Year-on-Year Change (%), FY 2013/14 - 2022/23

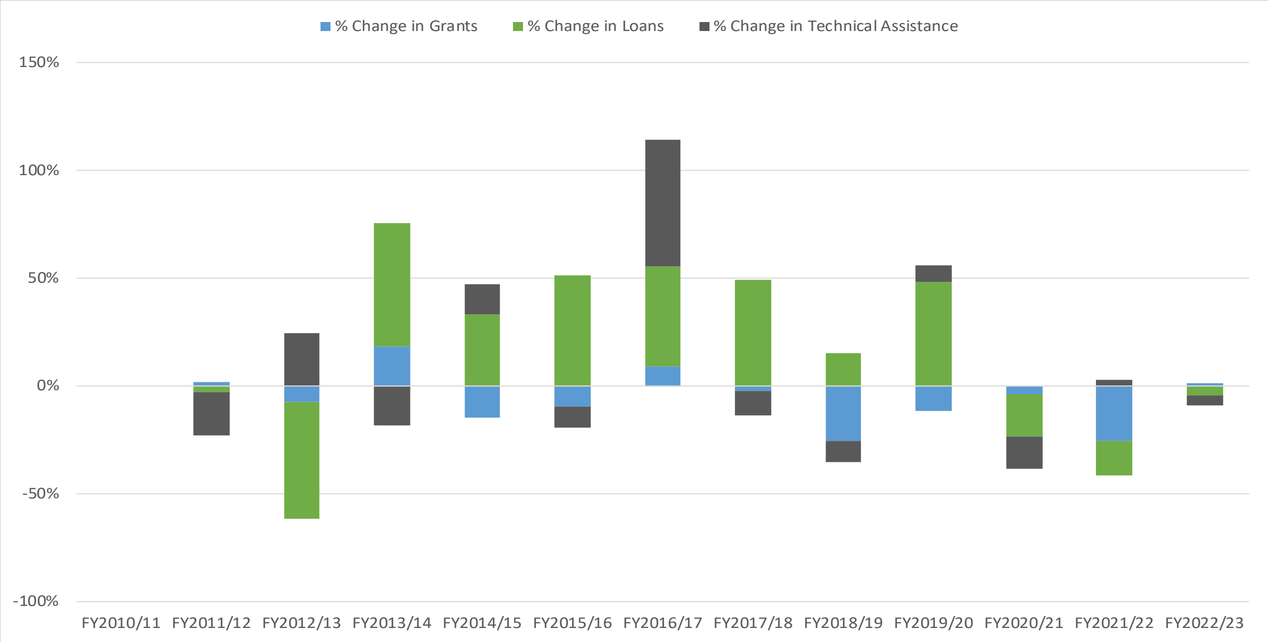


Figure 5.11 presents the year-on-year percentage change in ODA disbursements by assistance type, including grants, loans, and technical assistance, from FY 2013/14 to FY 2022/23. The data reveals that grant disbursements have generally declined over the years, with 25.7 percent drops in both FY 2018/19 and FY 2021/22, however, TA significantly increased by 58.5 percent in FY 2016/17. The spike of TA was attributed to DPs proactive initiation for the post-earthquake reconstruction. In FY 2016/17, the UN system, USAID, and UK mobilized TA equivalent to USD 73.5 million, USD 56.8 million and 49.4 million, respectively. A modest recovery of 1.3 percent was observed in FY 2022/23.

Loan disbursements saw strong growth, notably from FY 2013/14 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) and FY 2022/23 (4.2 percent). Technical assistance remained relatively stable throughout the period, with minor fluctuations. It registered a notable increase of 58.5% in FY 2016/17, but mostly saw moderate changes in other years, including a slight decline of 5.0 percent in FY 2022/23.

FIGURE 5.12. ODA Disbursements by Assistance Type, FY 2019/20 - 2022/23

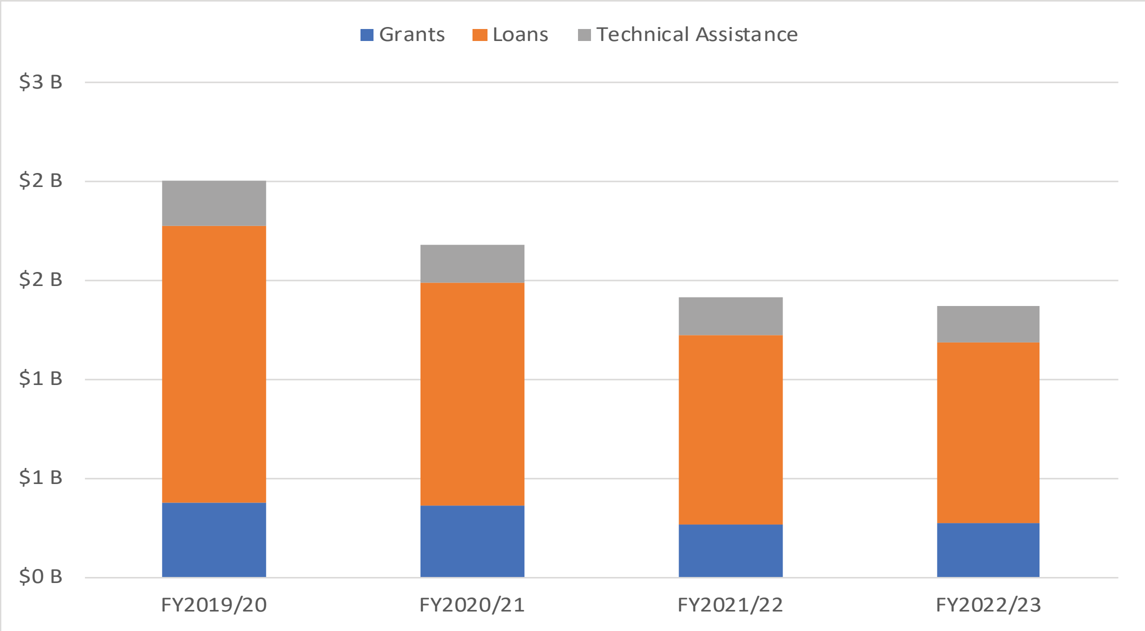


Figure 5.12 shows the actual disbursement volumes in USD for grants, loans, and technical assistance from FY 2020/21 to FY 2022/23. During this period, total grant disbursements declined consistently from USD 362 million in FY 2020/21 to USD 272.6 million in FY 2022/23. Loan disbursements, while remaining the largest share of ODA, also declined from USD 1.1 billion in FY 2020/21 to USD 911.4 million in FY 2022/23, reflecting a steady decrease over the four years. Technical assistance showed relative consistency in volume with slight fluctuations, ranging between USD 196.9 million in FY 2020/21 and USD187.1 million in FY 2022/23.

FIGURE 5.13. ODA Disbursement by Assistance Type (% of total) FY 2022/23

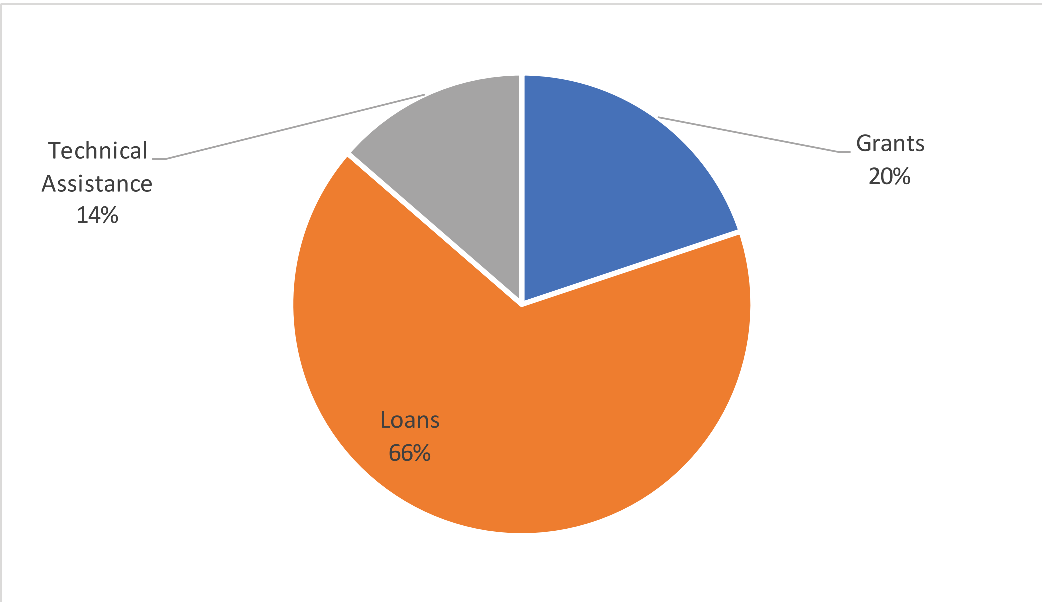
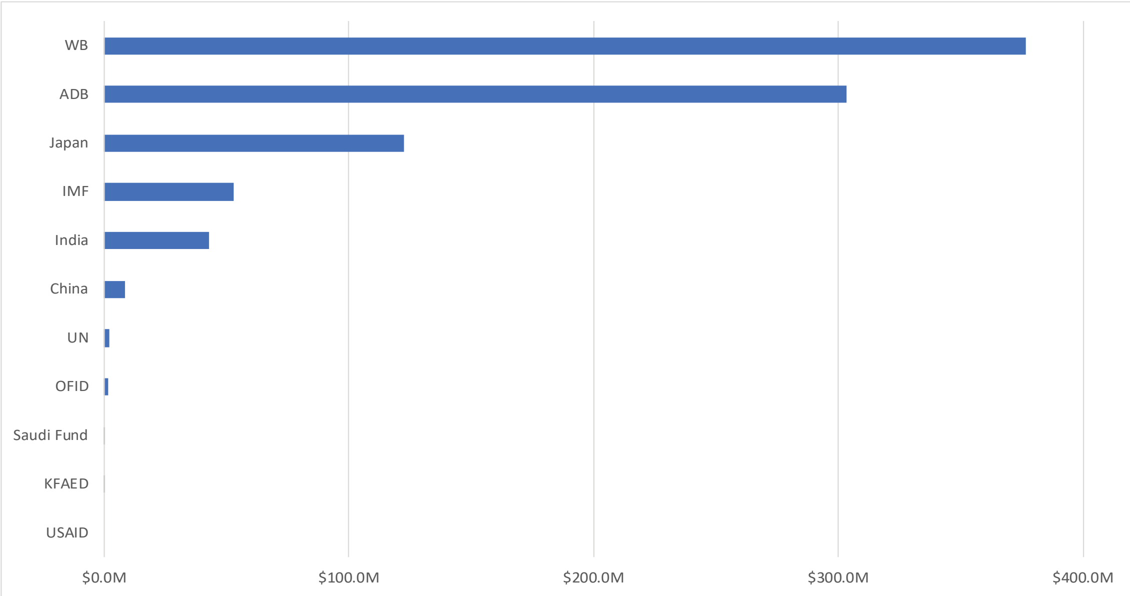


Figure 5.13 shows the percentage share of each type of assistance out of total disbursement in FY 2022/23. As observed in Figure 12, loan was dominant with 66.5 % share followed by grant (19.9%) and Technical Assistance (13.6%).

FIGURE 5.14. Loan Disbursements, FY 2022/23



5.14 illustrates the distribution of loan disbursements by DP for FY 2022/23. The World Bank was the largest loan provider, contributing approximately USD 376.8 million. This was followed by the ADB with around USD 303.5 million and Japan with about USD 122.7 million. Together, these three DPs disbursed loans accounting for nearly 88 percent of the total loan disbursements for the fiscal year. Other contributors included the IMF (USD 52.8 million), India (USD 42.7 million), and China (USD 8.6 million), among others, with significantly smaller shares.

FIGURE 5.15. Grant Disbursements, FY 2022/23

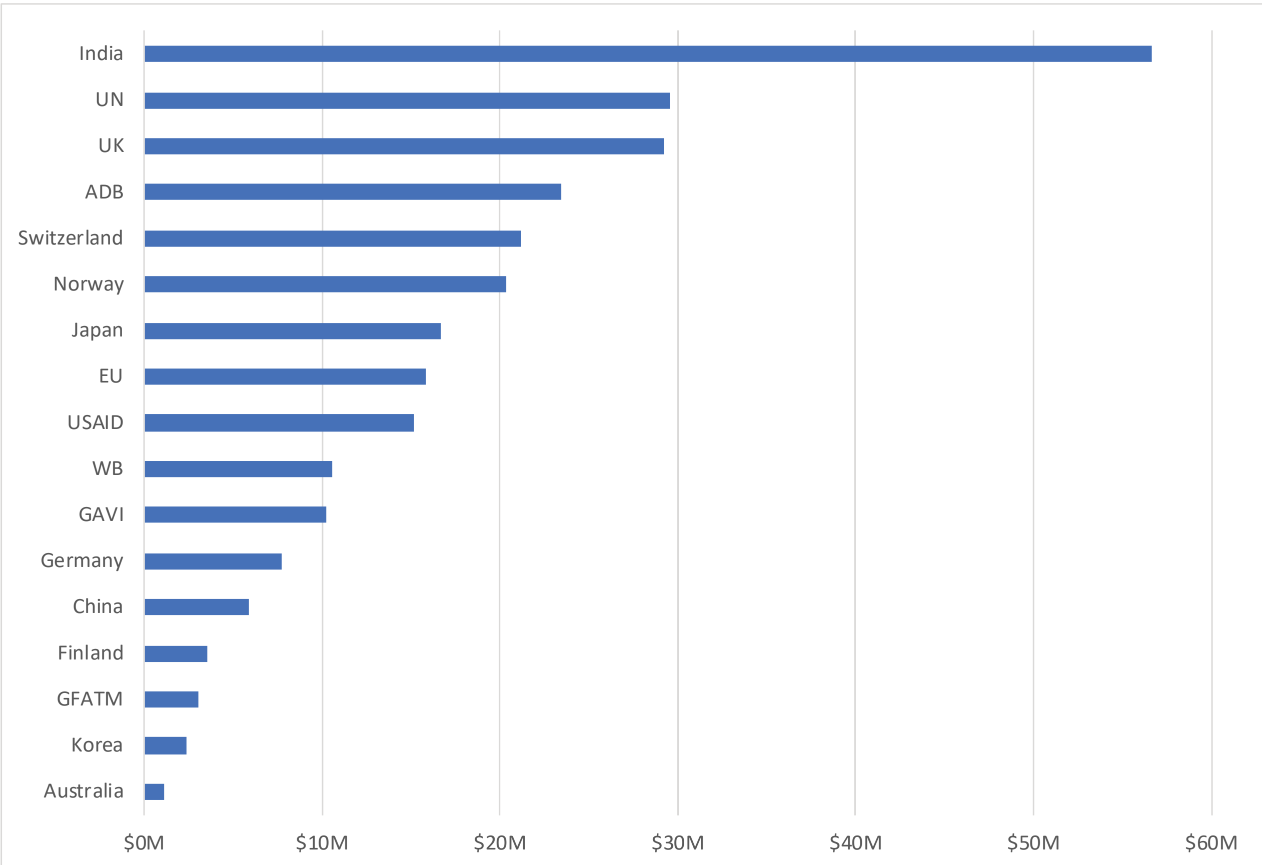
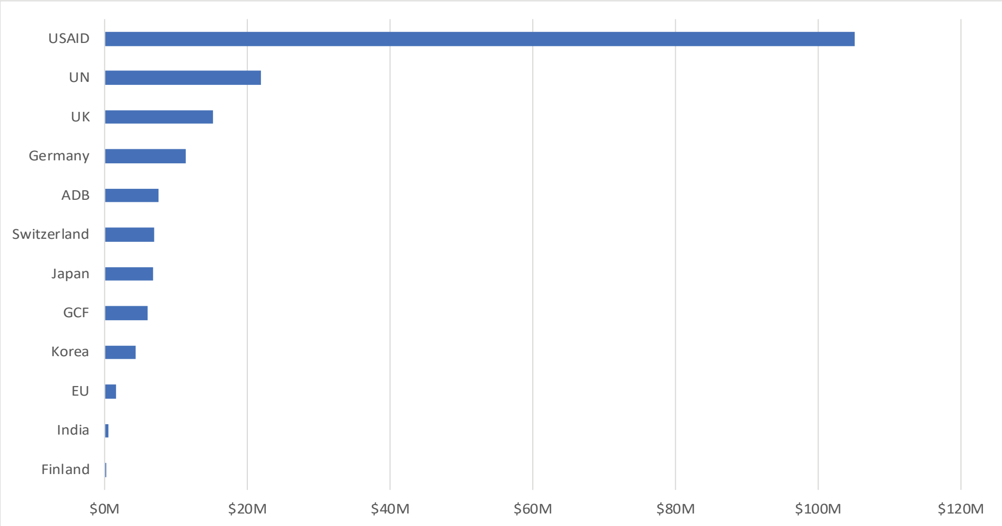


Figure 5.15 highlights India leading the list with grant disbursement amounting to approximately USD 56.7 million. The United Nations (USD 29.5 million), the United Kingdom (USD 29.2 million), the ADB (USD 23.4 million), and Switzerland (USD 21.2 million) followed as major grant contributors. Collectively, these top five partners roughly constituted about 59 percent of the total grants disbursed. Other contributors included Norway, Japan, EU, USAID, WB, GAVI, Germany, China, Finland, GFATM, Korea and Australia.

FIGURE 5.16. Technical Assistance Disbursements, FY 2022/23



Technical Assistance (TA) disbursed in FY 2022/23 amounted to approximately USD 187 million. USAID emerged as the dominant development partner in this category, contributing a significant USD 105 million accounting for more than 60 percent of the total TA disbursed. The United Nations (USD 21.8 million) and the UK (USD 15.2 million) were also major providers. Combined, these three partners accounted for about 81 percent of the total technical assistance disbursed during the fiscal year. Other contributors included Germany, ADB, Switzerland, Japan, GCF, Korea, EU, India and Finland.

FIGURE 5.17. Comparison of Budget Support and Project/Program Support, FY 2013/14 - 2022/23

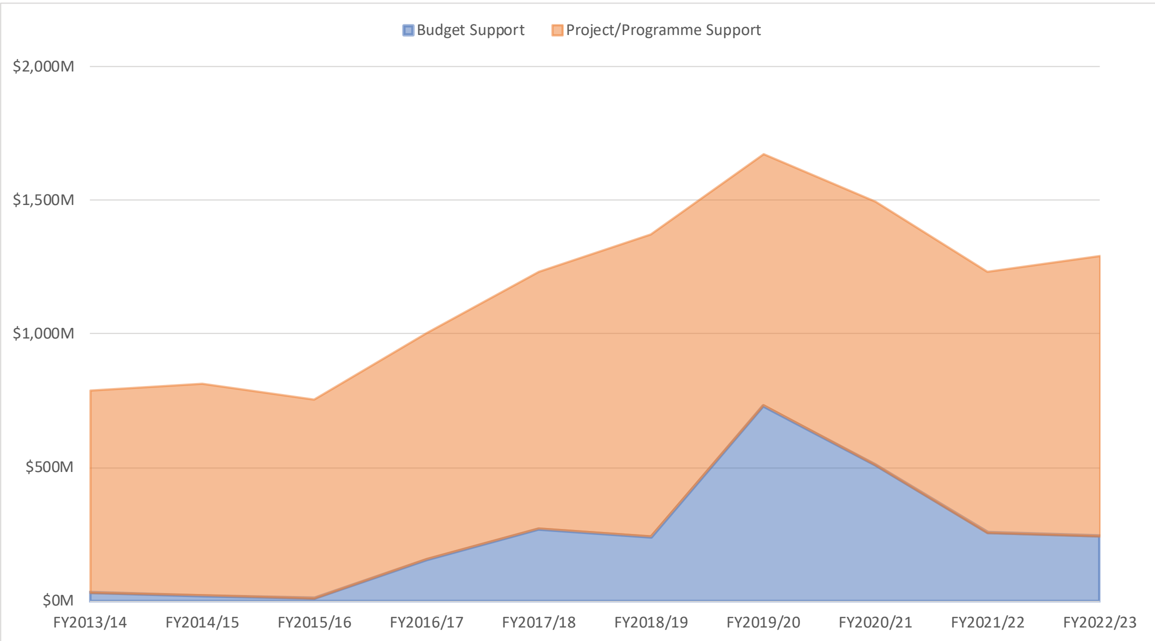


Figure 5.17 compares budget support and project/program support from FY 2013/14 to FY 2022/23. Though project-based and programme-based support are two distinct modalities, this report presents combined data of project and programme based support to compare with budgetary support because the data captured by AMIS is found mixed.

Budget and programmatic support is supposed to leverage benefits of country ownership, alignment, predictability, and efficiency, while embedded project support can be crucial for focussing on capacity enhancement and mobilizing earmarked resources towards priority projects.

Budget support substantially initiated with WB development policy credit for financial sector reform in FY 2013/14 (USD 30.8 million). It declined steadily 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, and to USD 242.4 million in FY 2022/23.

In contrast, project/program support remained the dominant modality, maintaining overall upward trend since FY 2013/14, reaching USD 963 million in FY 2018/19 and peaking at USD 1050.8 million in FY 2022/23. Although there were fluctuations—such as a dip to USD 976.0 million in FY 2021/22—project/program support consistently outpaced budget support throughout the decade.

Budget support offers a high degree of flexibility in allocation, expenditure and results, aligning with the country system, priority and program. It provides predictability facilitating resource management by providing a forward-looking roadmap of available resources, minimizing transaction costs, reducing fragmentation and focusing on measurable results, while standalone project-based support targets specific interventions linked to specific objectives, meeting of which determines success of the project. To ensure success of the project, the donor holds control over the execution with a skilled set of human resources. However, optimizing benefits of budget support and other programmatic modalities largely depends on allocative efficiency and implementation capacity.

FIGURE 5.18. ODA Disbursements by Aid Modality, FY 2013/14 - 2022/23

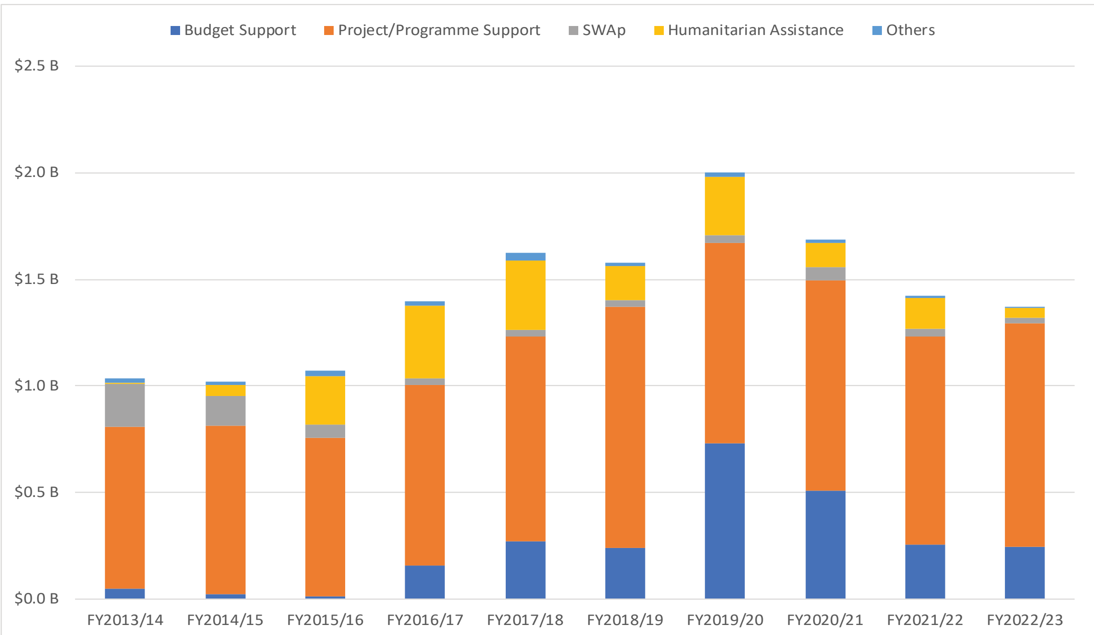


Figure 5.18 presents a comprehensive picture of ODA disbursements from the FY 2013/14 through the FY 2022/23, divided into five aid modalities: Budget Support, Project/Programme Support, SWAp, Humanitarian Assistance, and Others. Over the reference years in the past decade, several distinct trends can be observed.

Budget support experienced fluctuations, peaking in FY 2019/20 (USD 731.5 million) in response to the COVID-19 pandemic. Institutions like the ADB, IMF, and the WB mobilised support for Nepal's fight against the pandemic and its economic repercussions. ADB's CARES Program extended support to the poor and vulnerable, focusing on public health, gender considerations, and economic resilience. The IMF provided financial assistance through the Extended Credit Facility (ECF) to address urgent balance-of-payments needs, while the WB activated a fast-track facility for enhancing healthcare infrastructure and services. This concerted effort reflected global solidarity and partnership in support of Nepal's crisis management and long-term resilience. The budget-support for FY 2022/23 (USD 242.4 million) was almost three times decline from the FY 2019/20 (USD 731.5 million) but nearly eight-fold increase over the decade since FY 2013/14 (USD 30.8 million).

Project/programme support has remained the dominant modality of ODA. Although with fluctuations, ODA peaked at USD 1050.8 million in FY 2022/23 which was a 39 percent increase over the decade since FY 2013/14 despite Nepal's stated preference for budget support.

Sector-Wide Approaches (SWAp) began the decade strongly, at USD 201.4 million in FY 2013/14 witnessing a steady downward trend ever since. By FY 2022/23, SWAp disbursements had dropped to approximately USD 26 million, the lowest within the reference period. These fluctuations were especially notable in the education and health sectors, traditionally the biggest SWAp beneficiaries.

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 46.3 million in FY 2022/23.

The "Others" category has consistently been low but stable until the current FY 2022/23 presenting a drop from approximately USD $9.9 million to USD 5.5 million.

FIGURE 5.19. Comparison of On/Off-Budget and On-Treasury Support, FY 2019/20 - 2022/23

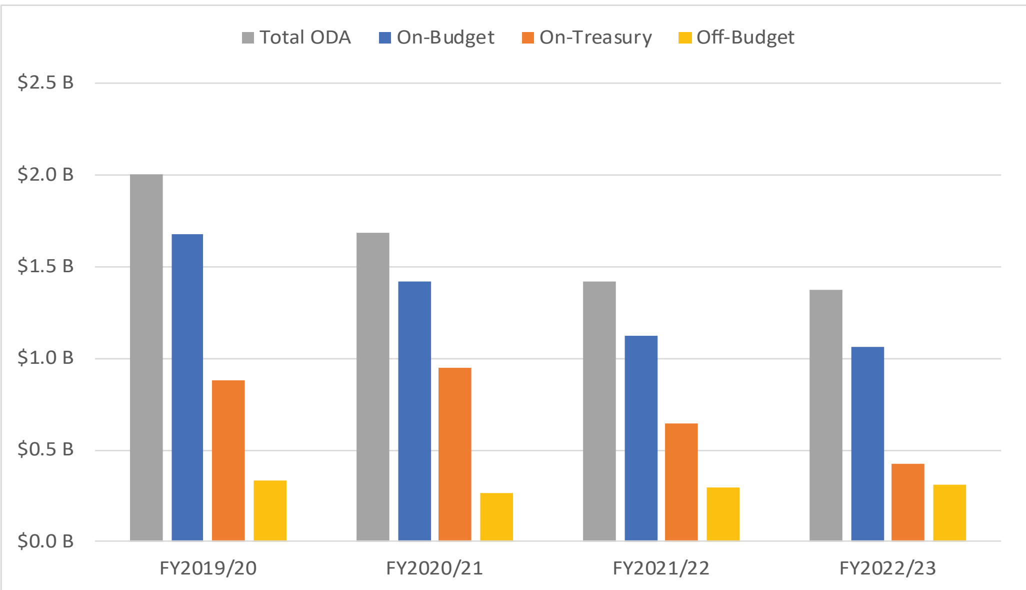
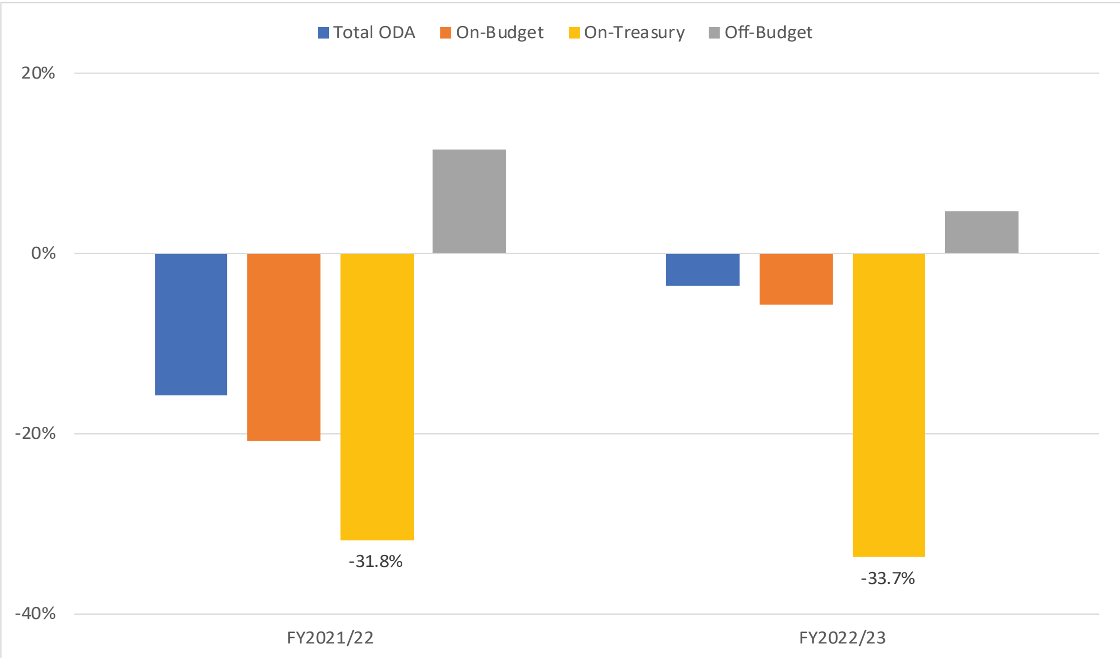


Figure 5.19 compares on-budget, on-treasury, and off-budget support from FY 2019/20 to FY 2022/23 against total ODA in each year. On-treasury ODA is a subset of on-budget ODA that is fully integrated and disbursed through national treasury systems. Off-budget reflects aid that is not included in the national budget, often managed by NGOs, DPs, or implemented independently of government systems.

In FY 2022/23, Nepal received a total of nearly USD 1.4 billion in ODA. Of this, approximately USD 1.1 billion (77.5 percent) was delivered as on-budget support, while the remaining USD 309.3 million (22.5 percent) was off-budget. Within the on-budget support, only USD 428.1 million (approximately 40.3 percent of on-budget ODA) was channelled through the government's treasury system.

FIGURE 5.20. Comparison of On/Off-Budget and On-Treasury Support, Year-on-Year Change (%), FY 2019/20 - 2022/23



5.20 illustrates the year-on-year percentage change in total ODA, on-budget, off-budget, and on-treasury support in FY 2021/22 and FY 2022/23. Total ODA has contracted significantly by 15.7 percent in FY 2021/22 and 3.5 percent in FY 2022/23, indicating a persistent downward trend in development assistance since FY 2020/21.

On-budget support also declined over the two fiscal years, dropping by 20.8 percent in FY 2021/22 and a further 5.6 percent in FY 2022/23. On-treasury support experienced the sharpest declines among all modalities. It fell by 31.8 percent in FY 2021/22 and by 33.7 percent in FY 2022/23.

In contrast, off-budget support recorded modest growth. It increased by 11.6 percent in FY 2021/22 and by 4.7 percent in FY 2022/23.

FIGURE 5.21. Comparison of On/Off-Budget and On-Treasury Support (%), FY 2019/20 - 2022/23

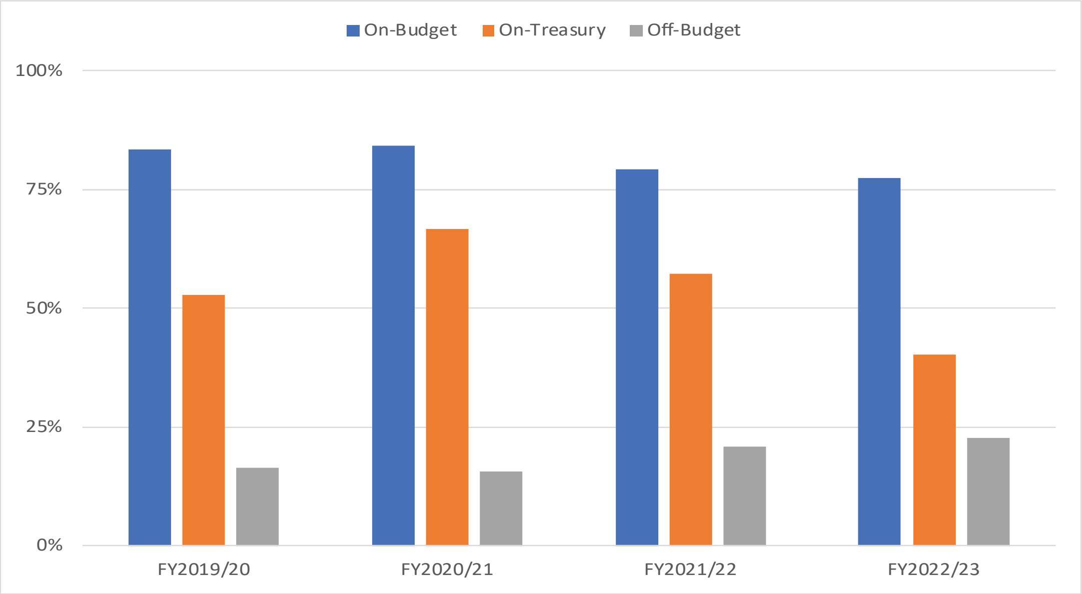


Figure 5.21 illustrates the proportion of on-budget and off-budget support relative to total ODA and on-treasury support relative to on-budget support over the period FY 2019/20 to FY 2022/23.

On-budget support, which refers to aid recorded in Nepal's national budget and thereby under greater government control, has remained relatively stable, though it shows a gradual decline from 83.5 percent of total ODA in FY 2019/20 to 77.4 percent of total ODA in FY 2022/23. This indicates a slight but consistent reduction in the share of aid managed through the national budget.

Off-budget support on the other hand, which bypasses national budgeting mechanisms and is directed straight to implementing agencies or projects, has been gradually increasing from 16.5 percent of total ODA in FY 2019/20 to 22.6 percent of total ODA in FY 2022/23, reflecting a growing preference for aid modalities outside of direct government oversight.

On-treasury support, which represents the share of aid both budgeted and disbursed through the government's treasury system, initially increased from 52.8 percent of on-budget support in FY 2019/20 to 66.6 percent of on-budget support in FY 2020/21. However, this trend reversed in subsequent years, falling to 57.4 percent of on-budget support in FY 2021/22 and further to 40.32 percent of on-budget support in FY 2022/23.

FIGURE 5.22. Comparison of On-Budget and Off-Budget by Development Partner, FY 2022/23

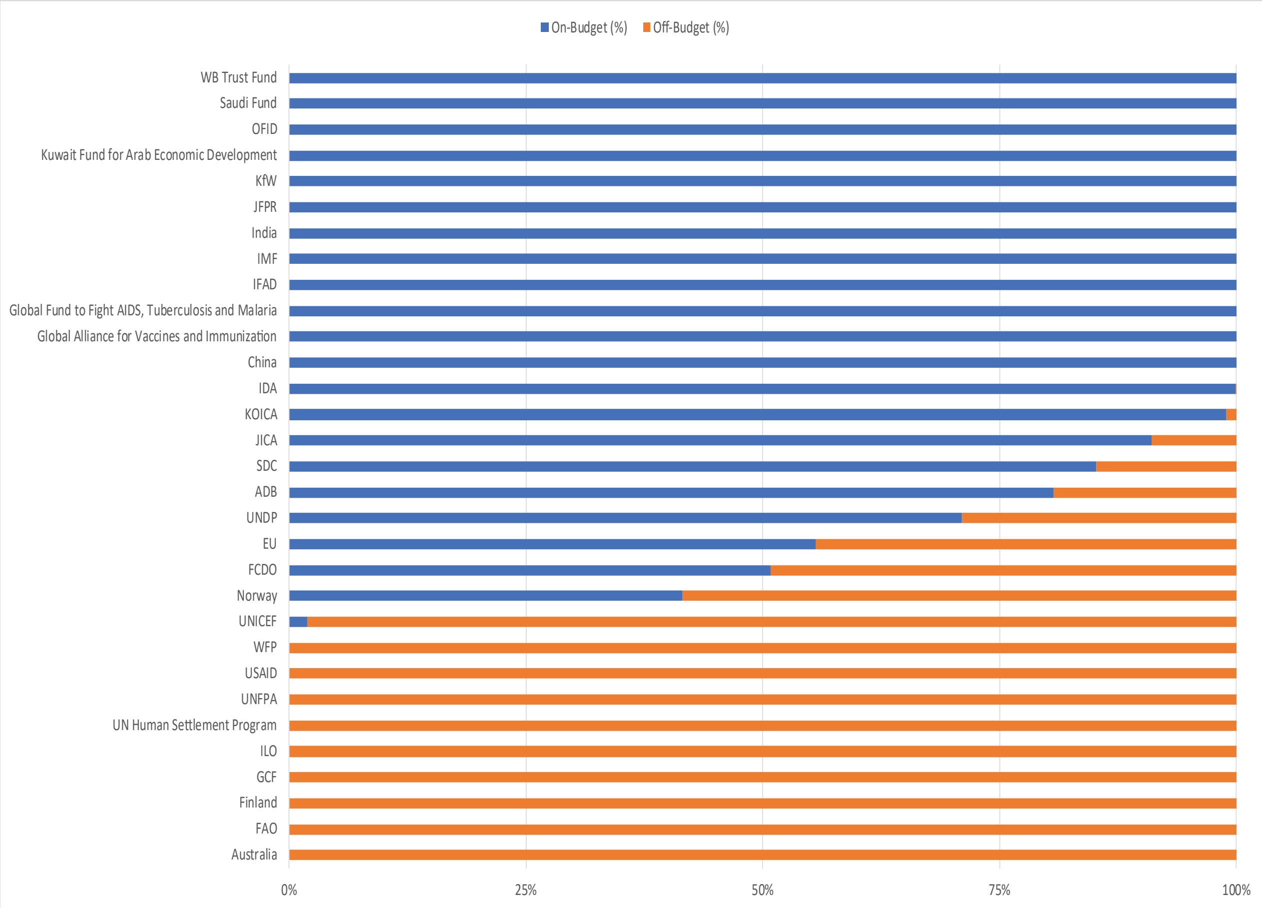


Figure 5.22 presents a comparative analysis of on-budget and off-budget support disbursed by various DPs during FY 2022/23.

DPs including the WB Trust Fund, Saudi Fund, OFID, Kuwait Fund for Arab Economic Development, KfW, JFPR, India, IMF, IFAD, the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Global Alliance for Vaccines and Immunization (GAVI), China, and IDA reflected all of their support (100 percent) in the budget in FY 2022/23. Other partners, such as KOICA (98.9 percent), and JICA (91.0 percent), also predominantly reflected their support in the budget.

Similarly, the SDC, ADB and UNDP reflected a majority of their assistance in the budget, with 85.2 percent, 80.7 percent and 71.0 percent, respectively. ADB generally mobilized TA through off-budget modality.

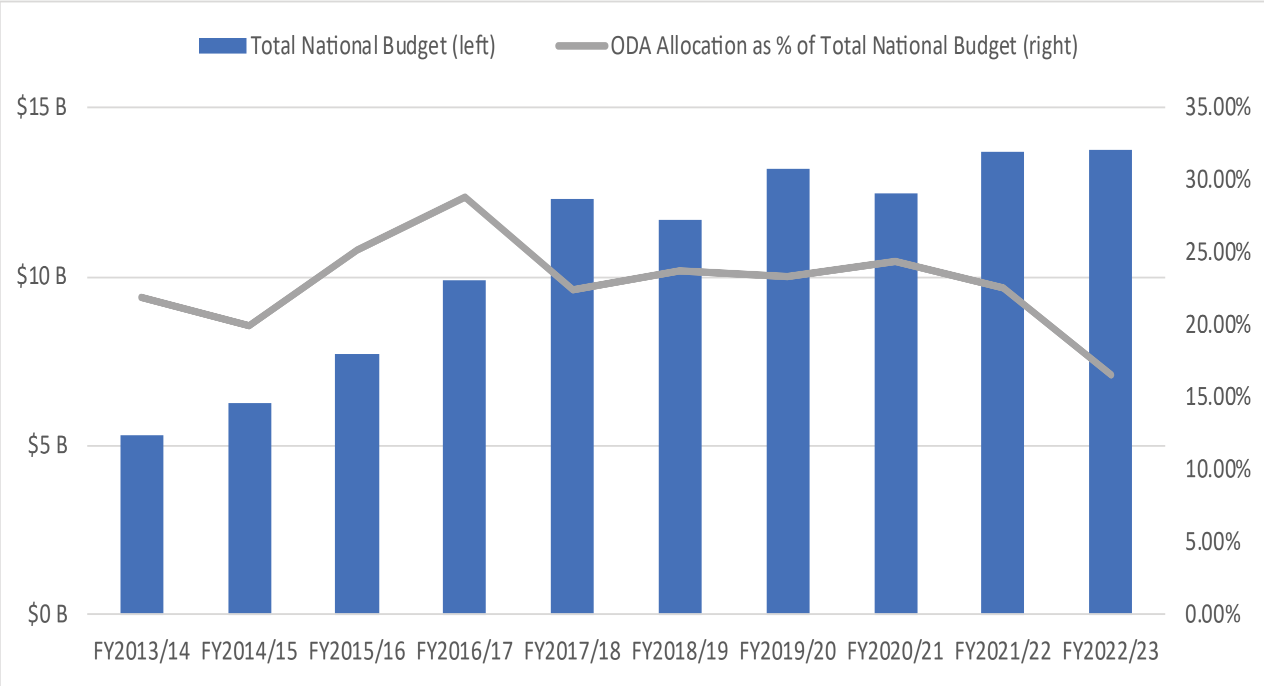
Some DPs employed a more balanced approach. The European Union (EU) (55.6 percent on-budget, 44.4 percent off-budget), Norway (41.5 percent on-budget, 58.5 percent off-budget) and FCDO (50.8 percent on-budget, 49.2 percent off-budget) show a mix of modalities reflecting a dual strategy that combines support for national policy implementation with targeted development initiatives.

Conversely, UNICEF relied heavily on off-budget channels (98.1 percent), while certain partners like USAID, WFP, UNFPA, the UN Human Settlements Programme, PTB, ILO, GIZ, GCF, Finland, FAO, and Australia, provided support entirely outside of the national budget framework. Donors normally follow an off-budget approach arguing that it is fast-disbursing and enables quicker implementation of specific priority projects or technical assistance as they don't have to navigate the generic public financial management system of the recipient government.

The varying distribution of support modalities reflects the strategic choices of DPs based on their objectives, operational models, and the nature of the support provided. However, this approach is against Nepal's constitutional directions and policy thrust. Such extra-budgetary activities in the economy undermine national capacity and systems, including institutions.

5.3 Contribution to the National Budget

FIGURE 5.23. ODA Allocation as a Share of the National Budget (%), 2013/14 - 2022/23[1]

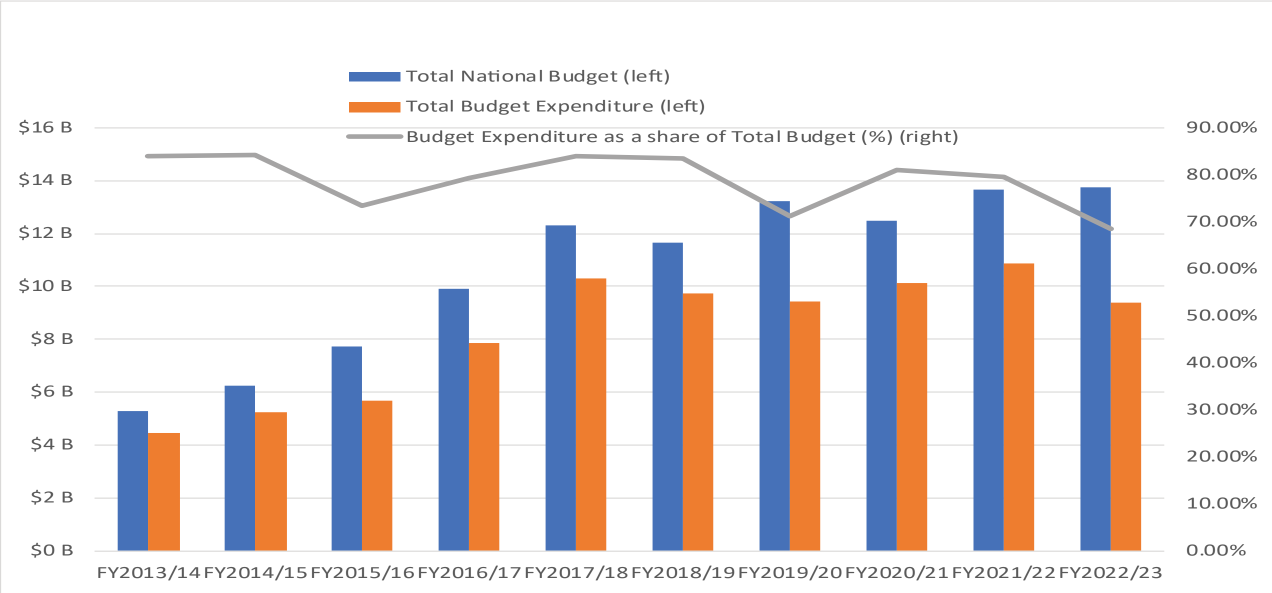


ODA accounted for 16.6 percent of the national budget in FY 2022/23, marking a decline from 22.6 percent in FY 2021/22 (as presented in Figure 5.22). This percentage marks the lowest percentage share of the national budget within the reporting period. However, to contextualise this within the broader financial landscape.

Throughout the period under review, ODA consistently remained on or below 25.1 percent of the total national budget, underscoring the government's sustained efforts to enhance domestic resource mobilization.

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

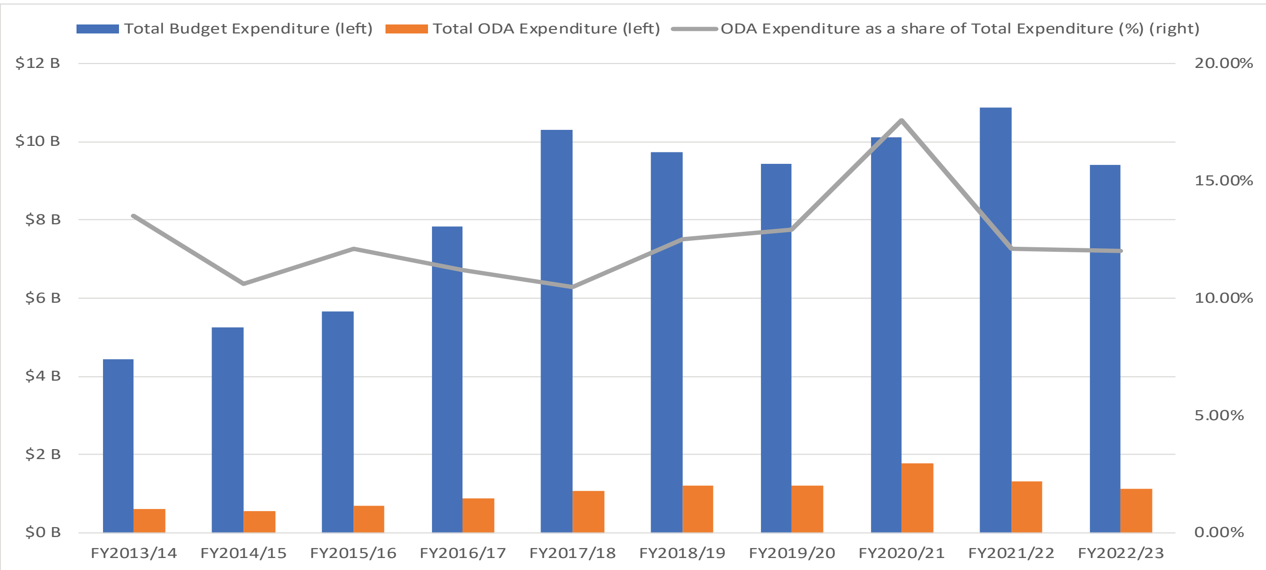
FIGURE 5.24. Total Budget vs Total Budget Expenditure, FY 2013/14 - FY 2022/23 [2]



The data (Figure 5.24) 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 5.3 billion in the FY 2013/14 to approximately USD 13.8 billion in the FY 2022/23. At the same time, overall budget expenditure more than doubled, rising from USD 4.4 billion in FY 2013/14 to USD 9.4 billion in FY 2022/23.

