



Government of Nepal
Ministry of Finance

DEVELOPMENT COOPERATION REPORT 2021/22

International Economic Cooperation Coordination Division

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Government of Nepal MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

Hon. Prakash Sharan Mahat
Finance Minister

FOREWORD



It is my pleasure to share this Development Cooperation Report for FY2021/22. This publication stands as a testament to maintaining transparency and accountability in fostering international cooperation for sustainable development.

Development cooperation is a crucial component of our economic strategy. Development effectiveness and aid transparency remain foundational to ensuring the optimal utilisation of development assistance. In an increasingly interconnected world, global challenges affect everyone to some degree. Challenges such as poverty alleviation, climate change mitigation, public health crises, and economic inequality require a collective effort that transcends borders.

In the face of unprecedented global challenges, including the COVID-19 pandemic and climate change, effective solutions require coordinated approaches and efforts by bringing together various stakeholders to work towards common goals. I believe external assistance also demonstrates global solidarity and a sense of shared responsibility for addressing these challenges, fostering a sense of unity among countries. This report showcases our commitment to partnerships with other countries, international organisations, and civil society as we strive to achieve the overall economic and social development of Nepal.

Development is an ongoing process, and our commitment to mutual cooperation remains steadfast. It is important to note that the development cooperation needs to be further aligned with Nepal's needs and priorities to ensure that it can play a better role in helping Nepal achieve its Vision 2030 and the Sustainable Development Goals. We value the support and collaboration of our international partners, and we look forward to continuing our joint efforts to uplift the living standards of all Nepali citizens.

I express my sincere appreciation to all development partners for their continued support in Nepal's development endeavour. I also extend my heartfelt gratitude to all those who have contributed to this report.

Dr. Prakash Sharan Mahat
Finance Minister



Government of Nepal MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

PREFACE



This Development Cooperation Report FY2021/22 depicts the comprehensive source of development cooperation statistics and its dynamics in Nepal as reflected in the Aid Management Information System.

Ministry of Finance has been publishing this report on an annual basis since 2010/11. By making this information and accompanying analysis widely available, we intend to share the overall landscape of development cooperation in Nepal.

Furthermore, this report provides valuable insights into whether these resources have been allocated in alignment with the Government of Nepal's policies, priorities, and guidelines and with our aspiration to have access to global climate finance for coping with disproportionate consequences of climate change. Importantly, this year's report further outlines the ongoing economic challenges posed by the COVID-19 pandemic and Nepal's steadfast approach to post-pandemic recovery.

Despite unforeseen shocks and risks in the global economy, Government of Nepal remains committed to accelerating economic activity and sustaining our post-COVID economic recovery. In line with this approach, our strategic focus remains on national priority projects that boost productivity, generate jobs, and foster capital formation, establishing a solid foundation for Nepal's journey towards sustainable development.

Enhancing effectiveness of both the domestic revenue and development cooperation is critical for sustainable and resilient development. Nepal will continue to emphasize transparency and accountability, including by integrating development cooperation into our national budget. This approach, coupled with our commitment to continuously strengthen monitoring, evaluation, and capacity-building mechanisms, will improve project implementation capacity and, in doing so, address the ongoing challenge of low disbursement.

Once again, I extend gratitude to all development partners for their contributions and to the dedicated team within the International Economic Cooperation Coordination Division for their hard work in compiling this report.

Dr. Krishna Hari Pushkar
Finance Secretary



Government of Nepal MINISTRY OF FINANCE

SINGHADURBAR
KATHMANDU, NEPAL

ACKNOWLEDGEMENTS



On behalf of the International Economic Cooperation Coordination Division of the Ministry of Finance, I am deeply honoured to present this Development Cooperation Report FY2021/22. This annual publication aims to provide an insightful analysis of Nepal's international development assistance landscape, leveraging data primarily collected through our Aid Management Information System and verified by respective development partners. As always, our goal in publishing this report is to strengthen aid transparency and mutual accountability between the Government of Nepal and our valued development partners.

The insights gleaned from the report are designed to empower evidence-based policy formulation and decision-making.

I wish to express my profound gratitude to Nepal's development partners for their continued cooperation, including providing and validating development cooperation data within our Aid Management Information System, has proven invaluable.

I extend my sincere appreciation to the International Economic Cooperation Coordination Division team, whose steadfast dedication and meticulous efforts have, once again, made this report possible.

This achievement was further enabled by the resources made available through Effective Development Financing and Coordination Project (EDFC)-II. I also extend my sincere appreciation to Foreign, Commonwealth and Development Office (FCDO) and United Nations Development Program (UNDP) for their continued support.

I urge all development stakeholders to continue collaborating proactively in pursuit of our shared mission of delivering sustainable development goals and stimulating economic growth by ensuring sustainability and resilience.

Mr. Shreekrishna Nepal

Joint Secretary

International Economic Cooperation Coordination Division

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ACRONYMS & ABBREVIATIONS

AAAA	Addis Ababa Action Agenda
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
CBS	Central Bureau of Statistics
CTEVT	Council for Technical Education and Vocational Training
DCR	Development Cooperation Report
DFA	Development Finance Assessment
DFMIS	Development Finance Information Management System
EU	European Union
FDI	Foreign Direct Investment
FMIS	Finance Management Information System
FY	Fiscal Year
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GNI	Gross National Income
GNP	Gross National Product
GPEDC	Global Partnership for Effective Development Co-operation
IATI	International Aid Transparency Initiative
ICNR	International Conference on Nepal's Reconstruction
IDCP	International Development Cooperation Policy
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
MDB	Multilateral Development Bank
MDG	Millennium Development Goal
MIC	Middle-Income Country
MoALD	Ministry of Agriculture and Livestock Development
MoCIT	Ministry of Communications and Information Technology
MoCTCA	Ministry of Culture, Tourism and Civil Aviation
MoD	Ministry of Defence
MoEST	Ministry of Education, Science and Technology
MoEWRI	Ministry of Energy, Water Resource and Irrigation
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
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
MoLMCPA	Ministry of Land Management, Cooperatives and Poverty Alleviation
MoPIT	Ministry of Physical Infrastructure and Transportation
MoUD	Ministry of Urban Development
MoWCSC	Ministry of Women, Children and Senior Citizen
MoWS	Ministry of Water Supply

MoYS	Ministry of Youth and Sports
MTEF	Medium Term Expenditure Framework
NDC	Nationally Determined Contribution
NDP	National Development Plan
NDRRMA	National Disaster Risk Reduction and Management Authority
NHRC	National Human Rights Commission
NPC	National Planning Commission
NPR	Nepali Rupee
NRA	National Reconstruction Authority
NRP	National Relief Program
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
PDNA	Post-Disaster Needs Assessment
PDRF	Post-Disaster Recovery Framework
SAARC	South Asian Association for Regional Cooperation
SDF	SAARC Development und
SDG	Sustainable Development Goal
SOTAOA	Statement of Technical Assistance and other Assistance
SWAp	Sector Wide Approach
TA	Technical Assistance
UK	United Kingdom
UNCT	United Nations Country Team
UNGA	United Nations General Assembly
USA	United States of America
USD	United States American Dollar

EXECUTIVE SUMMARY

This Development Cooperation Report (DCR) is a publication prepared annually by the International Economic Cooperation Coordination Division (IECCD), Ministry of Finance. This report aims to provide a detailed account of development cooperation, how it is received, allocated and disbursed in Nepal. The report covers Fiscal Year 2021/22, the period from 16 July 2021 to 16 July 2022.

Official Development Assistance (ODA) mobilization to Nepal as a proportion of GDP has averaged 5.8% between FY2012/13 and FY2021/22, with major contributors like the World Bank, ADB, IMF, USAID, and UN accounting for 74.7% of all ODA disbursed in FY2021/22. However, there was a notable decline in FY2021/22, the most recent fiscal year for which data is available. ODA as a proportion of GDP fell by 2.2 percentage points to 3.5% in FY2021/22, while total ODA disbursements also decreased by 15.7%, dropping from USD 1.7 billion to USD 1.4 billion.

The health sector received the largest share of ODA disbursements, reaching USD 241.5 million, followed by education, financial services, reconstruction, energy, and economic reform.

USD 239.8 million was reported specifically for COVID-19 response and recovery, an increase of more than three-fold compared to the preceding FY.

During FY2021/22, the Government of Nepal signed 20 financing agreements with 11 development partners, totalling close to USD 2 billion.

ODA targeting gender equality saw an encouraging revival to approximately USD 505 million in FY2021/22. Despite this progress, it is worth noting that 40.6% of ODA still does not predominantly focus on this area.

Regarding the geographical distribution of projects, nearly one-third (29.5%) of projects, amounting to USD 418.6 million, are confined to a single district. In contrast, the majority of projects (70.5%), with a total value of USD 1.0 billion, span multiple districts.

Project/programme support comprised 68.3% of ODA disbursed, while budget support accounted for 18.3%. Contributions were nearly evenly split between bilateral (40.3%) and multilateral (59.7%) partners.

In FY2021/22, 79.2% of total ODA (USD 1.1 billion) was on-budget, while 57.4% (USD 645.5 million) was mobilised through the Government's treasury system. However, it is important to note that out of the 360 projects/programmes for which there were disbursements recorded in FY2021/22, 244 (68%) were off-budget, alongside a 31.8% decrease in on-budget ODA through the Government's treasury system compared to FY2020/21.

Nepal had 360 projects that received a disbursement in FY2021/22, with 24 Government-executing entities and 25 development partners. ODA disbursements aligned with Nepal's strategic priorities, with significant funds going to Social Development, Infrastructure, and Economic Development.