Between FY 2021/22 and FY 2022/23, Nepal's total national budget increased by about 0.8 percent (from USD 13.7 billion to USD 13.8 billion); however, its total budget expenditure decreased by 16 percent (from USD 10.9 billion to USD 9.4 billion). This discrepancy between allocated and actual spending may be indicative of challenges in absorptive capacity and may highlight the need to strengthen efficiency and effectiveness of implementation strategies.

FIGURE 5.25. Total Budget Expenditure vs Total ODA Expenditure, FY 2013/14 - FY 2022/23[3]



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

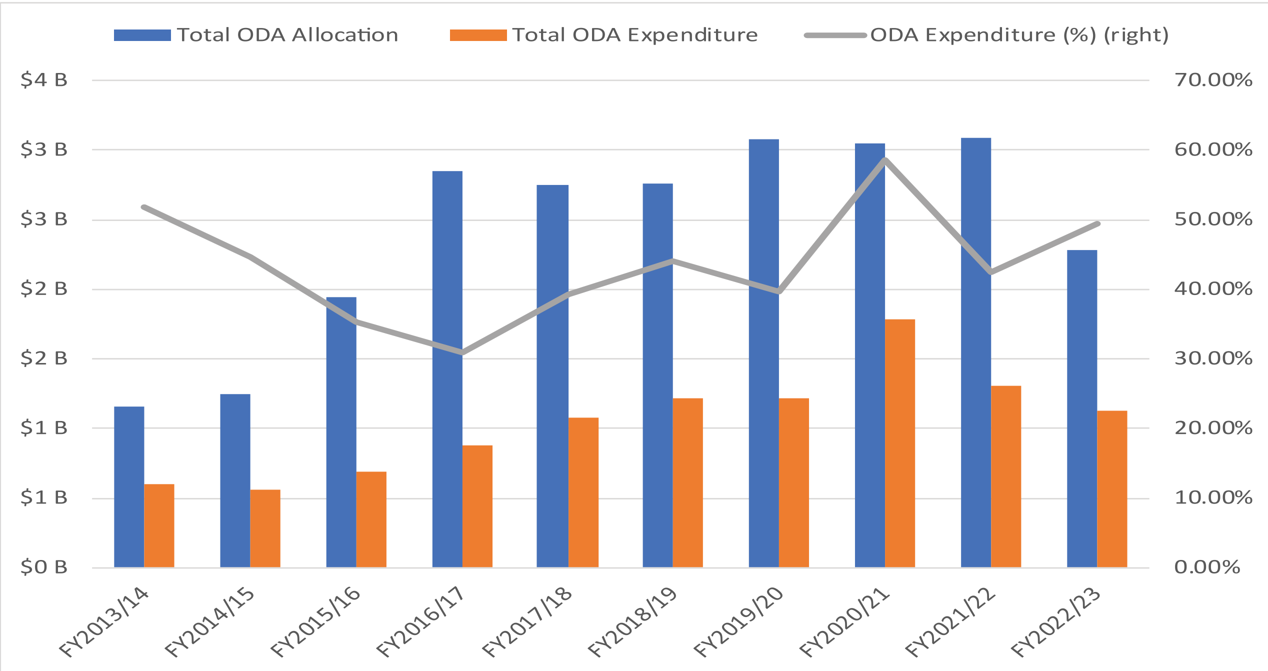
3 National Budget data is sourced from the Budget Speech, while expenditure figures are extracted from the LBMIS database.

Figure 5.25 presents the comparative trend of Nepal's total budget expenditure and ODA expenditure from FY 2013/14 through FY 2022/23. The total budget expenditure signifies the actual spending on all national requirements, while the ODA expenditure represents the amount of foreign aid spent in each FY.

During this period, the proportion of ODA expenditure relative to total expenditure fluctuated between 10.5 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 the FY 2022/23, the total budget expenditure was approximately USD 9.4 billion, reflecting a 13 percent decrease from the preceding year's USD 10.9 billion. Concurrently, ODA expenditure amounted to approximately USD 1.1 billion, marking a decrease of approximately 15 percent from USD 1.3 billion in FY 2021/22 to USD 1.1 billion. As a result, ODA comprised 12.0 percent of the total government expenditure, slightly below the previous year's 12.1 percent.

FIGURE 5.26. ODA Allocation and ODA Expenditure, FY 2013/14 - 2022/23



ODA allocation and corresponding ODA expenditure, offers key insights into the absorptive capacity of the GON i.e. its ability to translate ODA commitment (articulated in the ODA agreement) into actual disbursement to produce development outcomes.

Figure 5.26 exhibits an overall upward trend of the total value of ODA agreements over the ten-year period, rising approximately two-fold from USD 1.2 billion in FY 2013/14 to USD 2.3 billion in FY 2022/23. Though at a slower rate, ODA expenditure also increased approximately 1.3-fold over the same period, growing from USD 600 million in FY 2013/14 to USD 1.1 billion in FY 2022/23.

This upward trajectory included a number of fluctuations. Notably, FY 2016/17 marked a peak in ODA agreements at nearly USD 2.9 billion, while FY 2022/23 registered a sharp 25 percent decline in new agreements compared FY 2021/22. While ODA agreements have grown over time until FY 2021/22, it is important to assess the causes and effects of the precipitous reduction in FY 2022/23.

The data also shows persistent discrepancies between ODA allocation and expenditure. On one hand, this trend underscores the challenges in Nepal's absorptive capacity for foreign aid utilization, it also raises questions about strategic planning, project readiness, project selection and execution capacity among DPs on the other.

It is, therefore, essential for Nepal and its DPs to relook into the way of doing business from the lens of aid effectiveness principles to improve ownership, alignment, partnership, result orientation and transparency and to develop and select only the bankable projects, improve their implementation rate and align ODA agreements with realistic expenditure capacities.

6

CHAPTER

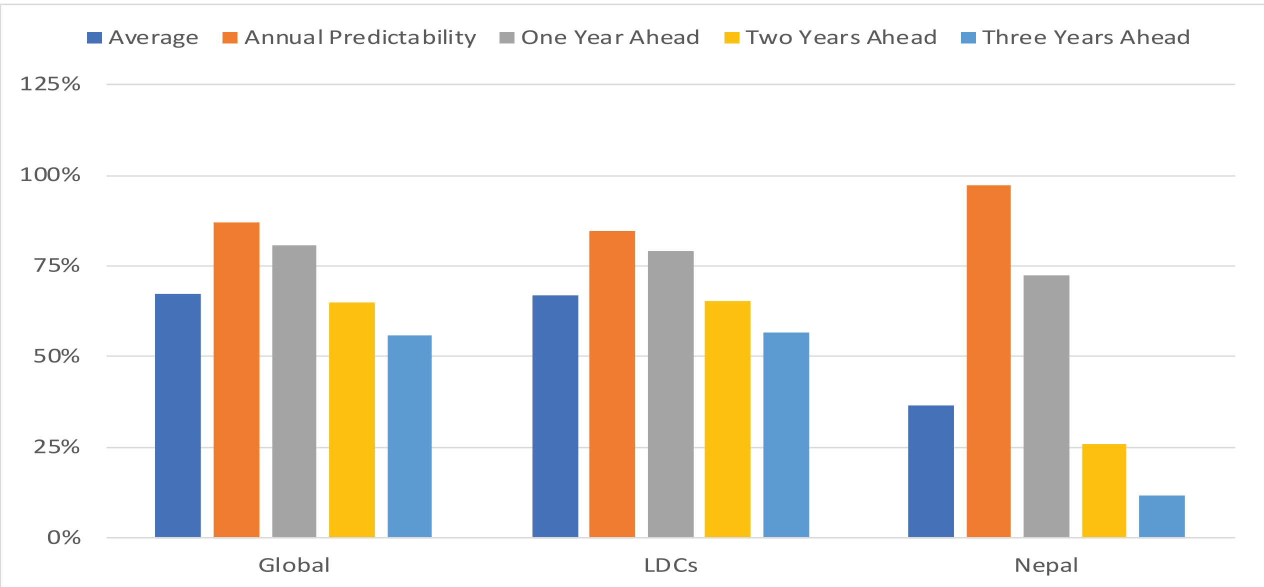
PREDICTABILITY

The availability of accurate and timely information on development cooperation is critical to effective development finance management in Nepal. Such data serves not only to guide strategic government planning and resource allocation, but also enables DPs to coordinate their support more efficiently, helping to reduce fragmentation and avoid duplication of efforts.

A core example of its utility is the preparation of Medium-Term Expenditure Frameworks (MTEFs), which are foundational to Nepal's budgeting processes at both the federal and provincial levels. These frameworks rely heavily on forward-looking commitment data captured in cooperation agreements and project documents.

However, 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 (Celasun and Walliser, 2008). 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.

FIGURE 6.1. Medium-Term Predictability[1]



1 OECD/UNDP (2019), Making Development Co-operation More Effective: 2019 Progress Report, OECD Publishing, Paris, https://doi.org/10.1787/26f2638f-en

Based on the GPEDC's 2018 monitoring round data, Figure 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%) and the LDC average (84.5%).

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%), 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% and 55.7%) and LDC averages (65.2% and 56.8%) for the second and third years, respectively.

More recently, the 2024 GPEDC monitoring results for Nepal 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 an improvement from 85 percent in 2018.[2] 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 of implementation strategies.

2 OECD-UNDP Joint Support Team of the GPEDC, Nepal Country Results Brief 2024, https://www.effectivecooperation.org/system/files/2024-07/Nepal%20CRB.pdf

7

CHAPTER

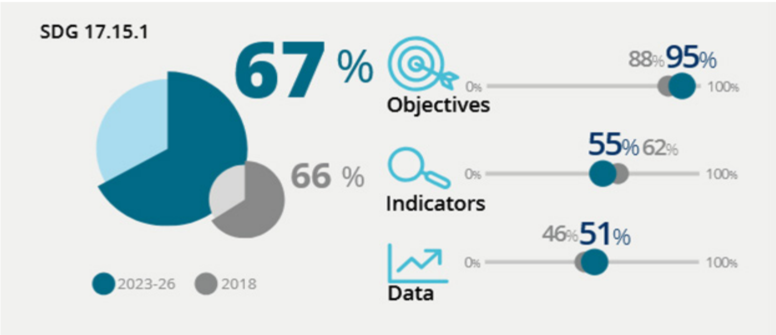
ALIGNMENT AND FRAGMENTATION

7.1 Alignment

'Alignment' helps enhance country capacity and enhanced 'country capacity' encourages more alignment. Both country capacity and alignment jointly reinforce 'Country ownership' (Dhakal, N. and Ueta, K, 2007). These circular relationships between 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 AMIS, 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' as proxy for 'alignment' on the basis of data available from the reporting year of reference (2020/21). The latest available Nepal Country Report Brief (2024) depicted the alignment status of Nepal.

FIGURE 7.1. State and Use of Country System in Nepal, FY 2022/23



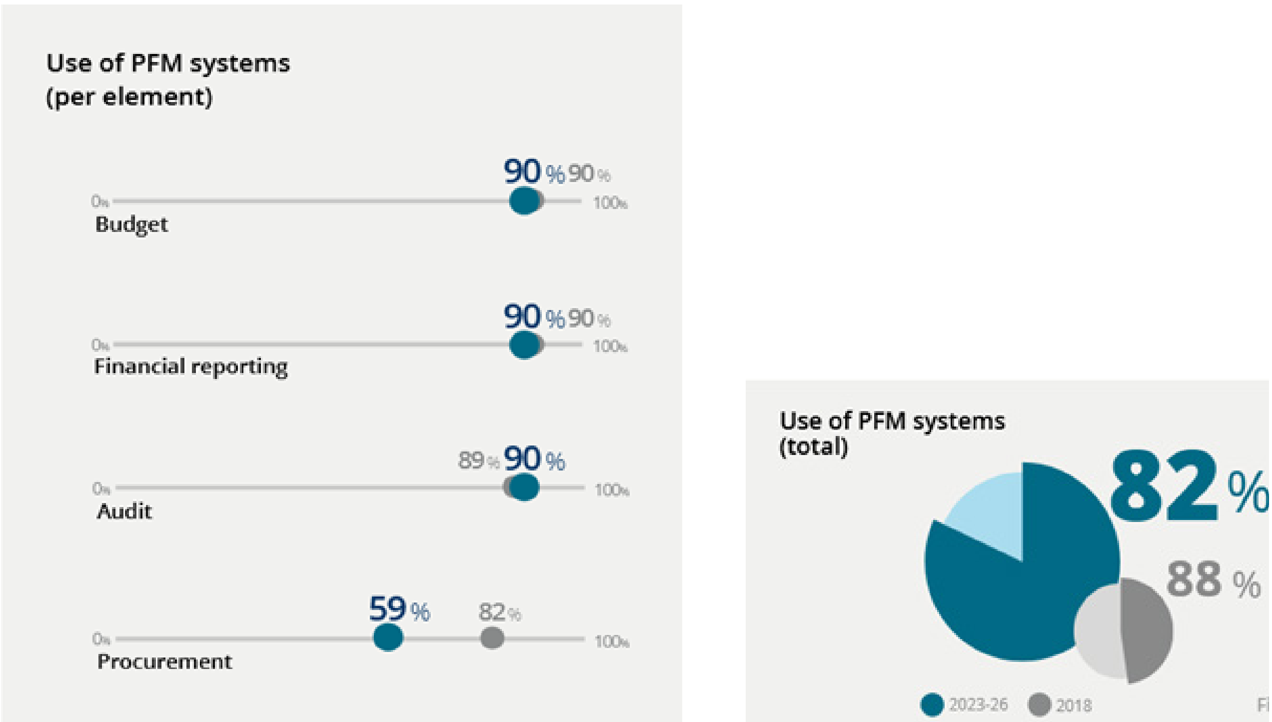
Source: Reproduced from GPEDC Monitoring Round (2023-2026) : Nepal Country Brief, 2024.

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%) in Nepal. On average, 95% of the outcome objectives of new ODA projects/ programmes align with those defined in country-owned results frameworks. However, only 55% of the indicators in the new projects/programmes are drawn from country-owned results frameworks, and 51% 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 2022/23



Source: Reproduced from 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 2022/23 reveals considerable variation in both donor concentration and the breadth of development partnerships. In the FY 2022/23, Nepal recorded 351 projects receiving ODA disbursements, with 20 government-executing entities and 22 DPs (Representing all DPs' agencies) with each DP implementing an average of approximately 16 projects/programmes. Each government executing entity was dealing with an average of approximately 9 DPs.

FIGURE 7.3. ODA Fragmentation by Executing Government Entity, FY 2022/23

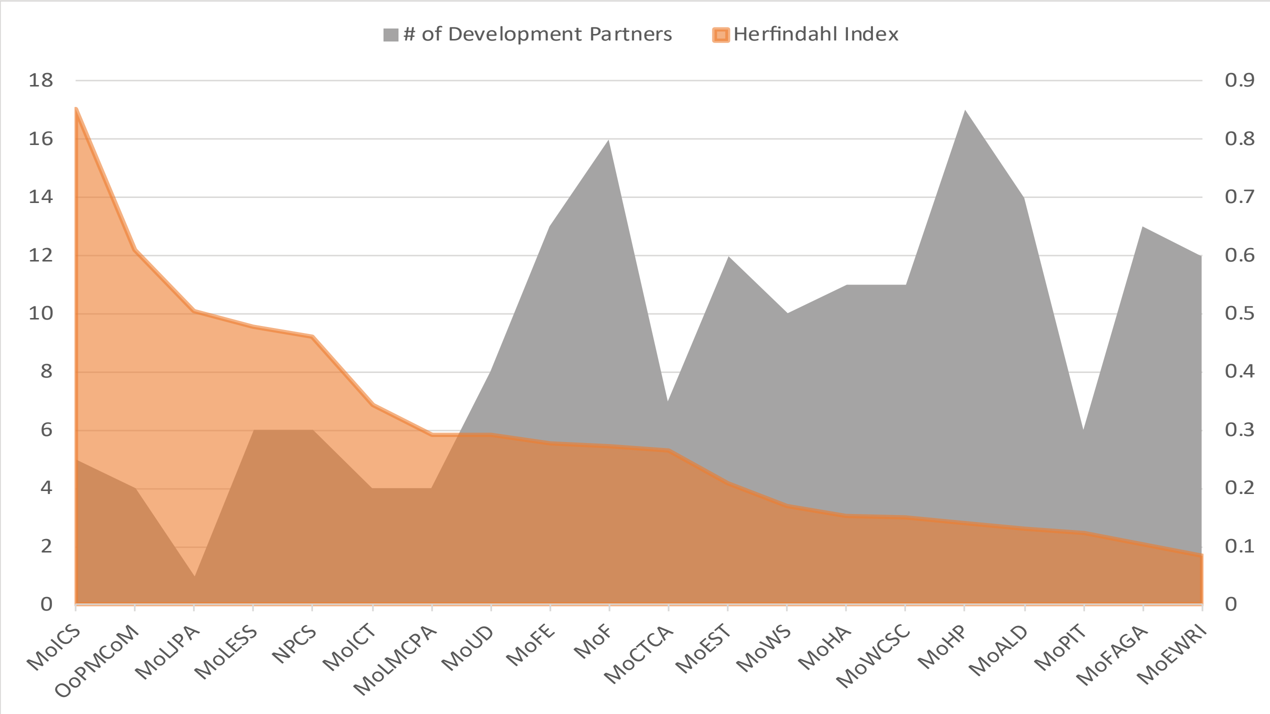


Figure 7.3 illustrates the Herfindahl Index (HI) as applied to different ministries within the Government of Nepal, offering a measure of ODA distribution across executing agencies (The Herfindahl index is the sum of the squares of the "market shares" of the various projects in the portfolio). If the result is close to 1, the portfolio is very concentrated. If the result is close to 0, the portfolio is very fragmented. Commonly used to assess market concentration, the HI is also relevant in the aid landscape for evaluating the extent to which funding is concentrated among a few DPs or spread across many. A higher index value suggests higher concentration of aid within a limited number of partners or projects, whereas a lower value reflects a broader distribution, indicating high fragmentation.

Entities with high HI (greater than 0.5) are the Ministry of Industry, Commerce and Supplies (MoICS) (HI 0.85, 8 partners, 5 projects), the Office of the Prime Minister and Council of Ministers

(OPMCM) (HI 0.61, 4 partners, 4 projects), and the Ministry of Law, Justice and Parliamentary Affairs (MoLJPA) (HI 0.50, 2 partners, 1 project). These entities have received a high concentration of funds from a few DPs, which may result in coordination ease due to high degree of alignment and reduction in both direct and indirect transaction costs. Focussed or concentrated development interventions are possible if there is division of labour among DPs on the basis of comparative advantages.

Entities with moderate HI (between 0.2 - 0.5) include the Ministry of Labour, Employment and Social Security (MoLESS) (HI 0.48, 11 partners, 6 projects), National Planning Commission Secretariat (NPCS) (HI 0.46, 6 partners, 6 projects), Ministry of Communication and Information Technology (MoICT) (HI 0.34, 5 partners, 4 projects), Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLMCPA) (HI 0.29, 4 partners, 4 projects), Ministry of Urban Development (MoUD) (HI 0.29, 13 partners, 8 projects), Ministry of Forests and Environment (MoFE) (HI 0.28, 18 partners, 13 projects), Ministry of Finance (MoF) (HI 0.27, 32 partners, 16 projects), the Ministry of Culture, Tourism and Civil Aviation (MoCTCA) (HI 0.26, 8 partners, 7 projects) and the Ministry of Education, Science and Technology (MoEST) (HI 0.21, 35 partners, 12 projects). These entities have a moderate degree of fragmentation, resulting in moderate degree of coordination issues, alignment and efficiency;

The entities with a low HI (less than 0.2) are the Ministry of Water Supply (MoWS) (HI 0.17, 19 partners, 10 projects), Ministry of Home Affairs (MoHA) (HI 0.15, 21 partners, 11 projects), Ministry of Women, Children and Senior Citizens (MoWCSC) (HI 0.15, 32 partners, 11 projects), the Ministry of Health and Population (MoHP) (HI 0.14, 59 partners, 17 projects), the Ministry of Agriculture and Livestock Development (MoALD) (HI 0.13, 33 partners, 14 projects), the Ministry of Physical Infrastructure and Transport (MoPIT) (HI 0.12, 18 partners, 6 projects), the Ministry of Federal Affairs and General Administration (MoFAGA) (HI 0.10, 25 partners, 13 projects) and the Ministry of Energy, Water Resources and Irrigation (MoEWRI) (HI 0.09, 38 partners, 12 projects). These entities received highly fragmented ODA projects and might have faced coordination issues while dealing with several DPs in several projects/programmes.

FIGURE 7.4. ODA Fragmentation by Development Partner, FY 2022/23

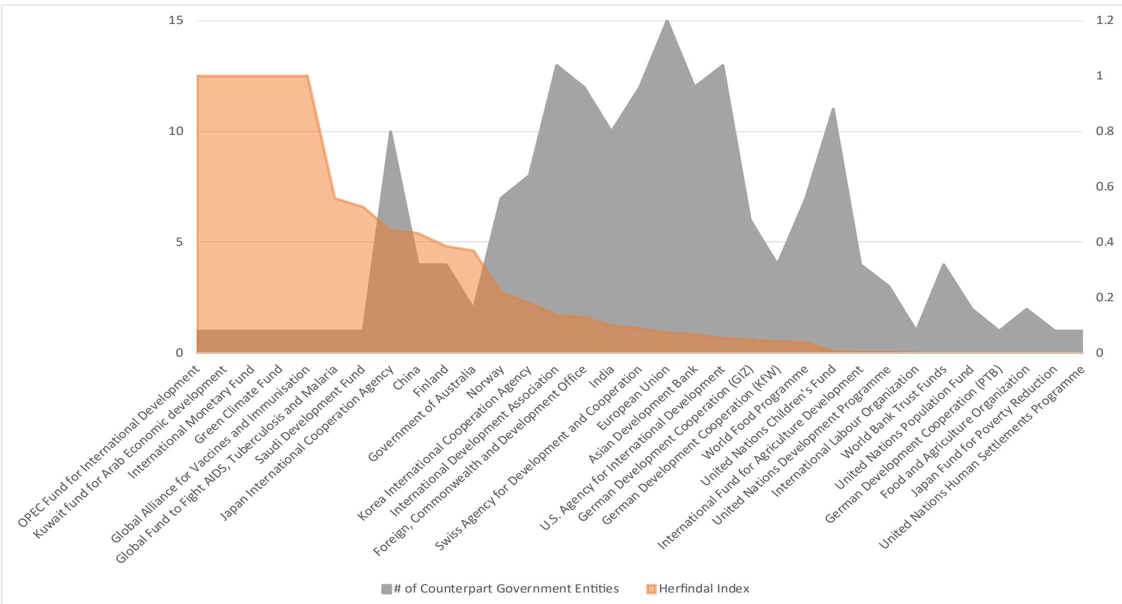


Figure 7.4 presents a similar analysis of the HI for various DPs working with the Government of Nepal. The data reveals a considerable variation in the HI across different DPs. Development partners such as the OPEC Fund for International Development (OFID), Kuwait Fund for Arab Economic Development, International Monetary Fund (IMF), Green Climate Fund (GCF), and the

Global Alliance for Vaccines and Immunisation (GAVI), each recorded an HI score of 1, suggesting a concentration of their efforts to a single project within a single ministry. Other partners including the Global Fund to Fight AIDS, Tuberculosis and Malaria (HI 0.558) and the Saudi Development Fund (HI 0.529) have also concentrated their funds towards a single ministry but with 2 projects each. This indicates DPs focus on single or few government agencies for few projects which is probably due to their comparative advantage.

Development partners with a moderately concentrated aid portfolio include the Japan International Cooperation Agency (JICA) (HI 0.441), China (HI 0.434), Finland (HI 0.385), the Government of Australia (HI 0.370), and Norway (HI 0.219), whose HI index indicate their inclination towards focus to a limited number of ministries,

The majority of DPs fall into the low concentration category, indicating a high degree of fragmentation with a broader and more diversified approach in their engagement with Nepalese government entities. Examples include the Korea International Cooperation Agency (KOICA) (HI 0.182), International Development Association (IDA) (HI 0.136), Foreign, Commonwealth and Development Office (FCDO) (HI 0.131), and India (HI 0.097). Even more diversified are partners such as the Swiss Agency for Development and Cooperation (SDC) (HI 0.090), the EU (HI 0.073), ADB (HI 0.067), and the U.S. Agency for International Development (USAID) (HI 0.055). The remaining 16 DPs have an HI index of less than 0.05. Lower HIs 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 monitoring and review 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 2021/22- FY 2022/23

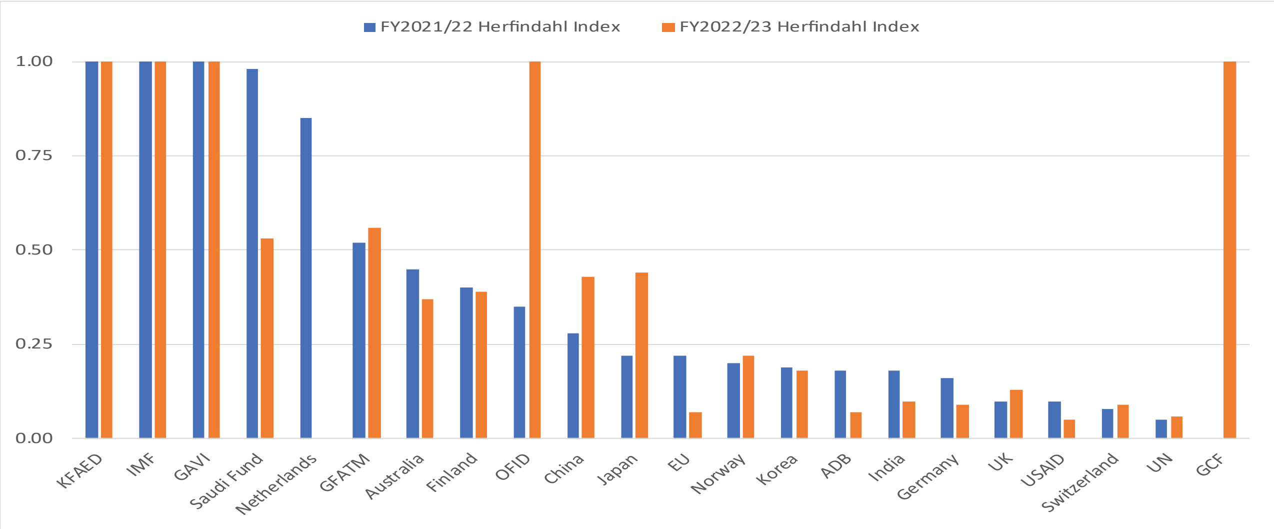


Figure 7.5 presents a comparison of HI scores by development partner between FY 2021/22 and FY 2022/23 providing insights into shifts in the concentration of aid from different DPs.Some DPs maintained a consistent level of aid concentration over the two fiscal years. The Kuwait Fund for Arab Economic Development (KFAED), International Monetary Fund (IMF), and Global Alliance for Vaccines and Immunisation (GAVI) each recorded an HI of 1.00 in both years, suggesting a continued exclusive engagement with a single ministry or sector.

Several DPs showed an increase in aid concentration, indicated by a rise in their HI scores. The most notable increase was observed for the Green Climate Fund (GCF) whose HI increased from 0.00 to 1.00. OPEC Fund for International Development (OFID) also saw a sharp increase in HI from 0.35 to 1.00. Japan (from 0.22 to 0.44) and China (from 0.28 to 0.43) also showed a significant increase in their value of HI index. Marginal increases were recorded in the HI index of Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM) (from 0.52 to 0.56), Norway (from 0.2 to 0.22), the United Kingdom (UK) (from 0.10 to 0.13), Switzerland (from 0.08 to 0.09) and the United Nations (0.05 to 0.06). This rise could suggest an intensification of specific projects or a strategic focus on certain sectors by these partners. This is a desirable move and is in line with best practice principle of aid effectiveness

Conversely, some DPs exhibited a movement toward broader engagement, as reflected by declining HI values. The Netherlands, which had an HI of 0.85 in FY 2021/22, dropped to 0.00 in FY 2022/23, which was the sharpest decline in HI value among DPs. Other significant declines in HI values were that of the Saudi Fund for Development (SFD) (from 0.98 to .53) and the EU (from 0.22 to 0.07). Moderate declines were seen in HI values of ADB (from 0.18 to 0.07), India (from 0.18 to 0.10), Germany (from 0.16 to 0.09), U.S. Agency for International Development (USAID) (from 0.10 to 0.05) and Australia (from 0.45 to 0.37). Only marginal declines were observed in the HI index of Korea (from 0.19 to 0.18) and Finland (from 0.40 to 0.39). This trend obviously is not desirable as it is contrary to the notion of focused and less fragmented ODA to ensure better value for money.

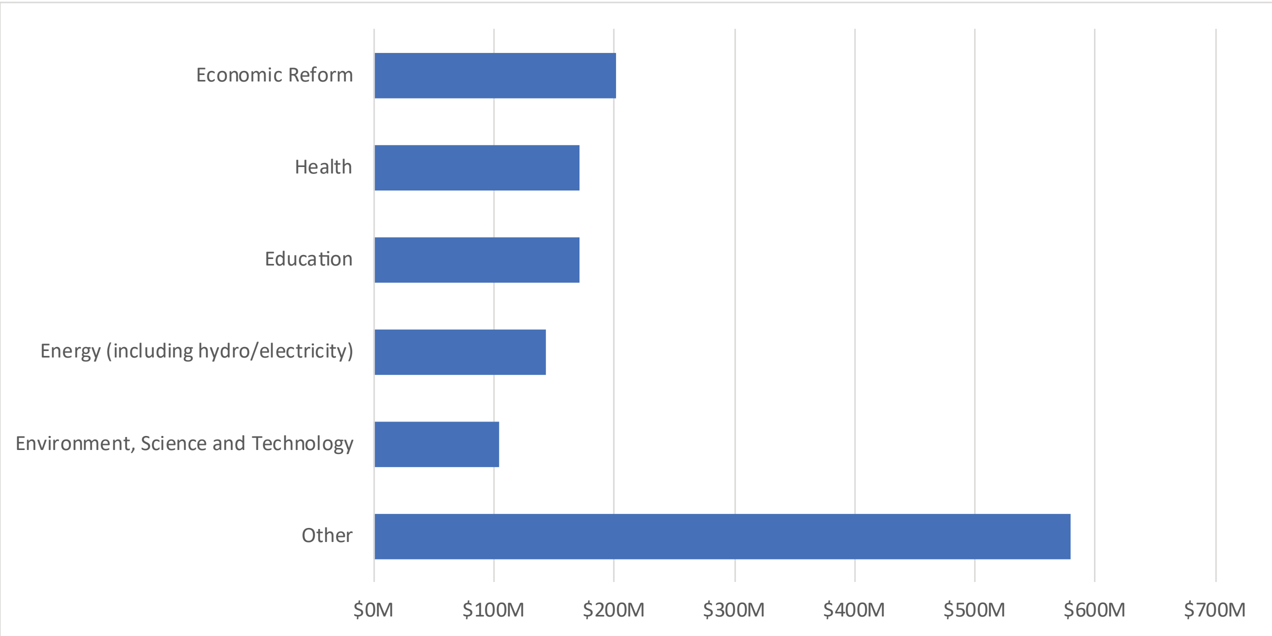
8

CHAPTER

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.

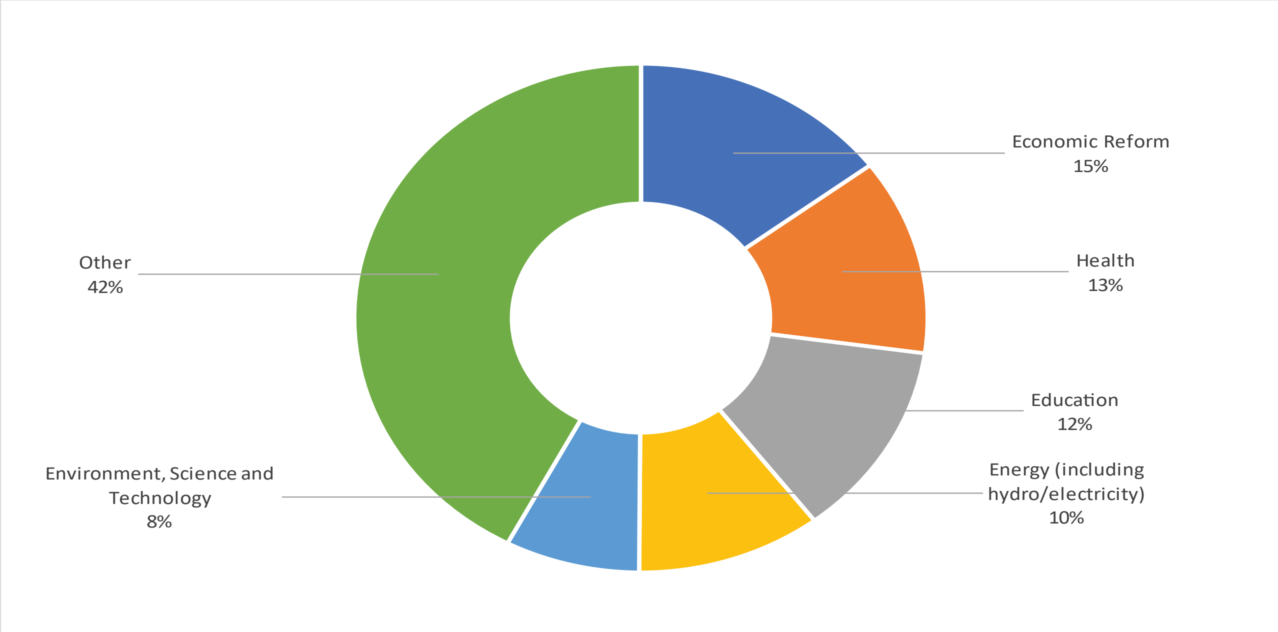
FIGURE 8.1 ODA Disbursements by Top 5 Sectors, FY 2022/23



In FY 2022/23, top 5 sectors receiving the highest disbursement were economic reform (USD 202.1 million), health (USD 171.1 million), energy (USD 143.2 million), environment, science and technology (USD 104.3 million).

Meanwhile, other various sectors collectively labelled as 'Other' amount to a significant USD 579.8 million suggesting a diverse, multi-sectoral approach.

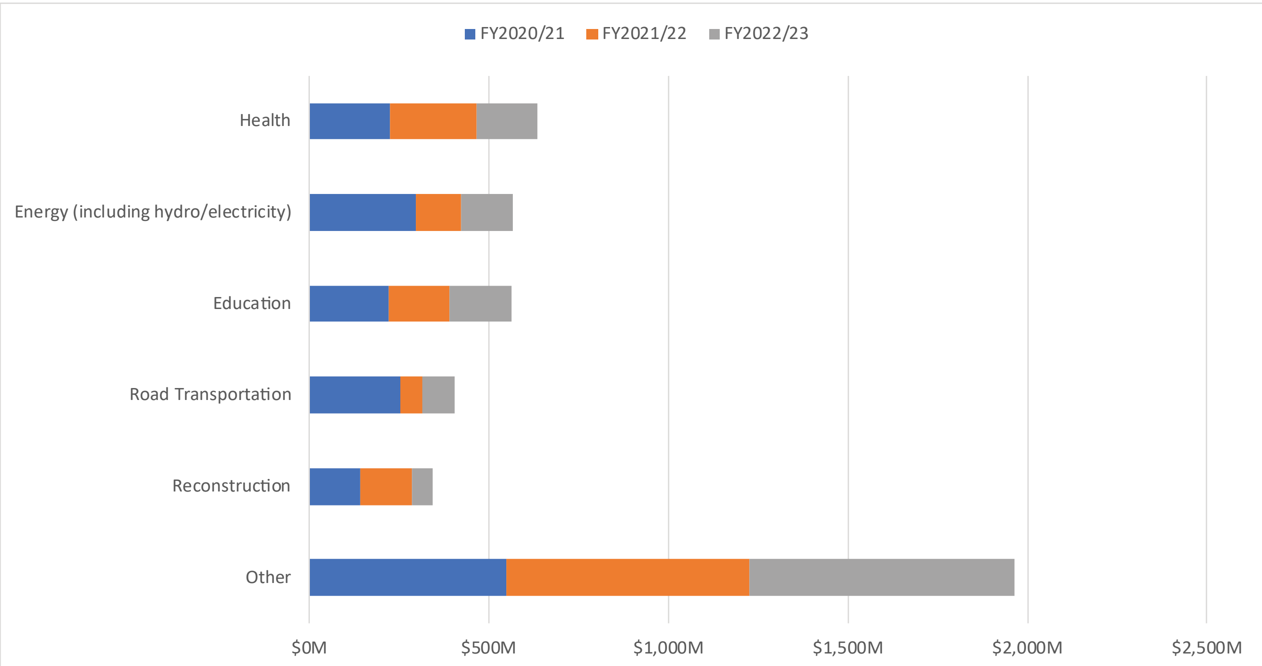
FIGURE 8.2 ODA Disbursements by Top 5 Sectors (%), FY 2022/23



In FY 2022/23, the ODA to Nepal was concentrated primarily in five sectors, as visualized in figure 8.2. Economic Reform received the largest share among the top five sectors, at 14.7 percent followed by health with 12.5 percent, education with 12.4 percent, energy (including hydro/ electricity) with 10.4 percent, and environment, Science and Technology with 7.6 percent.

However, a significant 42.3 percent of the disbursements fell under the "Other" category including diverse sectors such as transportation, agriculture, reconstruction, drinking water, urban development, etc suggesting that while some sectors attract targeted investments, aid is also widely distributed across multiple smaller sectors.

FIGURE 8.3. ODA Disbursements by Top 10 Sectors, FY 2019/20 - 2022/23



A thorough overview of ODA disbursements for the top five sectors across three fiscal years from 2020/21 to 2022/23, is shown in Figure 8.3, which displays the sectors in descending order on the basis of the sum of 3 fiscal years' disbursement.

The Health sector consistently attracted high levels of funding, with disbursements peaking at USD 241.5 million in FY 2021/22, followed by a decline to USD 171.1 million in FY 2022/23. This reflects gradual adjustment in aid flows after COVID crisis.

The Energy sector received the highest funding in FY 2020/21 at USD 297.4 million. However, allocations dropped sharply to USD 126.4 million in FY 2021/22, with a modest rise to USD 143.2 million in FY 2022/23.

Education experienced a relatively steady decline over the period, from USD 218.9 million in FY 2020/21 to USD 170.6 million in FY 2022/23.

Road Transportation witnessed a sharp decline from USD 253.2 million in FY 2020/21 to USD 62.2 million in FY 2021/22 followed by a moderate rise to USD 87.9 million in FY2022/23.

Reconstruction support remained stable at around USD 142.7 million in both FY2020/21 and FY2021/22 but decreased significantly to USD 58.3 million in FY2022/23. Remaining sectors other than top 5 sectors are included into the "Other" category.

FIGURE 8.4. ODA Disbursement to Top 5 Sectors (FY 2022/23) across the Decade of FY 2013/14 - 2022/23

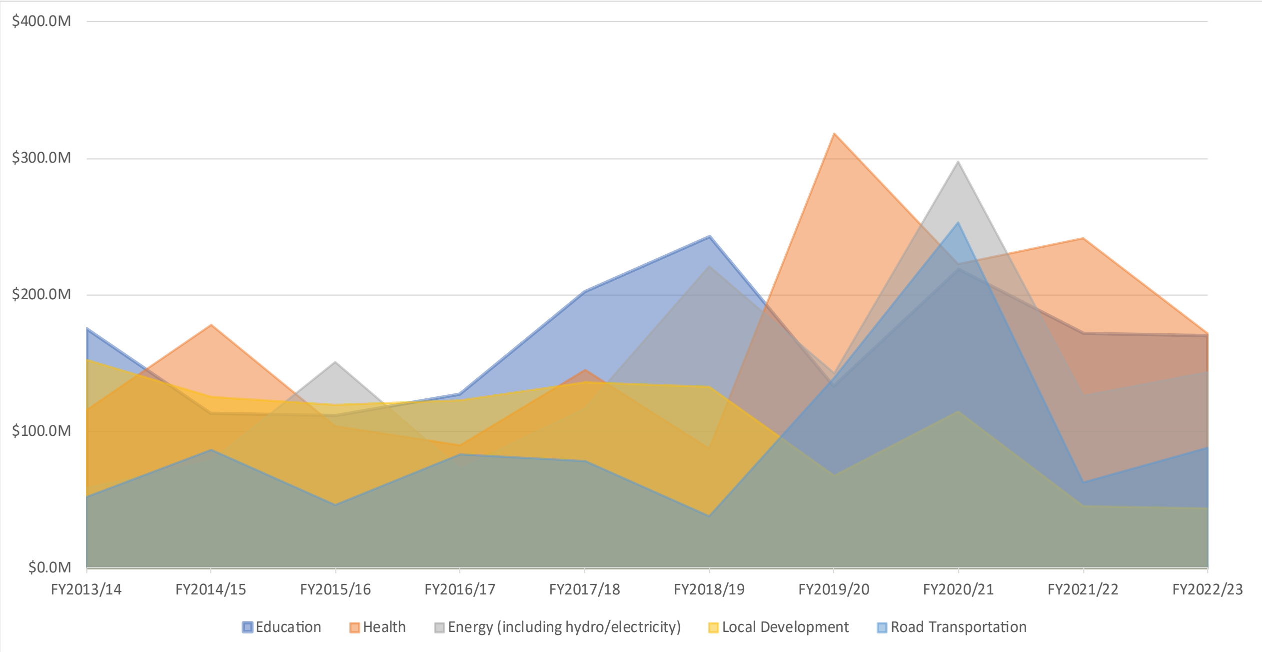


Figure 8.4 illustrates the trend of ODA disbursements over a decade, from FY2013/14 to FY2022/23, across the five sectors receiving highest disbursement in FY 2022/23 (Health, Education, Energy, Environment, and Economic Reform.

This shows consistency of disbursement. Over the decade, education and health remained the most consistently prioritized sectors. Education received its highest disbursement in FY2018/19 at USD 242.4 million, followed by another major peak in FY2020/21 (USD 218.9 million). However, its funding declined gradually to USD 170.6 million by FY2022/23.

Similarly, health experienced substantial fluctuations, with a sharp increase during FY2019/20 (USD 318.4 million), driven largely by the COVID-19 pandemic standing at USD 171.1 million in FY2022/23.

The energy sector showed notable growth between FY 2016/17 and FY 2020/21, peaking at USD 297.4 million in FY 2020/21. This was followed by a sharp drop to USD 126.4 million in FY 2021/22, though it rebounded modestly to USD 143.2 million in FY 2022/23.

The Economic Reform sector showed highly variable disbursement patterns, peaking in FY 2017/18 at USD 210.7 million after years of moderate funding. However, unlike other infrastructure sectors, it saw a sharp decline in the subsequent years, falling to USD 6.2 million in FY 2020/21 and rising sharply to USD 202.1 million in FY 2022/23 registering as the top disbursing sector in that FY. Sharp fall and sharp rise in this sector was largely attributed to single tranche disbursement of policy credit in the form of budgetary support modality.

The Environment, Science and Technology sector appears not much prioritized over the decade except a small peak in FY 2015/16 (USD 54.1 million) and largest peak in FY 2022/23 (USD 104.2 million), indicating the need to heightened advocacy to spend in this crosscutting sector.

Overall, the chart demonstrates shifts in donor priorities over the decade. While education and health remained major focuses, there was a surge in the economic reform sector, particularly in the aftermath of the earthquake and COVID-19 pandemic, around FY 2017/18 and 2022/23.

FIGURE 8.5. Cumulative ODA Disbursement by Top 5 Sectors, FY 2013/14 - 2022/23

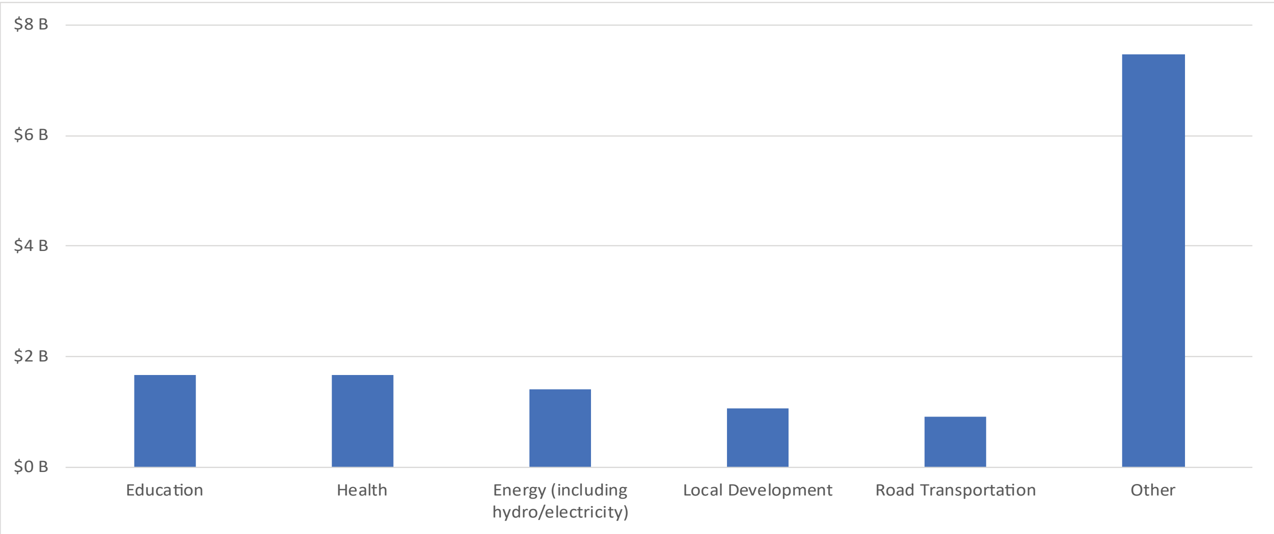


Figure 8.5 highlights the cumulative ODA disbursement over the 10-year period from FY2013/14 to FY2022/23, showcasing the five sectors that received the highest total funding. Health emerged as the highest-funded sector over the decade, receiving a total of USD 1.67 billion, narrowly surpassing Education, which followed closely at USD 1.67 billion as well. Energy (including hydro and electricity) was the third highest, receiving over USD 1.4 billion. Local Development and Road Transportation received cumulative disbursements of approximately USD 1.06 billion and USD 926 million. The "Other" category, comprising all other sectors not in the top five, cumulatively accounted for over USD 1.9 billion, highlighting the breadth of aid distribution beyond core sectors.

These figures suggest a broadly balanced distribution of aid among health, education, and energy, with intermittent focus on infrastructure and local governance. Health and education emerging as the top sectors with almost equal contributions indicate consistent long-term donor commitment to foundational human development goals.