Disbursements made by bilateral development partners saw a decrease of 12.3%, while multilateral partners decreased by 19.4%. Disbursements made by UN entities increased by 32.9% compared to FY2020/21.

The majority of ODA (67%) was disbursed as loans, with a decline of 15.6%, while grants made up 18.9%, a 25.7% decline, compared to FY2020/21.

A large proportion of funding, totalling USD 988.2 million, was targeted toward climate-neutral projects.

Medium-term predictability drops sharply to 72.5% one year ahead, 26.1% two years on, and 11.7% three years on. Nepal's annual predictability surpasses the global average but falls behind in medium-term predictability, especially in the second and third years.

INTRODUCTION

Nepal, a landlocked country with a population of approximately 30 million and a per-capita GDP of USD 1,208, has made significant development progress in recent years, achieving relative macroeconomic stability with an average GDP growth of 4.4% between FY2017/18 and FY2021/22.¹ The country has implemented periodic plans prioritising growth, employment, infrastructure, human development, and resilience, thereby reducing income poverty to 15.1%.² 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 2026.³ Nepal also aims to achieve lower-middle-income status before 2030.

Nepal's approach to development cooperation is firmly based on the principles of effective development cooperation, as defined by the Paris Declaration in 2005 and further reinforced by the Global Partnership for Effective Development Cooperation (GPEDC) in 2011. The country remains committed to the global development effectiveness agenda, including its engagement with the GPEDC, and continues to participate actively in relevant forums.

Nepal adopted the 2030 Agenda for Sustainable Development in 2015 and has incorporated the Global Development Agenda into all subsequent national development plans, including its 15th National Plan (FY2019/20 – FY2023/24). Additionally, all national development programmes have included specific Sustainable Development Goal (SDG) codes within Nepal's Medium-Term Expenditure Framework (MTEF), with sub-national governments similarly integrating the SDGs into their respective plans.

Nepal's ambitious national development targets, including its transition to Middle-Income Country (MIC) status by 2030, reflect a firm commitment to sustainable development.⁴ However, like many countries, Nepal faces considerable challenges in fulfilling its development goals amidst a series of global poly-crises. To achieve the SDGs in line with the 2030 targets, a total annual investment of Rs. 2,025 billion is required. Moreover, Nepal's development finance gap continues to widen, in line with national development aspirations, requiring increased access to a more diverse range of external development finance sources.

Development cooperation has been, and continues to be, pivotal in supporting Nepal's journey towards sustainable development and poverty reduction. The nature of this cooperation has evolved significantly over time, shifting to a more results-oriented approach, with the majority of assistance now on-budget and channelled through the Government of Nepal.

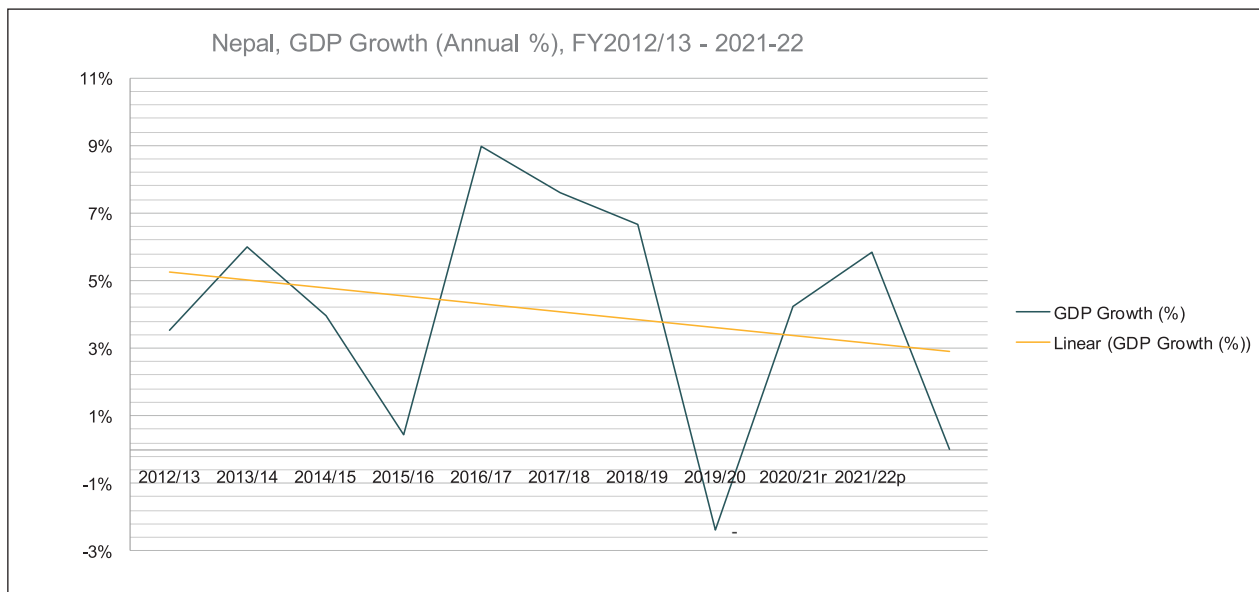
1 Annual Growth Rate of GDP (at constant prices), 2011/12–2021/22. Data obtained from Nepal's Central Bureau of Statistics (CBS), with revised figures for 2020/21 and projected figures for 2021/22.

2 Ministry of Finance, Economic Surveys, Retrieved from <https://www.mof.gov.np/site/publication-category/21>

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

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

FIGURE 1. Nepal, GDP Growth (Annual %), FY2012/13 - 2021-22 ⁵



Development cooperation inflows to Nepal have fluctuated significantly throughout the past five years, partly due to reconstruction activities after the earthquake in 2015, the lasting impact of the COVID-19 pandemic, and in anticipation of Nepal’s scheduled graduation from LDC status.

As presented below, this year’s Development Cooperation Report (DCR) highlights a declining trend in Official Development Assistance (ODA) mobilisation. Over the past three Fiscal Years (FY), there has been a consistent decrease in both ODA commitments and disbursements. The role of multilateral partners remains significant, as loans continue to be the most prevalent form of assistance. Additionally, there has been a steady decline in ODA disbursements by International Non-Governmental Organisations (INGOs).

Due to Nepal’s limited absorption capacity and challenging circumstances during and post-COVID-19, there has been a noticeable decrease in development cooperation inflows.

Nepal’s planned transition from LDC status, coupled with a low per capita Gross National Income (GNI) and an expanding resource gap, underscores the country’s substantial need for development assistance. This is crucial for establishing a foundation for sustainable and irreversible graduation in the face of ongoing social, economic, and environmental challenges.

In the medium term, the anticipated decline in ODA inflows is expected to exert considerable pressure on the Government’s fiscal resources. As a result, a proactive strategy will be necessary to offset the impact of diminishing external development finance. This may entail diversifying and leveraging financing sources, unlocking new resources from both the domestic and international private sectors, and leveraging past achievements in public finance management.

In doing so, several key challenges must be addressed, including the use of innovative financing tools and approaches. This includes the development of an Integrated National Financing Framework (INFF), 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.

⁵ Annual Growth Rate of GDP (at constant prices), 2011/12–2021/22. Data obtained from Nepal’s Central Bureau of Statistics (CBS), with revised figures for 2020/21 and projected figures for 2021/22.

Box 1 An Integrated National Financing Framework for Nepal

The Government of Nepal has recognised the need for an Integrated National Financing Framework (INFF) to better mobilise, manage, and align development finance from a wider range of sources, both public and private, to accelerate progress towards the Sustainable Development Goals (SDGs). Once in place, Nepal's INFF will support improving the effectiveness, efficiency, and impact of financing for sustainable development by strengthening policy coherence, enhancing transparency and accountability, and promoting partnerships among different stakeholders.

2.1 Development Cooperation Overview

The Development Cooperation Report (DCR), a flagship report of the Ministry of Finance, is produced annually by Nepal's International Economic Cooperation Coordination Division (IECCD), Ministry of Finance (MoF). It serves as a key document, offering development stakeholders an overview of the development cooperation landscape and its management in Nepal.

The DCR provides a detailed account of how development cooperation was received, allocated, and disbursed across Nepal throughout FY2021/22 (16 July 2021 to 15 July 2022). The DCR is predominantly based on data sourced from Nepal's Aid Management Information System (AMIS). Development partners voluntarily report to this system per Nepal's International Development Cooperation Policy (IDCP) 2019. Unless otherwise stated, all charts presented in this report are derived from data compiled by the AMIS. As part of IECCD's standard data verification process, all development partners received a formal request on 20 February 2023 to review and confirm the accuracy of their individual AMIS data for FY2021/22. Follow-up requests and reminders were issued in the weeks that followed. Data used in this analysis were extracted from the AMIS on 24 April 2023.

Box 2 Nepal's Aid Management Information System

Nepal's Aid Information Management System (AMIS) gathers critical data on Official Development Assistance (ODA)-supported development activities from various stakeholders, including development partners, International Non-Governmental Organisations (INGOs), and government officials. It makes this data available to the public.

The International Economic Cooperation Coordination Division (IECCD) monitors and manages development assistance data captured via Nepal's AMIS to support informed, evidence-based policymaking within the Ministry of Finance (MoF) and the Government of Nepal more broadly.

Currently, the AMIS provides users with a set of basic dashboards and tables revealing notable trends and enables the generation of select customised reports. With the Sustainable Development Goals (SDG) deadline of 2030 fast approaching, the Government of Nepal is committed to securing more funding from various sources to support SDG achievement. Simultaneously, the growing diversity of public, private, external, and domestic development finance flows that Nepal can access calls for significant enhancements to the AMIS.