FIGURE 8.6. ODA Disbursement by Top 5 Sectors, Year-on-Year % Change, FY 2013/14 - 2022/23

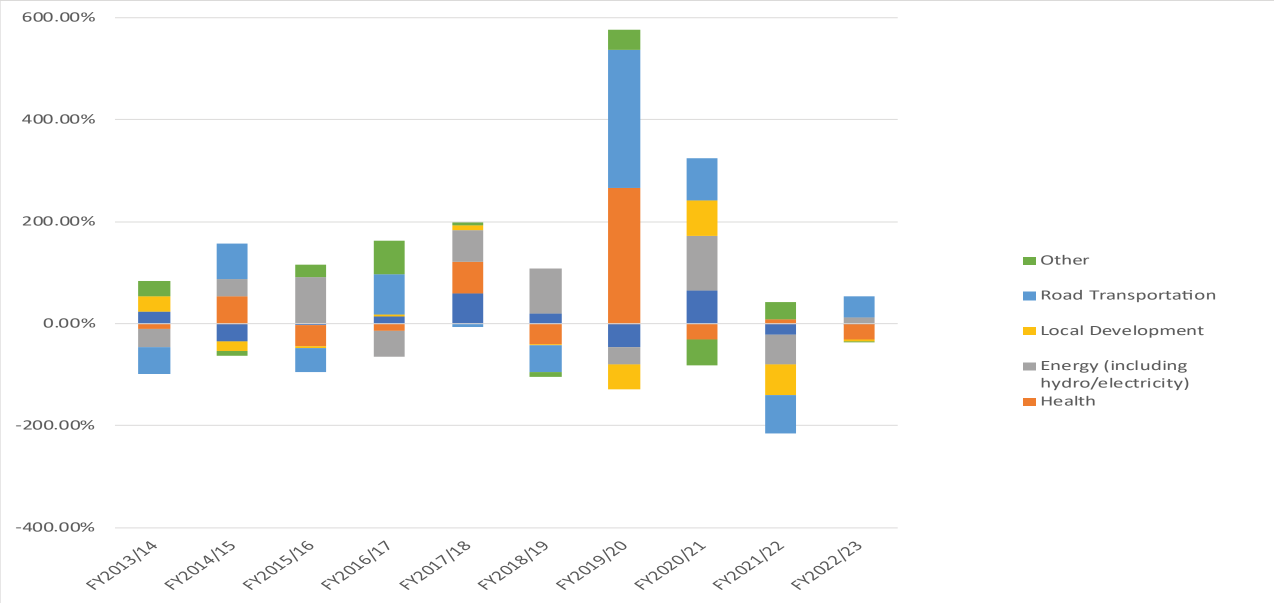


Figure 8.6 illustrates the annual percentage change in ODA disbursement for the top five sectors. The changes reflect both sectoral shifts in donor priorities and responses to external shocks such as natural disasters and the COVID-19 pandemic.

The education sector fluctuated moderately over the decade with notable declines in FY 2014/15 (-35.1 percent) and FY 2019/20 (-45.0 percent). The sector rebounded strongly in FY 2020/21 with a 64.2 percent increase, but slightly declined again in the final years. Overall trend suggests volatile but recurring donor interest.

Health experienced extreme variations, most prominently a 265.8 percent surge in FY 2019/20 during the COVID-19 outbreak, followed by a 30 percent decline in FY 2020/21 and a moderate 8.4 percent increase in FY 2021/22. It then dropped again by 29.2 percent in FY2022/23.

The energy sector was highly volatile, with massive gains in FY 2015/16 (91.7 percent) and FY 2018/19 (89.0 percent), reflecting funding for large-scale infrastructure projects. However, the sector also faced sharp declines in multiple years, especially -57.5 percent in FY 2021/22.

The local development sector showed relatively stable year-on-year changes, with moderate growth and decline. Notable drops in FY 2019/20 (-49.1 percent) and FY2021/22 (-60.5 percent).

ODA towards road transportation showed extreme volatility, with drastic dips and surges, including a sharp 270.8% spike in FY2019/20 and a dramatic -75.4% decline in FY2021/22, possibly due to this sector being particularly project-dependent and responsive to specific infrastructure investments.

The other category, which encompasses all remaining sectors, also demonstrated irregular trends, with significant rises and falls indicating shifting donor interest in diverse, less consistently funded areas. Overall, Figure 8.6 underscores the dynamic nature of ODA allocation, with funding responding sharply to crises, project demands, and policy shifts

TABLE 1. Comparative Ranking of Top 5 Sectors for FY 2012/13 - 2022/23

Top 5 Sectors FY 2022/23	Top 5 Sectors FY 2020/21 - 2022/23	Top 5 Sectors FY 2013/14 - 2022/23
• Economic Reform • Health • Education • Energy • Environment, Science and Technology	• Health • Energy • Education • Road Transportation • Reconstruction	• Health • Education • Energy • Local Development • Reconstruction

Table 2 provides a comparative overview of the top five sectors receiving ODA over different timeframes: the current year (FY 2022/23), the recent three-year period (FY 2020/21 to 2022/23), and the cumulative period from FY 2013/14 to 2022/23.

In FY 2022/23, economic reform emerged as a major recipient for the first time, accompanied by health, education, energy, and environment, science and technology. Over the past three fiscal years, health, energy, education, road transportation, and reconstruction dominated ODA allocations, reflecting a period marked by pandemic response, infrastructure investments, and continued post-disaster rebuilding. When viewed across the entire decade, health, education, and energy remain consistently high-priority sectors, joined by local development and reconstruction. This shifting composition of top sectors over time illustrates shifts in development priorities in response to emerging challenges, government needs, and global contexts.

FIGURE 8.7. ODA Disbursements to Top 5 Sectors by Aid Modality, FY 2022/23

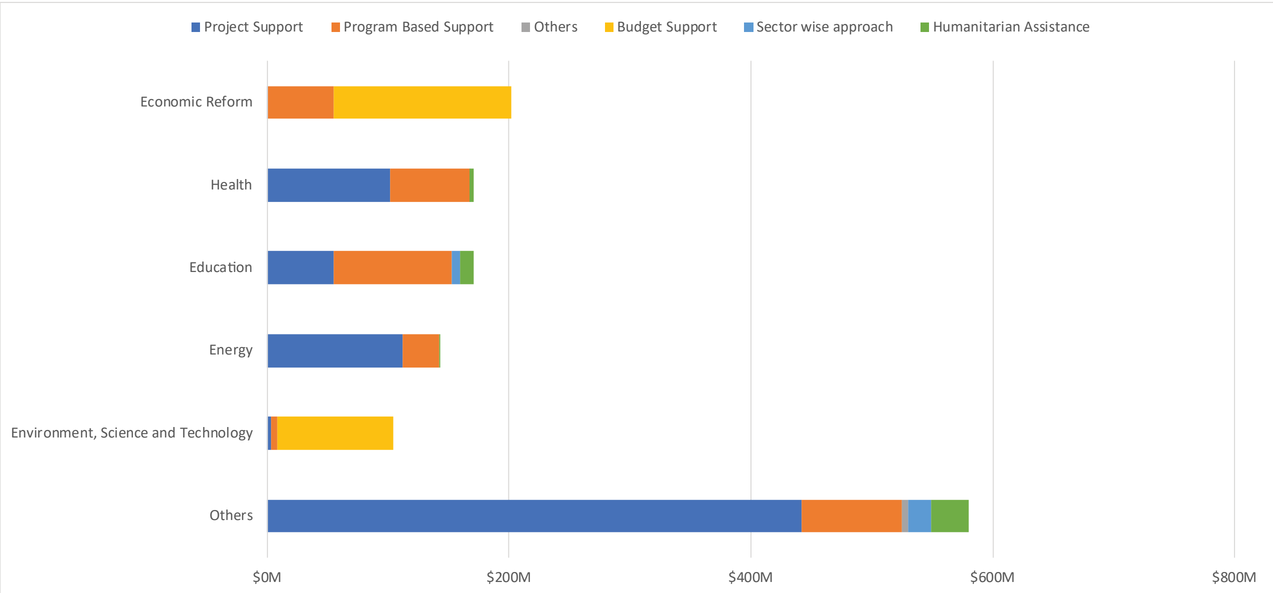


Figure 8.7 illustrates the distribution of ODA disbursements to the top five sectors in FY 2022/23 by aid modality, highlighting the varied mechanisms through which development assistance was delivered.

Project support remained the dominant modality across energy (USD 112.1 million), health (USD 102 million) and education (USD 55.1 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 the Education (USD

97.5 million), Health (USD 65.1 million), Economic Reform (USD 54.6 million) and Energy (USD 29.8 million). This reflects development partners' growing emphasis on broader, coordinated frameworks that align with national sector strategies. Education exhibited a more balanced aid structure, with substantial disbursements through program-based support (USD 97.5 million) and project support (USD 55.1 million), and the only sector with ODA disbursed by a sector-wide approach among the top five sectors (USD 7 million). Other than the top five categories, the sector-wide disbursement of ODA amounted to a total of USD 19 million.

Budget support was selectively disbursed with high concentration to two sectors: environment, science and technology (USD 95.6 million) and economic reform (USD 54.6 million). Flow of loans in the form of budgetary support in these areas indicates a desire of DPs to directly support institutional or policy reforms and to enhance their visibility in the wake of global climate financing commitments. However, adequate substantiation may be required for these climate financing claims.

FIGURE 8.8. ODA Disbursements to Top 5 Sectors by Assistance Type, FY 2022/23

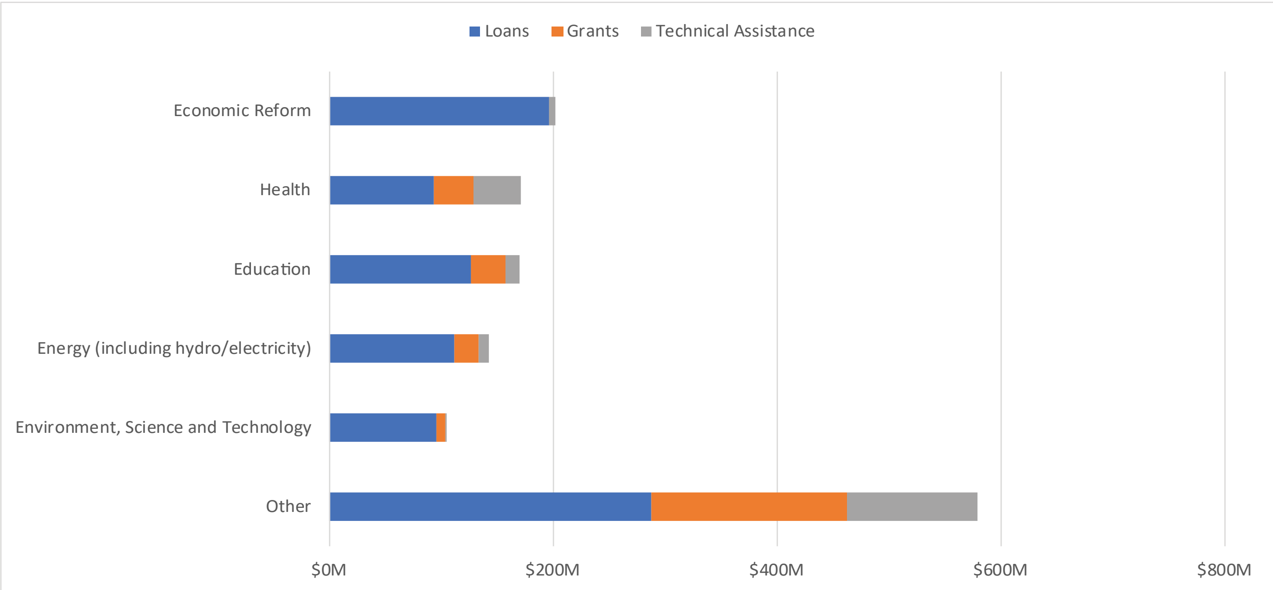


Figure 8.8 reveals the composition of ODA disbursements to the top five sectors based on the type of assistance provided. Loans were the predominant form of aid, constituting the largest share of total disbursements in each sector. Economic Reform received the highest loan-based assistance at USD 196.8 million, followed by Education (USD 126.5 million), Energy (USD 111.4 million), environment, science and technology and health (USD 95.6 million). This underscores development partners' focus on infrastructure and policy reform through concessional loans.

Grants played a complementary role, most significantly in health (USD 35.7 million) and education (USD 30.7 million), reflecting the donors' ongoing commitment to social sectors where concessional financing is critical to ensure equitable access and capacity-building. Energy and environment, science and technology also received moderate levels of grant support, though they remained primarily loan-financed.

A substantial share of Technical Assistance (TA) was channeled to Health (USD 41.7 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 and energy also received notable TA allocations, underscoring evolving focus on systemic reform and technical capacity.

There was no reported in-kind support across the top sectors in FY 2022/23, indicating a clear preference for financial and TA forms over commodity-based assistance. The overall data reflects a growing reliance on loan financing balanced by targeted technical and grant support.

FIGURE 8.9. ODA Disbursements to Top 5 Sectors by Assistance Type (%), FY 2022/23

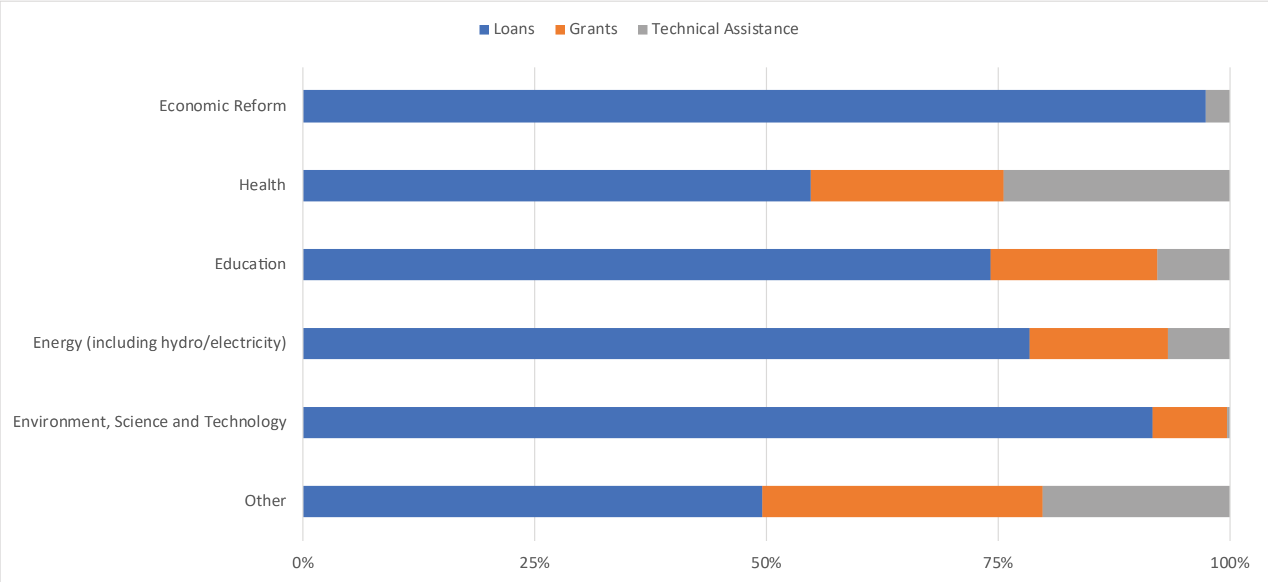


Figure 8.9 highlights the proportional reliance on different types of assistance across the top five sectors. Loans formed the dominant mode of aid in all sectors, with economic reform exhibiting near-total dependency on loans (97.4 percent), followed closely by environment, science and technology (91.7 percent), energy (77.8 percent), and education (74.2 percent).

Conversely, health displayed a more balanced aid profile, with loans accounting for just 54.8 percent, grants 20.9 percent and technical assistance for 24.4 percent of its disbursements. This diverse mix underscores 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 (18.0 percent) and TA (7.8 percent), indicating its need for both capital and advisory inputs.

In-kind support was negligible or non-existent in every field in the figure. The “Other” category showed the most diversified aid structure, with a nearly even distribution among loans (49.6 percent), grants (30.3 percent), and technical assistance (20.2 percent), reflecting a broader range of sectoral engagements outside the top five.

8.1 Economic Reform

ODA disbursements to the economic reform sector remained modest and relatively stable between FY 2013/14 and FY 2016/17, ranging from USD 34.6 million to USD 46.7 million, with no significant fluctuations. A notable spike occurred in FY 2017/18, reaching USD 210.7 million, the highest in the decade of reference. This increase was due mainly to the First Programmatic Fiscal and Public Finance Management Development Policy Credit funded by the World Bank (MoF, DCR 2017/18). However, this was followed by a sharp decline in FY 2018/19 to USD 11.5 million. Disbursements remained low until FY 2020/21, before increasing sharply again in FY 2021/22 (USD 116.7 million) and peaking in FY 2022/23 at USD 202.1 million.

The overall trend of disbursement and use of budget support modality, even by bilateral donors like JICA, indicates intermittent but significant injections of ODA with economic reforms related pre-conditions. It also denotes increasing popularity of budget support modality not only among multilateral but bilateral DPs. Both the budget support and programme support are preferred modalities of Nepal (IDCP 2019). Use of these modalities- budget support (72.6%) and programme support (27%) in FY 2022/23 reflects greater alignment of ODA with government priority and Public Financial Management (PFM) system. As all budgetary support flowed in form of loan, dominance of loan (97.4%) in the Economic Reform sector does not necessarily denote these loans being spent for policy reform alone. Budget support modalities offer substantial freedom to Nepal for allocation across its needy sectors. As mentioned under Environment sector profile, the main reason behind loading Japanese Policy Loan for Economic Growth and Resilience and IMF's Extended Credit Facility (ECF) to 'Economic Reform' sector is the lack of segregated data of disbursement to multiple sectors.

FIGURE 8.10. ODA to Economic Reform, FY 2013/14 - 2022/23

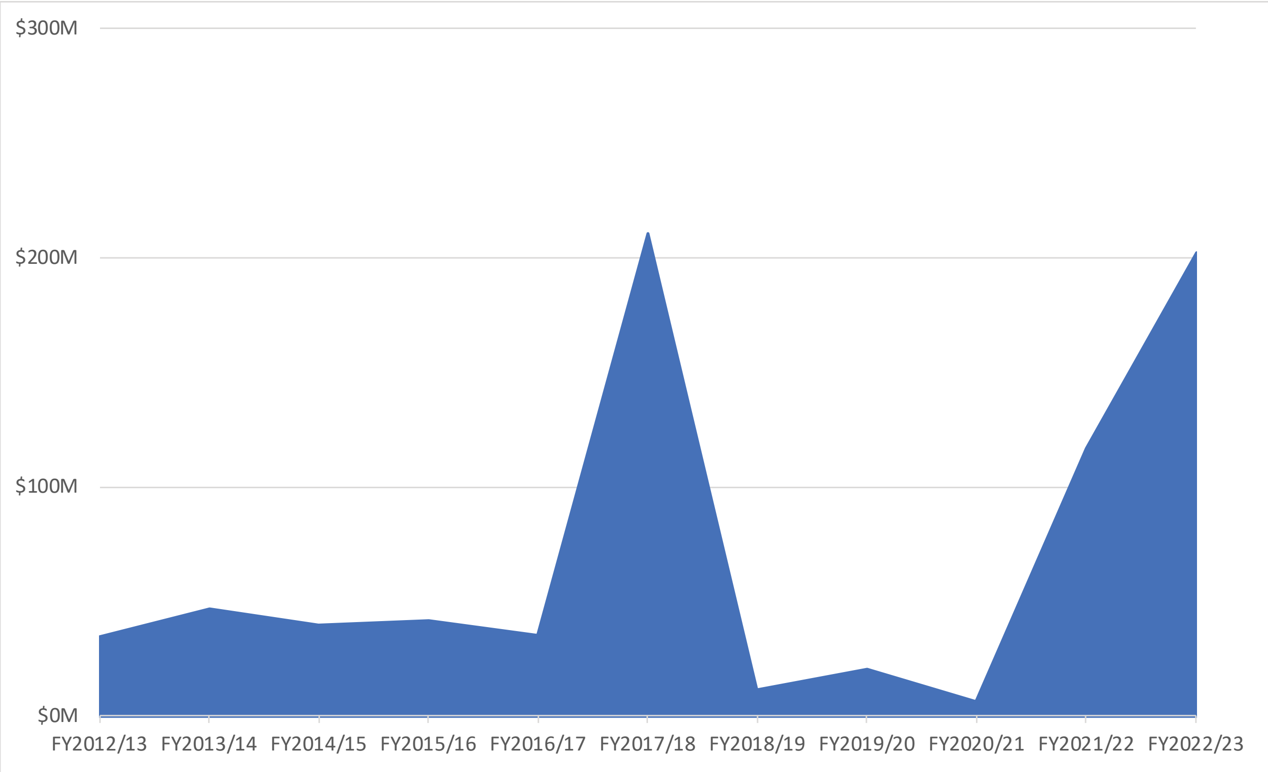


FIGURE 8.11. Total ODA by Development Partners, FY 2022/23

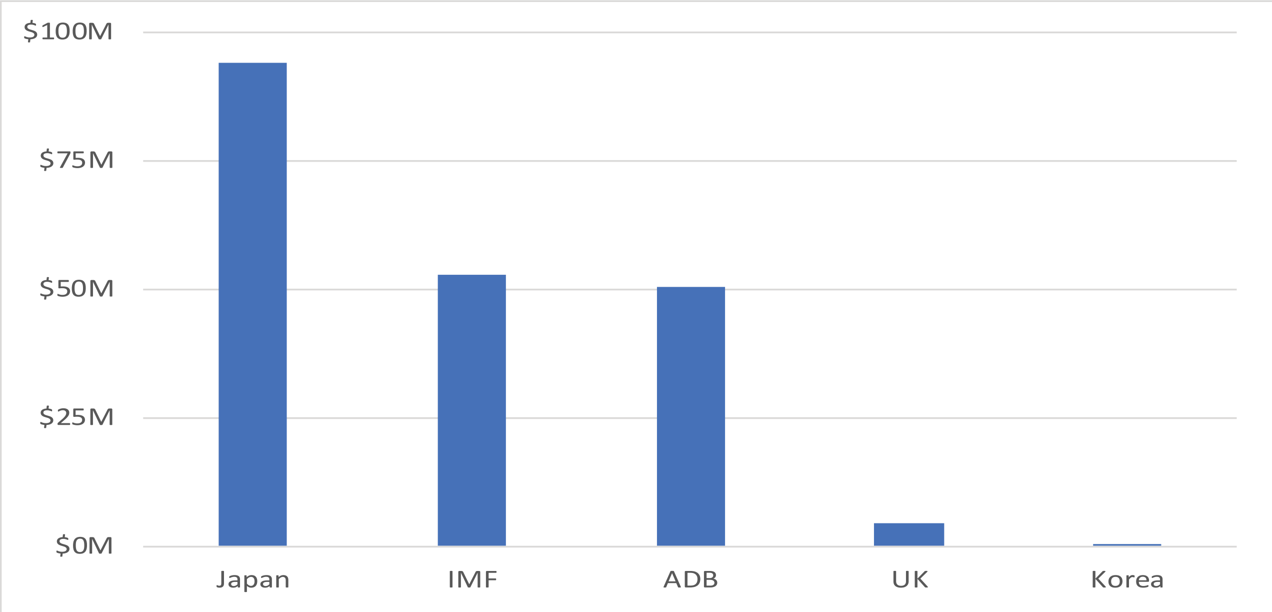


FIGURE 8.12. Aid Modalities of Economic Reform Sector, FY 2022/23

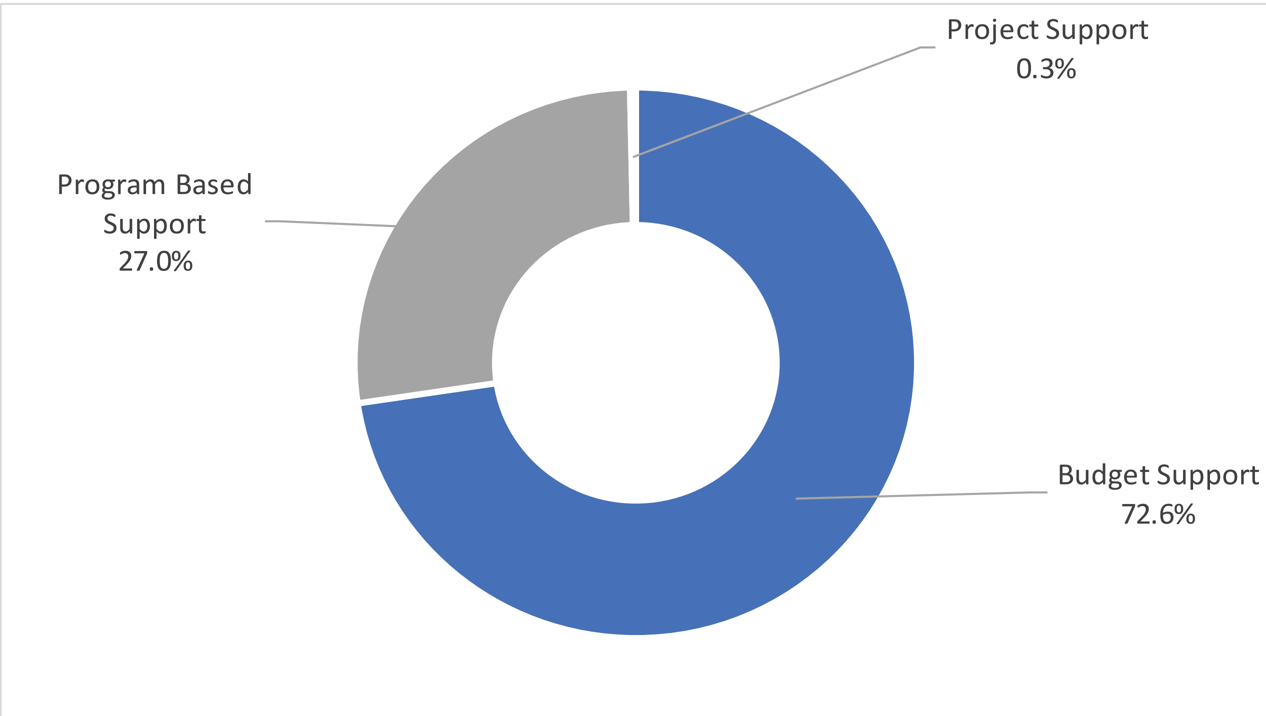


FIGURE 8.13. Type of Aid of Economic Reform Sector, FY 2022/23

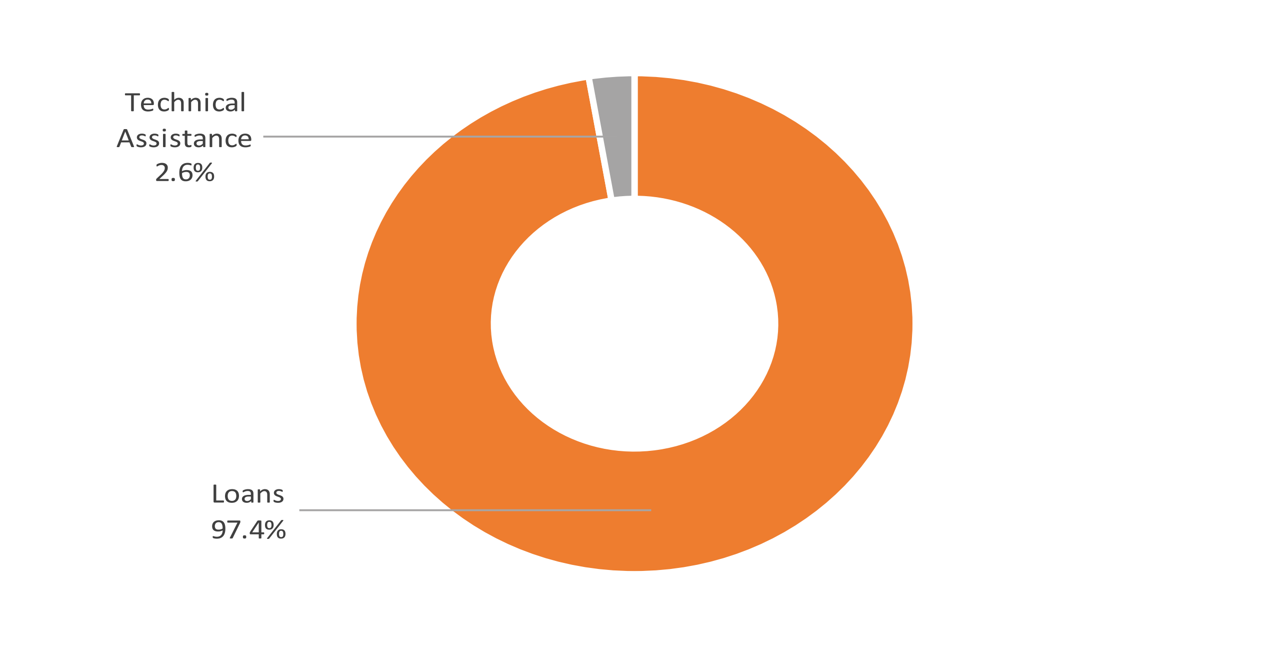


TABLE 2. Top 5 disbursing projects of Economic Reform Sector, FY 2022/23

Project Name	DPs	Disbursement (USD)
Policy Loan for Economic Growth and Resilience	JICA	94,016,801
Extended Credit Facility	IMF	52,800,000
SASEC Customs and Logistics Reforms Program (Subprogram 1)	ADB	50,000,000
Accelerating Investment and Infrastructure in Nepal	FCDO	4,623,983
TA-9800 Portfolio Management and Capacity Development for Enhanced Portfolio Performance	ADB	605,557

8.2 Health

The health sector experienced moderate disbursements during the initial years, ranging from USD 115.7 million to USD 145.3 million between FY 2013/14 and FY 2017/18. A major increase occurred in FY 2019/20, reaching USD 318.4 million, the highest across the decade. Although the figures declined to USD 222.7 million and USD 241.5 million in FY 2020/21 and FY 2021/22, respectively, they remained significantly higher than the earlier period. In FY 2022/23, disbursements fell to USD 171.1 million, marking a 29.2 percent decrease from the previous year. Despite fluctuations, the sector consistently remained among the top recipients of ODA, indicating its critical role in national development priorities.

FIGURE 8.14. ODA to Health, FY 2013/14 - 2022/23

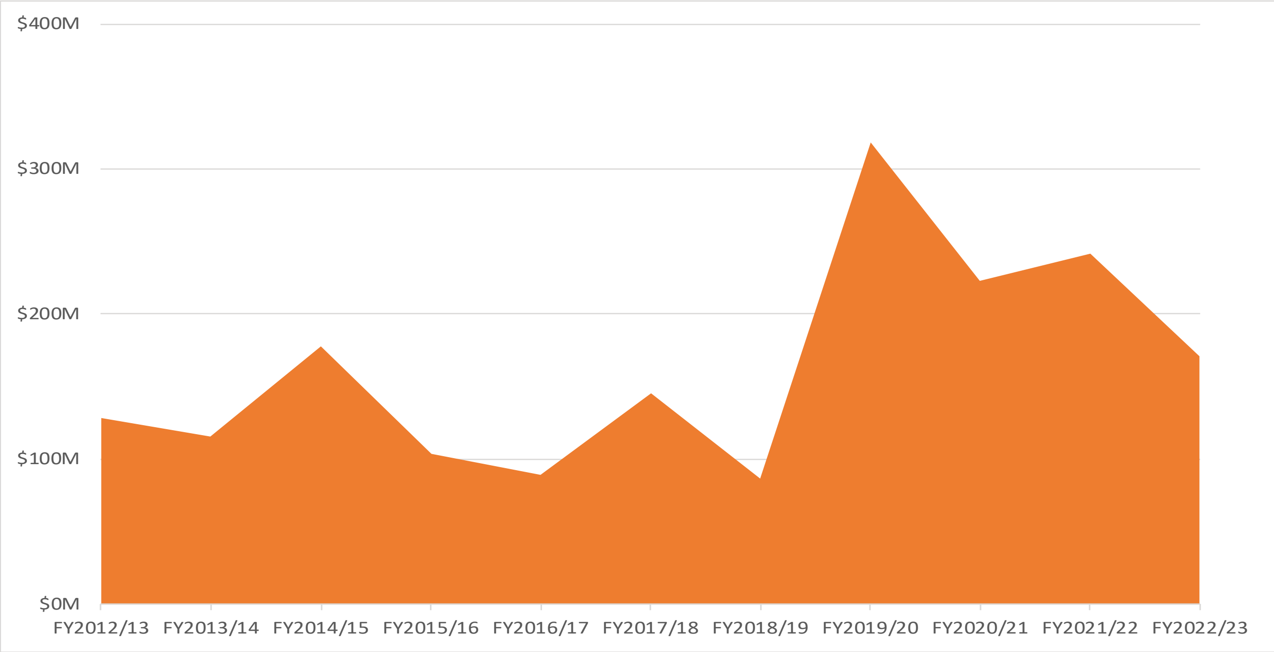


FIGURE 8.15. Total ODA to Health Sector by Development Partners, FY 2022/23

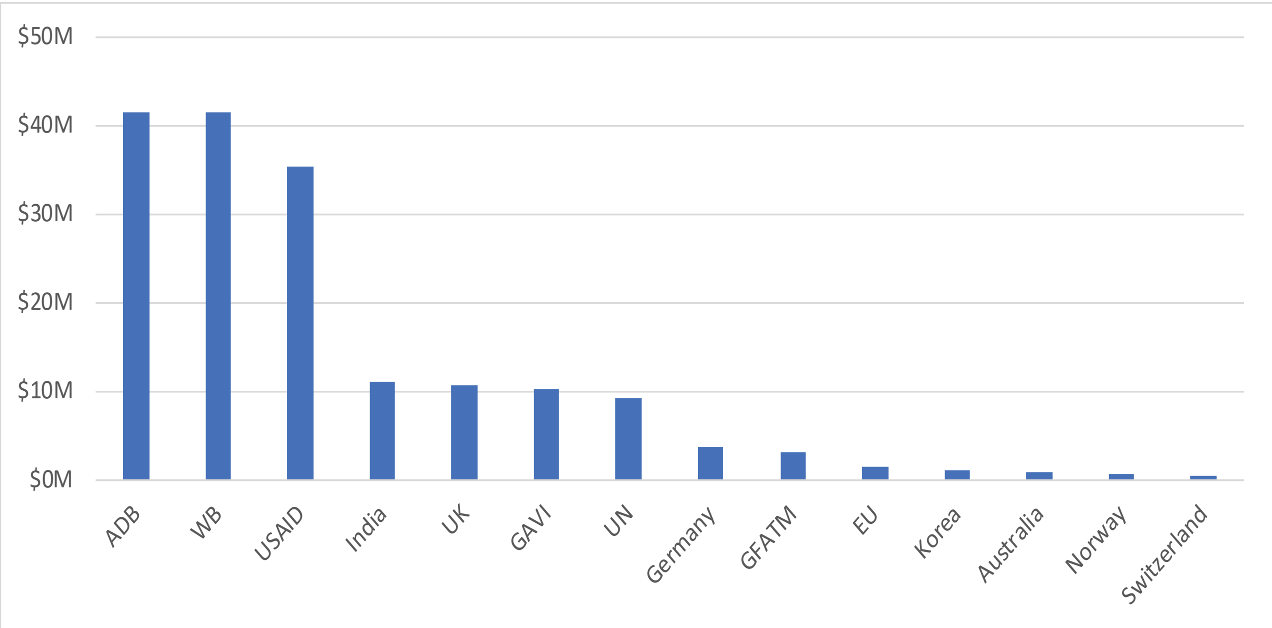


FIGURE 8.16. Aid Modalities of Health Sector, FY 2022/23

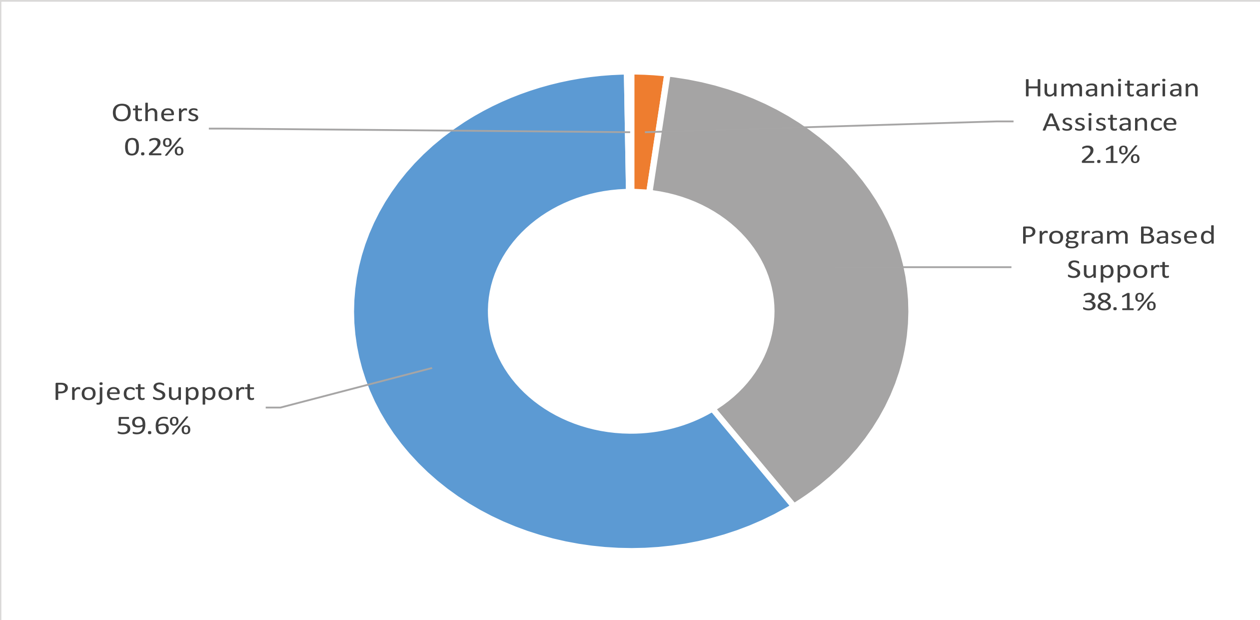


FIGURE 8.17. Type of Aid of Health Sector, FY 2022/23

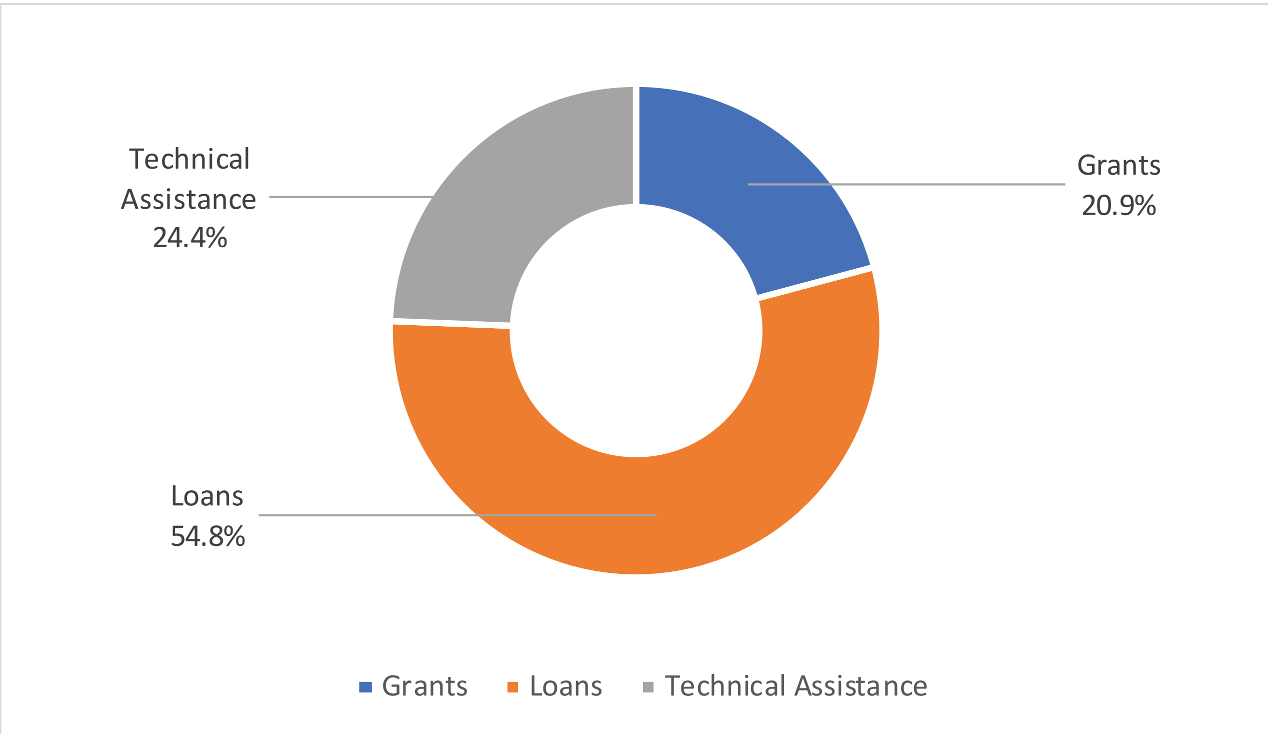


TABLE 3. Top 5 disbursing projects of Health Sector, FY 2022/23

Project Name	DPs	Disbursement (USD)
Nepal Health Sector Management Reform Program for Result	IDA	46,677,692
Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility	ADB	41,524,335
Economic and Development Cooperation	India	14,479,751
Nepal Health Sector Programme Phase III	FCDO	10,641,140
Family Welfare Program	GAVI	10,229,450

8.3 Education

Disbursements to the Education sector showed a fluctuating yet generally downward trend from FY 2013/14 (USD 171.1 million) to FY 2015/16 (USD 111.6 million), with a slight rebound with USD 127.2 million in FY 2016/17. Disbursement peaked with USD 242.4 million in FY 2018/19 then registered a sharp decline to USD 133.3 million in FY 2019/20. However, this was followed by a resurgence in FY 2020/21, reaching USD 218.9 million. The subsequent years saw a gradual decline, with disbursements totaling USD 172.1 million and USD 170.6 million in FY 2021/22 and FY 2022/23, respectively. The overall pattern indicates a strong and sustained focus on education, with fluctuations possibly reflecting shifts in program phases, funding modalities, or DPs priorities in the wake of realignment demand.

FIGURE 8.18. ODA to Education, FY 2012/13 - 2022/23

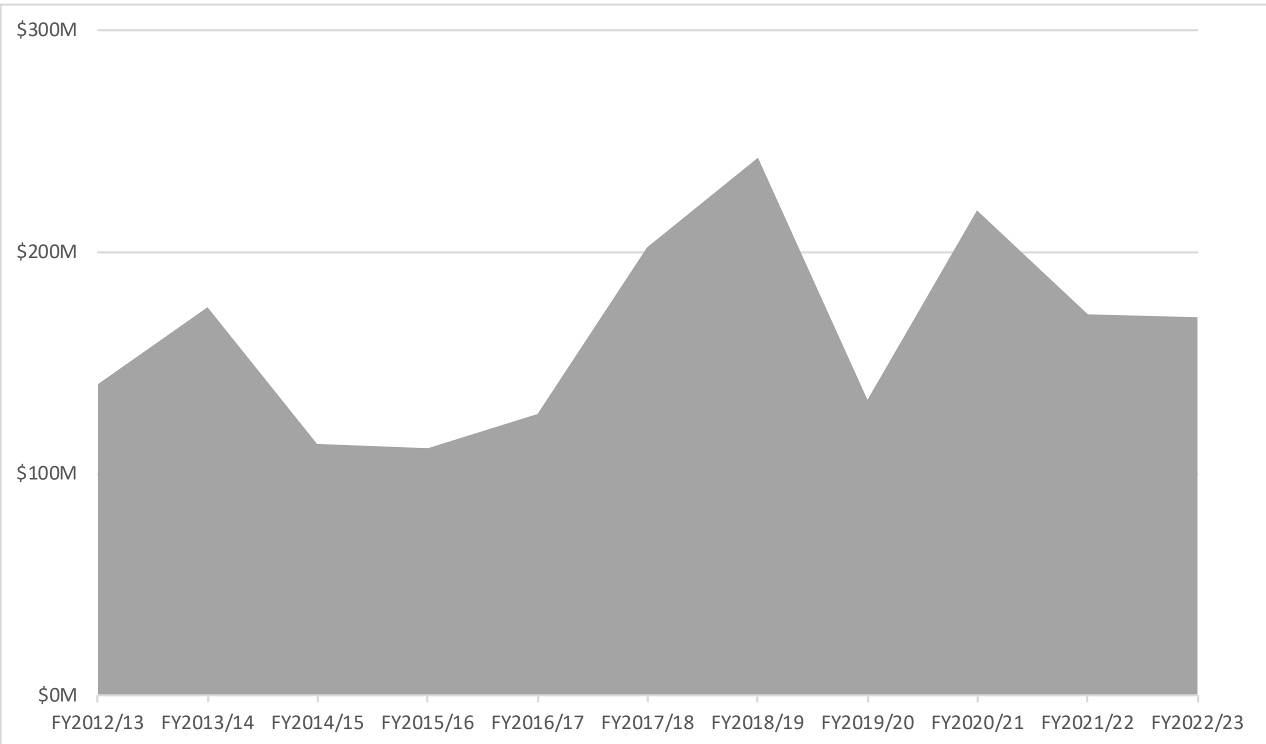


FIGURE 8.19. Total ODA by Development Partners, FY 2022/23

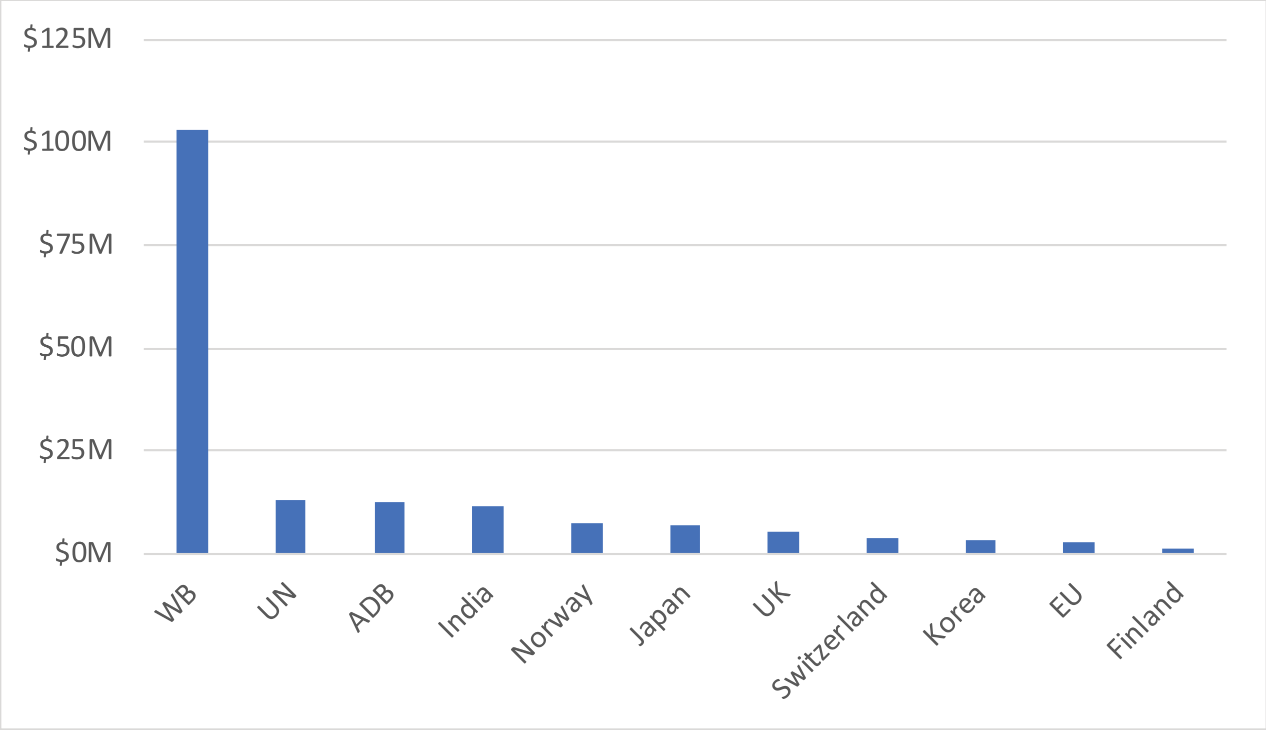


FIGURE 8.20. Aid Modalities: Education Sector, FY 2022/23

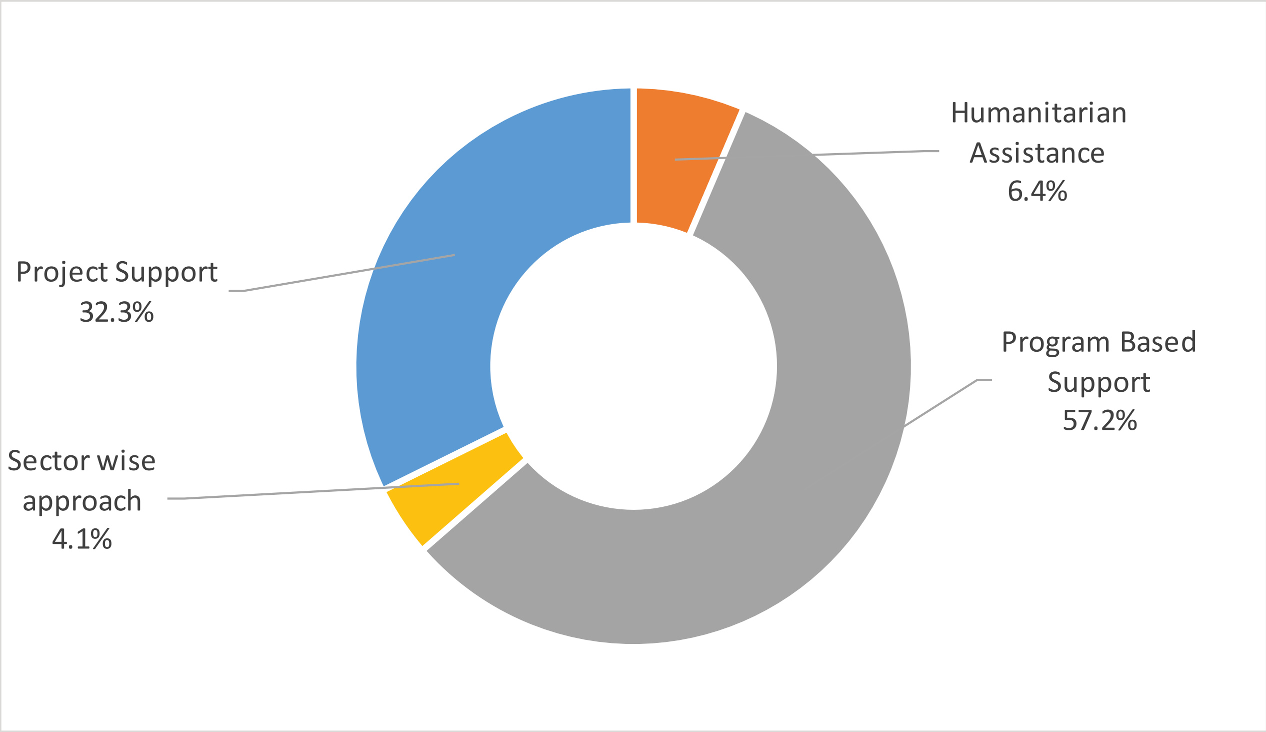


FIGURE 8.21. Type of Aid: Education Sector, FY 2022/23

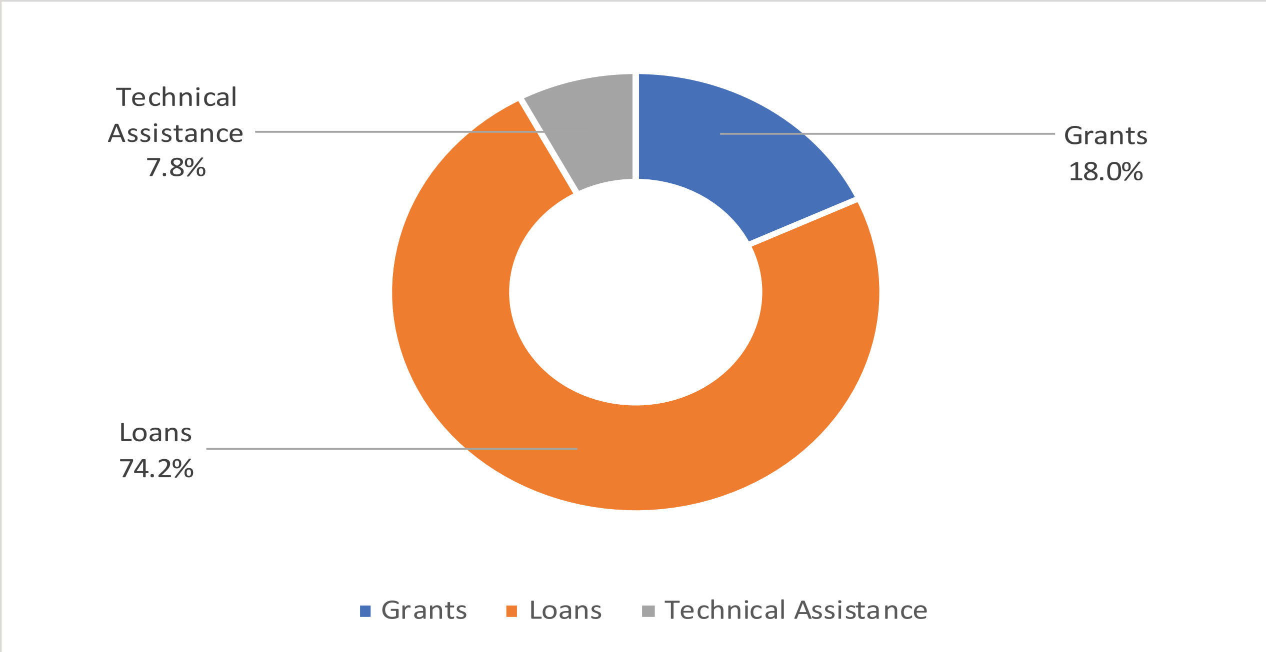


TABLE 4. Top 5 disbursing projects of Education Sector, FY 2022/23

Project Name	DPs	Disbursement (USD)
The School Sector Development Program	IDA, ADB	87,977,803
Economic and Development Cooperation	India	14,479,751
Nurturing Excellence in Higher Education Program	IDA	11,197,969
Enhanced Vocational Education and Training Project II	IDA	10,398,020
Nepal CSP 2019 - 2023: Activity 3 - NP02.02.021.SMP1	WFP	8,667,221

8.4 Energy

The trend of ODA disbursements to the energy sector displayed considerable variability throughout the decade. From as low as USD 58.2 million in FY 2013/14, it surged to USD 150.6 million in FY 2015/16. After a temporary dip in FY 2016/17 (USD 72.2 million), and a few fluctuations thereafter, disbursements rose again, peaking at USD 297.4 million in FY 2020/21, highest within the observed timeframe. The energy sector was also ranked as the top receiver of disbursement in that particular fiscal year (DCR, 2020/21). The following year saw a significant drop to USD 126.4 million, followed by a modest rebound to USD 143.2 million in FY 2022/23. The Asian Development Bank was the dominant DP in the sector in reporting FY with USD 97.7 million, followed by Japan (USD 20.2 million), Norway (USD 8.8 million), Germany (USD 6.5 million), and India, USAID and Saudi Fund with USD 5.3 million, 4.2 million and 0.2 million, respectively.

This sector utilized project support modality (78.3%), followed by programme-based approach (20.8%). Similarly, the assistance type was dominated by loan (77.8%), followed by grants (15.5%) and technical assistance (6.7%).

Frequent fluctuations suggest periodic large-scale energy infrastructure investments, with long project cycles and high capital requirements, while domination of project modality suggests that project support modality works if aligned with the structure, strategy, priority and plan of the government through its undertakings, like NEA in Nepal. This highlights the importance of embedded project support instead of stand-alone type of project support.

FIGURE 8.22. ODA to Energy (including hydro/electricity), FY 2013/14 - 2022/23

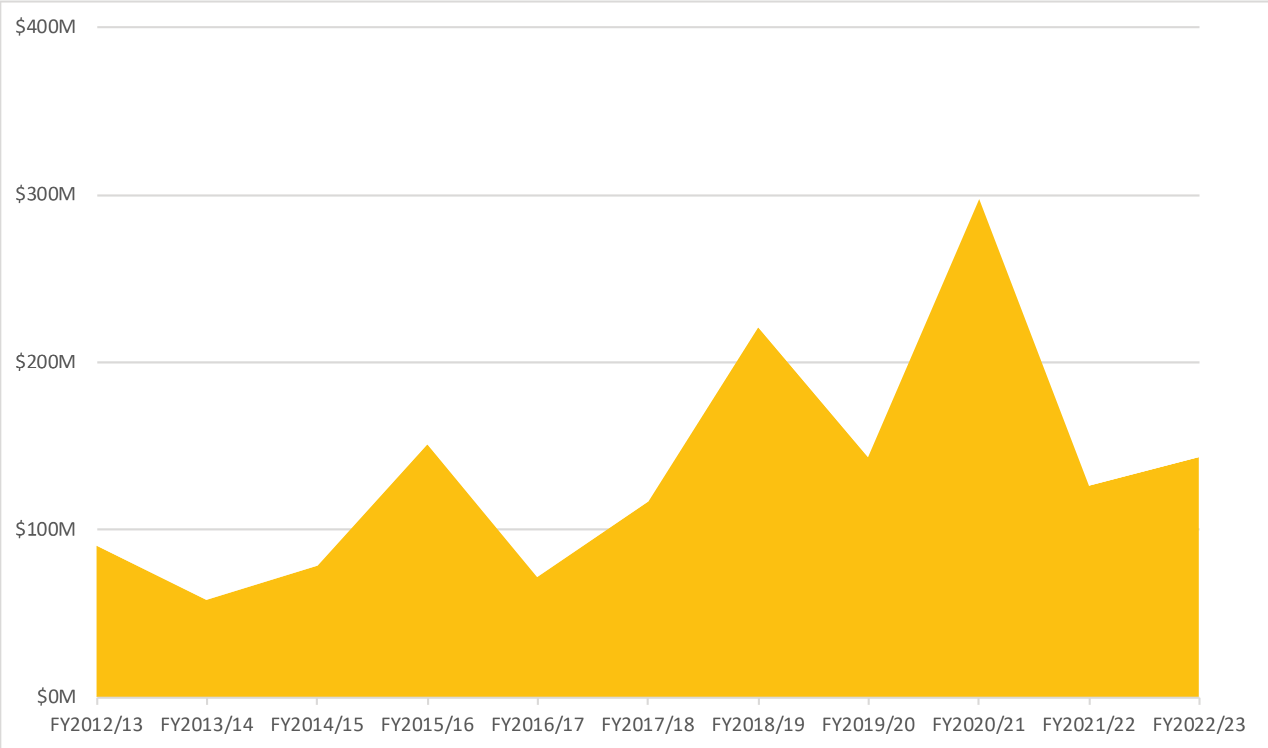


FIGURE 8.23. Total ODA by Development Partners, FY 2022/23

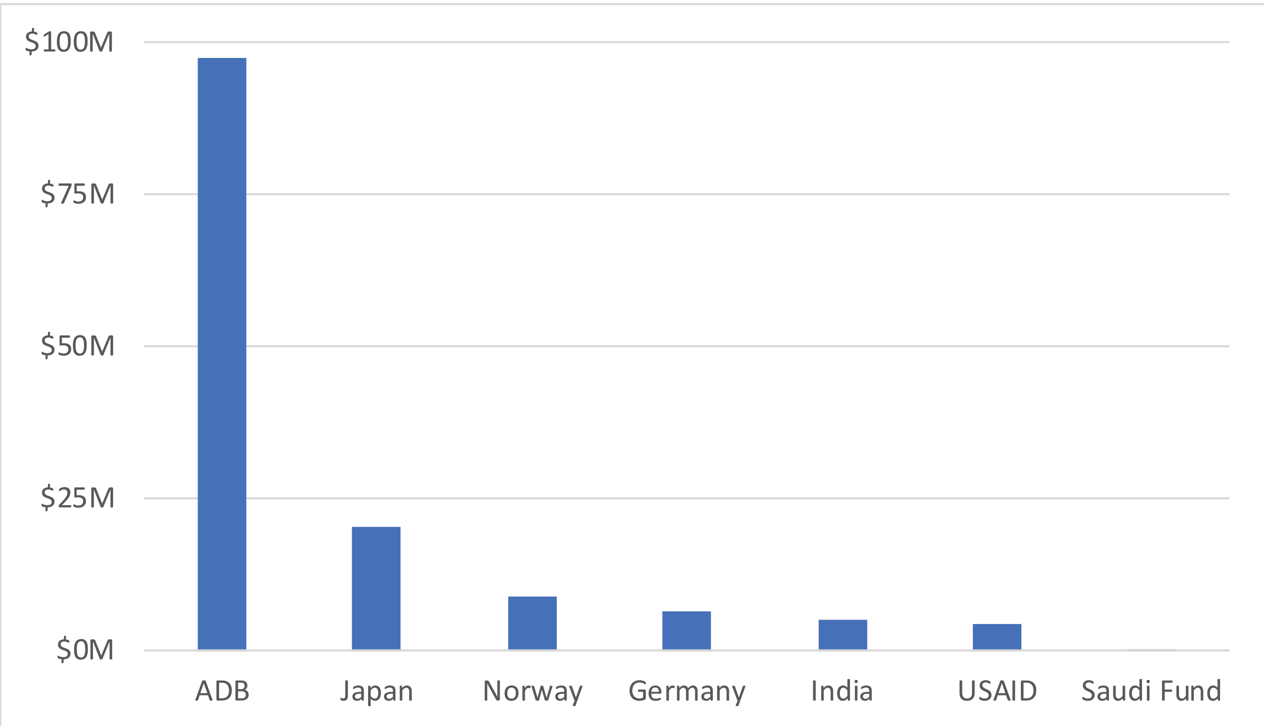


FIGURE 8.24. Aid Modalities of Energy Sector, FY 2022/23

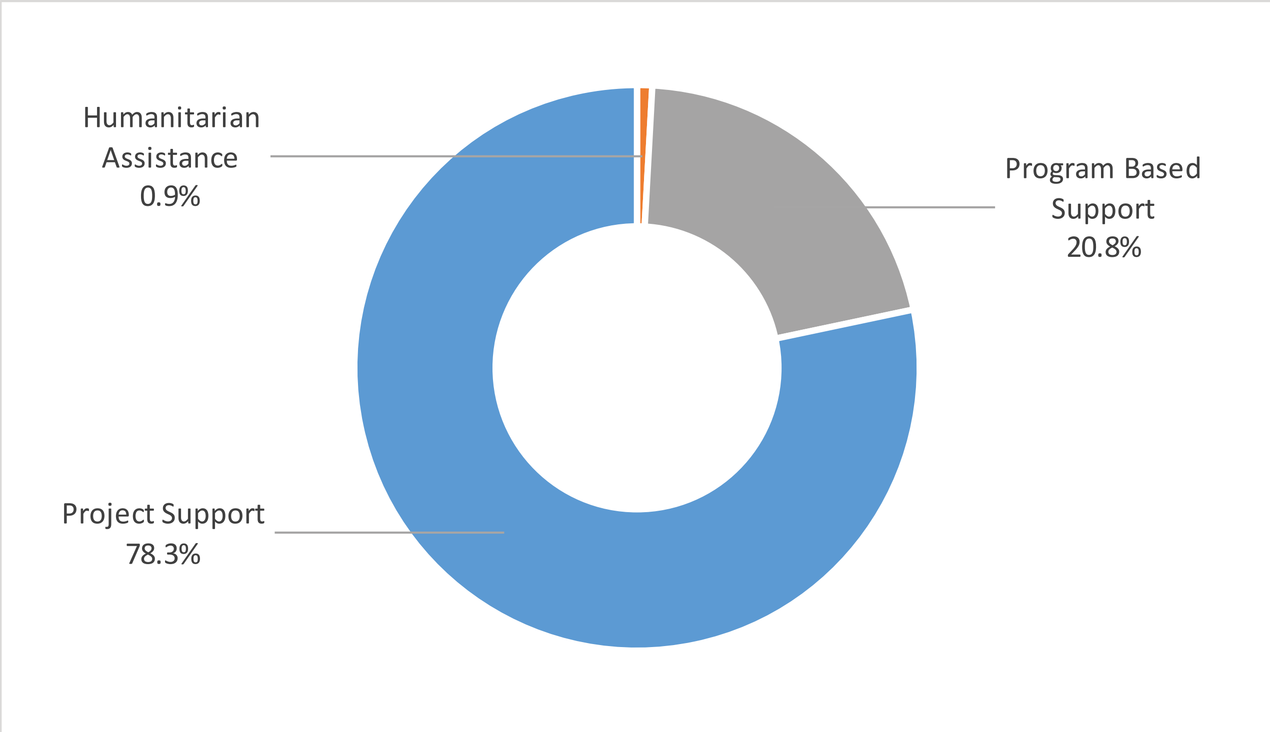


FIGURE 8.25. Type of Aid of Energy Sector, FY 2022/23

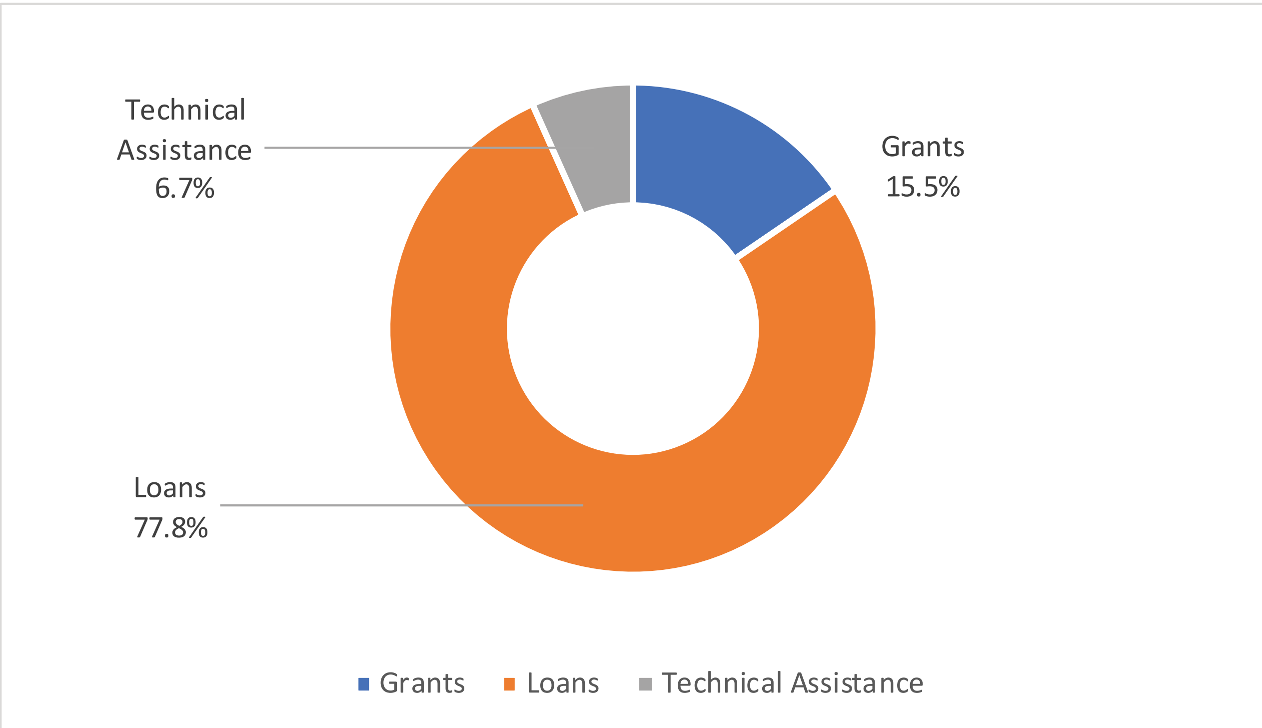


TABLE 5. Top 5 disbursing projects of Energy Sector, FY 2022/23

Project Name	DPs	Disbursement (USD)
Tanahu Hydropower Project	JICA, ADB	34,388,681
SASEC Power Transmission Distribution System Strengthening Project	ADB, Norway	26,551,591
Power Transmission and distribution Efficiency Enhancement Project	ADB	22,535,888
South Asia Sub Regional Economic Cooperation Power System Expansion Project (SASEC)	ADB	14,534,733
Electricity Grid Modernization Project	ADB	9,244,984
Electricity Grid Modernization Project	ADB	9,244,984

8.5 Environment, Science and Technology

From FY 2012/13 to FY 2018/19, disbursements in the Environment, Science and Technology sector remained relatively low, ranging between USD 14.2 million and USD 54.2 million, with a notable peak in FY 2015/16 (USD 54.2 million). The funding dropped to USD 10.9 million in FY 2019/20 and stabilised around the same level in FY 2021/22 after a small increase in FY 2020/21. However, FY 2022/23 marked a sharp increase, with disbursements rising to USD 104.3 million, nearly ten times the figure from the previous year. This substantial spike was attributed to the World Bank's First Green , Resilient and Inclusive Programmatic Development Policy Credit to Nepal (GRID-DPC) amounting to USD 95.6 million.

This spike seems to give the impression of heightened focus on environmental priorities of Nepal, which is also the priority for the global community joining hands in collective effort. However, by virtue of being fungible budgetary support, the whole amount of the GRID DPC was not utilized for the cause of environment protection alone, rather it was allocated across the other priority sectors. The highest amount disbursed in this sector through budget support modality (91.7%) was mainly due to this GRID DPC. As its disbursement to multiple sectors are not properly segregated in the AMIS at time of data entry, the whole disbursement amount was found to be loaded to this sector. Crystallising green ODA appears to be a pressing need. For this, new DFMIS may add new features of 'climate finance marking' at activity level to the existing vague relevance-based marking system at project level.

FIGURE 8.26. ODA to Environment, Science and Technology, FY 2013/14 - 2022/23

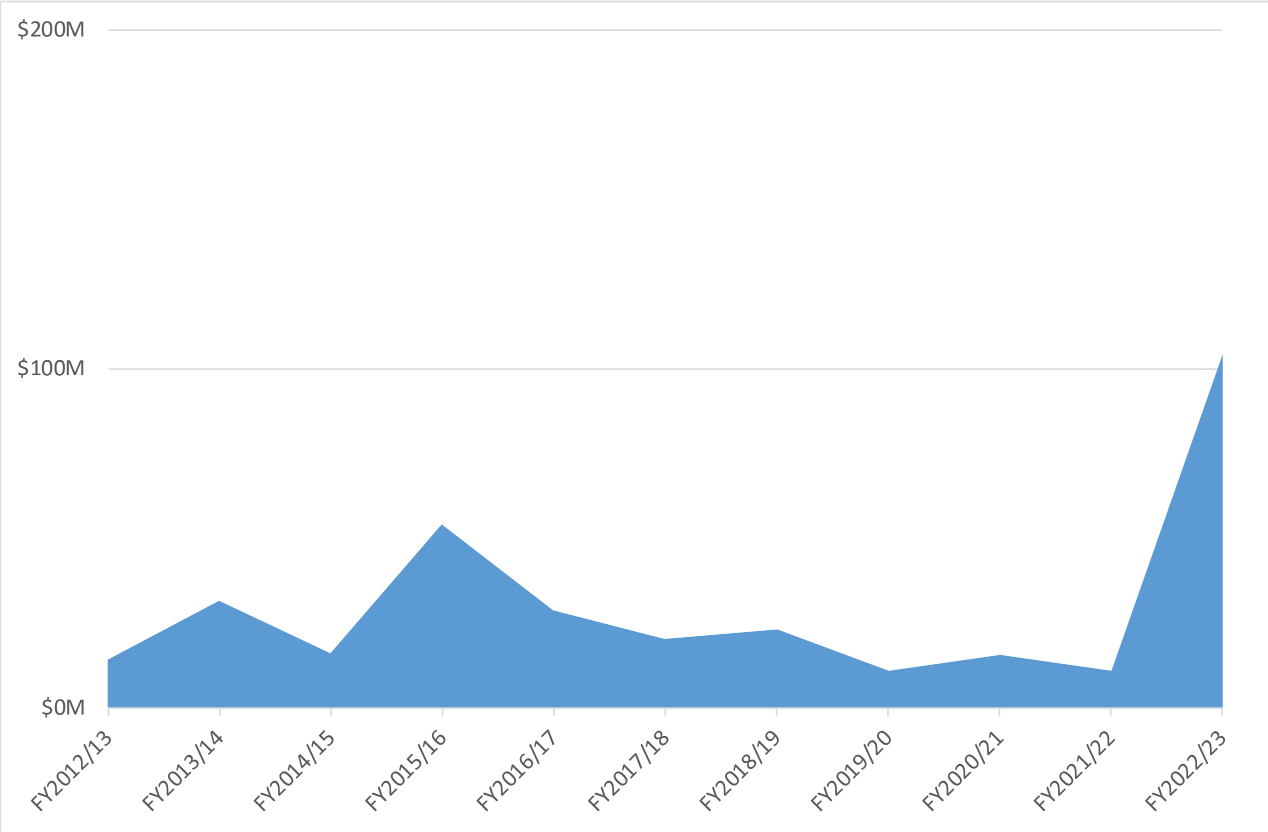


FIGURE 8.27. Total ODA by Development Partners, FY 2022/23

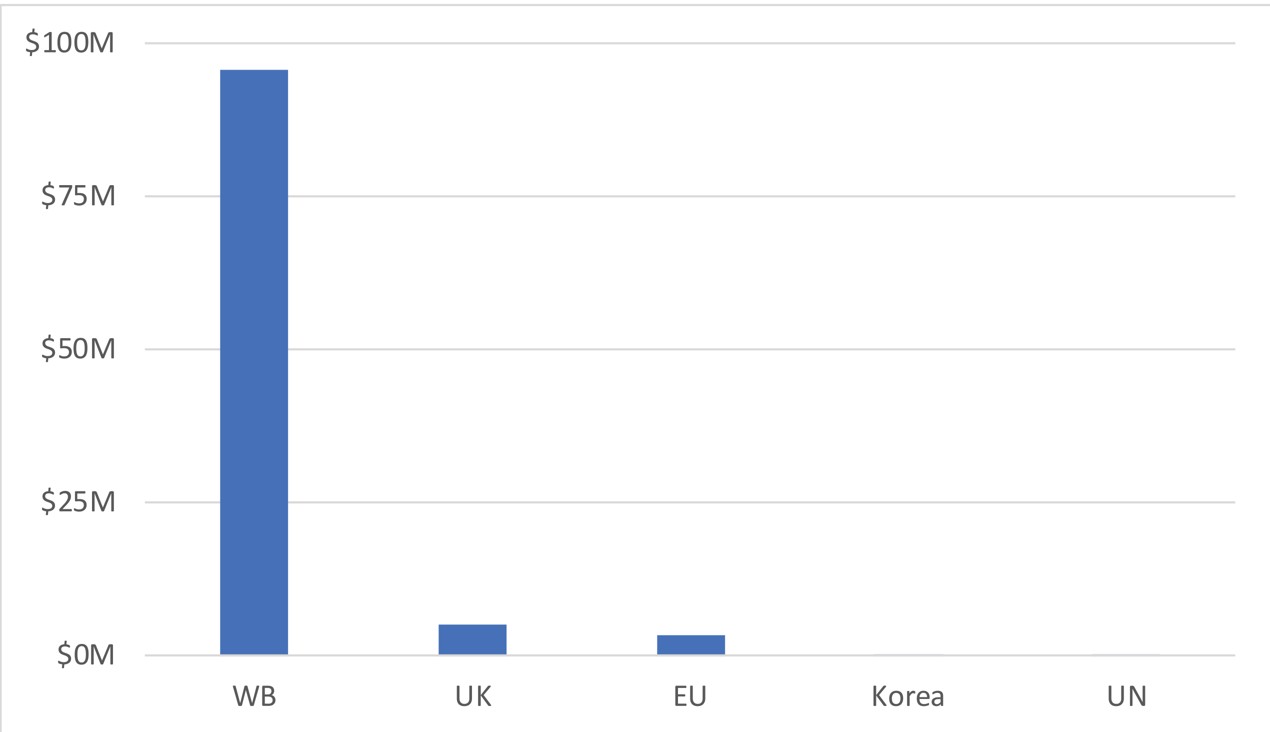


FIGURE 8.28. Aid Modalities of Environment, Science and Technology Sector, FY 2022/23

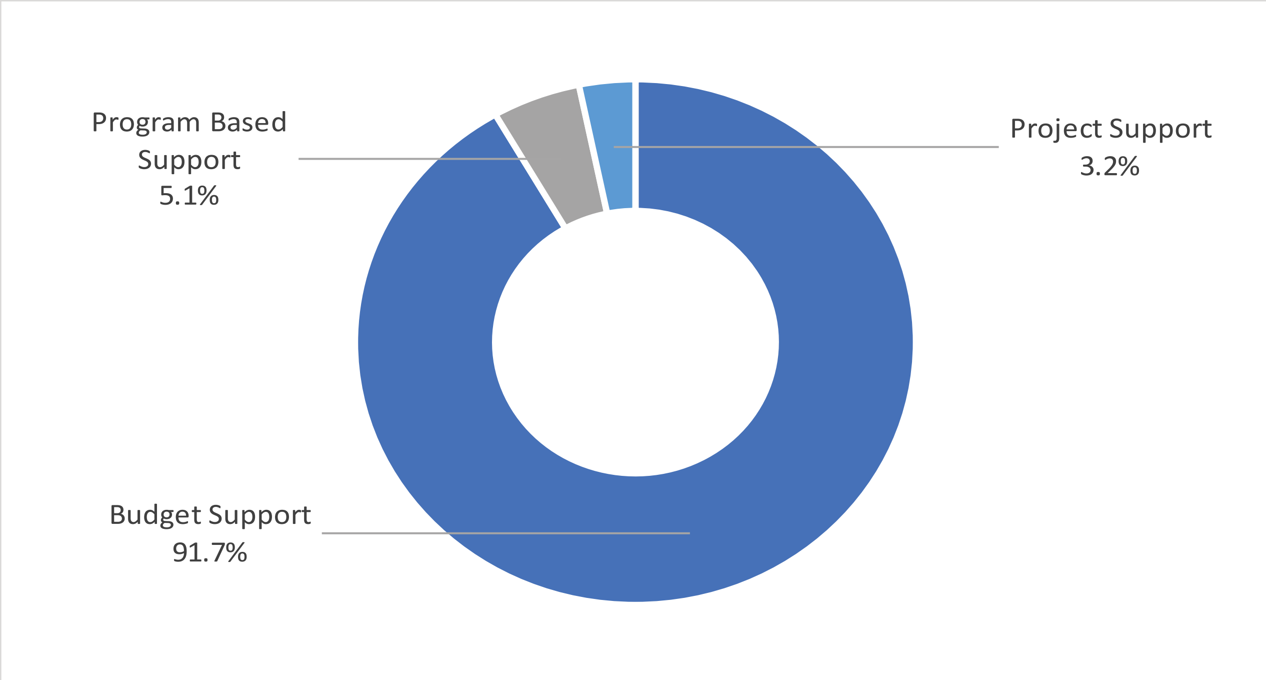


FIGURE 8.29. Type of Aid of Environment, Science and Technology Sector, FY 2022/23

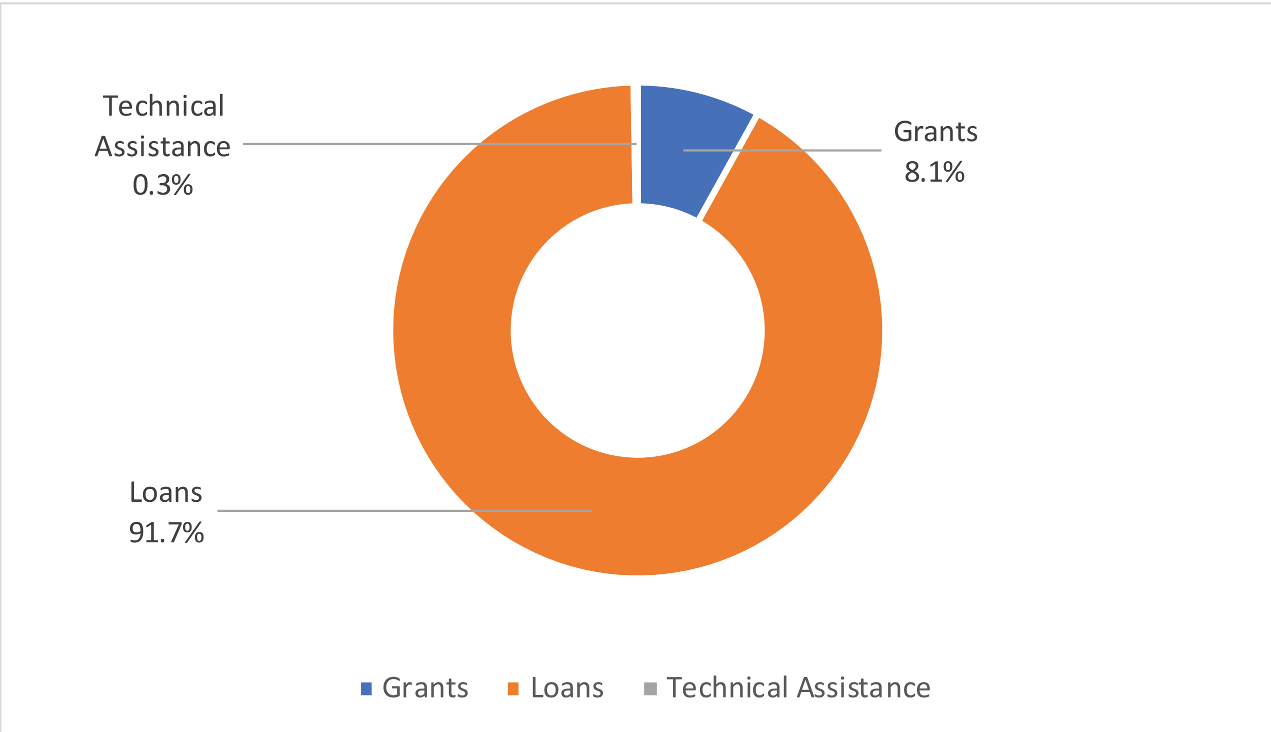


TABLE 6. Top 5 disbursing projects of Environment, Science and Technology Sector, FY 2022/23

Project Name	DPs	Disbursement (USD)
First Nepal Green, Resilient and Inclusive Programmatic DPC	IDA	95,593,446
Climate Smart Development Programme (Project No. 204984)	FCDO	5,143,649
Green Recovery and Empowerment with Energy in Nepal (GREEN)	EU	2,193,600
Green Resilient Agricultural Productive Ecosystems (GRAPE) CTR 422982	EU	675,414
Enhancing CSOs Roles as Key Development Partners for Climate Resilient Policies and Practices in Province 2 CTR 413987	EU	168,035

Box 3 Aligning ODA with Sustainable Development Goals

Nepal has determined to align its ODA to meet SDGs, recognising that a comprehensive SDG financial strategy is necessary for the realisation of these goals. The current sector-based classification of ODA within the AMIS however, offers limited capacity to directly map sector-specific ODA flows to corresponding SDGs. This limitation arises primarily due to the multidimensional and interconnected nature of the SDGs; for example, while education-focused ODA initiatives are typically associated with SDG 4 (Quality Education), without capturing more nuanced aspects of the contributions, their broader impact on other goals often go unrecorded.

To overcome this gap, MoF, IECCD, is in the process of introducing an 'SDG coding' functionality within the new DFMIS. This aims to systematically align foreign-funded projects with specific SDG targets and indicators, thereby strengthening the ability to monitor and report ODA disbursements in support of each goal.

The success of this feature hinges on the active engagement and accuracy of data entry aligning with SDG codes by both DPs and MoF, IECCD desks. It is imperative that all newly-approved and ongoing projects explicitly state the SDG areas they address. Such precision will facilitate a more complete and accurate picture of ODA contributions.

9

CHAPTER

POST-EARTHQUAKE RECONSTRUCTION

TABLE 7. Post-Earthquake Reconstruction Pledges, Commitments, and Disbursements (USD), FY2015/16 - 2021/22

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	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	Total Committed, FY2015/16 - FY2022/23	Total Disbursed, FY2015/16 - FY2022/23
ADB	$600.0M	$215.0M		$107.6M	$158.9M					$18.4M	$15.0M	$56.1M	$62.4M	$58.6M	$36.2M	$25.6M	$20.8M	$481.4M	$293.1M
Australia	$4.6M									$4.8M	-							$0.0M	$4.8M
Austria	$1.2M										-							$0.0M	$0.0M
Bangladesh	$0.5M										-							$0.0M	$0.0M
Canada	$10.5M										-							$0.0M	$0.0M
China	$766.9M	$489.6M	$277.3M							$10.7M	-	$9.6M			$5.1M		$3.9M	$766.9M	$29.3M
EU	$117.5M	$118.4M		$75.9M			$0.1M			$6.7M	$2.3M	$49.8M	$3.5M	$0.9M	$1.8M		$0.1M	$194.4M	$65.1M
Finland	$2.2M	$1.1M									$0.4M	$0.0M						$1.1M	$0.4M
Germany	$33.6M	$34.0M									$4.0M	$3.9M	$1.6M		$0.7M	$2.6M	$1.2M	$34.0M	$13.9M
IMF	$50.0M	$50.0M									-							$50.0M	$0.0M
India	$1,400.0M	$1,000.0M		$78.8M							-	$2.2M	$4.7M		$4.0M	$3.0M	$12.6M	$1,078.8M	$26.5M
Japan	$260.0M	$247.1M		$113.3M	$11.6M					$10.3M	$55.8M	$89.6M	$70.4M	$5.9M	$3.7M	$11.3M	$13.1M	$372.0M	$260.2M

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	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	Total Committed, FY2015/16 - FY2022/23	Total Disbursed, FY2015/16 - FY2022/23
Netherlands	$26.0M										-							$0.0M	$0.0M
Norway	$16.0M				$5.6M		$0.7M			$2.2M	$1.8M	$0.4M	$6.2M	$1.5M	$1.4M	-$0.1M		$6.2M	$13.3M
Pakistan	$1.0M										-							$0.0M	$0.0M
Republic of Korea	$10.0M	$8.4M								$5.7M	$1.5M	$3.4M	$1.6M	$0.4M	$0.0M			$8.4M	$12.7M
Saudi Fund	$30.0M						$29.2M				-			$3.1M	$16.6M	2,628,748		$29.2M	$19.7M
Sri Lanka	$2.5M										-							$0.0M	$0.0M
Sweden	$10.0M										-							$0.0M	$0.0M
Switzerland	$25.0M				$7.5M					$7.7M	$2.6M	$3.6M	$0.8M	$1.7M		$0.0M		$7.5M	$16.4M
Turkey	$2.0M										-							$0.0M	$0.0M
UK (FCDO)	$110.0M	$94.0M	$71.5M							$10.0M	$25.2M	$19.4M	$15.8M	$16.7M	$7.3M	$3.9M	$0.4M	$165.5M	$98.8M
USA	$130.0M	$159.8M		$0.0M	$0.0M	$10.3M	$1.4M	$0.4M	-$0.12M	$14.4M	$23.7M	$4.3M	$0.2M	$12.0M	$3.5M	$2.4M	$0.2M	$172.0M	$60.7M
WB	$500.0M	$200.0M		$310.0M		$200.0M	$5.0M			$20.0M	$106.3M	$152.9M	$80.0M	$154.2M	$74.1M	$95.0M	$18.5M	$715.0M	$701.0M

Table 3 provides an analysis of the financial contributions made by DPs toward Nepal's post-earthquake reconstruction efforts from FY 2015/16 to FY 2021/22. 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 2022/23 stood at just USD 1.6 billion, approximately 39 percent of the total commitments.

FIGURE 9.1. Total Amount Pledged Post-Earthquake by Top 5 Development Partners (%), FY 2015/16 -2022/23

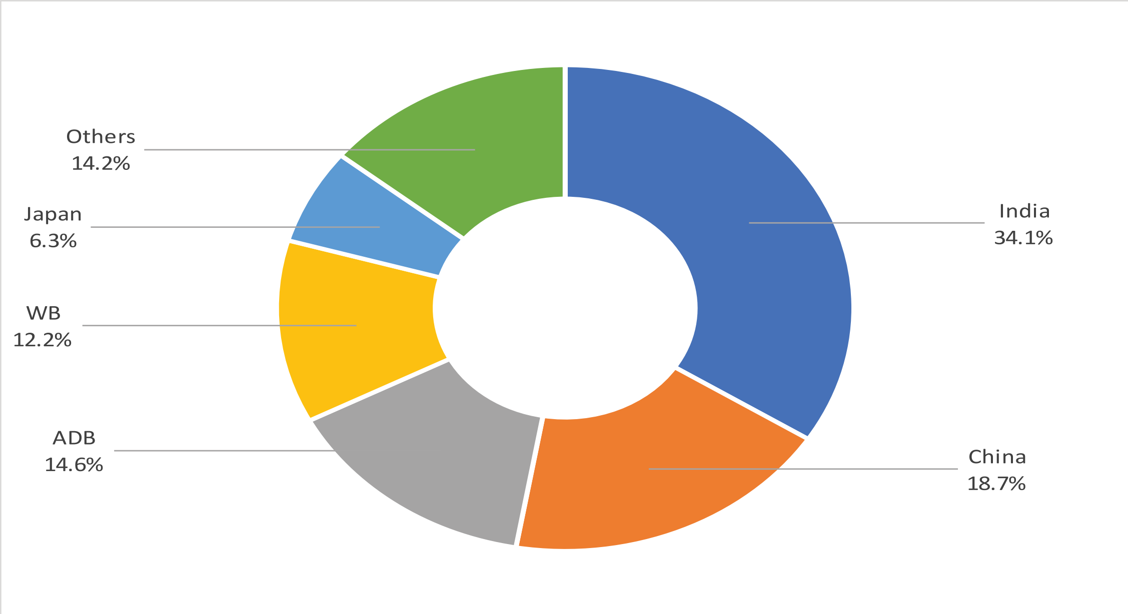


Figure 9.1 visualises the distribution of the top five total pledges made by DPs towards Nepal's post-earthquake reconstruction efforts. India, China, ADB, World Bank (WB), and Japan emerged as the top five contributors.

FIGURE 9.2. Cumulative Post-Earthquake Assistance, FY 2015/16 - 2022/23

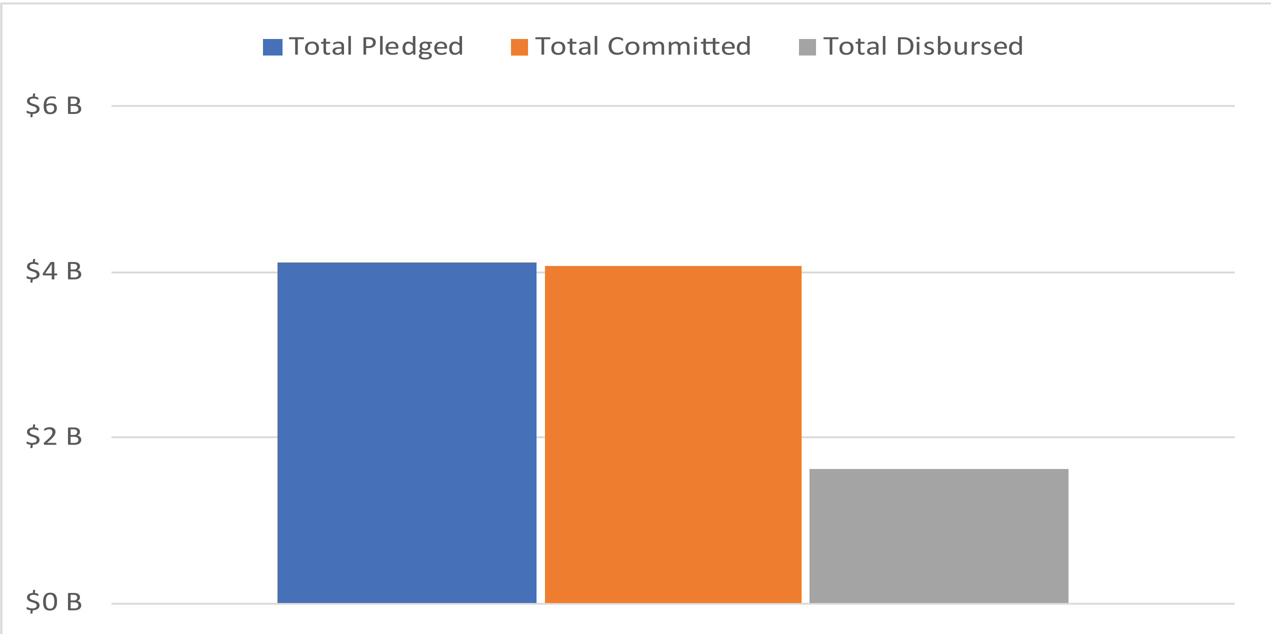


Figure 9.2 presents a comparative bar chart illustrating the cumulative post-earthquake assistance pledged, committed, and disbursed by DPs in Nepal over the period FY 2015/16 to FY 2022/23.

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 1.6 billion disbursed as of FY 2022/23 indicating a substantial gap with only 30 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 - 2022/23

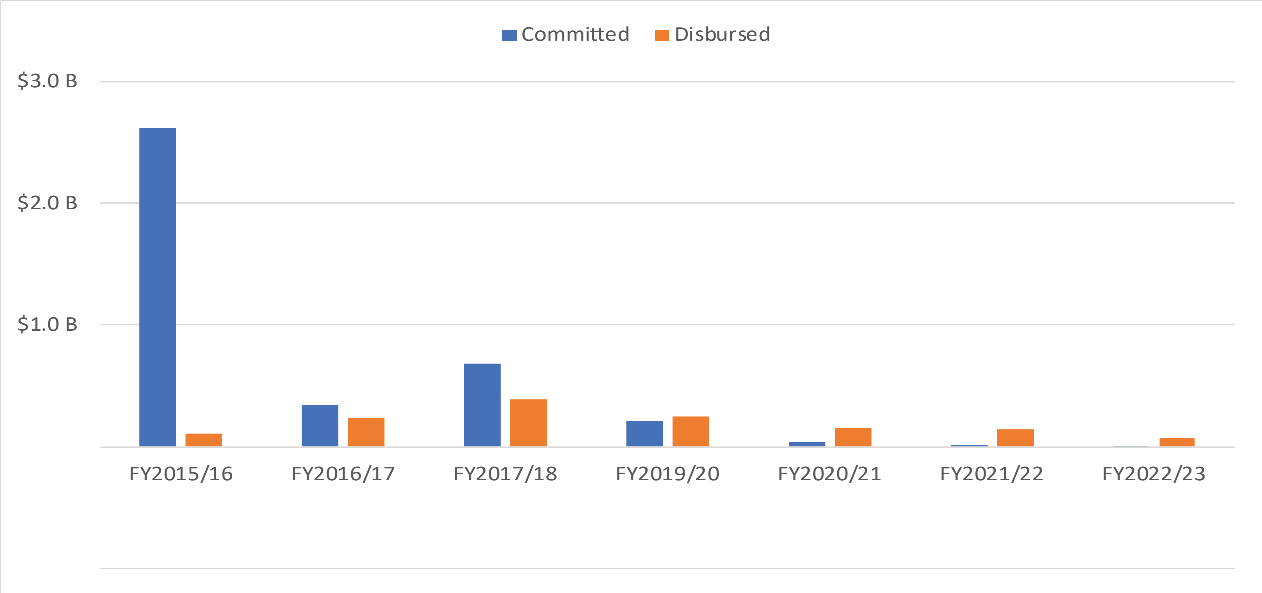


Figure 9.3 presents a year-wise comparison between post-earthquake commitments and disbursements from FY 2015/16 to FY 2022/23, offering insight into the timing and delivery of pledged support from DPs.

The highest level of commitment was made in FY 2015/16, immediately following the earthquake, amounting to approximately USD 2.61 billion. However, only USD 110.8 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 238.5 million indicating execution of many recovery-related projects. The peak disbursement occurred in FY 2017/18, at USD 395.3 million, against commitments of USD 685.7 million. In FY 2019/20, disbursements were USD 255 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 0.4 million, while disbursements remained relatively high at USD 143.8 million. In FY 2022/23, commitments decreased to -USD 0.1 million. This negative figure is mainly due to unspent USAID commitment for post-earthquake reconstruction being reallocated to other development priorities. In a similar vein, disbursements also dropped to USD 70.9 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 7 years highlighting the extended timeline required to fully utilise committed recovery due to implementation delays.