The Government of Nepal recognises the urgent need to upgrade the current AMIS to ensure it can capture the diversity of development finance flows more efficiently and accurately. In this regard, there is an urgent need for a robust application that can integrate with various systems of both the Government of Nepal and non-governmental entities, including but not limited to

Nepal’s Financial Management Information System (FMIS), Budget Management Information System (BMIS), Line Ministry Budget Information System (LMBIS), and the International Aid Transparency Initiative (IATI) Datastore.

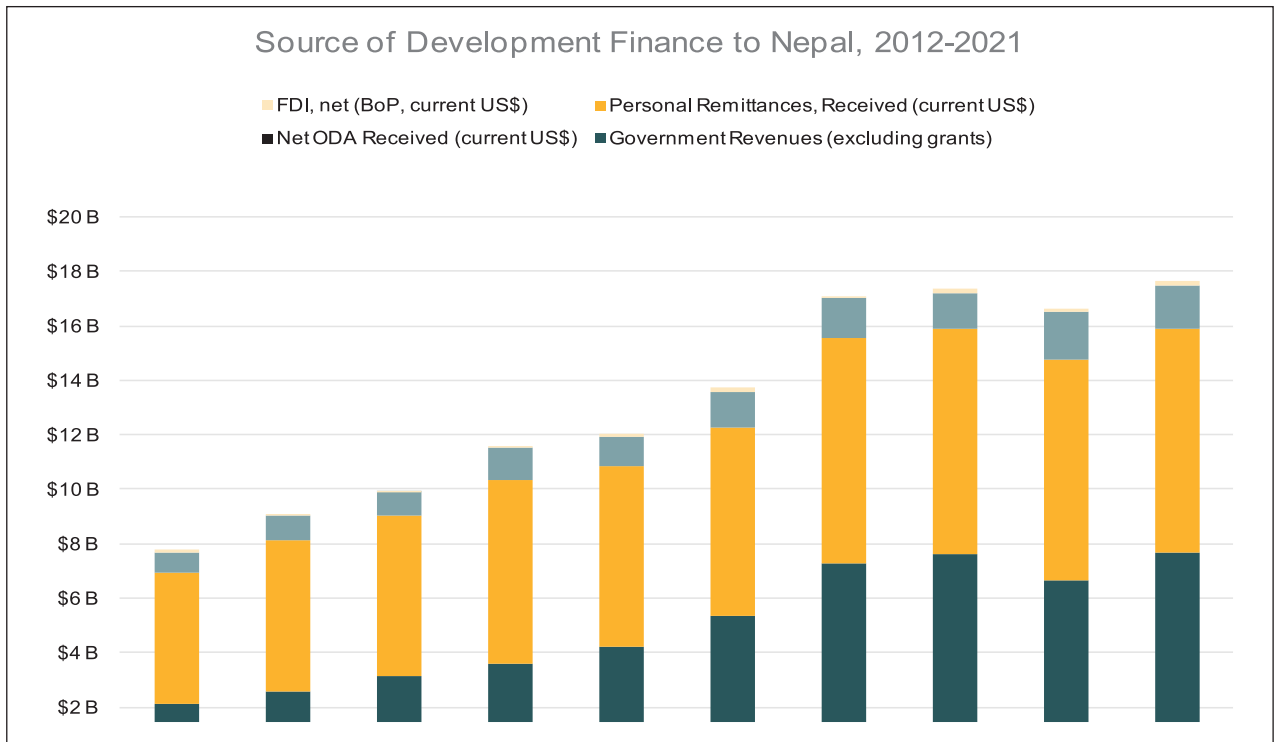
Therefore, throughout 2023, the IECCD has initiated the upgrade of the existing AMIS to a more comprehensive Development Finance Information Management System (DFMIS). When completed, the DFMIS will offer a more complete set of development finance data to the Government of Nepal authorities, development stakeholders, and the public.

2.2 Role of Development Finance

Figure 2.1, derived from the World Bank’s World Development Indicators database, provides insight into various sources of development finance to Nepal from 2012 to 2021. This analysis covers four key financial streams: government revenues, personal remittances, ODA, and Foreign Direct Investment (FDI).

While Nepal has demonstrated notable progress in domestic resource mobilisation efforts over the past decade, ODA and other forms of external development finance continue to play an important role in financing the country’s development goals.

FIGURE 2.1 Sources of Development Finance to Nepal, 2012 - 2021⁶



From 2012 to 2021, personal remittances to Nepal saw a consistent increase, growing nearly twofold from USD 4.8 billion to USD 8.2 billion.⁷

⁶ World Bank, “World Development Indicators,” accessed June 26, 2023, <https://databank.worldbank.org/reports.aspx?ReportId=146061&Type=Table>.

⁷ Including remittances in this analysis of development finance is essential due to their significant role in the economy. Remittances, with their consistent increase from 2012 to 2021, have become a major source of external finance, often surpassing foreign aid and investment. They support families, stimulate spending, contribute to foreign exchange reserves, and enhance financial stability. In this context, understanding remittances helps assess the economy’s resilience and shapes strategies for sustainable development and risk mitigation.

Government revenues, excluding grants, also grew substantially from USD 2.1 billion in 2012 to USD 7.7 billion in 2021. This increase signifies the successful efforts of the Government of Nepal in mobilising domestic resources, making it the country's second-largest source of finance.

Despite fluctuations, ODA, a critical source of finance for Nepal, displayed an overall upward trend during this period. From USD 769.7 million in 2012, ODA rose significantly to USD 1.8 billion in 2020, falling slightly to USD 1.6 billion in 2021. This trend underscores the ongoing global commitment to Nepal's development. It also highlights the key role of ODA in supplementing the country's fiscal resources, especially during times of crisis, such as the 2015 earthquake and the COVID-19 pandemic.

Conversely, FDI, the smallest contributor, experienced an inconsistent trend over the years. Even though it peaked at USD 196.3 million in 2021, it made up just 1.1% of total financial flows in that same year.

Nepal's dependence on remittances and ODA may expose Nepal to various risks. Any global economic shifts or policy changes in countries hosting Nepali migrant workers, such as Qatar, Saudi Arabia, United Arab Emirates (UAE), Malaysia and Kuwait, could significantly impact remittance inflows, with potentially profound consequences for Nepal's external finances and remittance-dependent households. Similarly, sudden declines in ODA could disrupt key development projects, particularly in critical sectors such as health, education, energy and infrastructure. Nepal seeks to enhance domestic resource mobilisation and diversify its external financing sources to mitigate associated risks. This strategy aims to provide insights to reduce dependence on any single source and mitigate related risks, thereby strengthening its financial resilience.

FIGURE 2.2 Domestic v External Development Finance to Nepal, 2012 - 2021 ⁸

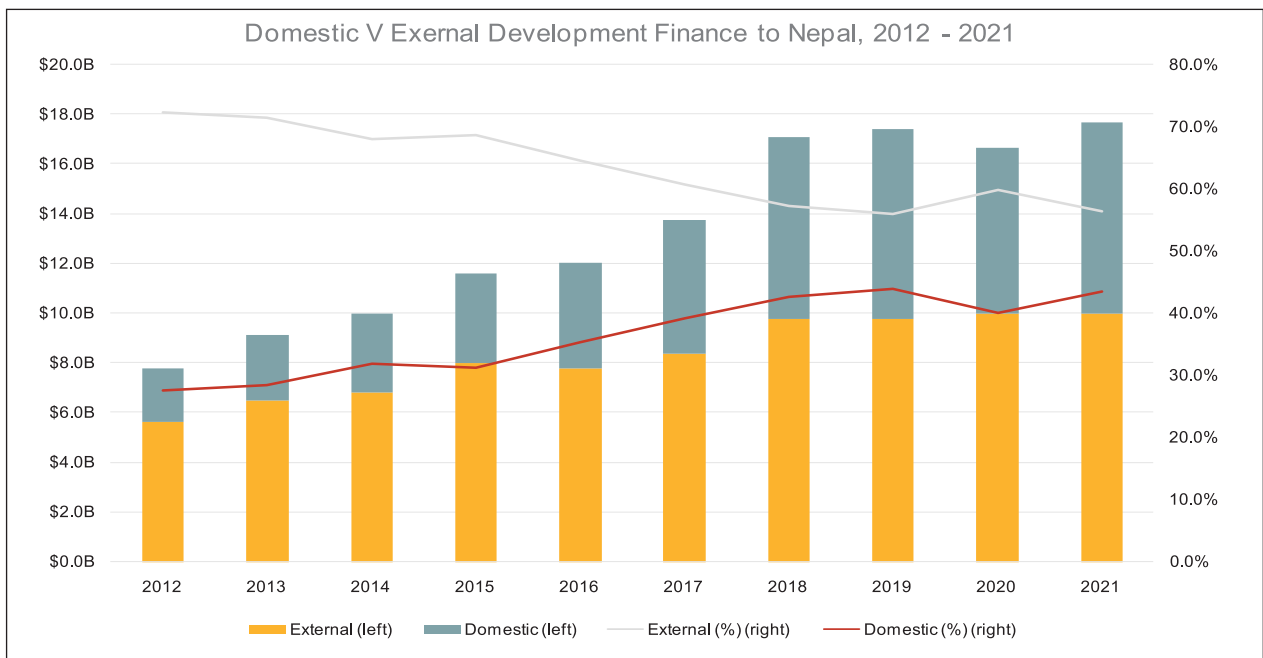


Figure 2.2 provides an overview of recent trends in Nepal's development financing landscape, looking at both domestic and external resources from 2012 to 2021.