FIGURE 9.4. Top 5 Post-Earthquake Assistance Disbursing Partners, FY 2015/16 - 2022/23

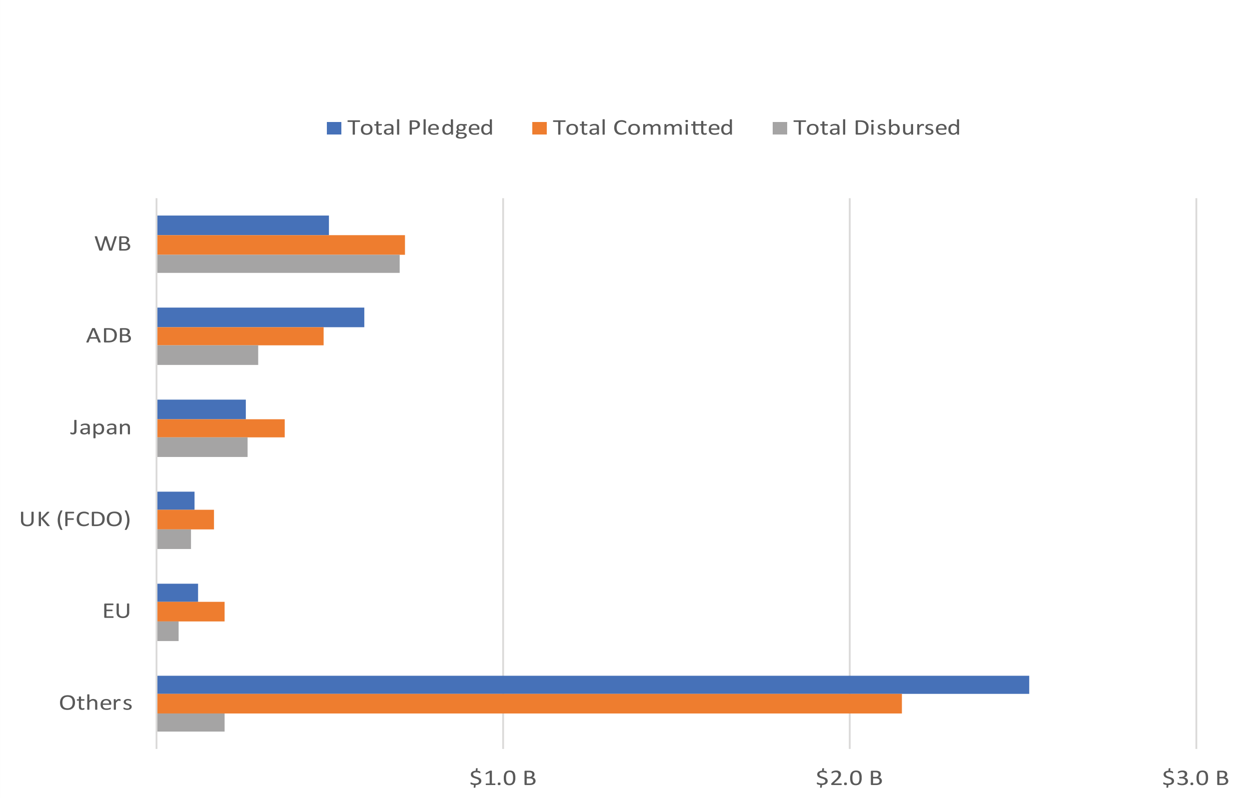


Figure 9.4 presents a comparative bar chart highlighting the performance of the top five DPs in terms of total pledges, commitments, and actual disbursements of post-earthquake assistance between FY 2015/16 and FY 2022/23.

The ADB stands out as the most consistent and generous partner. While it initially pledged USD 600 million, its total commitment was USD 481.4 million, and actual disbursement reached USD 293.1 million. The WB pledged USD 500 million but committed USD 715 million. However, actual disbursement stood at USD 701 million. The WB committed more than it pledged, probably considering urgent needs after the earthquake.

Japan maintained close alignment between its commitment and disbursement. From an initial pledge of USD 260 million, Japan committed USD 521.5 million and disbursed USD 260.2 million, almost exactly matching its original pledge.

The United Kingdom (FCDO) 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 only disbursed USD 65.1 million while the 'Others' category, which includes numerous smaller DPs, collectively pledged USD 2.52 billion but committed only USD 2.15 billion, and disbursed a mere USD 197.7 million. This wide disparity between pledged and disbursed amounts suggests fragmentation and possible reallocation of aid to other priorities or delivery challenges at scale. The World Bank remains the only partner to have disbursed more than both its pledge and commitment, showcasing exemplary aid execution in Nepal's post-earthquake context.

10

CHAPTER

GEOGRAPHIC ANALYSIS

10.1 Single and Multi-District ODA Disbursement

FIGURE 10.1. Single vs Multi-District ODA Disbursements, FY 2019/20 - 2022/23

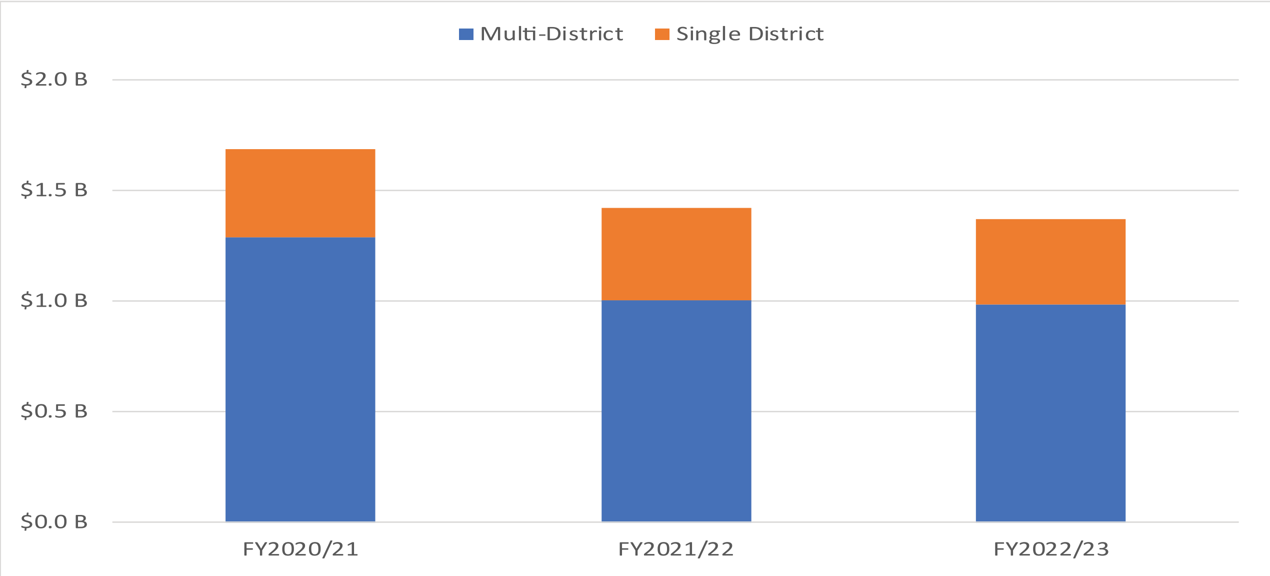


Figure 10.1 presents ODA disbursements to single-district and multi-district levels over a three-year period, from FY 2020/21 to FY 2022/23.

In FY 2022/23, ODA disbursements to multi-district projects amounted to approximately USD 987.3 million, a slight decline from USD 1,001.9 million in FY 2021/22, reflecting a marginal decrease of 1.5 percent. Similarly, single-district disbursements fell from USD 418.6 million in FY 2021/22 to USD 383.8 million in FY 2022/23, representing a reduction of around 8.3 percent. These trends continue the gradual downward trajectory seen since FY 2020/21, where multi-district projects received USD 1,286.6 million and single-district projects received USD 398.1 million.

Despite the decreases, multi-district projects consistently accounted for the largest share of ODA disbursements. This continued preference may reflect the economies of scale and broader development impact of projects that span across multiple regions.

While the overall decline is moderate, it may require DPs and implementing agencies to strategically reprioritise their activities, especially in geographically targeted interventions ensuring that the most critical and high-impact projects are implemented.

FIGURE 10.2. Single vs Multi-District ODA Disbursements Year-on-Year Change (%), FY 2020/21 - 2022/23

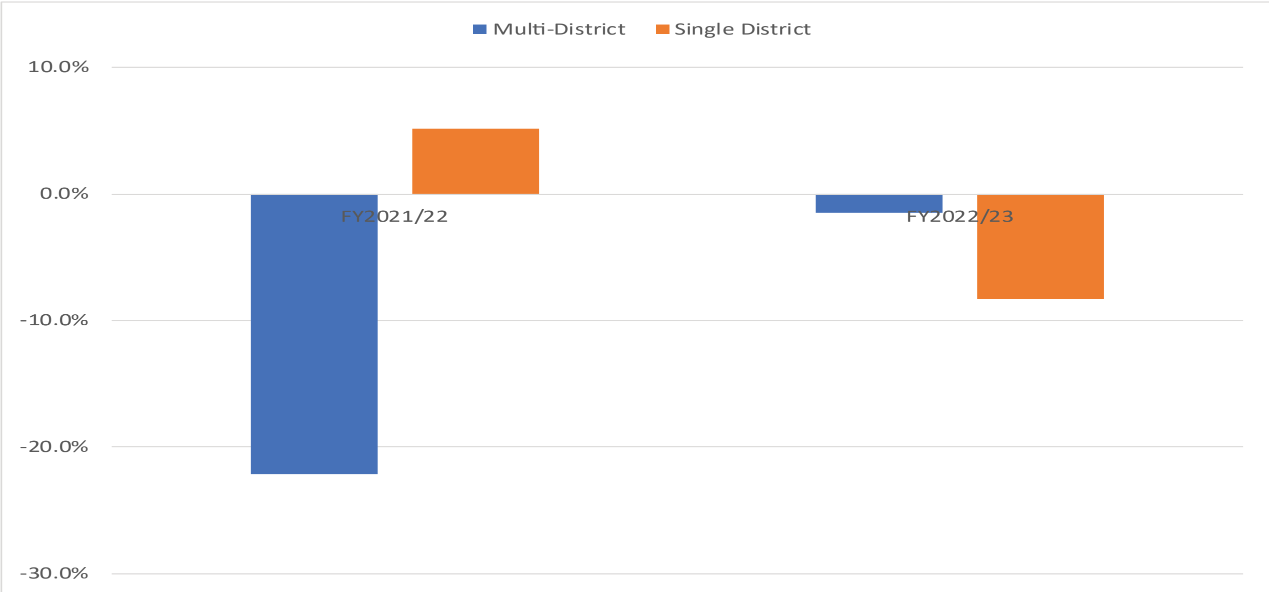


Figure 10.2 illustrates the year-on-year percentage change in ODA disbursements to single-district and multi-district projects between FY 2020/21 and FY 2022/23.

For multi-district disbursements, a sharp decline of approximately 22.1 percent was recorded from FY 2020/21 to FY 2021/22. This was followed by a more moderate decline of 1.5 percent in FY 2022/23. Despite this downward trend, multi-district projects have consistently received the larger share of ODA, indicating sustained preference for interventions with broader geographic scope.

Single-district disbursements saw a modest increase of 5.1 percent between FY 2020/21 and FY 2021/22. However, this was followed by a reversal in FY 2022/23, with disbursements declining by approximately 8.3 percent.

Overall, the data reflect a more volatile pattern for single-district disbursements, while multi-district disbursements, although larger in volume, saw continuous reductions over the review period.

10.2 Province-Level Analysis

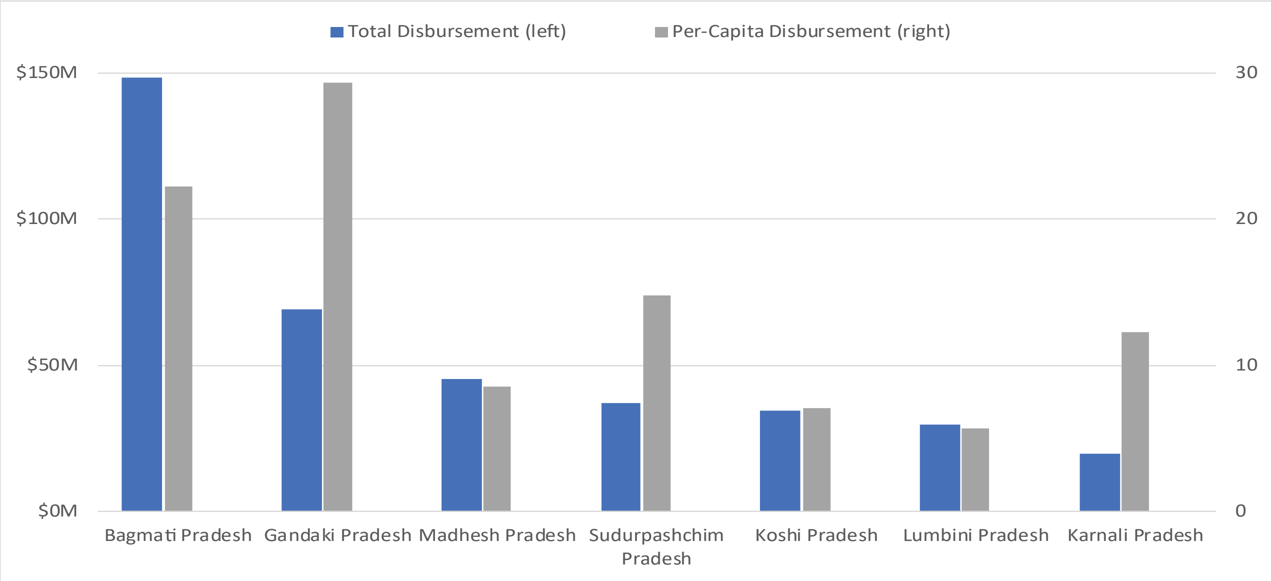
Due to current technical limitations within the AMIS, province-level analysis is derived from aggregated district-level data, as the system does not yet support the direct attribution of disbursements to specific provinces.

Bagmati Province consistently reports the highest volume of ODA disbursements. This is primarily due to its status as the province of the national capital and the locus of substantial post-earthquake reconstruction, COVID-19-related projects and location of the Central Project / Program Management Unit (CPMU). These factors have collectively led to a concentration of development activities and corresponding funding in the province.

As Nepal continues its efforts to achieve inclusive and sustainable development across all regions, it is essential to promote a more equitable distribution of resources. Ensuring that all provinces receive adequate support requires improved reporting mechanisms, enabling better geographic tracking of ODA. The findings presented in this section reinforce the importance of enhancing transparency and adopting a more balanced approach to aid allocation across provinces.

Figure 10.3 shows the total and per-capita province-level disbursements for FY 2022/23 in different provinces. This dual-axis comparison enables a more nuanced understanding of resource distribution, taking into account not only the absolute volume of aid but also the relative amount received per resident in each province.

FIGURE 10.3. Total and Per-Capita Province-Level ODA Disbursements, FY 2022/23



Bagmati Province received the highest disbursement in FY 2022/23, receiving a total of approximately USD 148.3 million. However, when adjusted for population, Bagmati ranks second with a per-capita disbursement of USD 22.22. Although receiving a comparatively lower total disbursement of USD 69.0 million, Gandaki province recorded the highest per-capita ODA at USD 29.32. The province with the lowest disbursement was Karnali, receiving approximately USD 19.8 million. In terms of per-capita disbursement, Lumbini reported the lowest figure at approximately USD 5.7 per person.

FIGURE 10.4. Total Province-Level ODA Disbursements, FY 2022/23

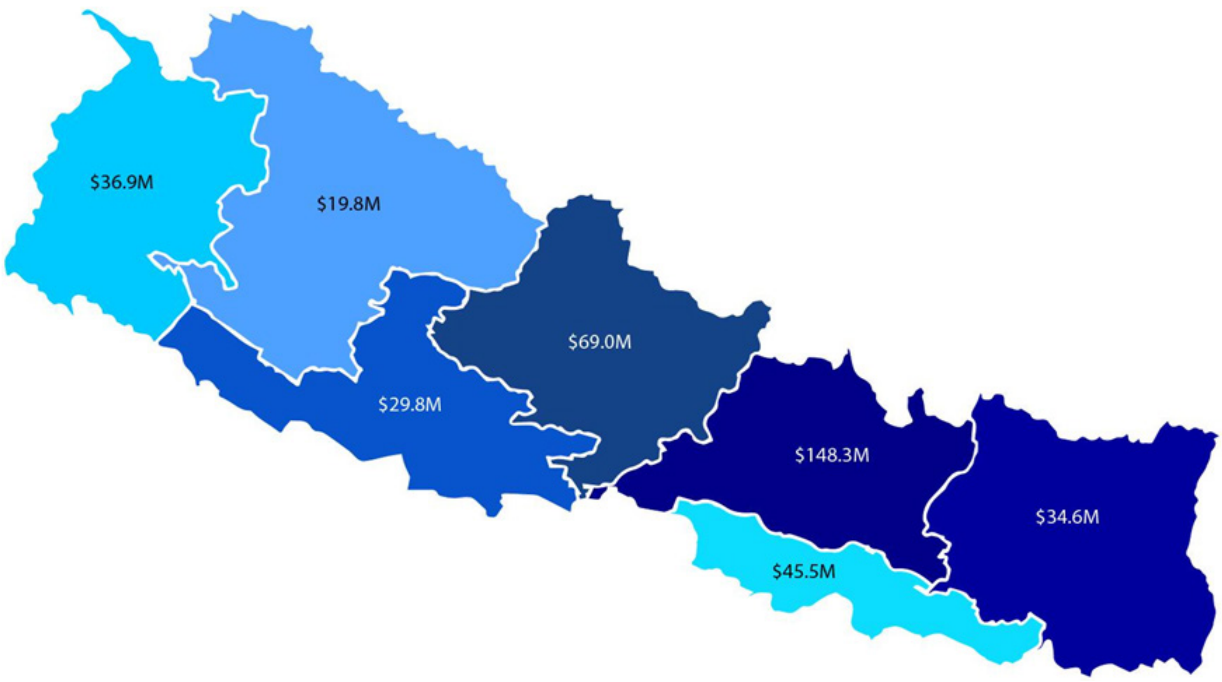


FIGURE 10.5. Total Province-Level Per-Capita ODA Disbursements, FY 2022/23

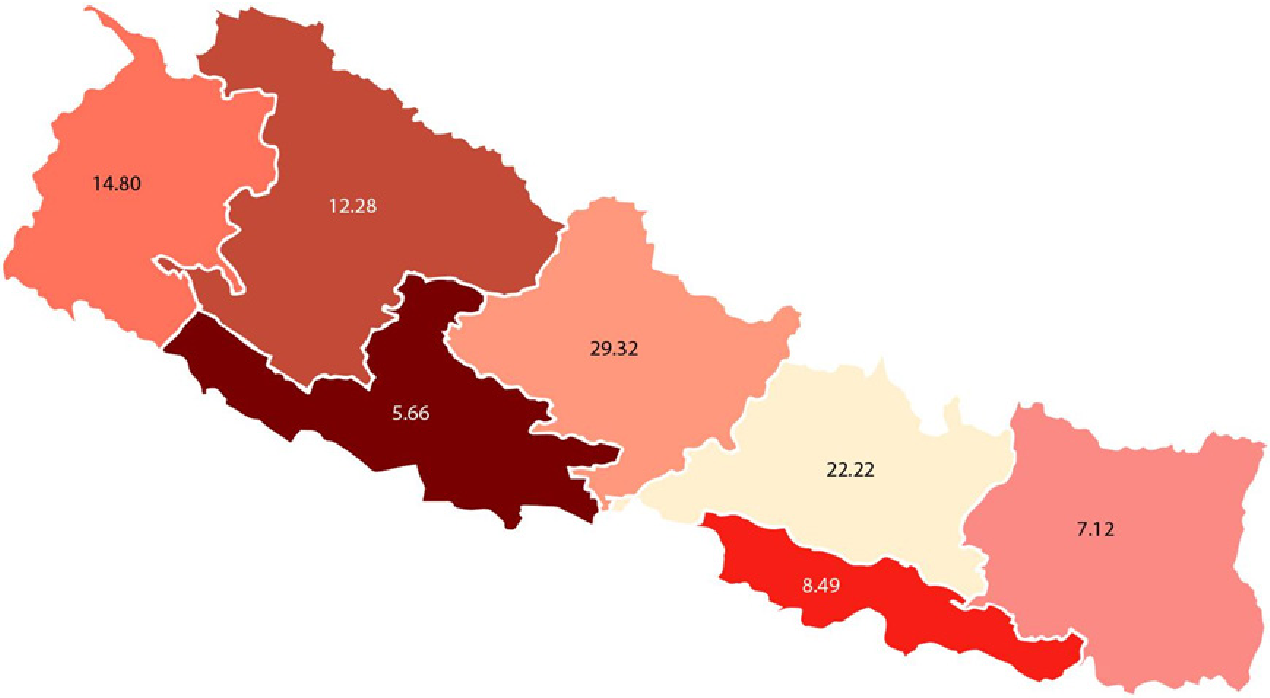
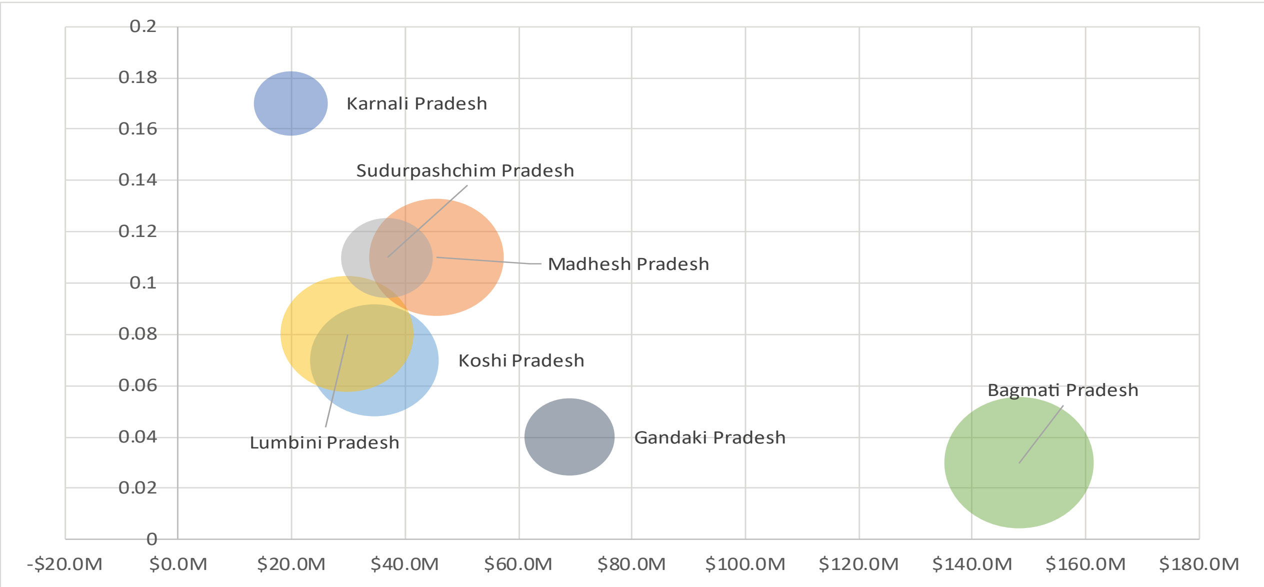


FIGURE 10.6. ODA Disbursements and MPI Incidence by District and Population, FY 2022/23



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

Figure 10.6 illustrates the relationship between ODA disbursements, poverty levels (as measured by Multidimensional Poverty Index (MPI), and population size across Nepal's provinces in FY 2022/23. The scatterplot displays each province as a bubble, with bubble size representing population, the x-axis showing the ODA disbursement (in USD), and the y-axis indicating MPI incidence.

This scatterplot reveals a general inverse relationship between ODA disbursement and poverty: provinces that received higher volumes of ODA generally show lower MPI scores, while provinces with higher poverty appear to have received relatively lower disbursements.

Bagmati Pradesh received USD 148.3 million and has the lowest MPI of 0.03. This disproportionate allocation, as mentioned earlier, can be attributed to its status as the national capital, its central role in post-earthquake reconstruction efforts and COVID-19-related response initiatives, and its hosting of the Central Project/Program Management Unit (CPMU), which collectively position it as a strategic hub for development interventions.

Gandaki Pradesh received the second-highest ODA disbursement of USD 69 million in ODA, substantially lower than Bagmati Pradesh, but also has relatively low poverty with an MPI of 0.04. However, its population is also significantly lower than Bagmati, as shown by the bubble size.

Conversely, Karnali Province, which has the highest MPI incidence at 0.17, received the lowest total ODA disbursement of USD 19.8 million, despite having a considerable population base of 1.6 million. This underlines a potential gap in equitable allocation and a missed opportunity for targeting high-need regions more effectively.

11

CHAPTER

ODA DISBURSEMENT BY DEVELOPMENT PARTNER

FIGURE 11.1. ODA to Nepal by Top 5 Partners, Share of Total ODA, FY 2013/14 - 2022/23

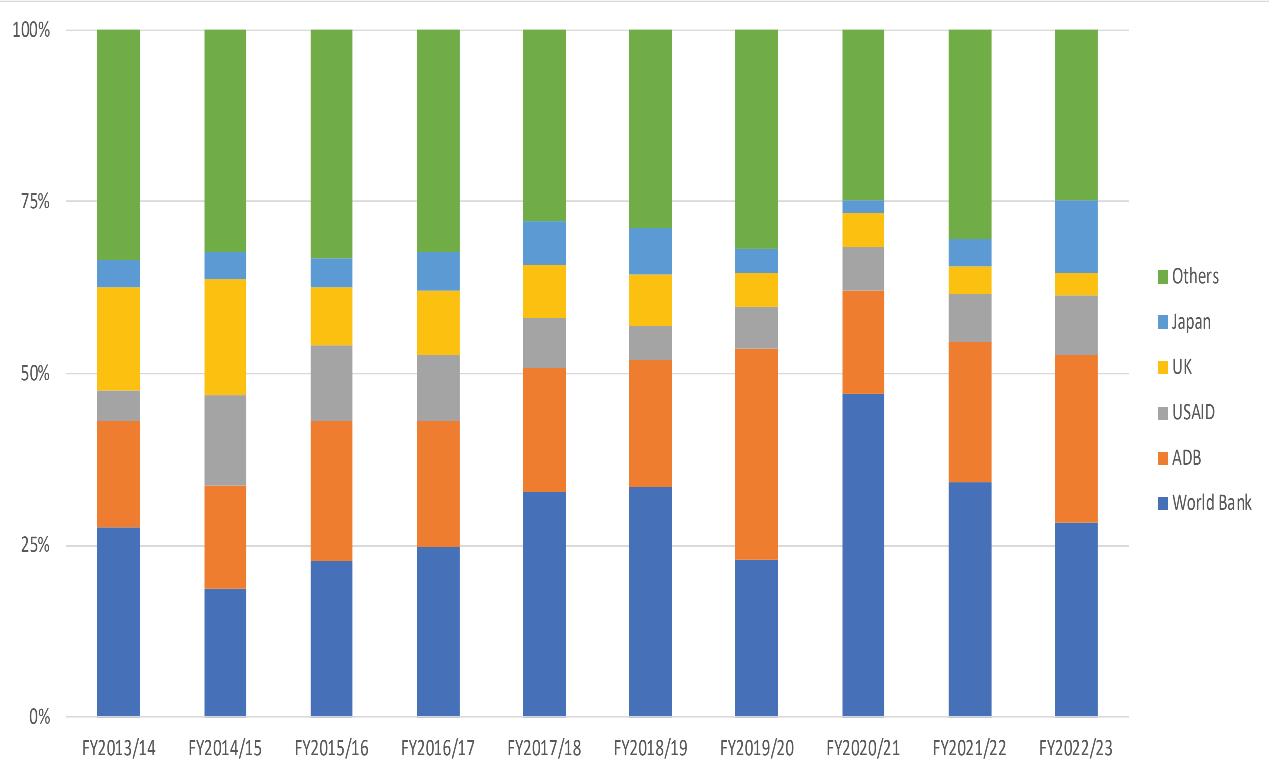


Figure 11.1 illustrates the share of ODA to Nepal contributed by the top five DPs from FY 2013/14 to FY 2022/23 and a sixth category showing the cumulative share of all remaining DPs.

Throughout the decade, WB maintained a dominant role in Nepal's aid landscape. Starting at 27.5 percent in FY 2013/14, its contributions fluctuated, peaking at 47.2 percent in FY 2020/21, before declining to 28.3 percent in FY 2022/23. This highlights its pivotal involvement, particularly in the COVID-19 response.

ADB consistently remained the second-largest donor. Its share increased from 15.5 percent in FY 2013/14 to a high of 30.5 percent in FY 2019/20. Although it dropped to 14.9 percent in FY 2020/21, the share rebounded to 24.4 percent in FY 2022/23.

USAID's share of ODA showed moderate but sustained involvement. While its contribution peaked at 13.3 percent in FY 2014/15, it decreased in subsequent years, fluctuating between 4.5 and 11.1 percent, settling at 8.8 percent in FY 2022/23.

The UK (FCDO) displayed a notable decline in its relative share. From 15 percent in FY 2013/14 and 16.8 percent in FY 2014/15, it steadily declined to just 3.2 percent in FY 2022/23. Contribution from Japan saw a growth from 4.0 percent in FY 2013/14 to a notable 10.7 percent in FY 2022/23, the highest level during the ten-year span.

The "Others" category consistently accounted for around one-quarter to one-third of total ODA, signifying the breadth of Nepal's international partnerships beyond the top five donors. Their share declined slightly in recent years, from 33.4 percent in FY 2013/14 to 24.7 percent in FY 2022/23.

FIGURE 11.2. Cumulative ODA to Nepal by Top 5 Development Partners, FY 2012/13 - 2022/23

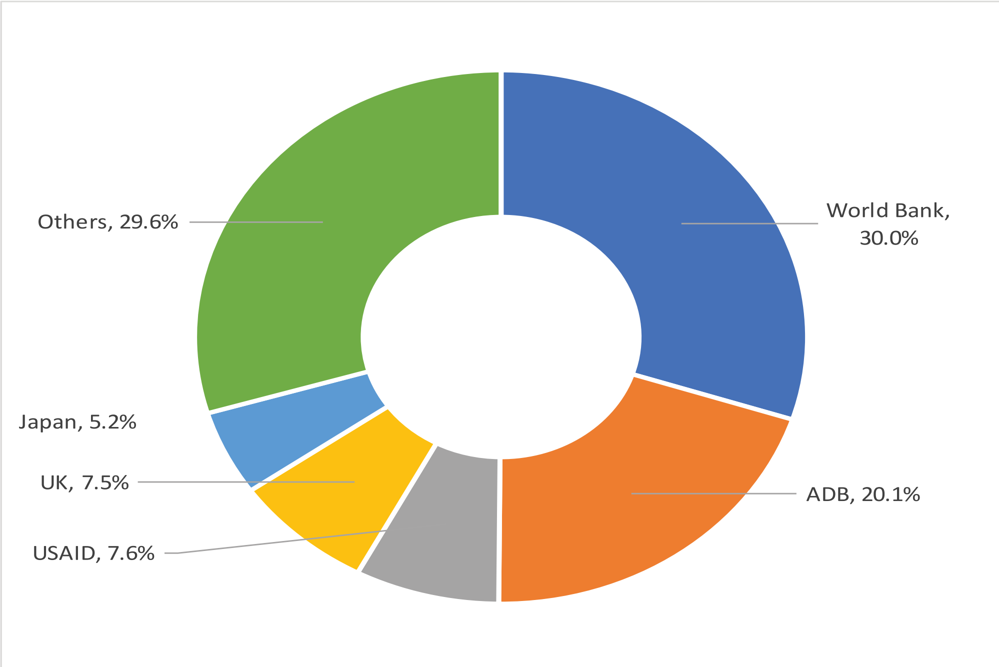


Figure 11.2 illustrates the cumulative share of ODA disbursed to Nepal by its top five DPs over the period of FY 2012/13 to FY 2022/23 summarizing a decade of development cooperation, offering a holistic view of the long-term donor landscape.

WB accounts for 30 percent of the total ODA to Nepal over the decade followed by ADB (20.1 percent), USAID (7.6 percent), UK (7.5 percent) and Japan (5.1 percent). Other DPs collectively accounted for 29.6 percent of ODA to Nepal over the decade.

11.1 Bilateral and Multilateral Development Partners

FIGURE 11.3. ODA Disbursements by Partner Type, FY 2014/15 - 2022/23

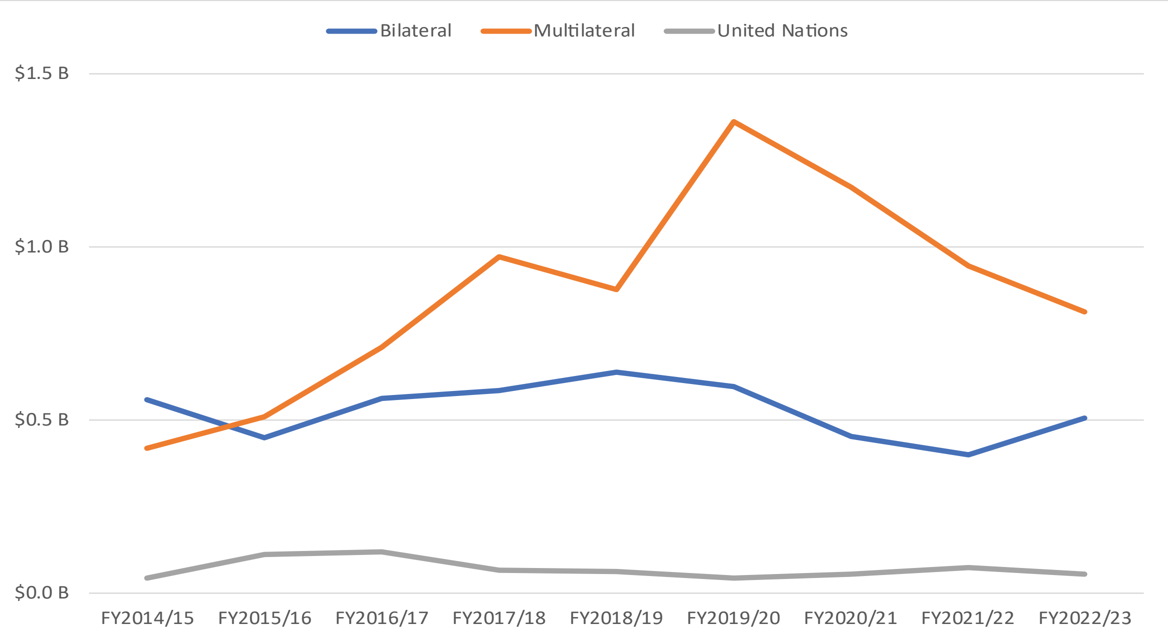


Figure 11.3 provides a comprehensive overview of ODA disbursements to Nepal over a nine-year period grouped by three major partner types: bilateral, multilateral, and United Nations (UN) agencies.

Bilateral assistance, characterised by cooperation arrangements between two nations, has demonstrated considerable fluctuations during this period. Disbursements peaked at USD 638.4 million in FY 2018/19 before experiencing a consistent downward trend ever since reaching USD 398.9 million in FY 2021/22 before rising to USD 504.4 million in FY 2022/23.

Multilateral assistance, comprising international institutions involving multiple member countries, consistently exceeded bilateral assistance since FY 2015/16. This form of assistance peaked in FY 2019/20 at USD 1.36 billion. Although a downward trajectory was observed since then, reaching USD 813 million in FY 2022/23, multilateral assistance still maintained a commanding lead.

The United Nations assistance, while smaller in scale compared to bilateral and multilateral disbursements, is nonetheless an essential facet of Nepal's ODA landscape. After peaking in FY 2016/17 at USD 120.7 million, disbursements constantly fluctuated, with a moderate upturn in FY 2021/22 to USD 74.9 million and settling down to USD 52.9 million in the FY 2022/23. Despite the relatively modest amount, UN agencies are instrumental in targeted interventions related to governance, humanitarian aid, and sustainable development goals.

While the overall ODA disbursements have varied, the steady commitment of these different development partner types signifies the international community's ongoing support for Nepal's development endeavours.

FIGURE 11.4. ODA Disbursements by Partner Type and Assistance Type, FY 2022/23

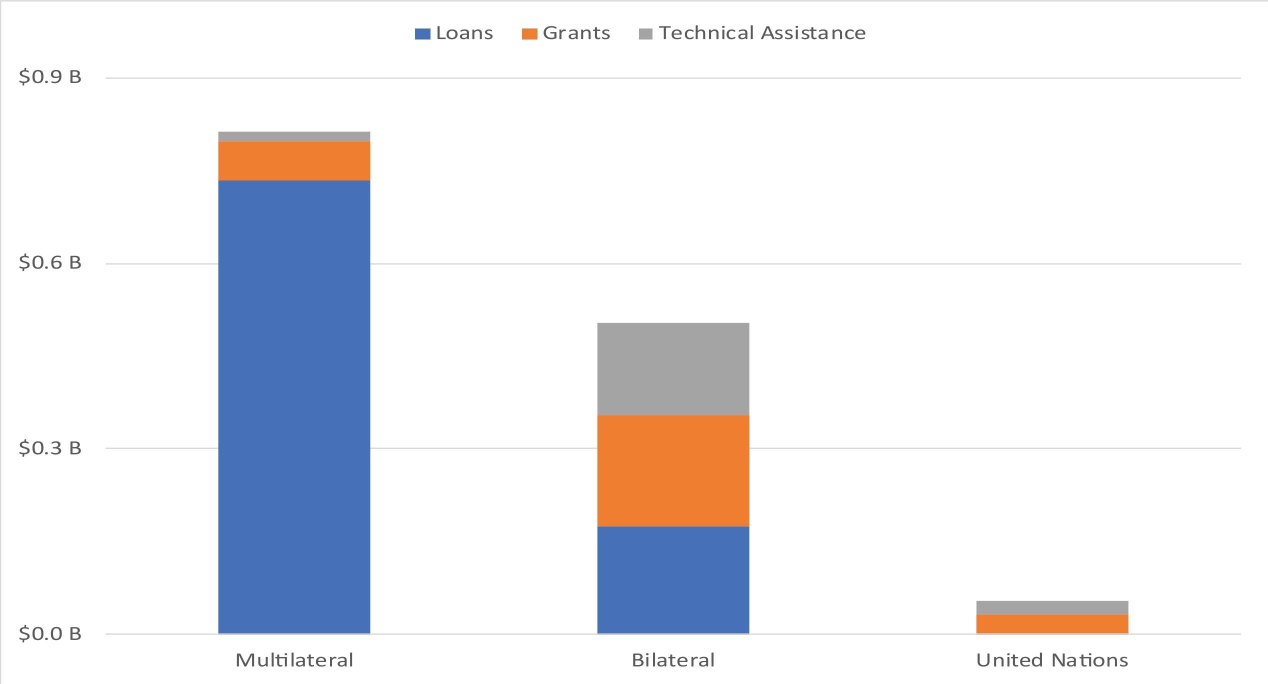


Figure 11.4 offers an analytical breakdown of ODA disbursements in FY 2022/23 by assistance type (loans, grants, technical assistance, and in-kind support), classified by partner type (multilateral, bilateral, and UN).

Multilateral donors contributed the highest overall disbursement, with a notable dominance in loan financing. Of the total disbursement, loans accounted for approximately USD 734.7 million, far exceeding their grant contribution of USD 63.1 million and technical assistance valued at USD 15.1 million. The concentration of loans from multilateral institutions reflects their role in large-scale infrastructure, economic reform, and fiscal policy operations.

Bilateral donors demonstrated a more balanced distribution across assistance types with USD 174.4 million in loans and USD 179.9 million in grants. Additionally, bilateral partners delivered substantial technical assistance worth USD 150.1 million. This balanced portfolio underscores bilateral partners' focus on direct financial support as well as capacity-building initiatives.

The UN system, while contributing the smallest share of total ODA, placed strong emphasis on non-loan modalities. In FY 2022/23, UN agencies disbursed USD 29.5 million in grants and USD 21.8 million in technical assistance, with only USD 2.3 million in loans.

In-kind support, while recorded as a category, was not reported by any of the three partner types during the FY.

FIGURE 11.5. ODA Disbursements by Partner Type, FY 2022/23

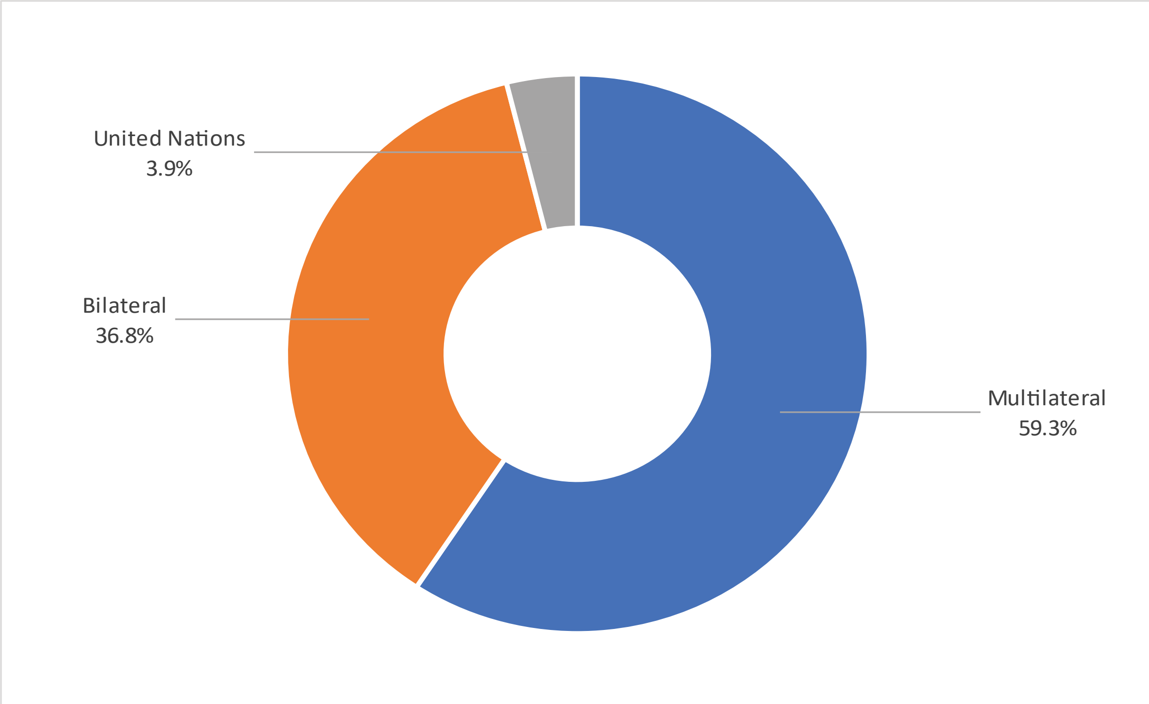


Figure 11.5 visually complements the data in the previous section by illustrating the percentage share of total ODA disbursements attributed to each partner type for FY 2022/23. Multilateral partners occupied the dominant share (59.3 percent), followed by bilateral donors (36.8 percent) and then the United Nations (3.9 percent).

FIGURE 11.6. Multilateral ODA Disbursements by Development Partner and Assistance Type, FY 2022/23

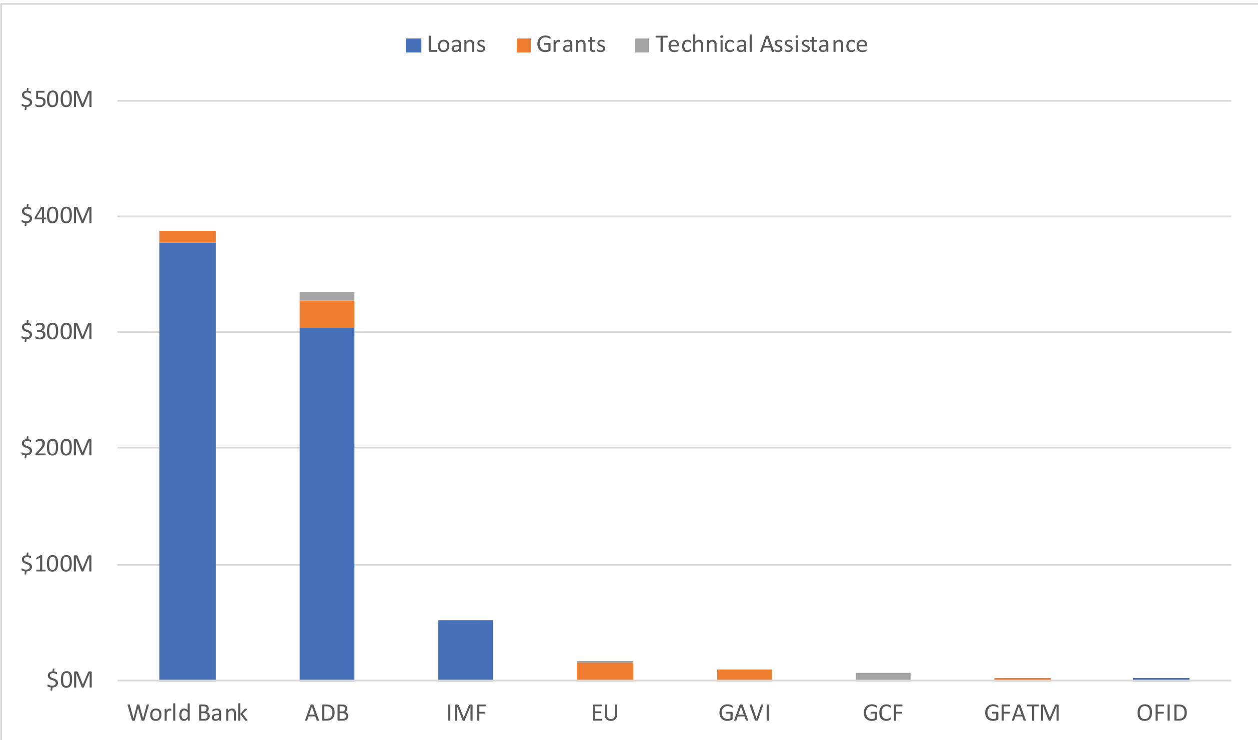


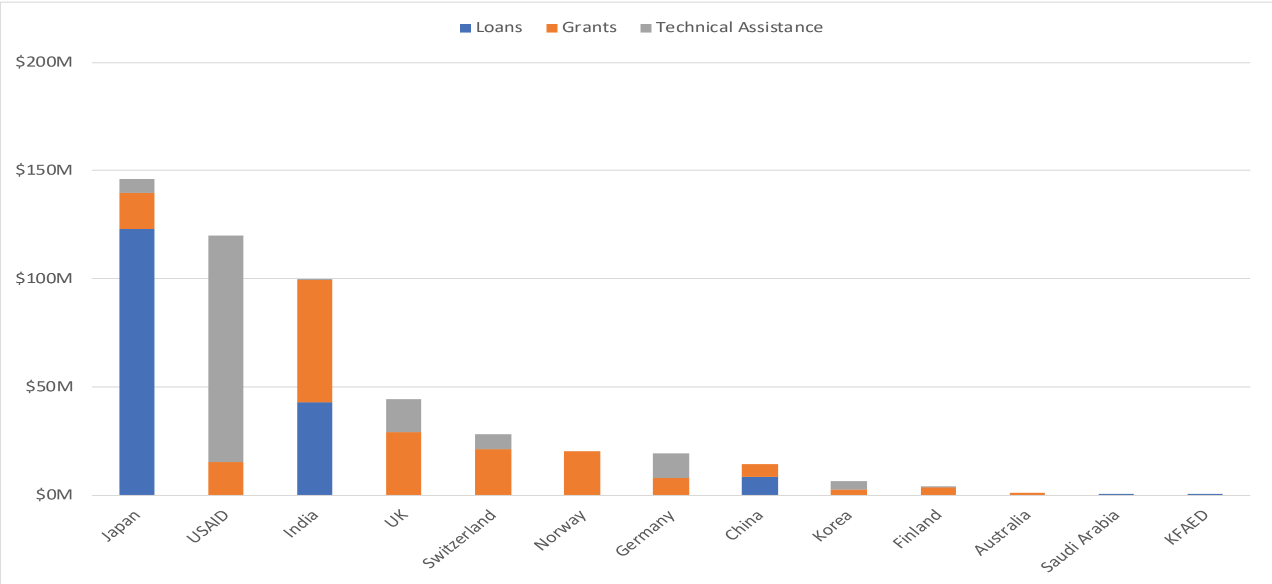
Figure 11.6 illustrates multilateral ODA disbursements in FY 2022/23 by individual DP and assistance type.

The World Bank and ADB were the two largest multilateral lenders. The World Bank disbursed USD 376.8 million in loans and an additional USD 10.6 million in grants, while ADB contributed USD 303.5 million in loans, USD 23.4 million in grants, and USD 7.5 million in technical assistance. The IMF provided USD 52.8 million, fully disbursed as loans while the EU extended USD 15.8 million in grants and USD 1.6 million in technical assistance. GAVI disbursed USD 10.2 million as grants, while GCF and GFATM contributed USD 6 million and USD 3 million as TA and grant, respectively. Finally, OFID reported a modest disbursement of USD 1.6 million in loans.

TABLE 8. Top 5 Multilateral DPs, FY 2022/23

Development Partner	Disbursement (USD)
World Bank	387,403,534
ADB	334,407,445
IMF	52,800,000
EU	17,420,548
GAVI	10,229,450

FIGURE 11.7. Bilateral ODA Disbursements by Development Partner and Assistance Type, FY 2022/23



11.7 presents the distribution of bilateral ODA by development partners across four assistance types: loans, grants, technical assistance, and in-kind support for the fiscal year 2022/23.

Among the bilateral partners, Japan was the highest disbursing donor, contributing approximately USD 146.2 million, largely dominated by loans (USD 122.7 million) supplemented with grants (USD 16.7 million) and technical assistance (USD 6.7 million).

USAID followed with USD 120.1 million, with only USD 15.1 million as grants and the remaining USD 105 million allocated to technical assistance, indicating a strong focus on capacity-building and institutional strengthening.

India was the third-largest bilateral donor, contributing approximately USD 99.8 million, with a relatively balanced mix of loans (USD 42.7 million) and grants (USD 56.7 million) along with USD 0.4 million as technical assistance.

The United Kingdom disbursed around USD 44.4 million, with a significant emphasis on grants (USD 29.2 million) and technical assistance (USD 15.2 million). Other notable contributors included Switzerland, Norway, Germany, and China, with most focusing on grant-based assistance while Germany and Korea having a majority of TA and China showing a more balanced approach with loans and grants.

TABLE 9. Top 5 Bilateral DPs, FY 2022/23

Development Partner	Disbursement (USD)
Japan	146,151,642
USAID	120,178,694
India	99,759,728
UK	44,385,194
Switzerland	28,138,141

FIGURE 11.8. ODA Disbursements by Assistance Type, FY 2022/23

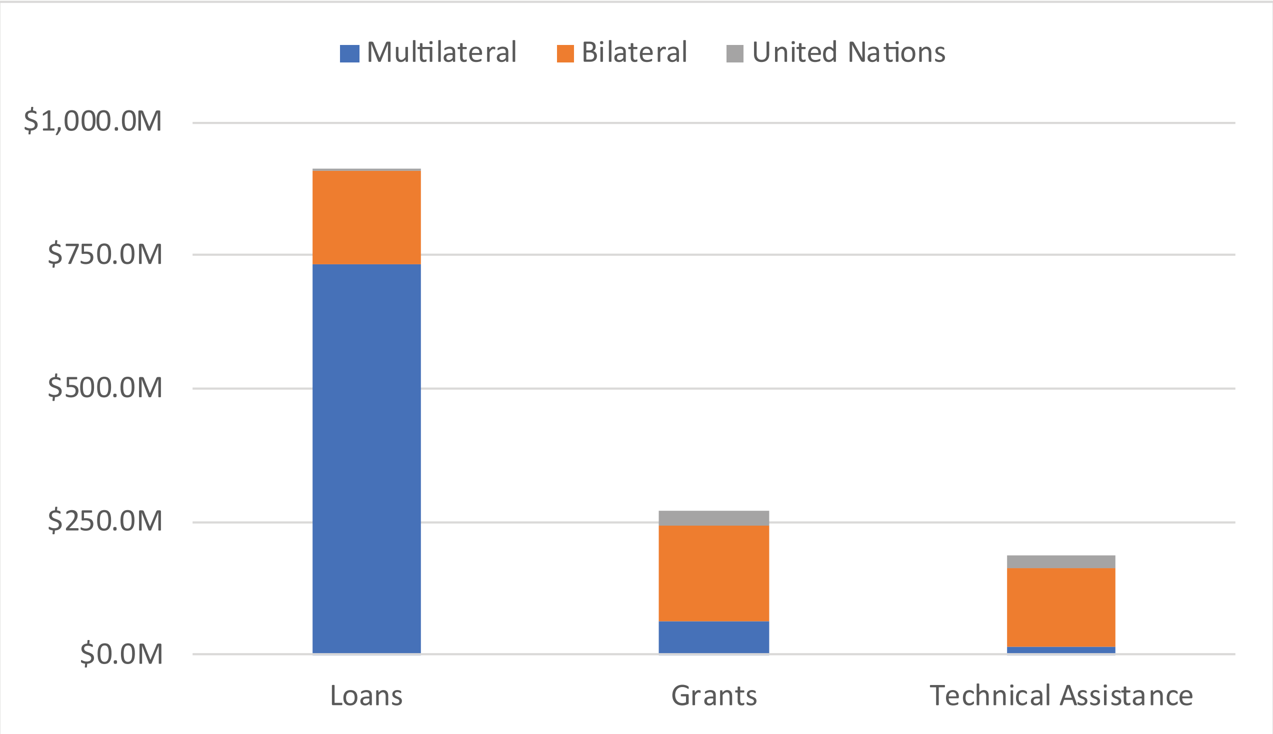


Figure 11.8 presents the total ODA disbursements by assistance type for FY 2022/23. The largest share was allocated through loans, amounting to approximately USD 911.4 million dominated mostly by multi-lateral partners. Grants accounted for USD 272.5 million , while technical assistance reached USD 187.1 million, mostly from bilateral partners. The UN disbursed a majority of their assistance through technical assistance.

FIGURE 11.9. ODA Disbursements by Assistance Type, (%), FY 2022/23

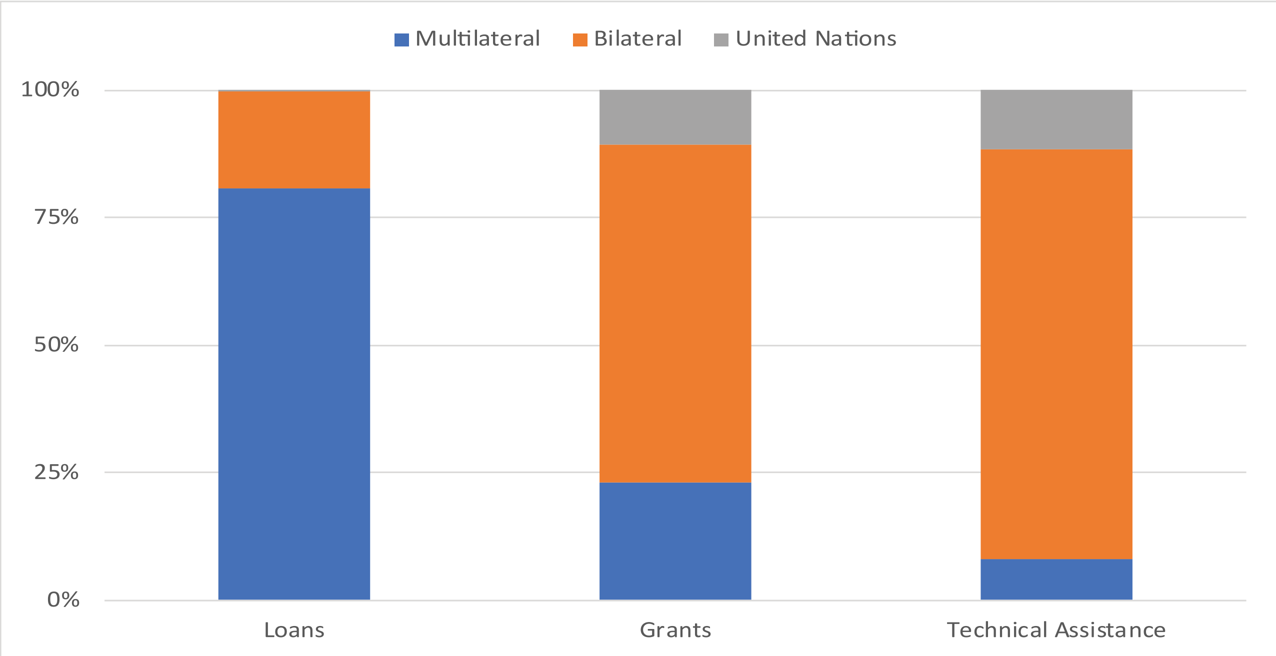


Figure 11.9 depicts the proportional distribution of ODA disbursements by assistance type in FY 2022/23. Multilateral partners' disbursement was mostly in the form of loans, while bilateral partners, in terms of percentage, dominated grants and technical assistance. These were also the main assistance types of the UN.

A major 80.6 percent of loans was received from multilateral partners, 19.1 percent from bilateral partners and only 0.2 percent from the UN.

Grants were mostly received from bilateral partners (66 percent), followed by multilateral partners (23.1 percent) and the UN (10.8 percent).

Disbursements of technical assistance were also mostly received from bilateral partners (80.2 percent) followed by the UN (11.7 percent) and multilateral partners (8.1 percent).

There are no records of in-kind support contributions during the fiscal year 2022/2023.

FIGURE 11.10. ODA Disbursements by Partner Type and Assistance Type, (%), FY 2022/23

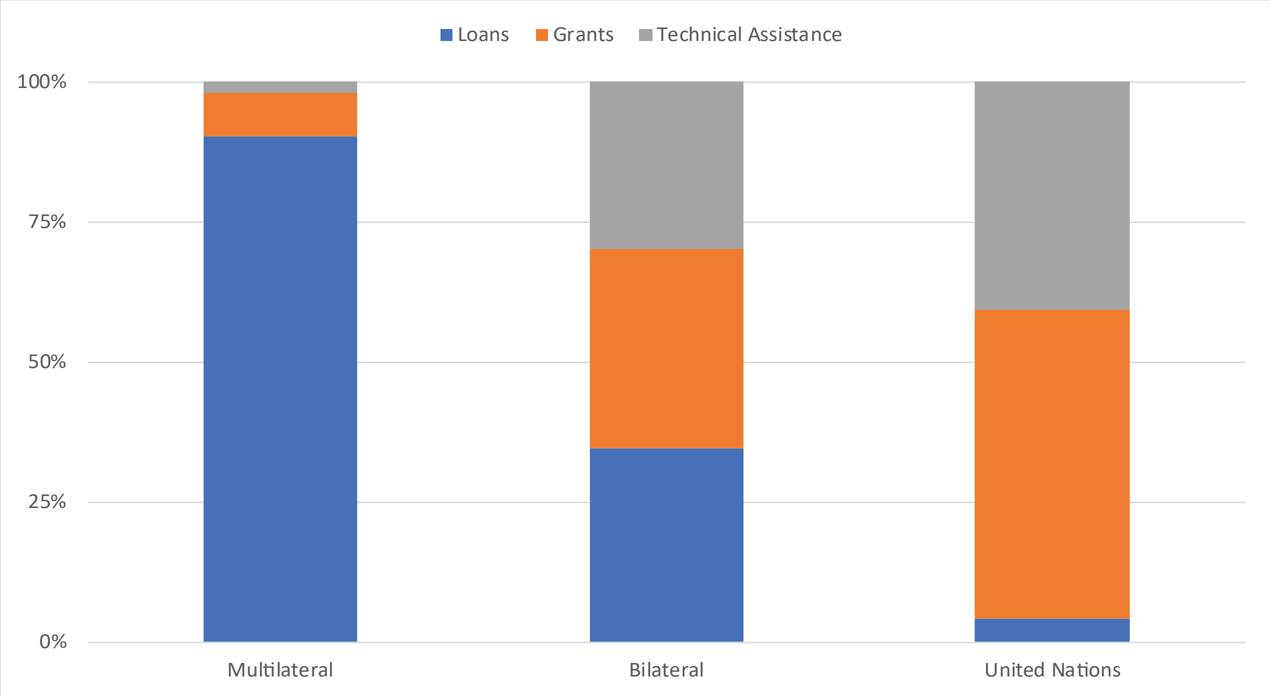


Figure 11.10 breaks down the assistance type by partner category. Multilateral organizations provided the majority of their assistance through loans (90.4 percent), with grants and technical assistance accounting for 7.8 percent and 1.9 percent, respectively. Bilateral partners displayed a more balanced distribution, with 34.6 percent in loans, 35.7 percent in grants, and 29.8 percent in technical assistance. The United Nations primarily provided technical assistance (40.7 percent) and grants (55.1 percent), reflecting its mandate to offer expertise and capacity-building support in addition to financial assistance.

FIGURE 11.11. Top 5 ODA Disbursing Development Partners, FY 2013/14 - 2022/23

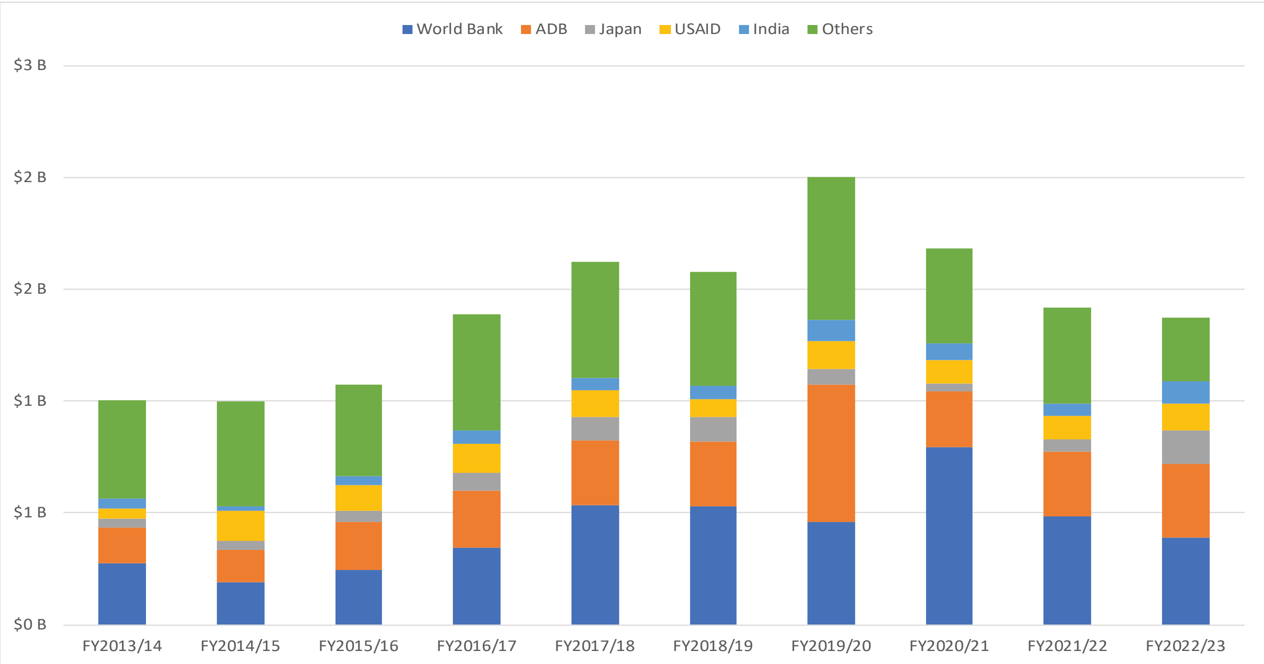
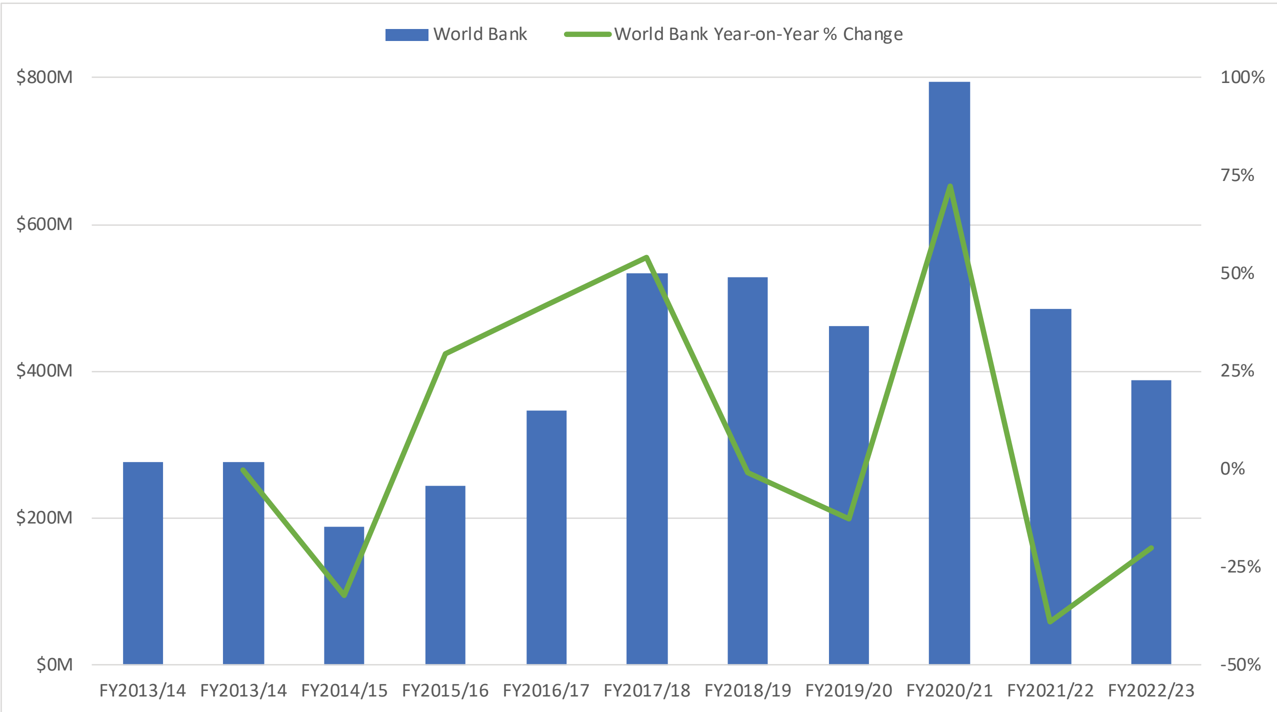


Figure 11.11 outlines the annual disbursements of the top five ODA-providing partners to Nepal over the last decade. The World Bank consistently remained the highest disbursing partner, peaking in FY 2020/21 at USD 794.6 million. In FY 2022/23, the World Bank's disbursements declined to approximately USD 387.4 million, a 20% decrease from the previous year. The Asian Development Bank also showed fluctuations, increasing to approximately USD 334.4 million in FY 2022/23 from USD 290 million the prior year. Japan's contributions nearly tripled from FY 2021/22 to FY 2022/23, increasing from USD 55.4 million to USD 146.2 million. USAID started at USD 45.4 million in FY 2013/14 and fluctuated to finally settle at UDF 120.2 million in FY 2022/23. India's contributions increased significantly in FY 2022/23, reaching USD 99.8 million from USD 58.9 million in FY 2021/22.

11.2 The World Bank

FIGURE 11.12. ODA Disbursement - World Bank, FY 2013/14 - 2022/23



11.12 presents the World Bank's annual ODA disbursements to Nepal over the past decade, along with the year-on-year percentage changes. Disbursements began at USD 276.8 million in FY 2013/14 and reached a peak in FY 2020/21 at USD 794.6 million, reflecting a 72.2 percent increase from the prior year. This peak likely corresponds to increased financing needs during the COVID-19 pandemic.

In FY 2021/22, disbursements dropped to USD 484.9 million, representing a 39% decrease. The downward trend continued in FY 2022/23, with disbursements declining by 20.1% to USD 387.4 million. Despite this reduction, the World Bank remained Nepal's top ODA contributor, with disbursements over the decade highlighting both its financial commitment and responsiveness to Nepal's evolving development context.

11.3 Asian Development Bank

FIGURE 11.13. ODA Disbursement - ADB, FY 2013/14 - 2022/23

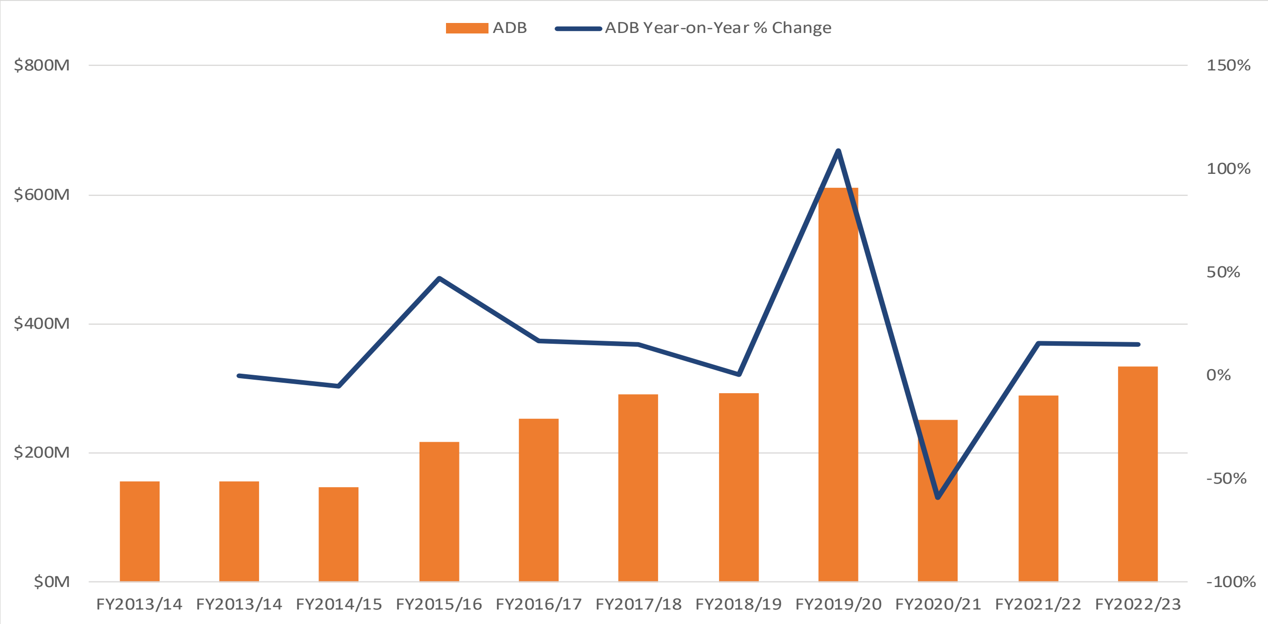


Figure 11.13 presents the disbursement by the ADB from FY 2013/14 to FY 2022/23. The disbursement volume increased from USD 155.6 million in FY 2013/14 to USD 334.4 million in FY 2022/23. Over the decade, the most significant increase occurred in FY 2019/20, with disbursements more than doubling from the previous year (an increase of 109.1 percent) to reach a peak of USD 611.5 million. However, this surge was followed by a sharp decline of 58.9 percent in FY 2020/21, falling to USD 251.1 million.

A gradual recovery followed, with disbursements rising to USD 290.0 million in FY 2021/22 (15.5 percent increase) and further to USD 334.4 million in FY 2022/23 (15.3 percent increase). This recent upward trend suggests ADB's renewed engagement in development financing in Nepal.

11.4 Japan

FIGURE 11.14. ODA Disbursement - Japan, FY 2013/14 - 2022/23

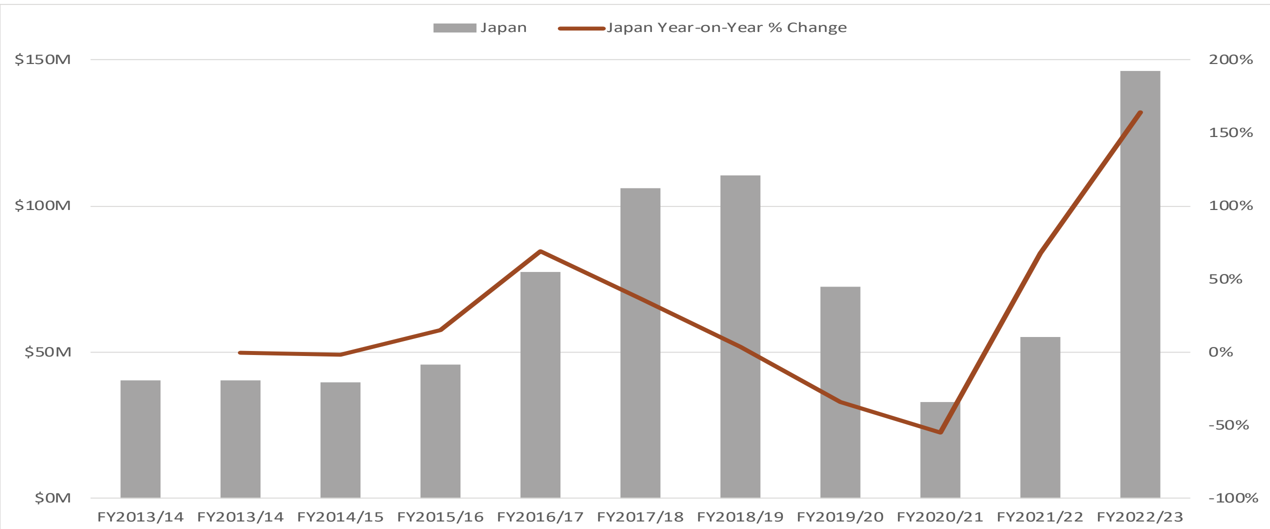


Figure 11.14 illustrates the trajectory of Japan's ODA disbursements to Nepal from FY 2013/14 through FY 2022/23. While Japan's support remained modest during the early years of the decade,it saw significant fluctuations over the decade. After steadily increasing from USD 40.6 million in FY 2013/14 to a peak of USD 110.5 million in FY 2018/19, disbursements dropped to USD 72.6 million (34.3 percent decline) and further to USD 33.0 million in FY 2020/21 (54.6 percent decline). However, Japan's disbursements rebounded considerably in subsequent years, surging by 67.9% in FY 2021/22 to USD 55.4 million, and further by 164.0 percent in FY 2022/23 to USD 146.2 million, its highest recorded contribution during the decade.

11.5 The United States of America

FIGURE 11.15. ODA Disbursement - USAID, FY 2013/14 - 2022/23

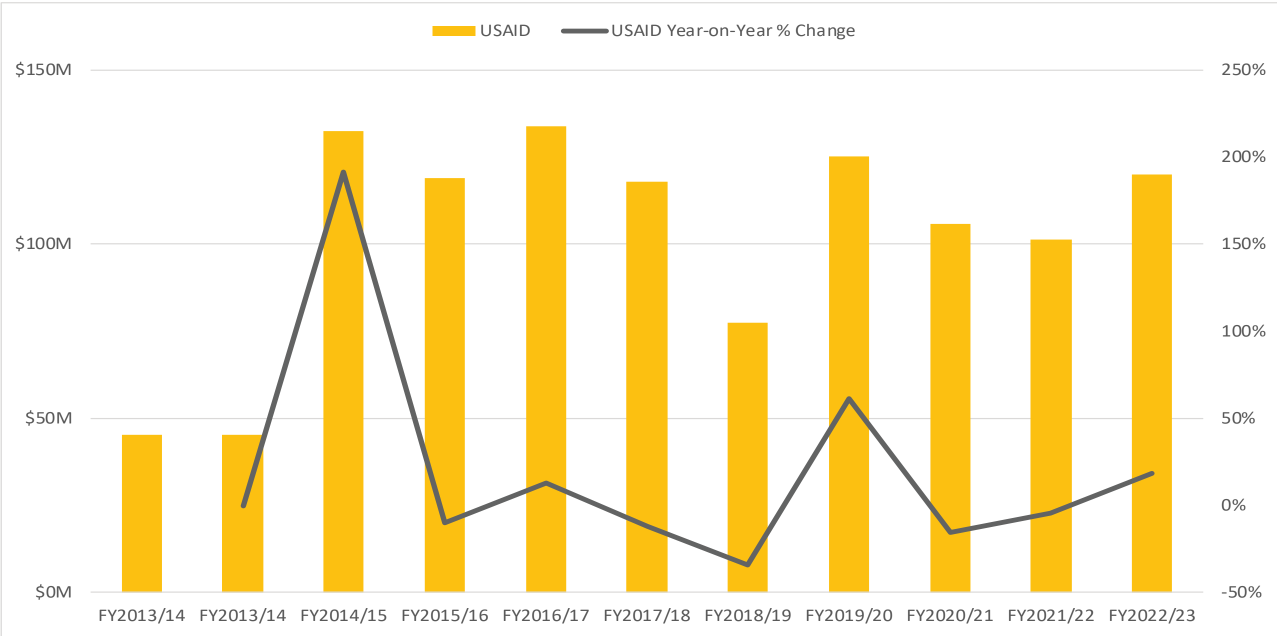


Figure 11.15 highlights the disbursement trends of USAID to Nepal between FY 2013/14 and FY 2022/23.

The most substantial increase occurred in FY 2014/15, with a 191.8 percent surge from USD 45.4 million to USD 132.4 million. After a decline and slight fluctuations in subsequent years, disbursements fell to USD 77.5 million in FY 2018/19. A strong rebound followed in FY 2019/20, rising by 61.4 percent to USD 125.2 million. Although disbursement levels declined again in FY 2020/21 to USD 105.9 million and further in FY 2021/22 to USD 101.3 million, it increased to USD 120.2 million in FY 2022/23, marking a rise of 18.6%.

11.6 India

FIGURE 11.16. ODA Disbursement - India, FY 2013/14 - 2022/23

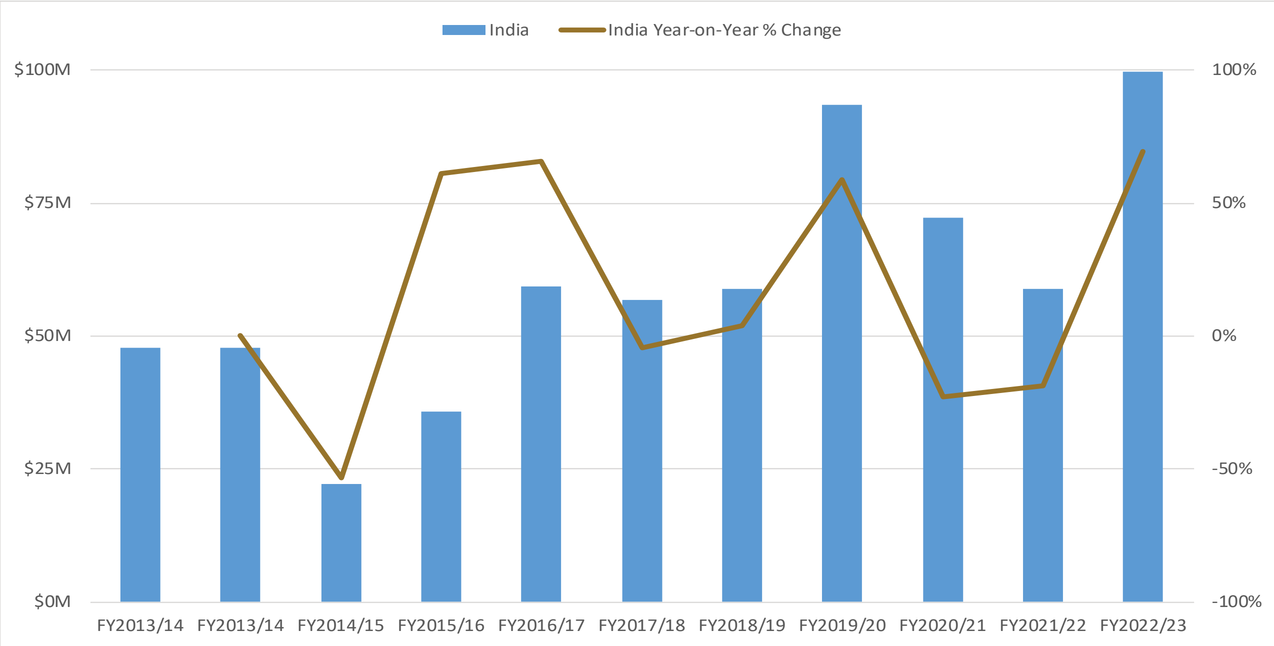
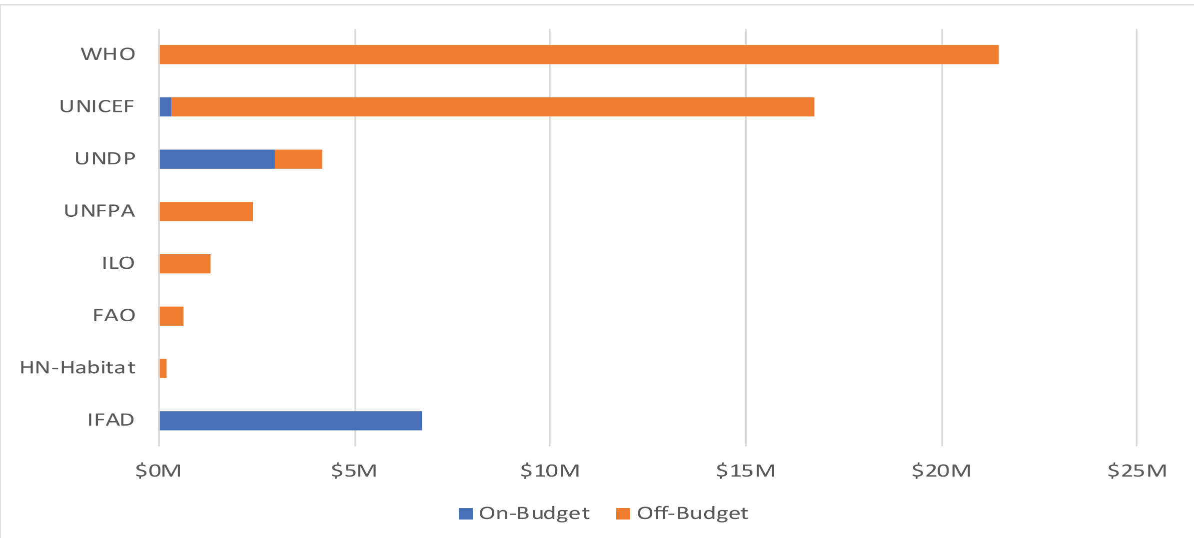


Figure 11.16 presents India's ODA disbursements to Nepal over the decade. While India's contributions began modestly at USD 47.8 million in FY 2013/14, a dip followed in FY 2014/15, declining by 53.5 percent to USD 22.2 million from the previous year. However, the years that followed saw a strong recovery, with disbursements rising, with a few minor fluctuations, to USD 93.6 million in FY 2019/20.

India's disbursements experienced another decline to USD 72.3 million in FY 2020/21 and further to USD 58.9 million in FY 2021/22, but rebounded in FY 2022/23 to USD 99.8 million, marking an increase of 69.2 percent compared to the previous year. This upward trend signals renewed engagement in regional infrastructure, capacity building, and humanitarian support.

11.7 United Nations

FIGURE 11.17. UN ODA Disbursements by UN Entity - On-/Off-Budget, FY 2022/23



The data reveals distinct disbursement patterns among United Nations agencies operating in Nepal, particularly in their use of on-budget and off-budget aid modalities.

A significant number of UN agencies operate predominantly through off-budget support. WHO, UNFPA, ILO, FAO, and UN-Habitat reported 100 percent of their total disbursements as off-budget. This indicates a strong institutional preference for maintaining operational control over fund use.

UNICEF, while not entirely off-budget, still follows this trend closely, with USD 16.4 million disbursed off-budget and only a marginal USD 0.3 million delivered on-budget. Similarly, UNDP employed a mixed approach, disbursing approximately USD 3.0 million on-budget and USD 1.2 million off-budget.

In contrast, IFAD stands out as the only UN agency that provided 100 percent of its disbursement (USD 6.7 million) on-budget, indicating a deliberate strategy of aligning with Nepal's national planning and budgeting frameworks.

Most UN agencies continue to channel assistance through mechanisms that enable direct programme delivery. This highlights the importance of enhancing coordination with the Government of Nepal to ensure alignment with national priorities.

12

CHAPTER

INTERNATIONAL NON-GOVERNMENTAL ORGANISATIONS

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 2013/14 - 2022/23[1]

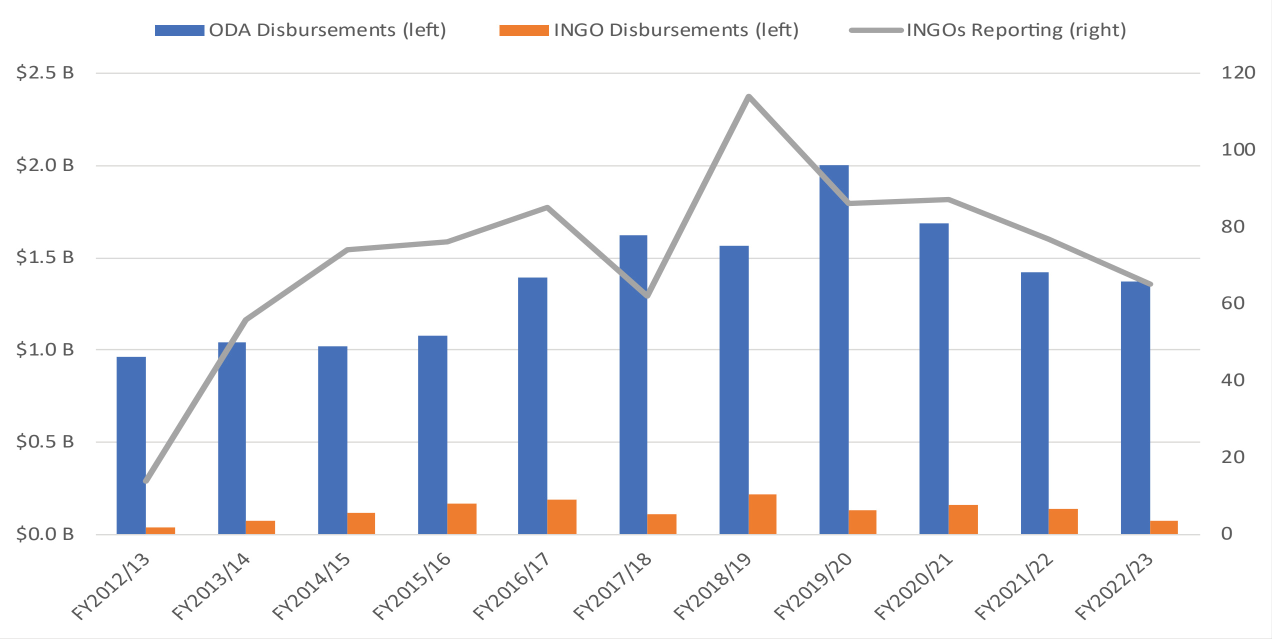


Figure 12.1 provides an examination of ODA disbursements through INGOs, stretching from FY 2013/14 to FY 2022/23.

1 Data on INGOs disbursement captured in this DCR may be subject to inaccuracies due to potential double counting. At source, DPs might have reported and, at point of delivery, the intermediaries, such as an INGO or a UN agency might have reported. This potential inconsistency should be taken into consideration when interpreting the data.

Over this timeframe, total ODA disbursements generally increased, rising from approximately USD 1 billion in FY 2013/14 to USD 1.37 billion in FY 2022/23, with notable peaks observed in FY 2016/17 and FY 2019/20.

Conversely, INGO disbursements showed more volatility. INGO funding increased steadily from USD 76.08 million in FY 2013/14, reaching a peak of USD 215.3 million in FY 2018/19. However, this was followed by a downward trend in the following years. Most notably, there was a significant drop in INGO disbursements in FY 2022/23 by approximately 57.2 percent, from USD 139.9 million to USD 72.7 million, marking the lowest recorded level since FY 2013/14.

The number of INGOs reporting also fluctuated over the years, increasing from just 56 organisations in FY 2013/14 to a peak of 114 in FY 2018/19, before decreasing to 65 in FY 2022/23.

FIGURE 12.2. INGO Disbursements by Sector and Number of Projects, FY 2022/23

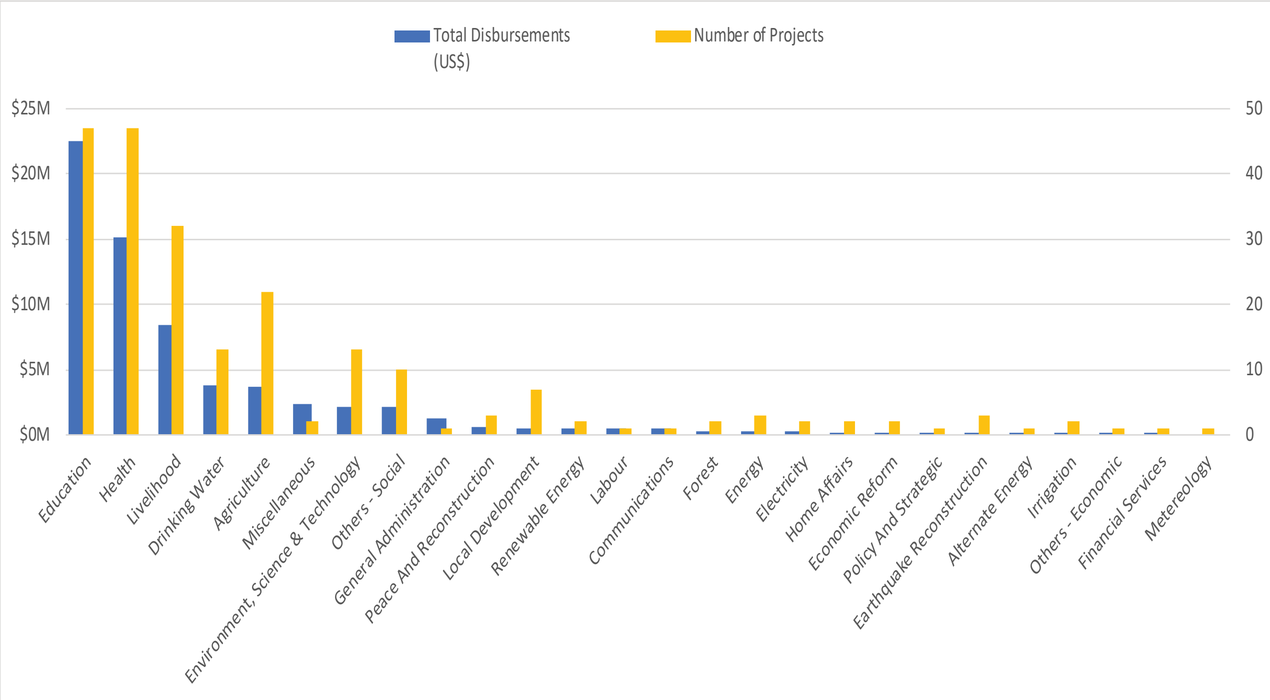


Figure 12.2 presents an analysis of the disbursements made by INGOs across 26 sectors in FY 2022/23. Analysis reveals that the education and health sectors emerged as the prime recipients of INGO contributions, with 47 projects each and with disbursements totalling approximately USD 22.5 million and USD 15.2 million, respectively. The livelihood sector ranked third, receiving approximately USD 8.4 million across 32 projects. Other sectors such as drinking water (USD 3.8 million, 13 projects) and agriculture (USD 3.7 million, 22 projects) also received notable funding. Sectors like environment, science, and technology (USD 2.1 million, 13 projects), social services (USD 2.1 million, 10 projects), and peace and reconstruction (USD 0.6 million, 3 projects) received more modest allocations, though they reflect the specialised nature of projects in these areas.

On the lower end of the spectrum, sectors such as irrigation, alternate energy, labour, communications, and home affairs recorded relatively small disbursements, each under USD 0.5 million and implemented through one to two projects. The general administration sector had a single project with a disbursement of approximately USD 1.3 million. Meteorology, while recorded with one project, had no disbursement.

The overall distribution of INGO disbursements and project counts in FY 2022/23 illustrates a strong concentration in social sectors, particularly education and health, alongside meaningful investments in economic development and community resilience. The data also reflect the wide operational footprint of INGOs across various areas, including smaller but strategic engagements in governance, infrastructure, and environmental sustainability.

FIGURE 12.3. Top 5 Sectors Receiving INGO Disbursements, FY 2022/23

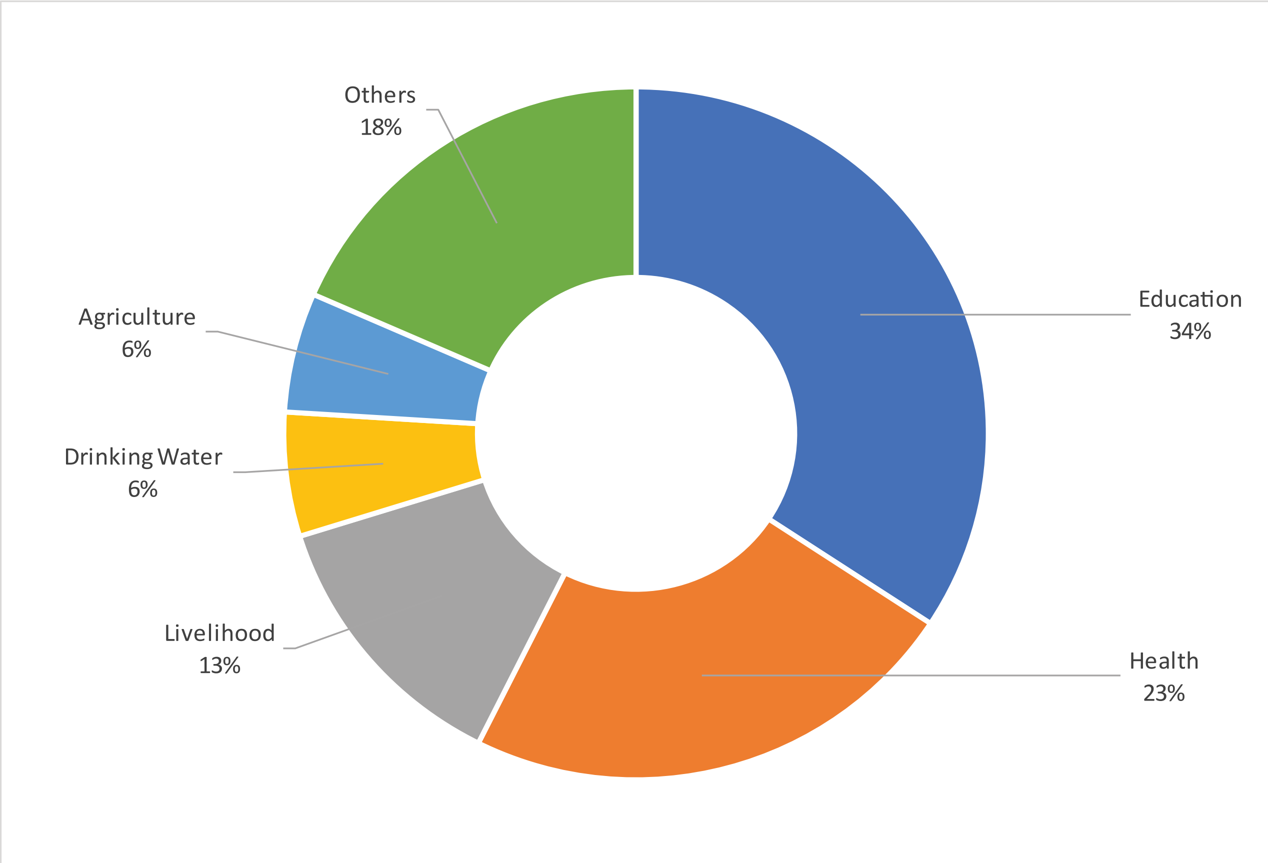


Figure 12.3 presents the top five sectors receiving INGO disbursements in the FY 2022/23. Figure 12.3 illustrates the distribution of INGO disbursements across the top five sectors in Nepal during FY 2022/23. The education sector emerged as the leading recipient, accounting for 34.2% of total INGO disbursements with 47 projects and substantial financial allocation (USD 22.5 million). The health sector followed, receiving 23.1 percent of disbursements, also through 47 projects and totaling approximately USD 15.2 million. Livelihood programs received 12.8 percent of disbursements (USD 8.4 million), indicating support for income generation and economic empowerment efforts. Drinking water accounted for 5.2 percent, and agriculture received 5.6 percent, highlighting the importance of basic services and food security in INGO programming.

The "Others" category, comprising smaller-scale engagements across multiple sectors, made up 18.4% of total INGO funding.