Regarding domestic financing, Nepal has seen strong progress, with domestic financing rising from USD 2.1 billion in 2012 to USD 7.7 billion in 2021, nearly a 3.7-fold increase. Domestic finance

⁸ World Bank, "World Development Indicators," accessed June 26, 2023, <https://databank.worldbank.org/reports.aspx?ReportId=146061&Type=Table>.

as a proportion of total development financing has also seen a marked shift. In 2012, it constituted 27.5% of total financing, but by 2021, it had risen to 43.5%. This indicates an encouraging trend of growing self-reliance in terms of development finance.

Regarding external financing, Nepal has also witnessed a steady upward trend, growing from USD 5.7 billion in 2012 to nearly USD 10.0 billion in 2021. However, as a percentage of total development finance, external financing has seen a downward trend, from 72.5% in 2012 to 56.5% in 2021. This trend could reflect Nepal’s expanding economy, thus reducing relative dependence on external financing.

FIGURE 2.3 Domestic v External Development Finance to Nepal, 2012 - 2021 ⁹

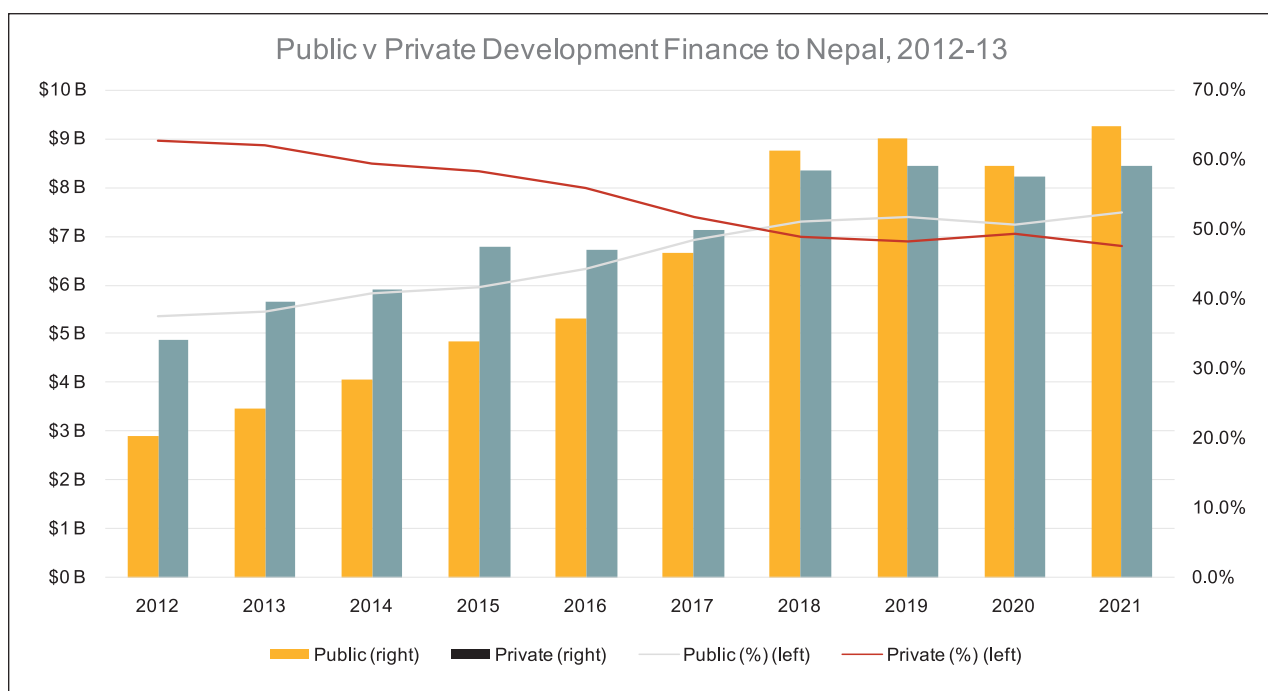


Figure 2.3 provides an insight into development finance in Nepal, with a focus on public and private sources from 2012 to 2021.

Public finance, typically from governmental sources, plays a crucial role in facilitating infrastructure development, public services, and social protection schemes. It is a critical element of social and economic progress, as public investments often lay the foundation for private investments.

Public finance to Nepal experienced a more than 3.2-fold increase, rising by 220% from USD 2.9 billion in 2012 to approximately USD 9.3 billion in 2021. This data reveals an upward trend in public financing, highlighting the government’s continuous commitment to fund development projects and sustain public welfare.

Private finance, mainly driven by businesses and private investors, contributes to economic growth by funding innovative projects, creating jobs, and promoting competition. The development and growth of the private sector indicate economic dynamism and a favourable investment climate.¹⁰

⁹ World Bank, “World Development Indicators,” accessed June 26, 2023, <https://databank.worldbank.org/reports.aspx?ReportId=146061&Type=Table>.

¹⁰ Private finance covers direct investments (domestic and foreign) and how they are financed (equity and debt financing from domestic and international sources). It is primarily profit-oriented. It makes vital contributions to sustainable development, e.g. through job creation, growth and payment of taxes that increase fiscal space, as well as direct investments in sectors such as agriculture, industry, technology, infrastructure, energy and others. (<https://inff.org/report/assessment-diagnostics-financing-landscape-report#:~:text=Private%20finance%20covers%20direct%20investments,It%20is%20primarily%20profit%20oriented>)

ODA AGREEMENTS IN FY2021/22

Private finance also shows a growth trend during this period, indicating growing investor confidence and a robust private sector. Over this period, private finance saw a more than 1.7-fold increase, surging by 71% from USD 4.9 billion in 2012 to approximately USD 8.4 billion in 2021.

During FY2021/22, the Government of Nepal entered into 20 financial agreements with 11 development partners, totalling close to USD 2 billion. This financial portfolio included 11 loans, which made up 61.2% of agreements, and nine grants, representing the remaining 38.8%. A near-even split was observed among the contributions from bilateral and multilateral partners, with the former accounting for 40.3% and the latter contributing 59.7% of the total agreements.

Table 1 List of Agreements Signed in FY2021/22

Date of Agreement	Development Partner	Project/ Programme Name	Type of Assistance	Currency	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
July 22, 2021	GCF	Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal	Grants	USD	27.40	3,339	Environment, Science and Technology
July 29, 2021	ADB	Prevention and Control of COVID-19 through WASH and Health Initiatives in Secondary and Small Towns	Grants	USD	5.00	597	Health
August 11, 2021	ADB	Responsive COVID-19 Vaccines for Recovery Project	Loans	USD	165.00	19,698	Health

Date of Agreement	Development Partner	Project/ Programme Name	Type of Assistance	Currency	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
August 19, 2021	WB	Nurturing Excellence in Higher Education Program (NEHEP)	Loans	USD	60.00	7,050	Education
September 10, 2021	Switzerland	Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE) - Phase II	Grants	CHF	14.70	1,876	Education
September 15, 2021	WB	School Sector Development Program	Loans	USD	50.00	5,880	Education
September 15, 2021	WB	Nepal Health Sector Management Reform Program for Results (NHSMRP)	Loans	USD	50.00	5,880	Health
September 28, 2021	IFAD	Value Chains for Inclusive Transformation of Agriculture Programme (VITA)	Loans	USD	97.67	11,623	Agriculture
November 29, 2021	ADB	Electricity Grid Modernization Project - Additional Financing	Loans	USD	60.00	7,170	Energy
December 15, 2021	Korea	Establishment of Polytechnic Institute for Construction Workforce Development in Province 2, Nepal	Grants	USD	8.60	1040.6	Education
January 13, 2022	IMF	Extended Credit Facility (ECF)	Loans	USD	395.90	46,700	Economic Reform
January 25, 2022	Japan	Policy Loan for Economic Growth and Resilience	Loans	JPY	10,000.00	10,470	Economic Reform
February 25, 2022	WB	Nepal's COVID-19 Emergency Response and Health System Preparedness - Second Additional Financing	Loans	USD	18.00	2,173	Health

Date of Agreement	Development Partner	Project/ Programme Name	Type of Assistance	Currency	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
March 10, 2022	Japan	Implementation of the Water Supply Improvement Project - Biratnagar	Grants	JPY	2,541.00	2,610	Drinking Water
May 4, 2022	WB	Government of Nepal and World Bank Sign \$150 Million Development Policy Credit to Strengthen Nepal's Financial Sector	Loans	USD	150.00	18,000	Financial Reform
May 5, 2022	USAID	Nepal and United States Sign New 5-Year Development Assistance Agreement	Grants	USD	659.00	79,710	Mixed
June 8, 2022	Switzerland	Reintegration of Returnee Migrant Workers (REMI)	Grants	CHF	6.80	861	Labour
July 8, 2022	EU	Green Recovery and Empowerment with Energy in Nepal (GREEN)	Grants	EUR	4.50	581	Environment, Science and Technology
July 13, 2022	WB	Water Sector Governance and Infrastructure Support	Loans	USD	80.00	10,000	Water Supply
July 14, 2022	GCF	Mitigating GHG Emissions through Modern, Efficient and Climate-Friendly Clean Cooking Solutions	Grants	USD	21.12	2693.01	Environment, Science and Technology

FIGURE 3.1. Value of Agreements Signed by Assistance Type, FY2021/22

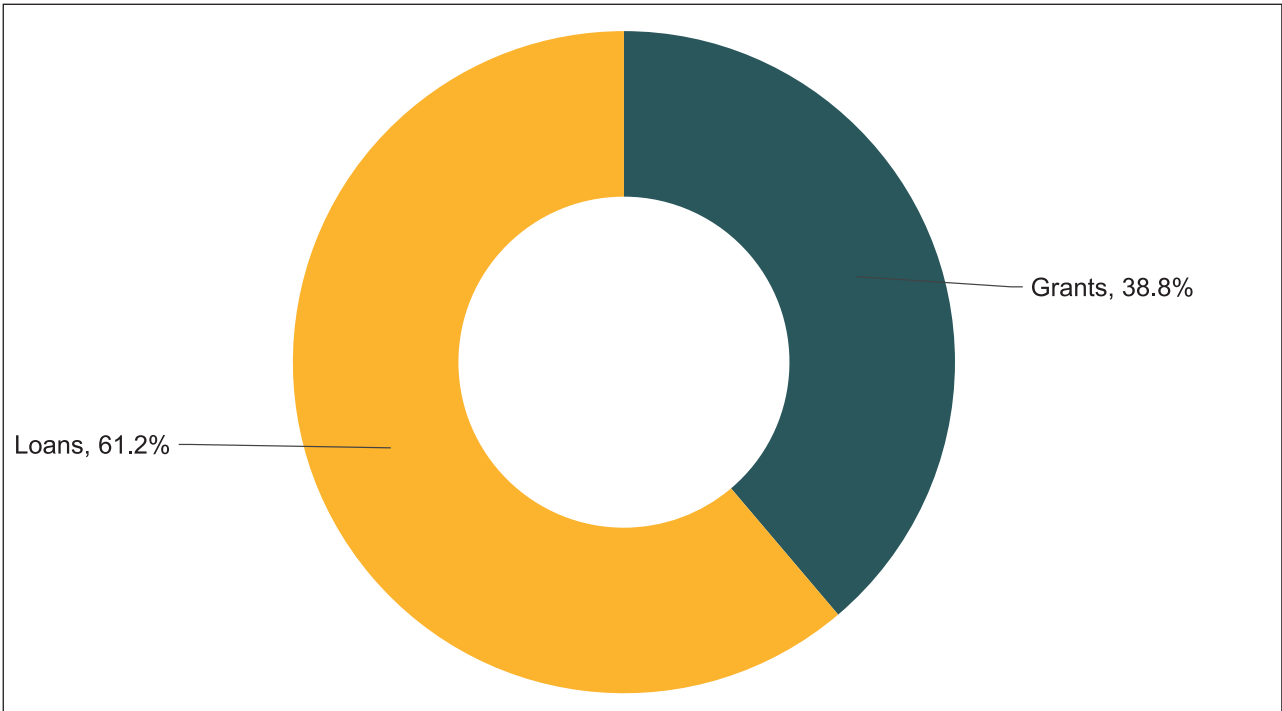
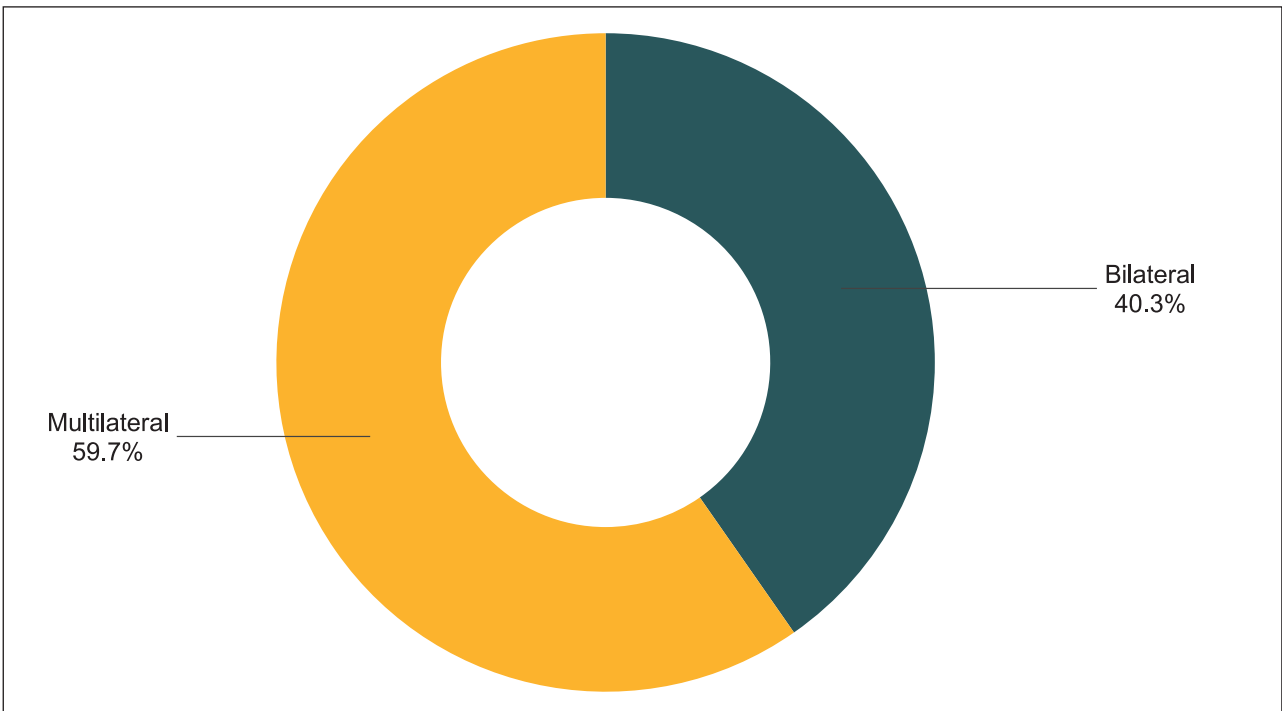
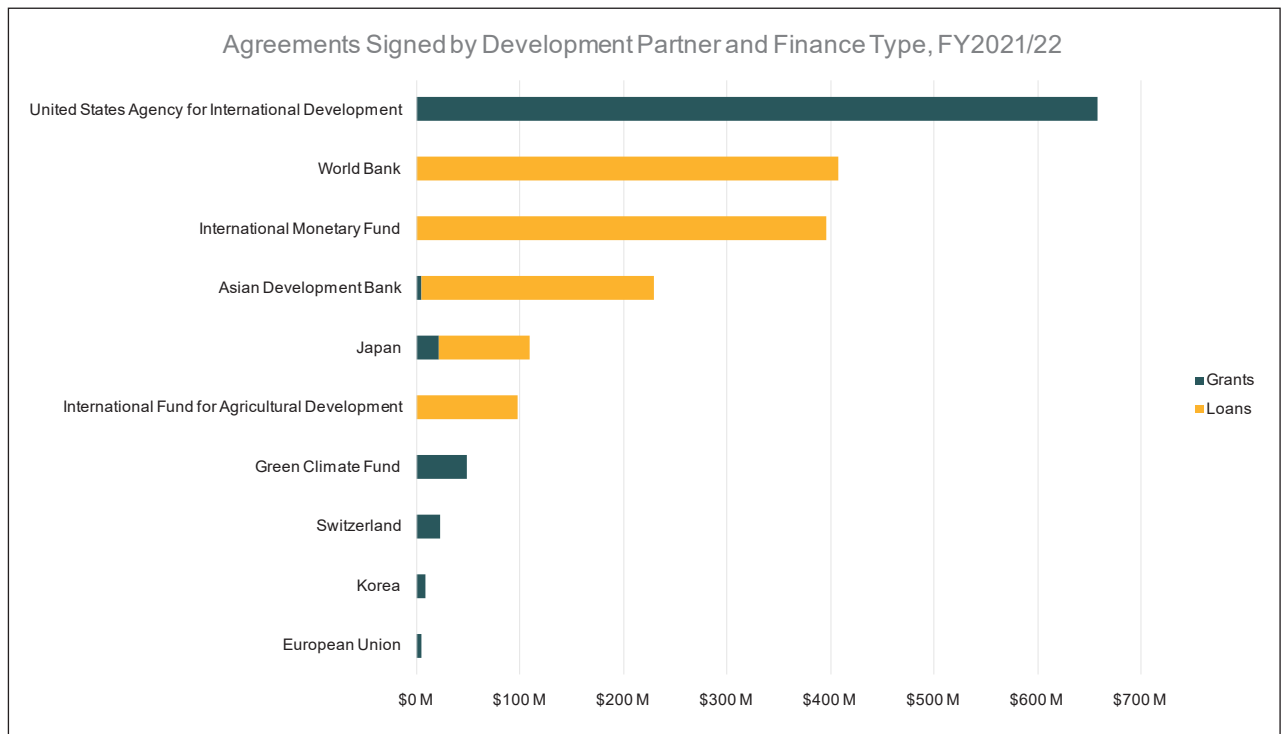


FIGURE 3.2. Value of Agreements Signed by Development Partner Type, FY2021/22



The most substantial single contribution was a grant from USAID under the 5-Year Development Assistance Agreement, totalling USD 659 million, targeted towards miscellaneous projects. This grant represents approximately 33.2% of total agreements signed in FY2021/22. The World Bank follows, with agreements totalling approximately USD 408 million, constituting 20.5% of the total. The IMF comes next with USD 395.9 million (19.9%), and ADB follows with USD 230 million (11.6%).