FIGURE 12.4. Top 5 Disbursing INGOs, FY 2022/23

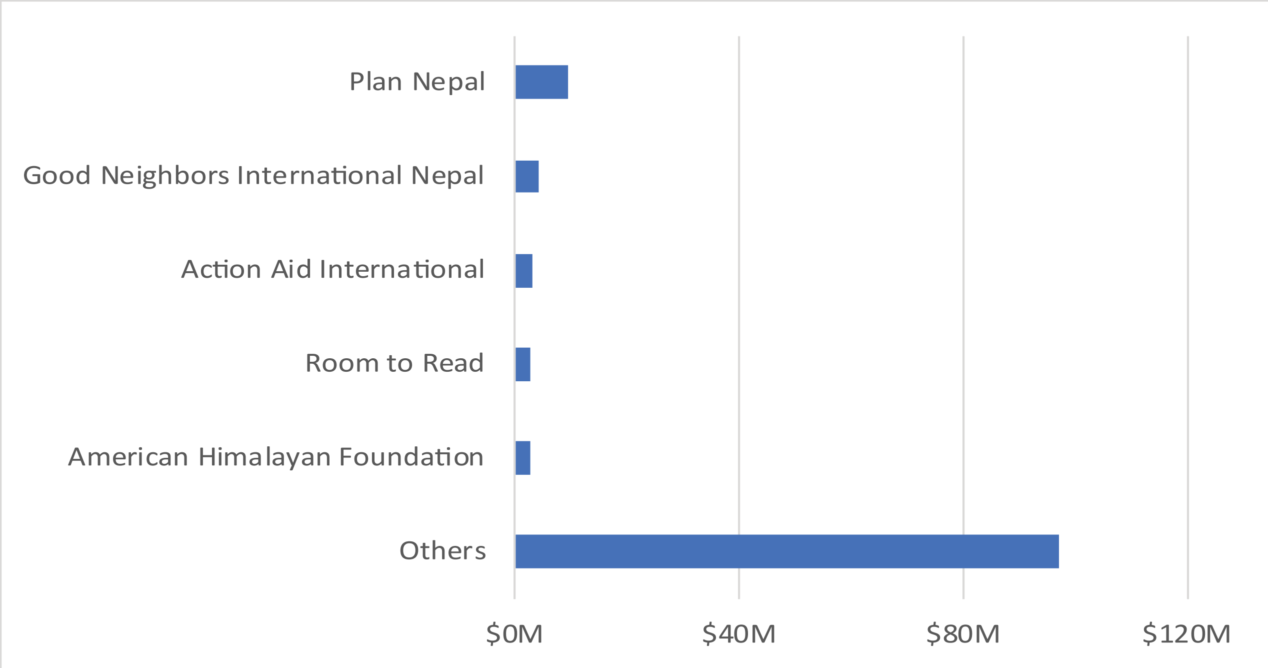


Figure 12.4 highlights the leading INGOs in Nepal in terms of total disbursements for FY 2022/23, offering valuable insights into the nature and scale of their activities.

Plan Nepal was the top disbursing INGO, with USD 9.6 million, representing the largest single-INGO contribution recorded in that year. Good Neighbors International Nepal ranked second, disbursing approximately USD 4.4 million, followed by ActionAid International with USD 2.9 million, Room to Read with USD 2.6 million, and American Himalayan Foundation, also with around USD 2.6 million.

The “Others” category collectively disbursed USD 97.2 million. This figure suggests that while a few INGOs account for major contributions, the bulk of INGO activity is distributed among a wider group, with smaller but meaningful engagements.

13

CHAPTER

GENDER ANALYSIS

To assess the degree of gender mainstreaming in development cooperation projects, the AMIS applies a gender marker classification. This mechanism categorises ODA projects based on their level of support for gender equality, distinguishing between those that are directly supportive, indirectly supportive or neutral of the gender aspect.

Directly supportive projects are defined as projects where more than 50 percent of the total budget is expressly allocated towards efforts to promote gender equality and empower women. Indirectly supportive projects are defined as those where between 20 percent to 50 percent of the project's total budget is dedicated to fostering gender equality and women's empowerment. These projects potentially have other primary objectives but still, allocate a significant portion of their budget towards gender equality. Neutral projects are where less than 20 percent of the project's total budget is dedicated to gender equality and women's empowerment. While these projects may contribute to gender equality and women's empowerment indirectly or as part of a larger, holistic approach, the explicit financial commitment towards these specific objectives remains comparatively small.

This section analyzes trends in gender-focused ODA from FY 2016/17 to FY 2022/23 across disbursement amounts, project counts, budget types, and development partner contributions. The Gender Marker Analysis of ODA support started getting reflected in the Development Cooperation Report only since FY 2016/17 through the then Aid Management Platform (AMP) which is why the seven-year period is considered in this section.

FIGURE 13.1. ODA and Gender Marker Classification, FY 2022/23

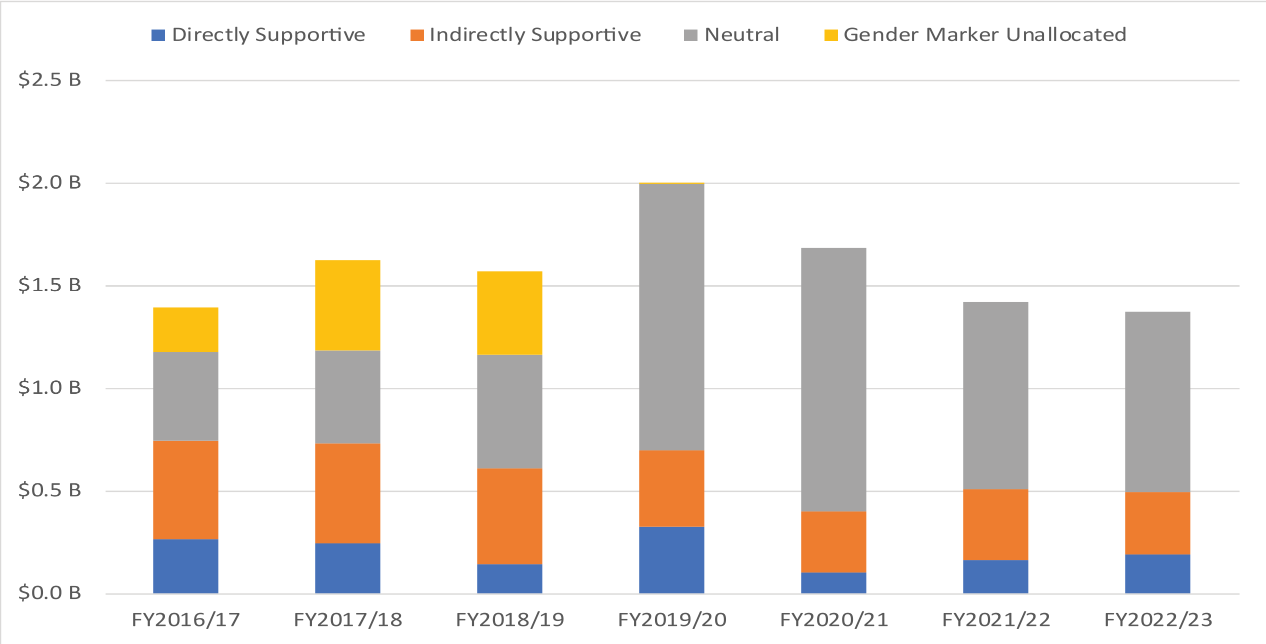


Figure 13.1 presents ODA disbursements from FY 2016/17 to FY 2022/23 categorized by gender marker classification: directly supportive, indirectly supportive, neutral, and unallocated.

In FY 2016/17, ODA support for directly gender supportive projects was USD 264.9 million which peaked at USD 327.4 million and declined to the lowest USD 100.3 million in the span of a year from FY 2019/20 to FY 2020/21. In FY 2022/23, it settled at a modest USD 189.3 million.

The projects that were indirectly gender supportive had higher ODA support in the early years. Starting at USD 477 million in FY 2016/17, it was fairly stable for three years. Since FY 2019/20, however, these projects started declining in amount settling at USD 305.1 million.

In the later years, neutral projects accounted for higher amounts starting at USD 432.8 million in FY 2016/17, it peaked at a dramatic USD 1304.1 million in FY 2019/20. Since then, it saw steady declines to settle at USD 876.6 million, which still accounts for the largest share of ODA support in FY 2022/23.

FIGURE 13.2. Gender Marker Classification by Number of Projects, FY 2016/17 - 2022/23

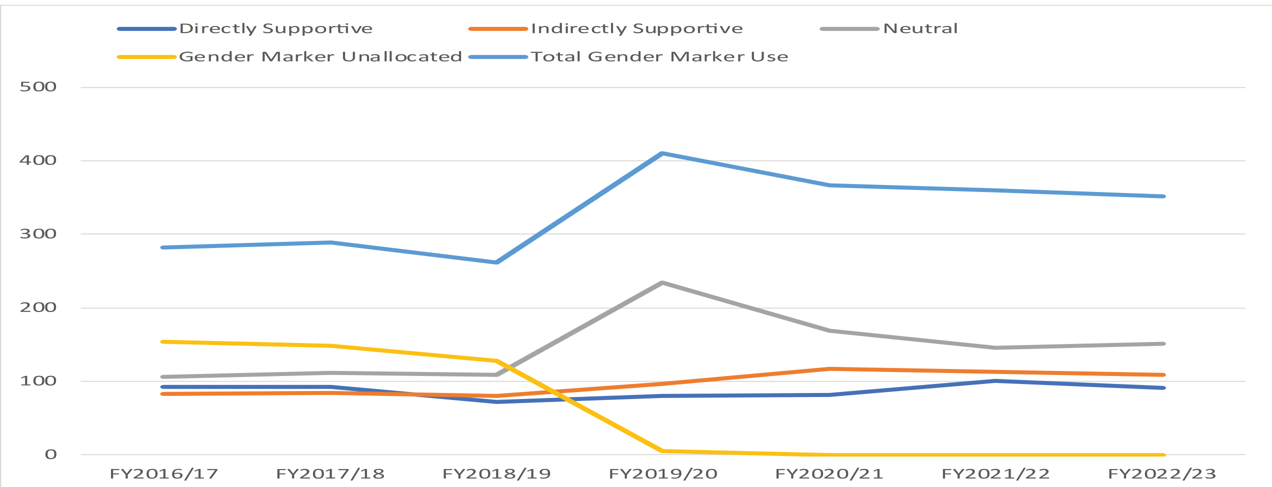


Figure 13.2 shows the progression of gender marker classification by number of projects from FY 2016/17 to FY 2022/23. The total projects increased over the period from 282 in FY 2016/17 to 351 in FY 2022/23 peaking at 410 in FY 2019/20.

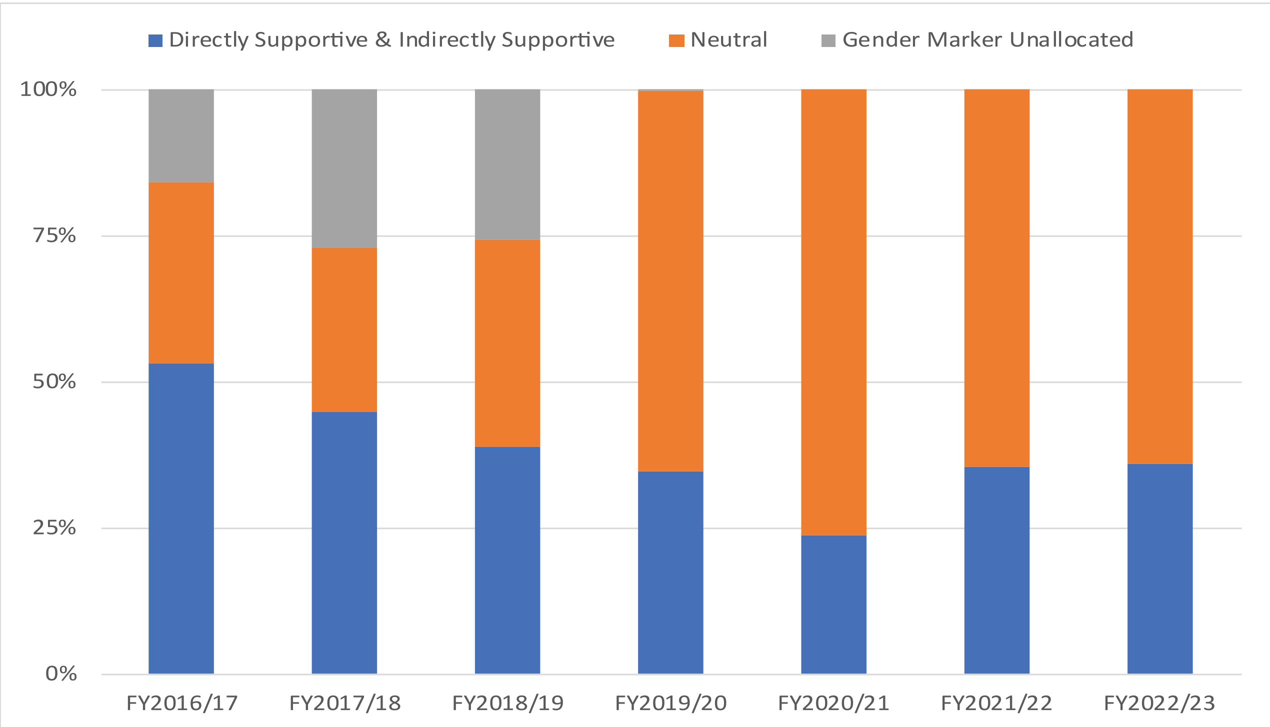
Directly supportive projects were relatively stable in number over the period decreasing from 93 to 91 projects from FY 2016/17 to FY 2022/23. During the interval, it saw significant fluctuations with the highest number of projects (110 projects) in 2021/22.

Indirectly supportive projects saw a consistent increase over the period from FY 2016/17 (83 projects) to FY 2022/23 (109 projects). The only exception was seen in FY 2018/19 where the number of indirectly gender-supportive projects decreased from 84 to 80.

Neutral projects also fluctuated over the period. Starting at 106 projects in FY 2016/17, it peaked in FY 2019/20 at 234 projects to settle at 151 projects in FY 2022/23.

Projects where gender markers were unallocated decreased significantly over the period. Starting at 154 projects in FY 2016/17, it decreased steadily for two years to reach 128 projects in FY 2018/19. In FY 2019/20, it decreased dramatically to 5 projects followed by 0 gender marker unallocated projects ever since. This highlights the growing recognition of the importance of supporting gender equality in development projects.

FIGURE 13.3. Gender Marker Classification by ODA Disbursement, FY 2016/17 - 2022/23



A research underscores the economic benefit of advancing gender equality. A prominent study by the McKinsey Global Institute estimated that if women in every country played an identical role to men in markets, as much as USD 28 trillion, or 26 per cent, could be added to the global annual GDP by 2025.[1] In this context, the growing number of gender-supportive development projects and the corresponding increase in ODA allocations hold substantial potential to contribute meaningfully to inclusive and sustained economic growth.

1 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

However, the share of directly and indirectly supportive projects in the total ODA disbursement of Nepal has decreased over the years, as shown by Figure 13.3, declining from 53.2 percent in FY 2016/17 to 35.5 percent share in FY 2021/22. Gender neutral ODA disbursements have increased in percent share from 31 percent in FY 2016/17 to 63.9 percent in FY 2022/23. Disbursement amount and number of projects as gender marker unallocated category imply non-compliance with designated data entry parameters across directly supportive, indirectly supportive and neutral. increased from FY 2016/17 to FY 2017/18 from 15.8 percent to 27 percent, followed by a decrease to 25.6 percent in 2018/19,and a dramatic drop to 0.2 percent in FY 2019/20 and onward indicate start of proper data entry practice as gender marker field was made mandatory into the system.

While there has been significant progress in gender allocation in development projects, continued effort and investment are needed to ensure that gender equality is fully integrated into all aspects of development work.

FIGURE 13.4. Gender Marker Classification by Number of Projects (%), FY 2016/17 - 2022/23

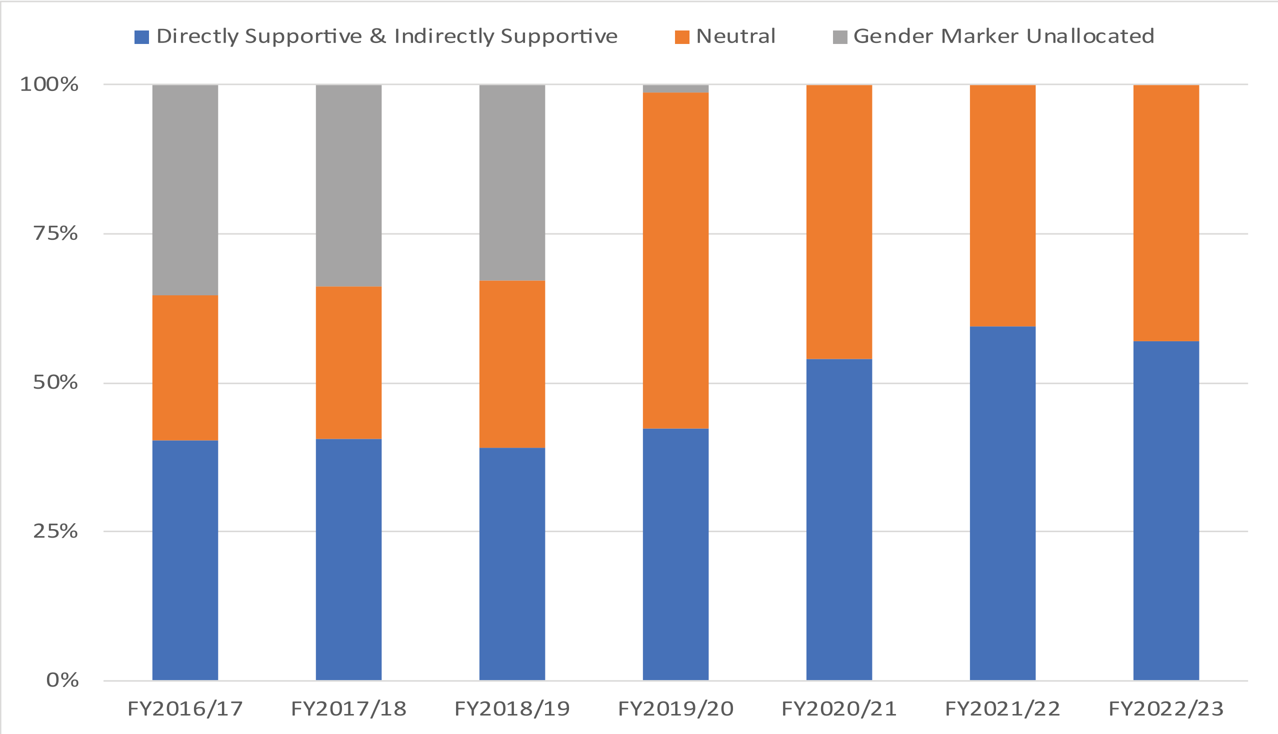


Figure 13.4 presents the proportion of the number of projects under each gender marker category by percentage per year.

Although the previous figure showed decreasing share of gender support in terms of disbursements, its share has generally increased in terms of number of projects from 40.4 percent in FY 2016/17 to 57.0 percent in FY 2022/23.

As explained above, the decreasing share of projects unallocated for gender markers from 35.4 percent in 2016/17 to 1.2 percent in FY 2019/20 and further to 0 percent since FY 2020/21 shows the systemic improvement in gender related data entry practice. However, the share of the number of gender neutral projects increased significantly from 24.3 percent in FY 2026/17 to 43 percent in FY 2022/23.

FIGURE 13.5. ODA and Gender Marker Classification - On-Budget vs Off-Budget, FY 2022/23

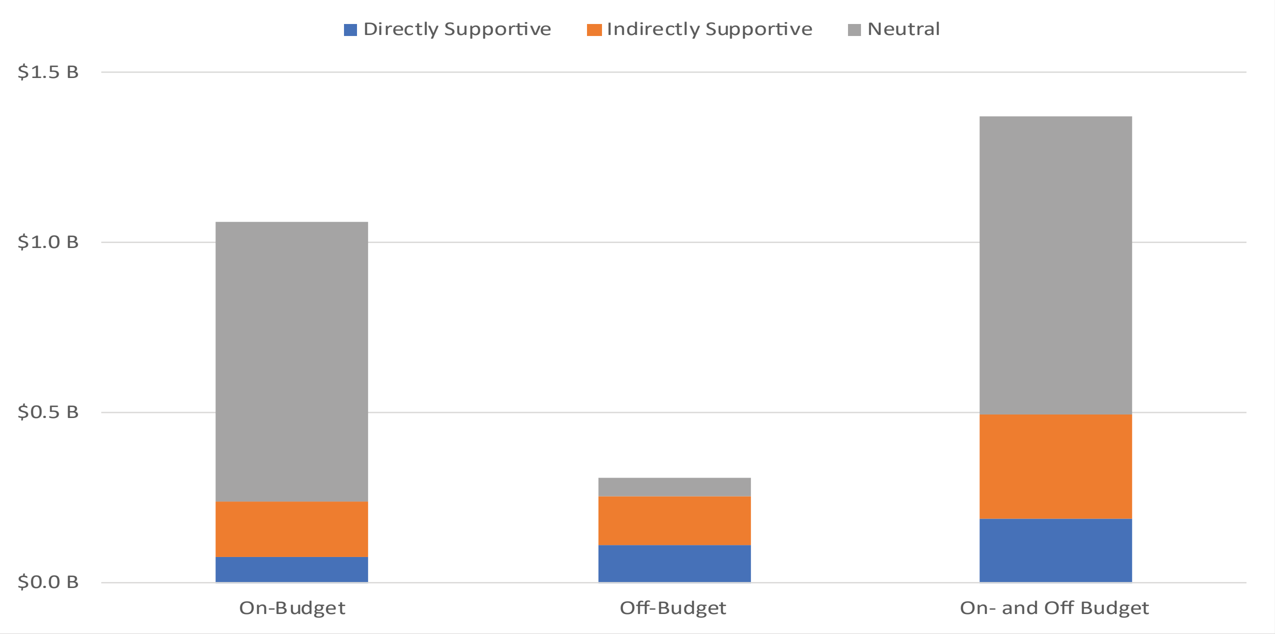


Figure 13.5 provides a comprehensive overview of the ODA by type of budget (on-budget, off-budget and combined) across each gender marker category (directly supportive, indirectly supportive and neutral)

Out of the total on-budget support of USD 1.06 billion, USD 76.9 million was directly supportive, USD 163.1 million was indirectly supportive and USD 821.7 million was neutral in addressing gender issues. Off-budget ODA amounted to USD 309.3 million out of which USD 112.4 million was directly supportive, USD 142 million was indirectly supportive and USD 54.9 million was neutral.

The figure shows clear differences in the on-budget and off-budget ODA in addressing gender issues. On-budget ODA is mostly neutral while off-budget ODA addresses gender aspects either directly or indirectly, for the most part.

FIGURE 13.6. Proportion of Development Partner Disbursements Directly or Indirectly Supportive of Gender Mainstreaming, FY 2022/23

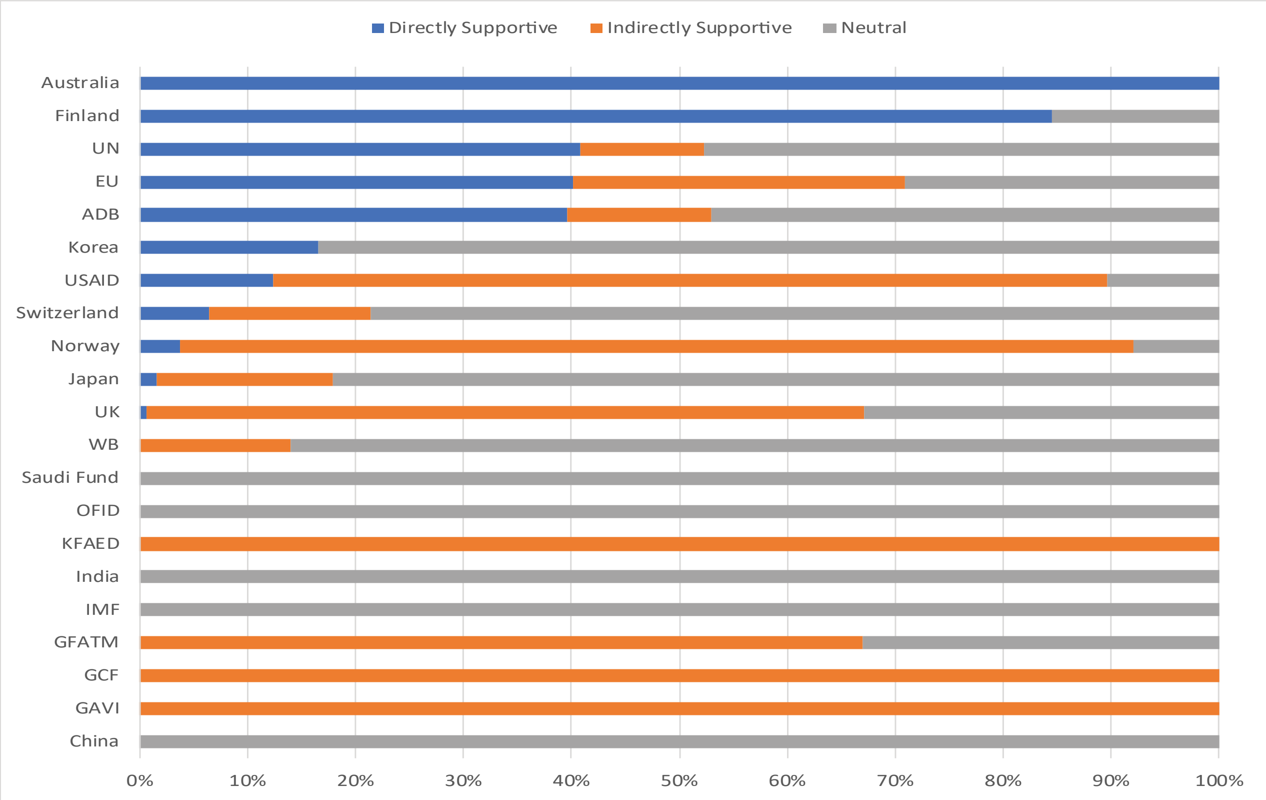


Figure 13.6 presents the proportion of disbursements made by various DPs that directly or indirectly support gender mainstreaming, along with those that are neutral, in FY 2022/23.

Australia and Finland led with 100% and 84.6% of their disbursements directly supporting gender equality. The UN (40.8 percent), the EU (40.2 percent) and ADB (39.6 percent) also had substantial direct contributions followed by other smaller contributions by Korea (16.5 percent), USAID (12.4 percent), Switzerland (6.5 percent), Norway (3.8 percent), Japan (1.6 percent) and UK (0.6 percent).

Other than GAVI, GCF and KFAED, whose 100 percent disbursements addressed indirect gender support, Norway and USAID were strong contributors, with 88.2 percent and 77.3 percent of their disbursements indirectly promoting gender equality. Other substantial contributors to indirect support included GFATM (67 percent), UK (66.5 percent), and the EU (30.7 percent) followed by other smaller contributors like Japan (16.27 percent), Switzerland (14.91 percent), WB (14 percent), ADB (13.37 percent) and UN (11.48 percent).

Several partners including China, India, IMF, OFID and Saudi Arabia had 100% of their ODA categorized as gender-neutral. Other partners who were significantly neutral were WB (86 percent), Korea (83.49 percent), Japan (82.12 percent) and Switzerland (78.61 percent).

A considerable share of ODA reported as gender-neutral may stem from limitations in accurately identifying gender-related outcomes during project reporting. In many cases, gender-responsive elements embedded within project design and implementation are not fully recognised or understood by reporting officials, resulting in their misclassification. This highlights the critical need for enhanced capacity-building and awareness among data entry personnel and stakeholders to ensure accurate classification of gender-related impacts, thereby reflecting the true extent of gender mainstreaming in development cooperation.

14

CHAPTER

CLIMATE FINANCE

Climate finance has emerged as a growing priority within Nepal's ODA landscape. For the first time, the 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 2022/23

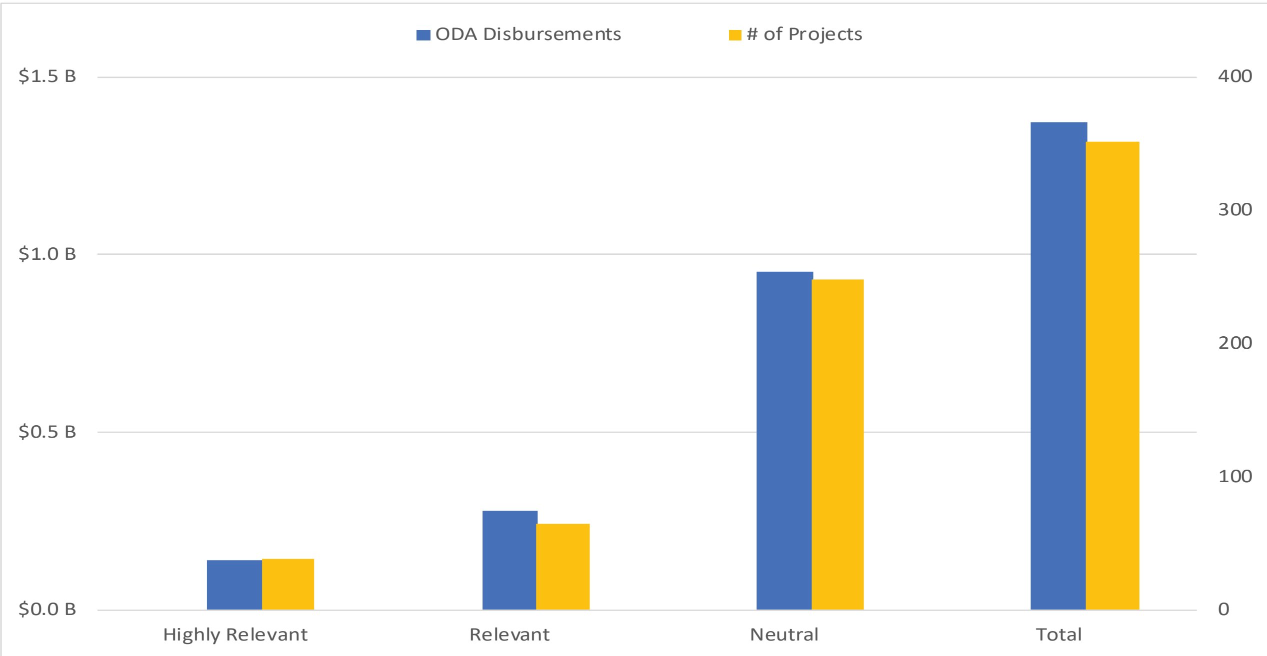


Figure 14.1 presents the distribution of ODA in FY 2022/23 based on the climate finance marker classification system. This system categorizes projects according to the degree to which they address climate change mitigation or adaptation, as either "Highly Relevant," "Relevant," or "Neutral."

In terms of financial volume, out of a total ODA disbursement of USD 1.37 billion, only USD 138.3 million (10.1%) was classified as 'highly relevant' to climate change. Projects deemed 'relevant' received USD 280.3 million, or 20.4% of total ODA, while the remaining USD 952.2 million (approximately 69.5%) were tagged as neutral, meaning they did not have specific climate objectives.

From a project count perspective, 38 projects were identified as highly relevant, 65 projects were marked as relevant and 251 projects were deemed neutral. This classification underscores that the majority of projects in FY 2022/23 still do not explicitly target climate objectives.

Climate change, being an international public good, is a global issue. Therefore, climate-specific interventions at the country level are global obligations. Incorporating climate considerations into all aspects of ODA is a pressing need for enhancing climate resilience and sustainability.

It is alarming to note that a large proportion of projects, classified as climate-neutral, seems to indicate they are not contributing to climate objectives. This pattern may imply either AMIS is not adequately capturing climate issues, or there is limited understanding among reporting officials regarding the criteria for identifying climate-relevant interventions. This may leave climate-focused elements within ODA financed projects, unrecognised. Going forward, a new feature to capture activity-level climate intensity instead of the existing project-level climate finance marking system could be introduced in the new DFMIS alongside rigorous orientation to the reporting officials of both the DPs and the IECCD will have to be provided.

15

CHAPTER

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 4 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 2022/23, out of the total ODA disbursement of approximately USD 1.4 billion, USD 100.7 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 35.74 million towards COVID-19 containment-related efforts.

FIGURE 15.1. Total ODA Disbursements vs COVID-19 Disbursements, FY 2022/23

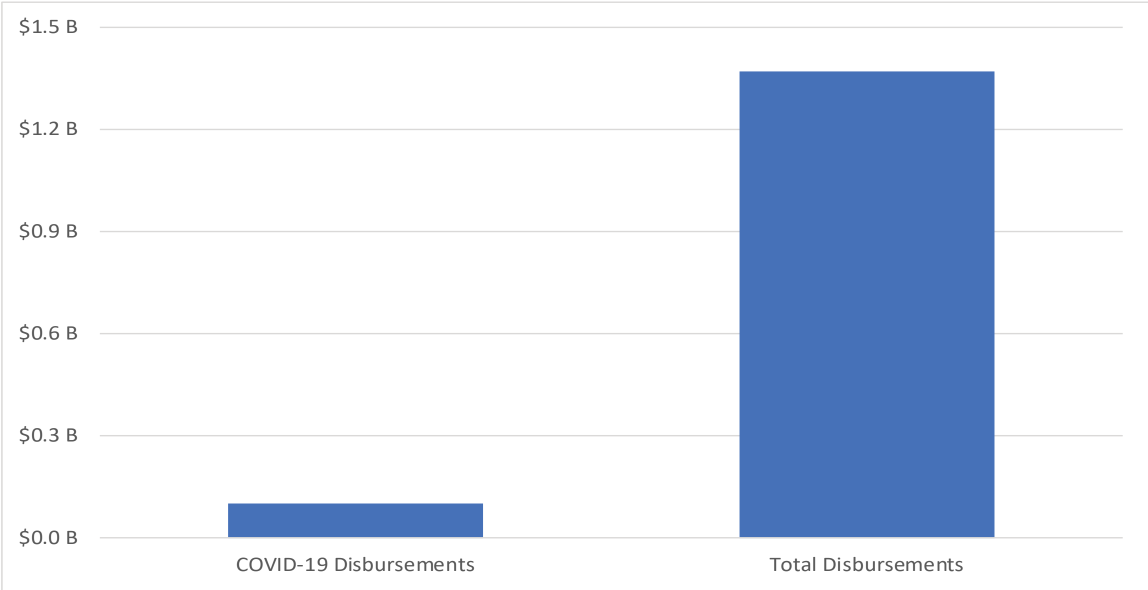


Figure 15.1 compares total ODA disbursements with those specifically earmarked for COVID-19 interventions in FY 2022/23. Of the total USD 1.37 billion disbursed during the fiscal year, only USD 100.7 million was formally recorded as COVID-19-specific assistance. While there has been a high commitment to COVID-19 support, the actual disbursement figures appear low because with the ease of the pandemic, the ODA allocated to COVID-19 have been reallocated towards the broader health sector, and are not specifically recorded under the category of COVID-19 disbursement.

FIGURE 15.2. Total Development Partner Support Committed and Disbursed for COVID-19, FY 2019/20 - 2022/23

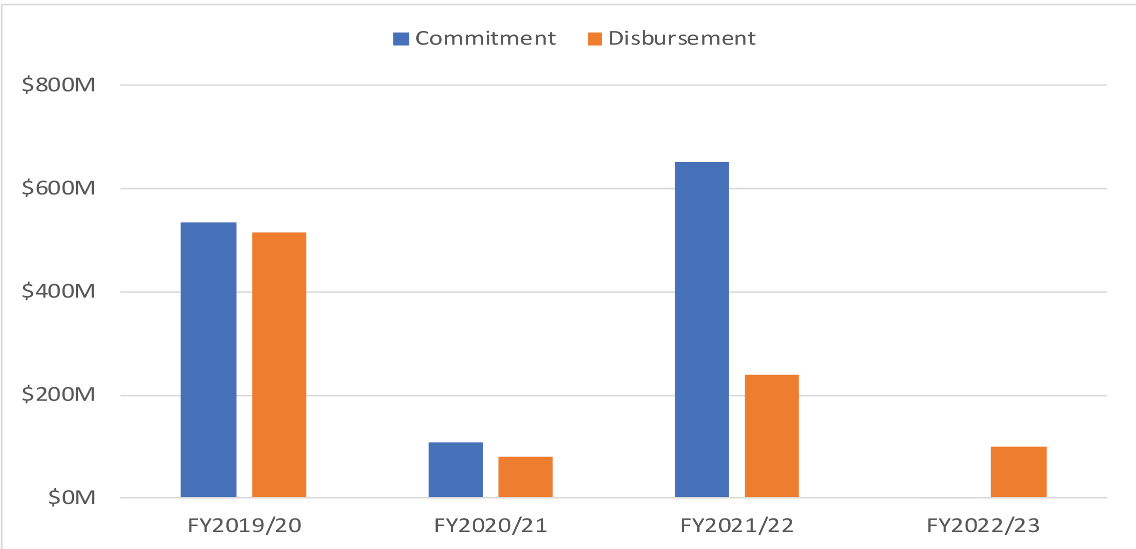


Figure 15.2 presents total ODA disbursements and the portion of these disbursements specifically allocated for COVID-19 related initiatives from FY 2019/20 to FY 2022/23.

In FY 2019/20, at the onset of the pandemic, DPs made significant financial commitments totaling approximately USD 534.4 million, with USD 516.2 million disbursed within the same year, representing a high disbursement of over 96.6 percent of commitment. This rapid mobilisation of funds reflects the urgent global response and national proactiveness in the initial containment and mitigation of COVID-19 .

In FY 2020/21, commitments sharply declined to USD 107.3 million, and actual disbursements dropped to USD 79.2 million.

In FY 2021/22, commitments surged once again to USD 651.2 million, indicating renewed donor interest in supporting COVID-19 recovery initiatives, including vaccine procurement and health system strengthening. However, disbursements stood at USD 239.8 million, suggesting a time lag in fund utilisation and possible delays in project execution.

By FY 2022/23, commitments fell dramatically to a nominal amount of USD 38,800, indicating a near-complete shift away from emergency COVID-19 pledges. Nevertheless, disbursements for the year reached approximately USD 100.7 million reflecting the execution of funds committed in prior years.

This data shows strong initial response, followed by fluctuating commitments aligned with evolving national needs and pandemic conditions. The substantial drop in new commitments in FY 2022/23 also signals the transition from emergency response to long-term health system investment and resilience-building.

Furthermore, the experience of the pandemic could potentially influence how ODA is structured and delivered in the future. More flexible, adaptable funding mechanisms may become more prevalent to rapidly address unexpected global challenges as they arise.

FIGURE 15.3. Cumulative Support for COVID-19 by Committed and Disbursed by Development Partner, FY 2019/20 - 2022/23

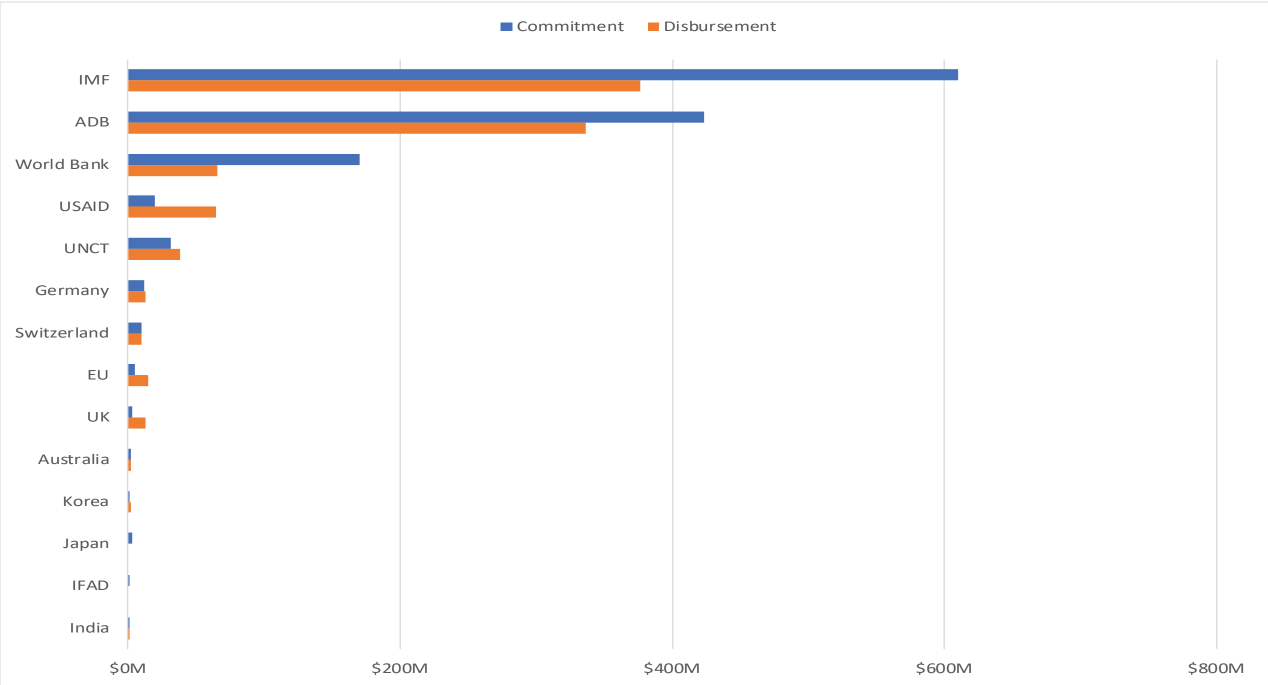


Figure 15.3 presents COVID-19 commitments and disbursements from various DPs between FY 2019/20 and FY 2021/22. Over the three-year period, IMF and ADB made the largest total commitments for COVID-19 support, pledging USD 609.9 million and USD 423 million and disbursing USD 376.8 million and USD 336.3 million respectively.

Other contributions include WB (USD 170.3 million committed, USD 65.7 million disbursed), USAID (USD 19.7 million committed, USD 64.6 million disbursed), UNCT (USD 31.5 million committed, USD 38 million disbursed), Germany (USD 12.1 million committed, USD 12.7 million disbursed), Switzerland (USD 10.4 million committed, USD 9.7 million disbursed), the EU (USD 5.2 million committed, USD 14.7 million disbursed), UK (USD 2.9 million committed, USD 13.1 million disbursed), Australia (USD 2.5 million committed, USD 2 million disbursed), and Korea (USD 1.5 million committed, USD 1.8 million disbursed). The disbursements higher than corresponding commitments of USAID, UNCT, Germany, the EU, UK and Korea could either be due to disbursements of previous commitments or reallocation of funds from other projects in a time of need.

In contrast, some DPs like Japan and IFAD reported financial commitments (USD 2.8M and USD 1.2M, respectively) with no corresponding disbursements by FY 2022/23. This may indicate delays in fund release, implementation constraints, or reprogramming of funds.

FIGURE 15.4. Development Partner Support Committed and Disbursed for COVID-19 by Development Partner, FY 2022/23

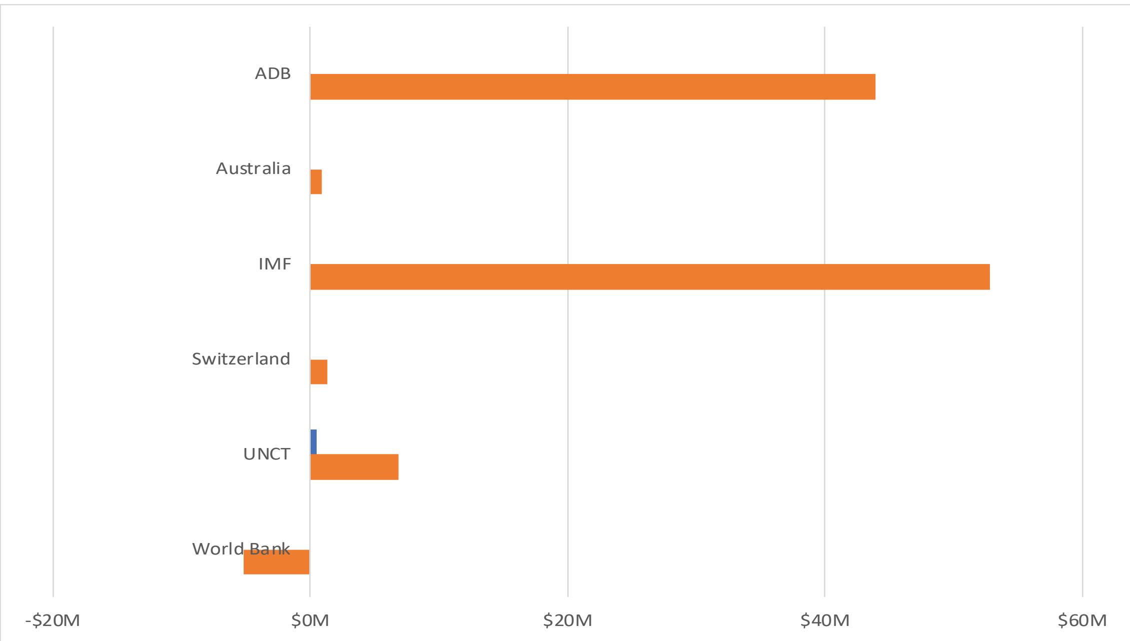


Figure 15.4 illustrates the COVID-19-related commitments and disbursements made by key DPs to Nepal in FY 2022/23.

The International Monetary Fund (IMF) emerged as the largest contributor, disbursing USD 52.8 million in FY 2022/23, followed by the ADB with a disbursement of USD 44.0 million. These two multilateral institutions collectively accounted for more than 95 percent of the total COVID-related ODA disbursed during the year.

The United Nations Country Team (UNCT) disbursed approximately USD 6.9 million, with a commitment of USD 0.4 million, standing out as the only development partner to make a commitment in FY 2022/23.

Switzerland and Australia also made modest contributions, disbursing USD 1.4 million and USD 0.9 million respectively, in continued support of pandemic response and recovery efforts. Notably, the World Bank reported a negative disbursement of USD 5.2 million 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 2022/23, with fewer active partners and lower disbursement volumes compared to the peak years of the pandemic.

FIGURE 15.5. Total Development Partner Support Committed and Disbursed Support for COVID-19, FY 2019/20 - 2022/23

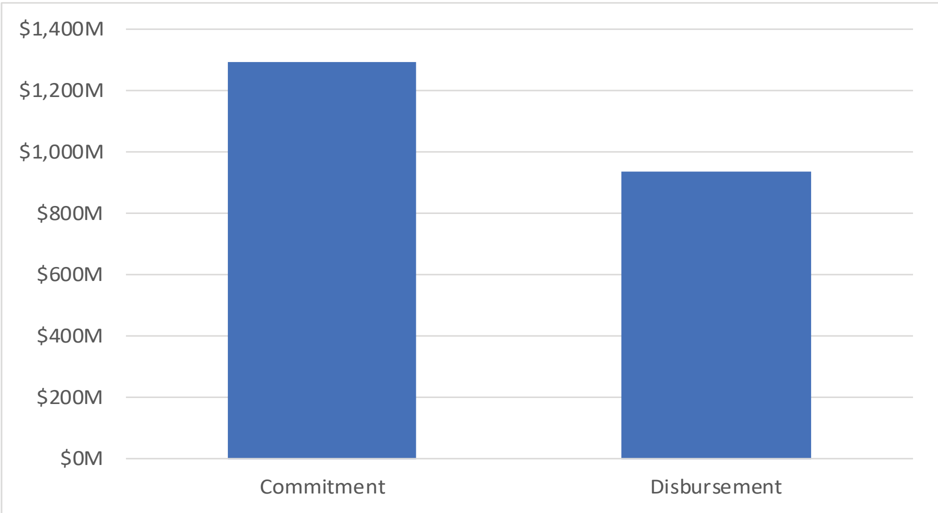


Figure 15.5 shows the total amount committed and disbursed by DPs from FY 2019/20 to FY 2022/23 towards the fight against the COVID-19 pandemic. The total commitment during this period amounts to approximately USD 1293.3 million. This refers to the total amount that all partners pledged to contribute towards COVID-19 support between FY 2019/20 and 2021/22. Meanwhile, the total disbursement over this period was approximately USD 935.8 million.

Box 5 The COVID-19 AMIS 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 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.