FIGURE 3.3. Value of Agreements Signed by Development Partner and Assistance Type, FY2021/22

In FY2021/22, Nepal secured USD 2.0 billion in Official Development Assistance (ODA). This funding was channelled into key sectors: health, education, agriculture, energy, and water supply, among others.

USAID was the largest contributor, pledging USD 659 million to a 'Mixed' sector, indicating a diversified approach. All funds from USAID were allocated as grants.

The World Bank and IMF were also significant contributors. The World Bank committed USD 408 million across multiple sectors, all in the form of loans. The IMF, focusing on economic reform, pledged USD 396 million, also as loans. Additionally, USD 634 million (32% of the total ODA) was designated as budget support for priority sectors like infrastructure and health.

ADB and IFAD had a sector-specific focus. ADB committed USD 230 million, comprising USD 5 million in grants and USD 225 million in loans. IFAD allocated USD 97.67 million solely to agriculture, all as grants.

Japan and Switzerland had a multi-sectoral approach. Japan pledged USD 110 million, with USD 88 million for economic reform and USD 22 million for drinking water, all as grants. Switzerland committed USD 23 million, with USD 16 million for education and USD 7 million for labour, also as grants.

Smaller contributors like the Green Climate Fund (GCF) and the European Union (EU) targeted the environment, science, and technology sectors. GCF committed USD 48.52 million, and the EU pledged USD 5 million, both as grants. With a USD 8.6 million grant, Korea focused on education, specifically Technical and Vocational Education and Training (TVET).

In summary, the ODA received by Nepal is diverse in its sectoral allocation, with each development partner having distinct strategic focuses. The nature of the funding—whether as loans or grants—also varies among the partners. Ensuring alignment with Nepal's national priorities is essential for achieving the intended development outcomes.

FIGURE 3.4. Sectoral Composition of Development Assistance Agreements (%), FY2021/22

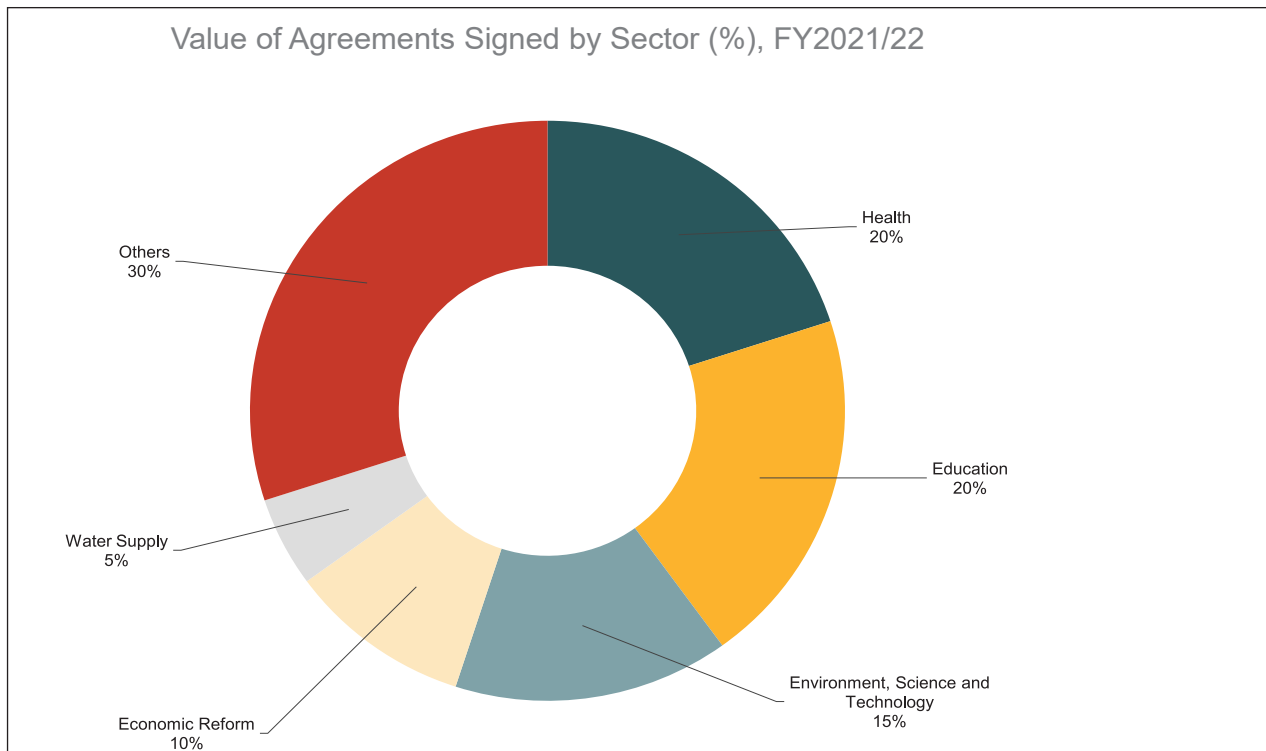
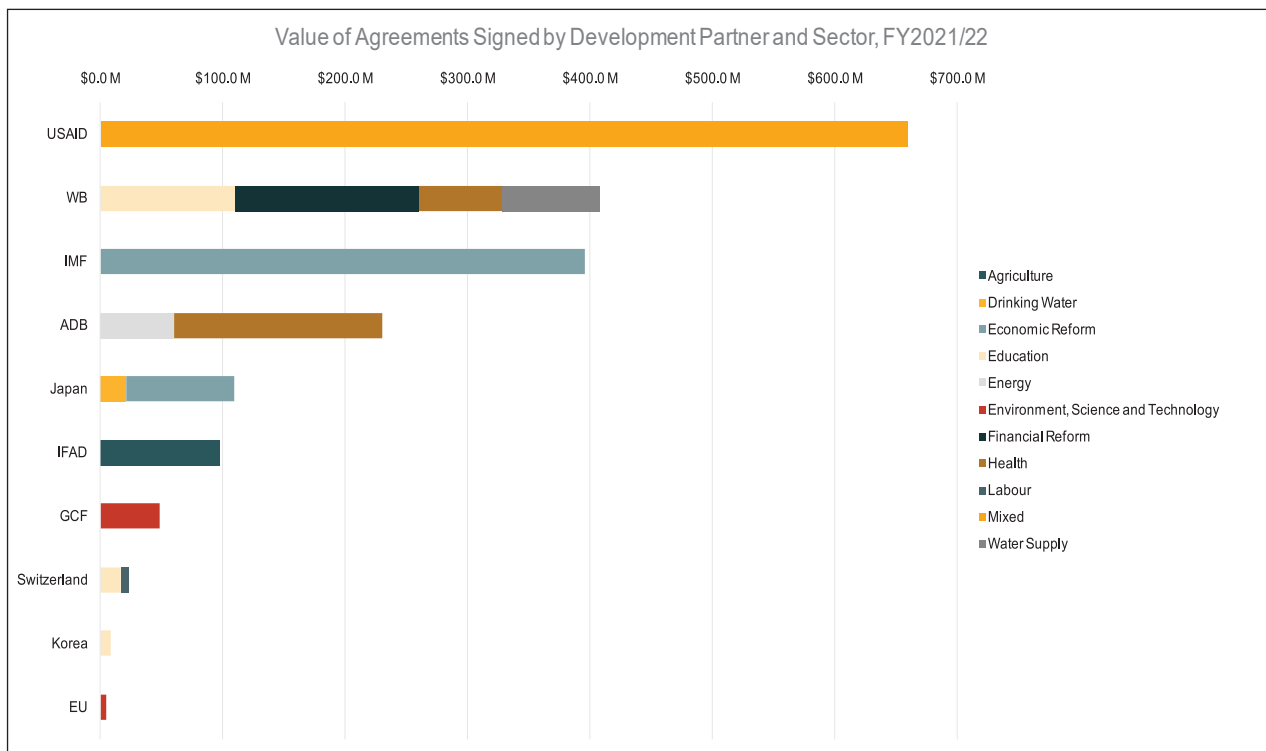
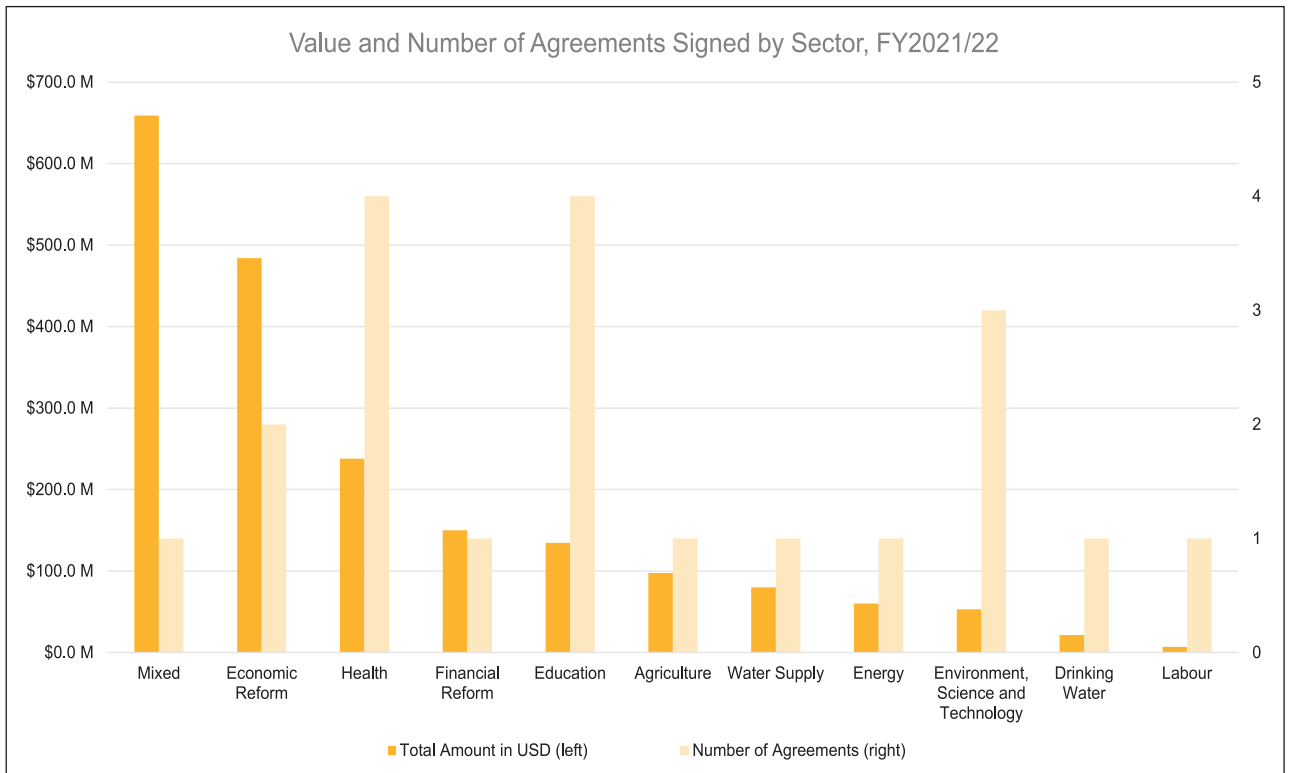


FIGURE 3.5. Value of Agreements Signed by Development Partner and Sector, FY2021/22 ¹¹



¹¹ It is important to note that the USAID agreement represents a long-term investment and is not expected to be spent in a single FY and sector. The disbursement schedule and specific allocation is vary based on the projects' timelines and requirements, reflecting USAID's strategic focus and collaboration with the Government of Nepal.

FIGURE 3.6. Value and Number of Agreements Signed by Sector, FY2021/22



The World Bank and ADB were the most agile development partners, signing six and three agreements valued at USD 408 million and USD 230 million, respectively. The World Bank support is more diversified and includes various sectors, such as education, health, financial reform, and water supply, including through budgetary support. The ADB’s contributions were primarily focused on the health and energy sectors. With two agreements, the GCF concentrated exclusively on environment, science and technology, with a total contribution of USD 48.52 million. A USD 5 million grant agreement with the European Union also supported this sector.

FIGURE 3.7. Value and Number of Agreements Signed by Development Partner, FY2021/22

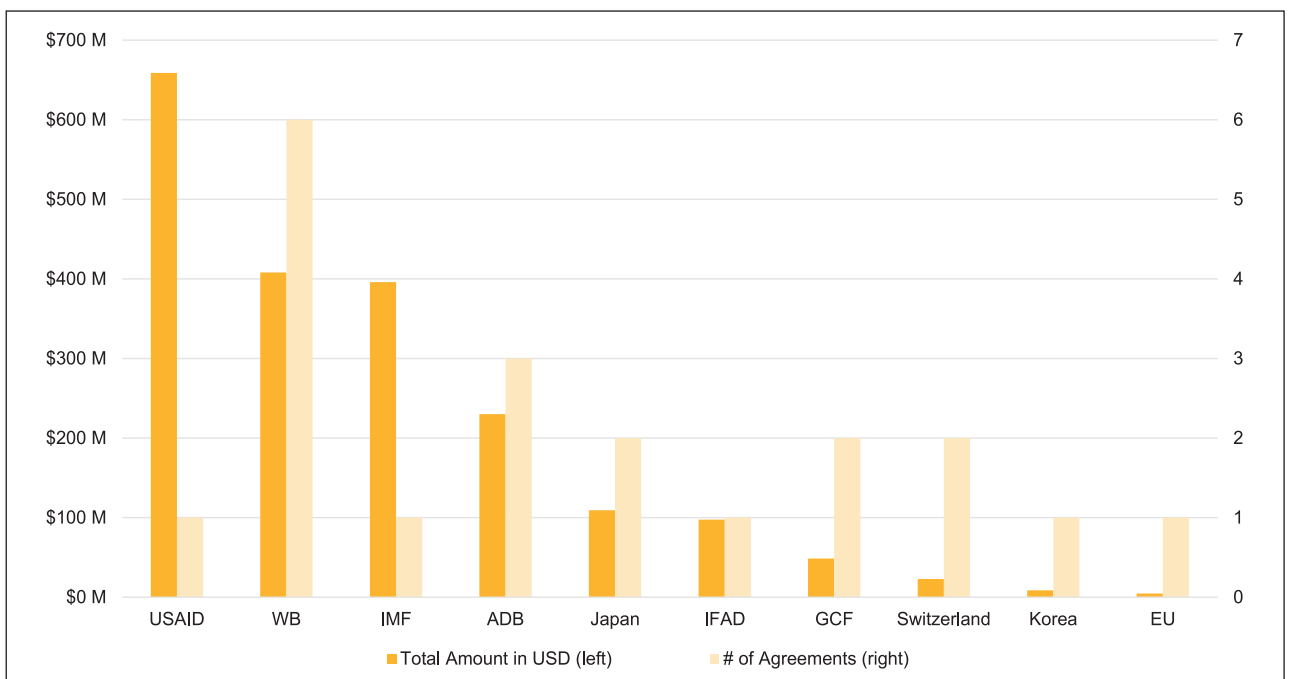
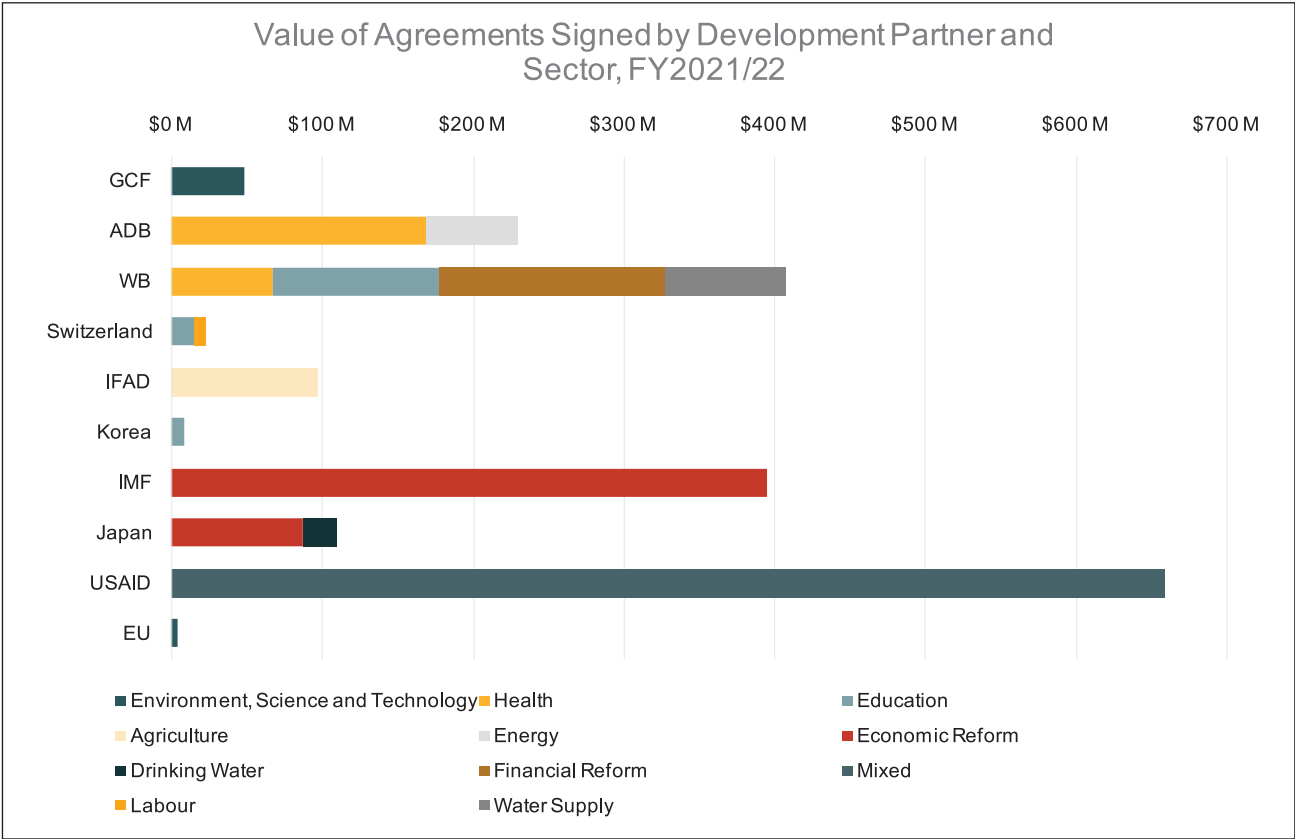


FIGURE 3.8. Value of Agreements Signed by Development Partner and Sector, FY2021/22



ODA COMMITMENTS ¹

Compared to the highest commitment year (FY2015/16), the FY2021/22 ODA commitments show a decrease of approximately 41.9%. The slight increase in FY2021/22 does not necessarily signal a trend but does indicate some growth in ODA commitments to Nepal. It is also important to note that FY2015/16 was an exceptional year due to the earthquake crisis, which led to a surge in development partner response.