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 - 2022/23

Development Partners	Commitment (USD)				Commit-ment Total	Disbursement (USD)				Disbursement Total
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23		FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	
IMF	214,0 00,000	0	395,900,000		609,900,000	214,000,000	0	110,000,000	52,800,000	376,800,000
ADB	253,000,000	0	170,000,000		423,000,000	250,000,000	0	42,342,403	38,292,693	330,635,096
World Bank	29,000,000	75,000,000	66,298,661		170,298,661	5,800,000	16,750,000	48,298,661	-10,384,868	60,463,793
USAID	13,213,745	3,971,866	2,500,000		19,685,611	27,870,524	18,721,866	18,020,000		64,612,390
UNCT	9,293,959	9,716,915	12,057,469	38,800	31,107,143	4,148,624	11,875,544	15,112,112	13,741,118	44,877,398
Germany	1,096,800	10,968,000	0		12,064,800	837,844	11,857,362	10,494		12,705,700
Switzerland	8,365,432	1,990,000	0		10,355,432	2,051,694	5,430,774	897,048	1,541,635	9,921,151
EU	10,832	767,760	4,387,200		5,165,792	10,430,432	426,786	3,850,734		14,707,952
UK	2,877,119	0	0		2,877,119	346,000	12,708,864	0		13,054,864
Australia	0	2,479,179	0		2,479,179	0	516,908	635,811	1,762,735	2,915,454
Korea	702,822	825,500	0		1,528,322	702,822	521,000	596,763		1,820,585
Japan	2,820,504	0	0		2,820,504	0	0	0		0
IFAD	0	1,206,000	0		1,206,000	0	0	0		0
India	0	386,483	17,253		403,736	0	386,483	17,253		403,736
Grand Total	534,381,213	107,311,703	651,160,583	38,800	1,292,892,299	516,187,940	79,195,587	239,781,279	97,753,313	932,918,119

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 committed amounts and actual disbursements of COVID-19-related assistance, reflecting the unique nature of emergency response operations during the pandemic.

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CHAPTER

NEPAL'S GRID STRATEGY

Despite Nepal's negligible contribution to global warming and Greenhouse Gas (GHG) emissions, it is one of the most climate-vulnerable countries in the world. Due to geography and socio-economic conditions, Nepal is highly susceptible to the complexities of natural disasters. In recognition of these pressing challenges aggravated by the need for post-COVID-19 economic recovery, increased climate risks, and growing demands for inclusivity and environmental sustainability, the Government of Nepal has adopted the Green, Resilient and Inclusive Development (GRID) strategy. This comprehensive development framework seeks to harmonise economic growth, environmental sustainability, and social equity, ensuring a more adaptive and future-ready national development trajectory.

Box 6 Kathmandu Joint Declaration,

The Kathmandu Joint Declaration on GRID, endorsed in September 2021 by the Government of Nepal along with 17 DPs, served as the catalyst for the formulation of the GRID Strategic Action Plan, extending until 2030. This strategic plan identifies ten priority areas: sustainable tourism, renewable energy, cleaner transport and resilient roads, integrated solid waste management, sustainable forest management, watershed protection and water supply, biodiversity conservation, adaptive social protection, climate-smart agriculture, and sustainable cities. Collectively, these areas aim to accelerate Nepal's efforts in meeting the objectives of the Paris Agreement.

In line with its commitments under the GRID framework, Nepal's Nationally Determined Contribution (NDC) seeks to transition towards a decarbonised economy across all sectors, with a goal to attain net-zero emissions by 2045. By 2030, Nepal aims to meet 15 percent of its energy demand through renewable sources and expand forest coverage to 45 percent of its territory (Nepal's second NDC, 2020).

To support this transition, Nepal's DPs have pledged up to USD 4.2 billion in potential future support, including USD 3.2 billion already committed. A dedicated GRID Steering Committee, headed by the Finance Secretary, has been established to guide the implementation of this strategy. The committee is tasked with ensuring alignment with the 10 focus areas and leveraging them to promote green growth, resilience, and inclusive development across all sectors.

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CHAPTER

SDG ALIGNMENT AND MAPPING

The following section provides new analysis of ODA disbursements in Nepal specifically aligned with the SDGs in FY 2022/23. The aim is to highlight the patterns, disparities, and potential strategic implications emanating from the data, thus contributing to a comprehensive understanding of the current ODA landscape in Nepal. In FY 2022/23, Nepal's ODA landscape was examined through the lens of SDG alignment to better understand how external financing supports specific development priorities. This section offers a focused assessment of how disbursements correspond to various SDGs, identifying both areas of patterns and disparities. By analysing the distribution of ODA against SDG targets, the findings aim to inform more strategic decision-making and encourage greater comprehensive understanding of Nepal's development assistance.

FIGURE 17.1. SDG Mapped Disbursements by Top 5 SDG Goals (%), FY 2022/23

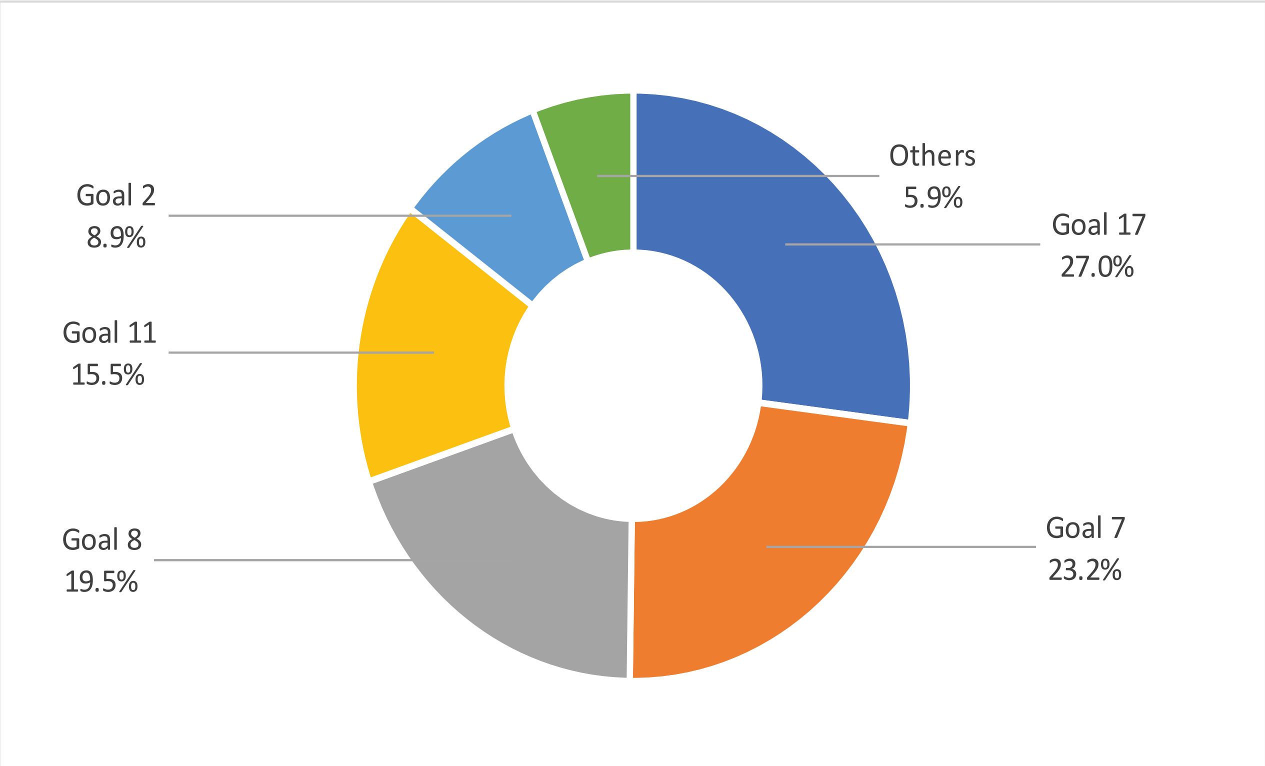

Figure 17.1 illustrates the percentage distribution of ODA disbursements mapped to the top five Sustainable Development Goals (SDGs) in FY 2022/23. The highest proportion of disbursement was aligned with Goal 17 (Partnerships for the Goals), receiving 27 percent of the total SDG-mapped funds. This was followed by Goal 7 (Affordable and Clean Energy) at 23.2 percent, Goal 8 (Decent Work and Economic Growth) at 19.5 percent, and Goal 11 (Sustainable Cities and Communities) at 15.5 percent. Goal 2 (Zero Hunger) received 8.9 percent of the mapped disbursements. The remaining 5.9 percent was distributed across various other goals not included in the top five. This distribution underscores Nepal's prioritisation of energy access, economic recovery, urban resilience, and global cooperation in its ODA programming for the year.

FIGURE 17.2. SDG Mapped Disbursements by SDG Goal and Number of Projects, FY 2022/23

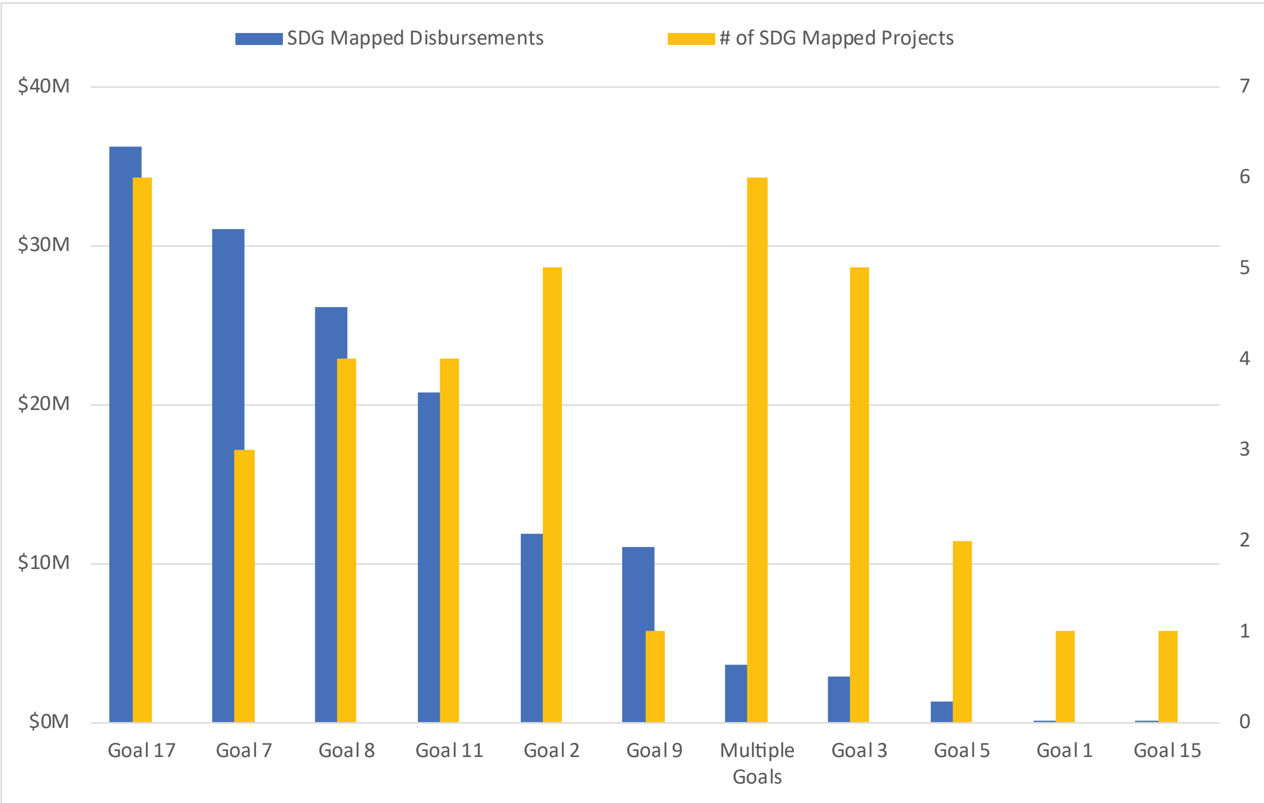

Figure 17.2 shows the number of projects associated with each SDG alongside the corresponding ODA disbursement. One may assume a higher number of projects linked to a specific SDG should correspond to higher disbursements to that SDG. However, as presented by Figure 17.2, this correlation is not absolute. For instance, goal 2 had 5 projects but received only USD 11.9 million, whereas goal 7 had just 3 projects yet received USD 31.0 million. Goal 17, however, had both the highest number of projects (6) and the largest disbursement (USD 36.2 million). Notably, Goal 3 (Good Health and Well-being) received USD 2.9 million across 5 projects, Goal 1 (No Poverty) received USD 0.07 million for a single project, and Goal 15 (Life on Land) received the lowest allocation (USD 0.01 million), also for a single project.

Projects mapped to multiple goals in the FY 2022/23 have received a collective disbursement of USD 3.6 million across six projects.

FIGURE 17.3. SDG Mapped Disbursements by Development Partner and SDG Goal, FY 2022/23

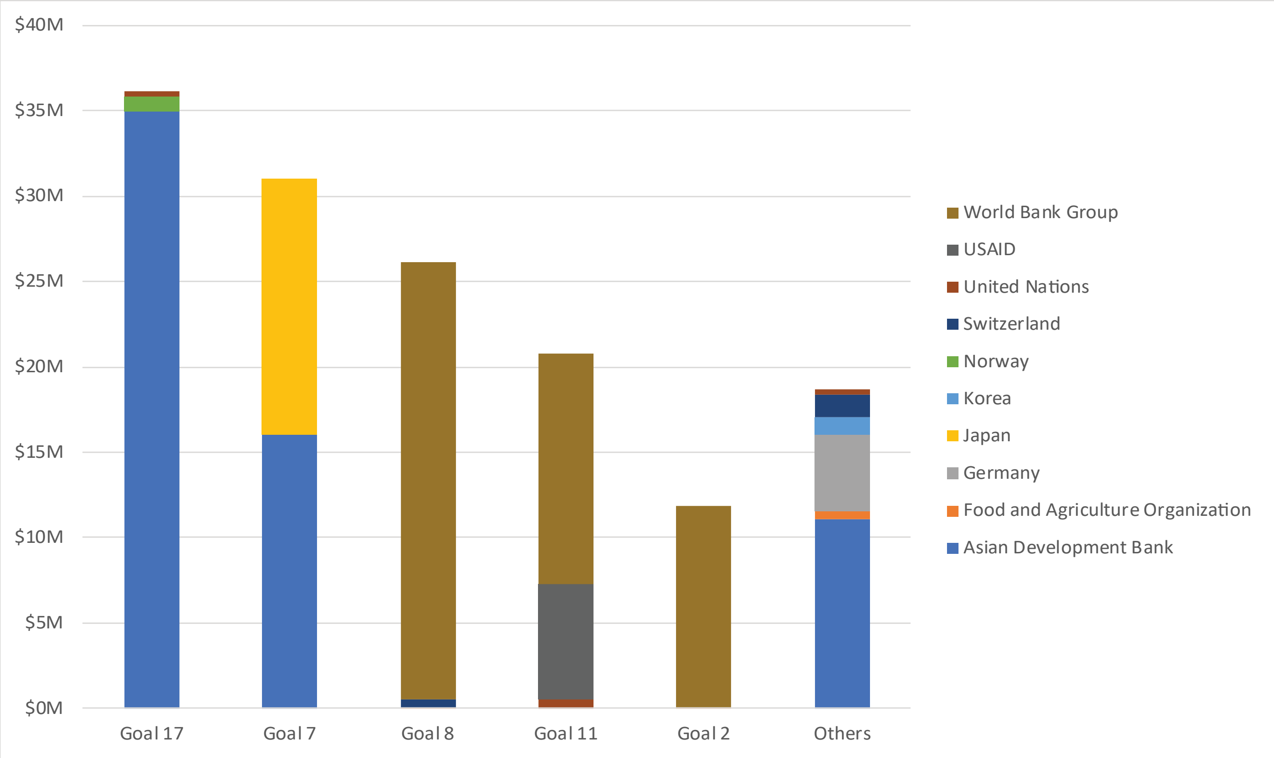

Figure 17.3 displays SDG-mapped disbursements by development partner and associated SDG for FY 2022/23. Contributions in goal 17 were mostly made by ADB (USD 34.9 million), followed by Norway (USD 0.8 million) and UN (USD 0.4 million). Goal 7 saw balanced contributions from ADB (USD 16 million) and Japan (USD 15 million). Disbursements for goal 8 mostly came from WB (USD 25.6 million) followed by relatively small contributions from FAO (USD 0.8 million) and Switzerland (USD 0.4 million). Contributions for disbursement for goal 11 was received mainly from WB (USD 13.4 million) and USAID (USD 6.7 million) followed by a smaller contribution from the UN (USD 0.6 million). Disbursement of Goal 2 was almost entirely funded by WB (USD 11.8 million) with a smaller contribution from FAO (USD 0.07 million).

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CHAPTER

THE ROAD AHEAD

The Development Cooperation Report (DCR) is intended to provide a comprehensive view of the ODA landscape in Nepal, serving as a critical tool for transparency, planning, and coordination. The Ministry of Finance remains committed to enhancing the quality and utility of this report by improving the AMIS. To strengthen AMIS further, a newer version of it will integrate with other relevant data systems, enabling a more holistic capture of development finance flows. A new validation mechanism will also be introduced to improve the accuracy of data entry, especially in relation to off-budget funding and contributions from INGOs. Moreover, provincial and local-level governments will be supported and encouraged to use the platform, thereby improving the tracking of development assistance across all levels of governance.

This DCR is probably the last report based on AMIS. The next year report will base on DFMIS, a newer version planned to capture a broader scope of development finance flows and monitoring the interconnections among plans, budgets, and outcomes by assimilating data from multiple sources. Undoubtedly, institutions at data entry level, i.e., at MoF/IECCD, DPs and INGOs will have to be further strengthened for timeliness, accuracy and coverage of data entry to make the new system well-functioning.

These commitments for ongoing reforms reflect the MoF/IECCD's forward-looking vision to make development finance management more transparent, efficient, and aligned with national priorities. In the future, close collaboration with DPs, civil society, and government entities is essential to realise this goal.

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CHAPTER

CONCLUDING REMARKS

This report provides a detailed account of Nepal's ODA landscape over the past decade, highlighting the evolving trends in external development finance and its role in supporting the country's progress toward sustainable development. Development cooperation is increasingly channelled towards long-term structural goals such as economic reform, health, education, gender equality, federal governance, climate resilience, and alignment with the SDGs.

The volume and direction of ODA are heavily influenced by national policies and priorities. The impact of external shocks, such as the 2015 earthquake and the COVID-19 pandemic continue to taper off as time passes. The 2015 earthquake was a defining moment for Nepal, testing national resilience and triggering a strong response from the global community. The subsequent surge in development assistance underscored the critical importance of international cooperation in hard times. However, challenges persist. A significant portion of ODA remains off-budget, and the number of fragmented projects continues to make ODA costly and likely to pose threats in coordination. The observed drop in per-capita ODA highlights the need of advocacy for increased access to external finance, including global climate funds as well as of strengthening institutional capacity for effective management of ODA and implementation strategy.

Having said this, the overall ODA landscape in Nepal during FY 2022/23 largely remains in line with national priorities and globally changed architecture. Nepal's continued efforts to partner with the global community, to implement federalism, strengthen governance, and undertake key policy reforms have helped foster a more enabling environment for development cooperation. Enhanced transparency, accountability, and institutional capacity have been crucial to sustaining DPs confidence expressed through ODA commitment. Going forward, Nepal remains committed to deepening its partnerships with the international community, anchored in mutual trust, national ownership, alignment with the country system, transparency, and mutual accountability, to collectively pursue inclusive, resilient, and sustainable growth.

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ANNEX A. Annex A Development Partner Disbursements, FY 2012/13 to FY 2022/23

Donor Group	Actual Disbursements (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
ADB	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
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
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
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
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
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
GCF												181,129	6,038,418
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
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
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
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
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
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
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
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
Others	-	142,555	-	-	-	-	-	-					
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
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
UN	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
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
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
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
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

ANNEX B. Development Partner Disbursements by Type of Assistance, FY 2022/23

DPs	Disbursement (US$)		
	Grant	Loan	Technical Assistance
ADB	23,402,511	303,500,089	7,504,845
Australia	1,142,616		
China	5,870,460	8,581,249	
EU	15,830,238		1,590,310
Finland	3,561,529		7,403
GAVI	10,229,450		
GCF			6,038,418
Germany	7,745,486		11,407,699
GFATM	3,041,788		
IMF		52,800,000	
IFAD			
India	56,675,845	42,650,000	433,883
Japan	16,697,384	122,711,970	6,742,288
KFAED		32,299	
Korea	2,375,636		4,335,482
Netherlands			
Norway	20,315,502		
OFID		1,621,194	
SAARC			
Saudi Fund		449,748	
Switzerland	21,213,411		6,924,730
UK	29,193,159		15,192,035
UN	29,542,275	2,269,133	21,837,528
USAID	15,129,956		105,048,738
WB	10,586,991	376,816,543	

ANNEX C. Development Agencies On- and Off-Budget Disbursements, FY 2022/23

Development Partner	Disbursement (US$)			On Budget %	Off-Budget %	Total
	On Budget	Off-Budget	Total			
ADB	268,800,497	64,206,772	333,007,269	81%	19%	100%
Australia		1,142,616	1,142,616	0%	100%	100%
China	14,451,709		14,451,709	100%	0%	100%
EU	9,689,297	7,731,251	17,420,548	56%	44%	100%
FAO		626,901	626,901		100%	100%
FCDO	22,526,134	21,859,060	44,385,194	51%	49%	100%
Finland		3,568,932	3,568,932		100%	100%
GCF		6,038,418	6,038,418	0%	100%	100%
GIZ		11,147,735	11,147,735	0%	100%	100%
Global Alliance for Vaccines and Immunization	10,229,450		10,229,450	100%	0%	100%
Global Fund to Fight AIDS, Tuberculosis and Malaria	3,041,788		3,041,788	100%	0%	100%
IDA	376,816,543	352,153	377,168,696	100%	0%	100%
IFAD	6,706,399		6,706,399	100%	0%	100%
ILO		1,329,977	1,329,977	0%	100%	100%
IMF	52,800,000		52,800,000	100%		100%
India	99,759,728		99,759,728	100%		100%
JFPR	1,400,176		1,400,176	100%	0%	100%
JICA	133,053,818	13,097,824	146,151,642	91%	9%	100%
KfW	7,745,486		7,745,486	100%	0%	100%
KOICA	6,638,004	73,114	6,711,118	99%	1%	100%
Kuwait Fund for Arab Economic Development	32,299		32,299	100%	0%	100%
Norway	8,437,746	11,877,756	20,315,502	42%	58%	100%
OFID	1,621,194		1,621,194	100%	0%	100%
PTB		259,964	259,964	0%	100%	100%
SDC	23,986,732	4,151,409	28,138,141	85%	15%	100%
SDF						
Saudi Fund	449,748		449,748	100%	0%	100%
UN Human Settlement Program		214,324	214,324	0%	100%	100%
UNDP	2,967,651	1,213,421	4,181,072	71%	29%	100%
UNFPA		2,395,763	2,395,763	0%	100%	100%
UNICEF	322,454	16,426,006	16,748,460	2%	98%	100%
USAID		120,178,694	120,178,694	0%	100%	100%
WB Trust Fund	10,234,838		10,234,838	100%	0%	100%
WFP		21,446,040	21,446,040	0%	100%	100%

ANNEX D. ODA Disbursements by Sector, FY 2012/13 to FY 2022/23

Sector	Total Disbursement (US$)												
	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23
Agriculture	45,942,238	45,859,135	38,277,225	44,235,028	50,709,497	48,099,910	59,232,855	76,969,692	28,955,483	126,217,623	54,884,103	42,087,690	67,306,411
Air Transportation	286,070	1,511,465	7,713,829	14,429,509	4,771,328	5,354,989	1,852,350	21,272,193	40,230,741	50,410,289	16,163,268	4,627,749	20,141,900
Alternate Energy	25,676,483	13,638,741	11,944,048	13,913,784	20,193,512	14,285,529	6,267,246	4,917,261	19,199,956	23,090,855	21,119,185	19,092,202	18,783,451
Commerce	2,057,779	7,987,443	14,496,067	9,158,246	7,719,959	11,020,407	8,297,265	20,311,662	30,031,281	12,968,920	754,431	13,632,473	256,345
Communications	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
Constitutional Bodies	16,337,157	2,174,009	13,278,522	8,659,210	2,492,938	2,294,370	5,989,373	3,955,309	2,171,999	251,196	456,100	1,060,107	2,700,000
Defense			16,980	612,377							140		-
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
Economic Reform	48,555,621	35,077,120	34,636,875	46,737,614	39,407,675	41,441,510	35,107,965	210,720,531	11,528,315	20,328,491	6,219,720	116,712,519	202,098,193
Education	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
Energy (including hydro/electricity)	55,989,055	116,796,452	90,732,113	58,224,336	78,571,182	150,581,898	72,201,427	116,734,498	220,573,760	142,916,460	297,434,318	126,448,287	143,192,624
Environment, Science and Tech-nology			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
External Loan Payment			14,443,836										-
Financial Reform	47,950,476	2,537,260	8,607,936	12,303,464	7,143,974	32,377,399	13,120,121	8,943,277	109,143,151	218,248,645	4,192,332	3,381,233	7,218,578
Financial Services	1,828,387	802,923	602,616	2,217,289	5,417,462	6,256,884	7,841,259	10,306,108	18,088,782	8,365,682	2,318,130	145,426,575	73,473
Forest	26,283,742	15,847,225	12,484,916	42,831,359	22,991,175	17,274,691	4,657,837	11,726,269	9,276,804	7,322,420	5,374,310	2,835,369	23,558,460
General Adminis-tration	1,303,040	237,321	3,498,765	6,109,213	2,211,232		3,382,417	8,003,404	6,458,484	4,500,160	36,294,377	23,215,572	6,782,731
Health	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
Home Affairs					43,714,515	15,655,219	13,505,053	28,353,247	11,938,934	14,508,150	33,308,205	14,823,099	9,595,524
Housing													296,296
Industry	1,340,663	7,501,286	3,856,458	13,006,347	9,832,114	8,745,924	8,224,792	1,784,434	332,257	4,743,190	2,329,262	1,084,470	2,380,681
Irrigation	27,987,133	12,304,928	8,931,393	14,542,344	11,808,354	14,410,942	22,180,911	10,839,005	5,137,768	6,969,354	49,208,522	15,742,862	21,610,261
Labour	2,057,020	1,073,703	4,566,082	5,595,501	4,552,270	6,262,278	6,616,647	5,977,562	2,594,058	51,172,278	8,275,886	32,232,049	28,904,448
Land Reform & Survey	9,128	243,822	2,608						83,101		84,585		-
Livelihood	18,059,999	19,969,218	15,174,926	7,447,062	26,711,041	20,446,290	26,500,074	16,818,244	5,211,800	40,605,369	3,029,703	2,674,162	1,555,966
Local Develop-ment	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

Sector	Total Disbursement (US$)												
	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22	FY2022/23
Meteorology	524,039	347,506											-
Miscellaneous	3,016,347	637,463	124,042	503,975	4,487,098	12,466,880	26,112,195	22,489,406		3,250,483	1,726,735	11,535,951	5,530,650
Office of The Prime Minister		8,593,562	4,403,910	5,929,117					10,930,034				-
Others Economic	4,480,460	19,436,872	9,614,999	11,871,683	3,230,444	1,792,327	37,431,681	21,514,446	83,742,581	31,206,784	5,607,374	7,134,712	4,049,925
Others Social	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
Peace and Reconstruction	37,123,694	42,572,665	36,523,990	46,865,193	9,937,490	48,392,026	72,193,555	50,433,885	152,884,374	668,344	1,350,656	940,955	-
Planning & Statistics	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
Police			4,241,228			709,019							8,269,394
Policy and Strategic	1,594,183	993,828	949,023	32,908,238	1,374,215	1,999,244	101,752,928	4,347,629	11,922,733	108,919,806	7,086,157	7,742,468	4,154,631
Population & Environment	8,496,158	6,458,768	73,637	463,627	105,180	239,848	125,977	66,909	1,382,930	570,964	686,789	1,608,585	605,805
Reconstruction			275,039		466,424	56,104,214	157,563,152	137,978,080	73,736,393	222,989,451	142,702,308	142,807,626	58,308,815
Renewable Energy				129,219			178,673	806,985	1,796,969	7,086,667	4,504,547	4,591,430	4,852,228
Revenue & Financial Administration	529,010	435,880	794,339	799,362	332,436		541,037	714,502	726,691	735,558	557,374	378,511	7,206,290
Road Transportation	110,991,413	116,730,820	108,733,850	51,574,246	86,571,257	46,170,127	83,302,461	78,288,846	37,534,428	139,179,854	253,212,019	62,225,769	87,901,405
Supplies	11,690,565	2,339,488	14,538,048						75,142	601,615	773,986	740,605	483,000
Tourism	687,659	2,609,619	3,794,677	30,761,010	7,249,769	2,662,667	3,456,527	1,543,136	14,885,823	38,244,104	5,476,832	4,742,554	7,579,736
Urban Development	10,993,918	15,324,471	6,146,075	13,326,885	32,801,275	40,350,454	80,804,141	148,743,239	88,650,899	88,498,202	52,525,086	31,362,145	47,251,092
Women, Children & Social 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
Youth, Sports & Culture	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

ANNEX E. ODA Disbursements by Province and District, FY 2022/23

Province	District	Disbursement (US$)	No. of Projects
Sudurpashim	Achham	3,101,955	10
Lumbini	Arghakhanchi	1,827,576	6
Gandaki	Baglung	1,087,320	6
Sudurpashim	Baitadi	3,523,001	10
Sudurpashim	Bajhang	522,061	7
Sudurpashim	Bajura	2,383,699	2
Lumbini	Banke	3,000,844	8
Madesh	Bara	9,427,228	13
Lumbini	Bardiya	2,244,383	8
Bagmati	Bhaktapur	8,607,835	11
Koshi	Bhojpur	1,181,999	8
Bagmati	Chitwan	10,409,879	10
Sudurpashim	Dadeldhura	3,599,715	9
Karnali	Dailekh	2,654,332	7
Lumbini	Dang Deukhuri	1,202,669	7
Sudurpashim	Darchula	3,103,866	8
Bagmati	Dhading	17,190,379	11
Koshi	Dhankuta	1,078,552	7
Madesh	Dhanusa	5,907,990	14
Bagmati	Dolakha	11,771,132	11
Karnali	Dolpa	886,602	5
Sudurpashim	Doti	1,052,268	10
Lumbini	Eastern Rukum	1,113,353	6
Gandaki	Gorkha	2,533,372	9
Lumbini	Gulmi	2,299,568	7
Karnali	Humla	1,796,998	7
Koshi	Ilam	1,089,729	8
Karnali	Jajarkot	1,405,992	6
Koshi	Jhapa	2,478,868	9
Karnali	Jumla	2,259,482	7
Sudurpashim	Kailali	6,037,311	11
Karnali	Kalikot	3,438,146	7
Sudurpashim	Kanchanpur	13,539,827	10
Lumbini	Kapilvastu	1,941,895	6
Gandaki	Kaski	15,970,779	8
Bagmati	Kathmandu	24,809,109	11
Bagmati	Kavrepalanchok	8,313,559	11
Koshi	Khotang	1,395,472	9
Bagmati	Lalitpur	6,825,875	12
Gandaki	Lamjung	1,115,609	7
Madesh	Mahottari	5,520,942	12
Bagmati	Makwanpur	10,405,742	12
Gandaki	Manang	1,466,151	6

Province	District	Disbursement (US$)	No. of Projects
Koshi	Morang	17,624,926	10
Karnali	Mugu	2,573,063	6
Gandaki	Mustang	1,466,151	6
Gandaki	Myagdi	1,060,844	6
Gandaki	Nawalpur	772,576	7
Bagmati	Nuwakot	13,156,184	12
Koshi	Okhaldhunga	1,763,915	8
Lumbini	Palpa	1,841,806	6
Koshi	Panchthar	1,115,189	8
Lumbini	Parasi	1,339,804	7
Gandaki	Parbat	1,126,537	6
Madesh	Parsa	10,236,557	13
Lumbini	Pyuthan	1,063,830	6
Bagmati	Ramechhap	5,514,959	10
Bagmati	Rasuwa	6,513,576	11
Madesh	Rautahat	4,762,254	14
Lumbini	Rolpa	1,298,259	7
Lumbini	Rupandehi	10,611,321	7
Karnali	Salyan	1,704,903	6
Koshi	Sankhuwasabha	1,038,214	7
Madesh	Saptari	2,826,023	11
Madesh	Sarlahi	4,848,819	15
Bagmati	Sindhuli	16,531,181	12
Bagmati	Sindhupalchok	8,243,016	11
Madesh	Siraha	1,925,240	10
Koshi	Solukhumbu	1,093,971	7
Koshi	Sunsari	1,281,144	9
Karnali	Surkhet	2,219,872	6
Gandaki	Syangja	1,100,061	6
Gandaki	Tanahu	41,285,750	6
Koshi	Taplejung	1,051,452	6
Koshi	Terhathum	1,168,761	7
Koshi	Udayapur	1,259,934	8
Karnali	Western Rukum	835,794	4
Nationwide	Nepal	987,270,871	27

ANNEX F. ODA Disbursements by Development Partner and Gender Marker Classification

	Disbursement (US$)			Proportion of Total Disbursements that are Directly or Indirectly Supportive
Development Partner	Directly Supportive	Indirectly Supportive	Neutral	
ADB	132,510,788.00	44,718,173.00	157,178,484.00	53%
Australia	1,142,616.00			100%
China			14,451,709.00	0%
EU	7,002,546.00	5,355,516.00	5,062,486.00	71%
Finland	3,018,119.00		550,813.00	85%
GAVI		10,229,450.00		100%
GCF		6,038,418.00		100%
Germany	2,584,518.00	8,004,140.00	8,564,527.00	55%
GFATM		2,037,561.00	1,004,227.00	67%
IMF			52,800,000.00	0%
IFAD				
India			99,759,728.00	0%
Japan	2,350,651.00	23,782,748.00	120,018,243.00	18%
KFAED		32,299.00		100%
Korea	1,108,042.00		5,603,076.00	17%
Netherlands				
Norway	769,391.00	17,922,972.00	1,623,139.00	92%
OFID			1,621,194.00	0%
SAARC				
Saudi Fund			449,748.00	0%
Switzerland	1,822,074.00	4,196,265.00	22,119,802.00	21%
UK	269,566.00	29,502,239.00	14,613,389.00	67%
UN	21,878,017.00	6,160,824.00	25,610,095.00	52%
USAID	14,875,369.00	92,885,893.00	12,417,432.00	90%
WB		54,255,249.00	333,148,285.00	14%

ANNEX G. INGO Disbursements, FY 2022/23

INGOs	Disbursement (US$)
Plan Nepal	9,619,434
World Vision International	6,886,184
Good Neighbors International Nepal	4,421,561
United Mission to Nepal	3,779,146
Action Aid International	2,947,383
Room to Read	2,638,940
American Himalayan Foundation	2,623,238
One Heart World-Wide Nepal	2,544,680
Deutsche Welthungerhilfe e.V.	2,210,938
Population Services International Nepal	2,128,591
Lutheran World Federation	2,078,269
Nepal Youth Foundation	2,037,442
Strømme Foundation	1,640,806
Dan Church Aid	1,561,554
Helen Keller International	1,504,260
Finnish Evangelical Lutheran Mission Nepal	1,390,248
Peace Winds Japan	1,377,384
Practical Action Nepal	1,377,289
Human Practice Foundation	1,318,401
Adara Development	1,212,393
dZi Foundation	1,142,448
Adventist Development and Relief Agency	1,127,399
Seva Nepal Eye Care Program	1,100,008
Finn Church Aid Foundation	945,514
Heifer International Nepal	909,172
The Fred Hollows Foundation	841,696
JSI Research & Training Institute Inc/World Education	667,379
KTK-BELT Inc	660,129
Norwegian Association of the Blind and Partially Sighted Nepal	650,175
International Alert	627,882
Fida International	622,744
Blinknow Foundation Nepal	593,505
ChildFund Japan	590,065
Shanti Volunteer Association	586,070
Good Neighbors Japan	560,494
Save the Children	457,052
Mission East	456,290
CARE Nepal	453,958
IM-Swedish Development Partner	422,745
Forget Me Not Australia	419,216

INGOs	Disbursement (US$)
Tear Fund	398,872
KURVE Wustrow	378,007
Islamic Relief Worldwide	369,895
Mennonite Central Committee (MCC) Nepal	334,644
Marie Stopes Nepal	324,584
Shapla Neer	317,494
Médecine du Monde	302,895
Community Action Nepal, UK	279,282
Latter-day Saint Charities	175,156
Good Shepherd International Foundation	166,368
Handicap International	149,090
Sunrise Children's Association Inc. Australia/Nepal	117,088
FAIRMED	100,176
Japan International Support Program	92,668
SIL International Nepal	82,560

ANNEX H. INGO Disbursements by Sector, FY 2022/23

Sector	Number of Projects	Total Disbursements (US$)
Agriculture	22	3,660,599
Alternate Energy	1	90,792
Communications	1	458,087
Drinking Water	13	3,794,555
Earthquake Reconstruction	3	117,912
Economic Reform	2	165,254
Education	47	22,452,775
Electricity	2	221,960
Energy	3	221,960
Environment, Science & Technology	13	2,137,554
Financial Services	1	24,075
Forest	2	222,817
General Administration	1	1,296,634
Health	47	15,169,723
Home Affairs	2	200,203
Irrigation	2	48,280
Labour	1	508,838
Livelihood	32	8,398,658
Local Development	7	532,834
Metereology	1	0
Miscellaneous	2	2,382,950
Others - Economic	1	39,887
Others - Social	10	2,100,774
Peace And Reconstruction	3	632,969
Policy And Strategic	1	159,734
Renewable Energy	2	519,567
Women, Children & Social Welfare	20	6,916,488
Youth, Sports & Culture	2	244,981

ANNEX I. INGO Disbursements and Projects by Geographic Region, FY 2022/23

Province	District	Disbursement (US$)	No. of Projects
Sudurpashim	Achham	794,746	10
Lumbini	Arghakhanchi	189,422	9
Gandaki	Baglung	416,658	7
Sudurpashim	Baitadi	156,765	7
Sudurpashim	Bajhang	1,368,365	11
Sudurpashim	Bajura	667,254	10
Lumbini	Banke	1,428,490	20
Madesh	Bara	280,194	11
Lumbini	Bardiya	1,706,527	20
Bagmati	Bhaktapur	146,887	7
Koshi	Bhojpur	539,432	7
Bagmati	Chitwan	720,873	15
Sudurpashim	Dadeldhura	233,870	8
Karnali	Dailekh	505,677	11
Lumbini	Dang	720,244	15
Sudurpashim	Darchula	129,945	7
Bagmati	Dhading	1,073,821	16
Koshi	Dhankuta	352,928	5
Madesh	Dhanusa	1743337	18
Bagmati	Dolakha	186,668	8
Karnali	Dolpa	721,044	7
Sudurpashim	Doti	1,378,597	14
Lumbini	Eastern Rukum	379,111	11
Gandaki	Gorkha	695,147	5
Lumbini	Gulmi	209,514	10
Karnali	Humla	1,270,237	9
Koshi	Ilam	131,091	5
Karnali	Jajarkot	652,069	9
Koshi	Jhapa	100,395	7
Karnali	Jumla	1,061,574	8
Sudurpashim	Kailali	1,580,987	19
Karnali	Kalikot	987,728	9
Sudurpashim	Kanchanpur	1,003,419	16
Lumbini	Kapilvastu	1,740,581	19
Gandaki	Kaski	744,547	8
Bagmati	Kathmandu	1,153,629	18
Bagmati	Kavrepalanchok	874,946	12
Koshi	Khotang	699,036	6
Bagmati	Lalitpur	2,923,886	16

Province	District	Disbursement (US$)	No. of Projects
Gandaki	Lamjung	406,999	6
Madesh	Mahottari	1,246,533	17
Bagmati	Makwanpur	1,983,775	14
Gandaki	Manang	85,012	2
Koshi	Morang	644,424	11
Karnali	Mugu	1,370,869	11
Gandaki	Mustang	426,340	4
Gandaki	Myagdi	337,878	5
Gandaki	Nawalpur	274,972	10
Bagmati	Nuwakot	307,485	12
Koshi	Okhaldhunga	294,778	6
Lumbini	Palpa	498,687	10
Koshi	Panchthar	131,091	5
Lumbini	Parasi	236,765	11
Gandaki	Parbat	389,923	7
Madesh	Parsa	553768	11
Lumbini	Pyuthan	667,787	13
Bagmati	Ramechhap	348,648	8
Bagmati	Rasuwa	98,653	9
Madesh	Rautahat	1,170,400	16
Lumbini	Rolpa	1,067,392	11
Lumbini	Rupandehi	1,093,061	22
Karnali	Salyan	578,370	12
Koshi	Sankhuwasabha	204,566	7
Madesh	Saptari	646494	8
Madesh	Sarlahi	1,179,482	15
Bagmati	Sindhuli	2,087,422	13
Bagmati	Sindhupalchok	2,115,484	13
Madesh	Siraha	1484321	15
Koshi	Solukhumbu	539,970	11
Koshi	Sunsari	1,340,062	7
Karnali	Surkhet	341,127	11
Gandaki	Syangja	295,389	7
Gandaki	Tanahu	300,260	7
Koshi	Taplejung	228,783	8
Koshi	Terhathum	396,356	5
Koshi	Udayapur	853,748	10
Karnali	Western Rukum	360,248	9
Nationwide	Nepal	14,463,900	14

ANNEX J. List of Agreements in FY 2022/23

Date of Agreement	DPs Name	DPs Type	Project/Programme Name	Type of Assistance	Currency	Amount in Foreign Currency (in Millions)	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
26-Jul-22	Japan / JICA	Bilateral	Project for Human Resource Development Scholarship (JDS)	Grant	Yen	376.0	350	Education	Education
29-Jul-22	European Union	Multilateral	Sustainable WASH for all	Grant	EUR	10.5	1,370	Drinking Water	Drinking Water
3-Aug-22	Switzerland	Bilateral	QualiTY (Technical and Vocational Education and Training)	Grant	CHF	7.5	991	Education	Education
29-Aug-22	World Bank	Multilateral	Green Resilient and Inclusive Development (GRID)	Loan	USD	100.0	12,750	Environ-ment, Science & Technology	Environ-ment, Science & Technology
18-Sep-22	World Bank	Multilateral	Accelerating Nepal's Regional Transport and Trade Connectivity (ACCESS)	Loan	USD	275.0	34,960	Road Trans-portation	Road Trans-portation
18-Sep-22	World Bank	Multilateral	Digital Nepal Acceleration	Loan	USD	140.0	17,790	Communi-cations	Communi-cations
21-Sep-22	Japan / JICA	Bilateral	Improving Terai Irrigation System	Grant	Yen	2,256.0	2,000	Irrigation	Irrigation
21-Sep-22	Japan / JICA	Bilateral	Urban Transmission and Distribution System Improvement	Loan	Yen	15,901.0	14,200	Energy	Energy
23-Sep-22	Korea / KOICA	Bilateral	Strengthening stage wise Support system for the stable Reintegration of Korea Returnee Migrants in Nepal	Grant	USD	8.0	1,000	Others - Social	Others - Social
23-Sep-22	Korea / KOICA	Bilateral	Establishment of Cyber Bureau with capacity Building for Nepal Police	Grant	USD	8.0	1,000	Police	Police
7-Nov-22	Asian Development Bank	Multilateral	Nuts and Fruits in Hilly Areas Project	Loan	USD	60.0	7,790	Agriculture	Agriculture

Date of Agreement	DPs Name	DPs Type	Project/Programme Name	Type of Assistance	Currency	Amount in Foreign Currency (in Millions)	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
7-Nov-22	Asian Development Bank	Multilateral	Nuts and Fruits in Hilly Areas Project	Grant	USD	19.0	2,470	Agriculture	Agriculture
8-Nov-22	United Kingdom	Bilateral	"Implementation of Integrated Programme for strenthening Security and Justice, Phase 2 (IPSSJ2)"	Grant	EUR	35.0	5,260	Home Affairs	
11-Nov-22	European Union	Multilateral	Empowered women for prosperous Nepal- Shashakta Mahilahru, Sambridhha Nepal	Grant	GBP	15.5	2,000	Women, Children & Social Welfare	
28-Nov-22	Norway	Bilateral	School Education Sector Programme	Grant	NOK	195.0	2,570	Education	Women, Children & Social Welfare
29-Nov-22	Finland	Bilateral	School Education Sector plan	Grant	GBP	19.0	2,540	Education	Education
27-Dec-22	Asian Development Bank	Multilateral	School Education Sector Plan	Loan	USD	200.0	26,510	Education	Education
27-Dec-22	Asian Development Bank	Multilateral	Strengthening system to Project and Uplift Women Project	Grant	USD	12.0	1,570	Education	Education
16-Mar-23	United Kingdom	Bilateral	Transform local Infrastructure delivery in Nepal	Grant	GBP	90.0	14,400	Local Develop-ment	Education
26-Apr-23	Food and Agriculture Organization	Multilateral	Enhancing Capacity for Sustainable Management of Forest,Land and Biodiversity in Eastern Hills	Grant	USD	4.2	550	Forest	Local Develop-ment
31-May-23	World Bank	Multilateral	School Sector Transformation Program	Loan	USD	120.0	15,840	Education	Forest

Date of Agreement	DPs Name	DPs Type	Project/Programme Name	Type of Assistance	Currency	Amount in Foreign Currency (in Millions)	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
31-May-23	World Bank	Multilateral	School Sector Transformation Program	Grant	USD	19.7	2,600	Education	Education
5-Jul-23	Asian Development Bank	Multilateral	Customs & Logistic Reform Program	Loan	USD	50.0	6,600	Industry	Education
7-Jul-23	Asian Development Bank	Multilateral	SASEC Highway Enhancement Project	Loan	USD	300.0	39,300	Road Transportation	Industry
11-Jul-23	Korea / KOICA	Bilateral	to establish 100 bed hospital in Madyapur Thimi	Grant	USD	9.5	1,250	Health	Road Transportation
12-Jul-23	Japan / JICA	Bilateral	Project for Human Resource Development Scholarship (JDS)	Grant	JPY	424.0	385	Education	Health

ANNEX K. Development Partner Disbursements by Geographic Region FY 2022/23

Development Partners	Bagmati		Gandaki		Karnali		Koshi		Lumbini		Madesh		Nationwide		Sudurpashim		Grand Total	
	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects	Disburse-ment (US$)	No. of Projects
KFAED	11,999	13					12,922	14			7,384	8					32,305	35
Saudi Arabia											279,375	3			170,374	1	449,749	4
Australia	282,038	3					359,779	4	44,068	1	183,506	3			273,224	4	1,142,615	15
OFID									1,621,194	1							1,621,194	1
GFATM													3,041,788	2			3,041,788	2
Finland	423,644	13			426,415	13			275,412	12	423,640	8	1,592,492	4	427,339	13	3,568,942	63
GCF													6,038,418	1			6,038,418	1
Korea	2,850,641	17	506,560	13					129,629	1	2,014,288	8	1,075,498	2	134,487	9	6,711,103	50
GAVI													10,229,450	1			10,229,450	1
China			8,581,249	1									5,870,460	1			14,451,709	2
European Union	267,049	31	63,678	23	547,831	44					608,672	24	15,514,466	23	418,843	32	17,420,539	177
Germany	3,431,882	24	726,137	15	1,164,574	15	1,456,665	26	992,825	16	145,888	3	7,768,128	11	3,467,086	38	19,153,185	148
Norway							121,423	1			5,931,128	8	14,262,953	10			20,315,504	19
Switzerland	1,445,084	21	84,046	2			9,990,026	100	1,108,896	12	934,790	10	13,925,293	12	649,998	9	28,138,133	166
UK			534,535	11	2,618,345	15	213,820	14	534,540	12	427,632	8	39,180,039	14	876,286	2	44,385,196	76
International Monetary Fund													52,800,000	1			52,800,000	1
UN	1,991,869	60	1,039,190	18	5,426,203	91	1,331,364	50	2,406,351	49	3,371,076	93	34,937,215	48	3,145,670	81	53,648,938	490
India	32,539,196	27					13,715,588	2	350,164	1	10,355,820	11	42,214,531	6	584,433	1	99,759,732	48
USAID	853,551	13	17,367	2	9,579,414	36	612,500	28	3,053,786	22	2,562,732	18	100,455,518	38	3,043,828	15	120,178,696	172
Japan	20,083,376	10	22,280,856	15			4,527,017	30					99,260,397	6			146,151,646	61
Asian Develop-ment Bank	40,679,920	102	35,151,519	25			2,281,024	31	19,268,451	45	8,539,821	29	215,651,468	32	12,835,241	30	334,407,444	294
WB	43,432,179	19			12,402	1					9,669,306	7	323,452,753	23	10,836,888	6	387,403,528	56
Grand Total	148,292,428	353	68,985,137	125	19,775,184	215	34,622,128	300	29,785,316	172	45,455,058	241	987,270,867	235	36,863,697	241	1,371,049,814	1882

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