FIGURE 4.1. Total Development Partner Commitments, FY2012/13 - 2021/22

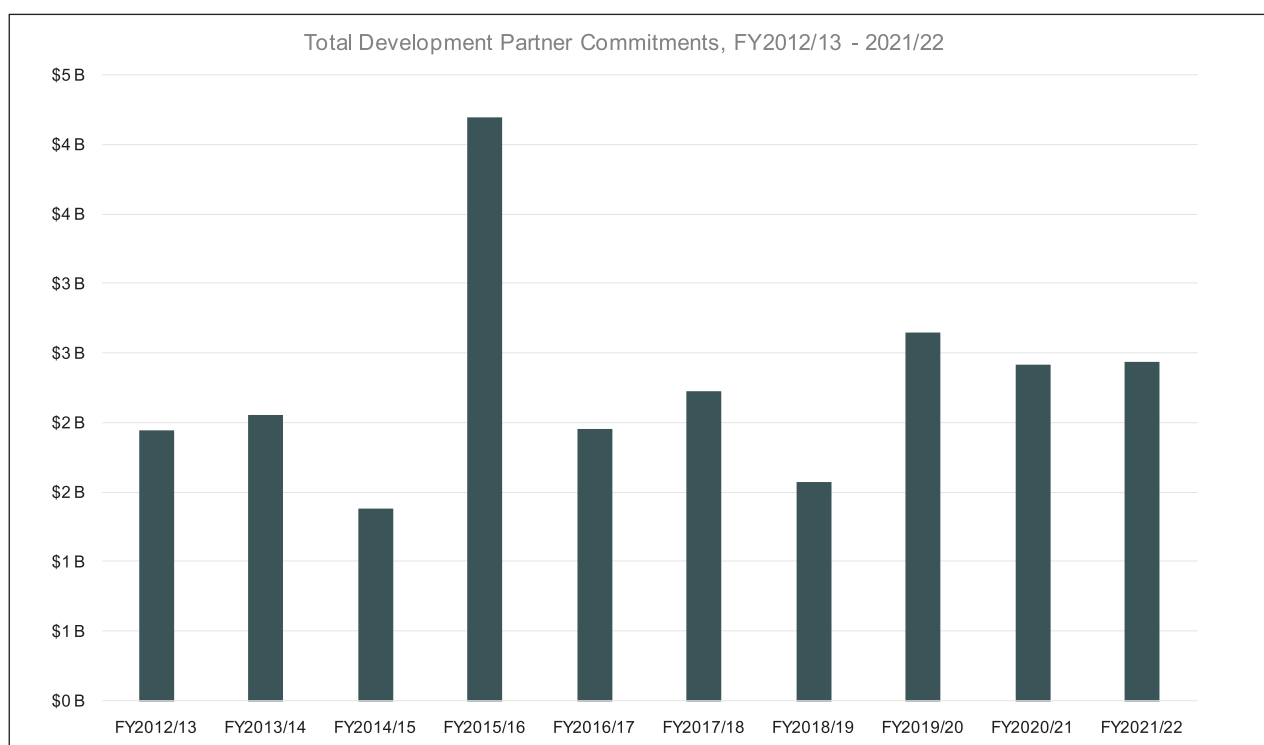


Figure 4.1 presents ODA commitments between FY2012/13 and FY2021/22. ODA commitments have increased slightly in FY2021/22. In FY2020/21, total ODA commitments stood at approximately USD 2.4 billion, a significant decrease from the peak of approximately USD 4.2 billion in FY2015/16. In FY2021/22, commitments increased slightly, from USD 2.42 billion to USD 2.44 billion. This represents a year-on-year increase of approximately 0.8% (USD 20 million).

¹ Figures for agreements and commitments may vary. Agreements typically denote the total value of on-budget support, signed within a given FY and, in theory, should not exceed commitments. On the other hand, commitments represent the value entered into the AMIS during the same period and typically encompass both on- and off-budget support. Therefore, commitments may equal or exceed agreement figures.

FIGURE 4.2. Total Development Partner Commitments, Year-on-Year Change (%), FY2012/13 - 2021/22

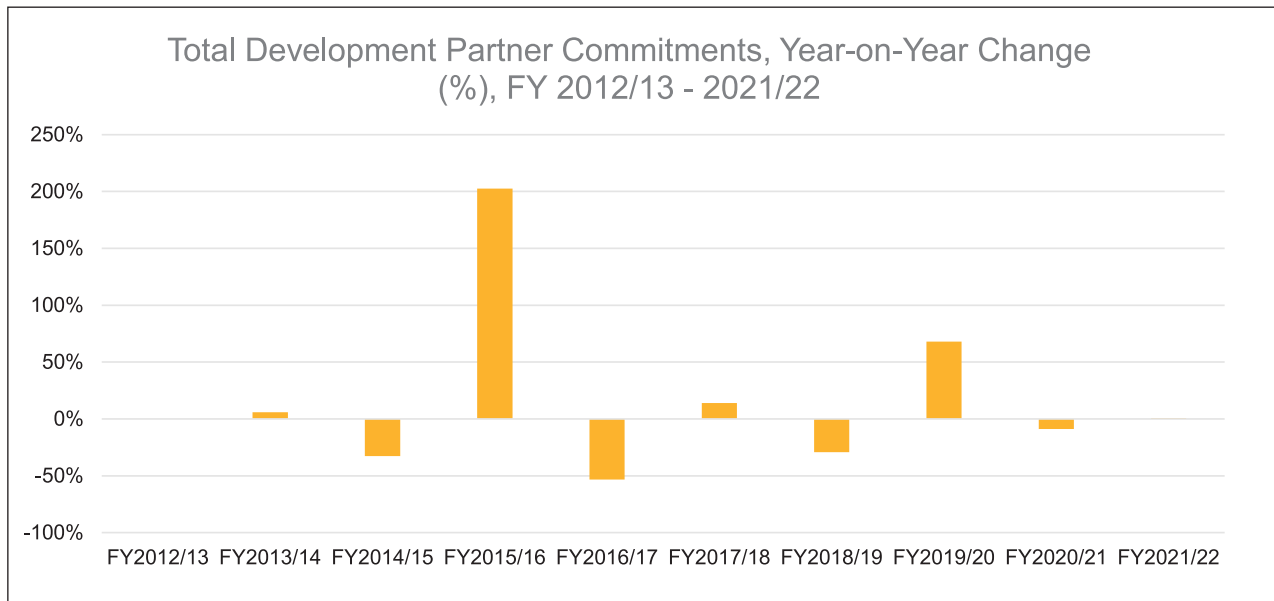


FIGURE 4.3. Development Partner Commitments, FY2021/22

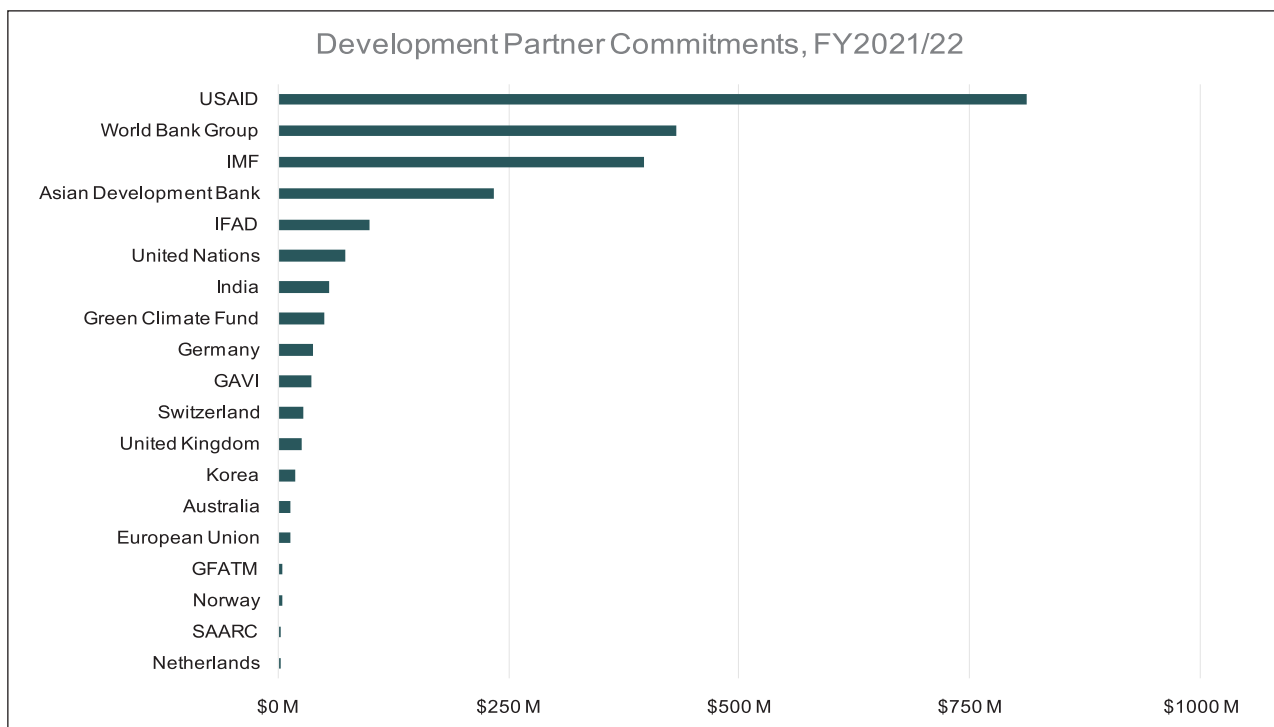
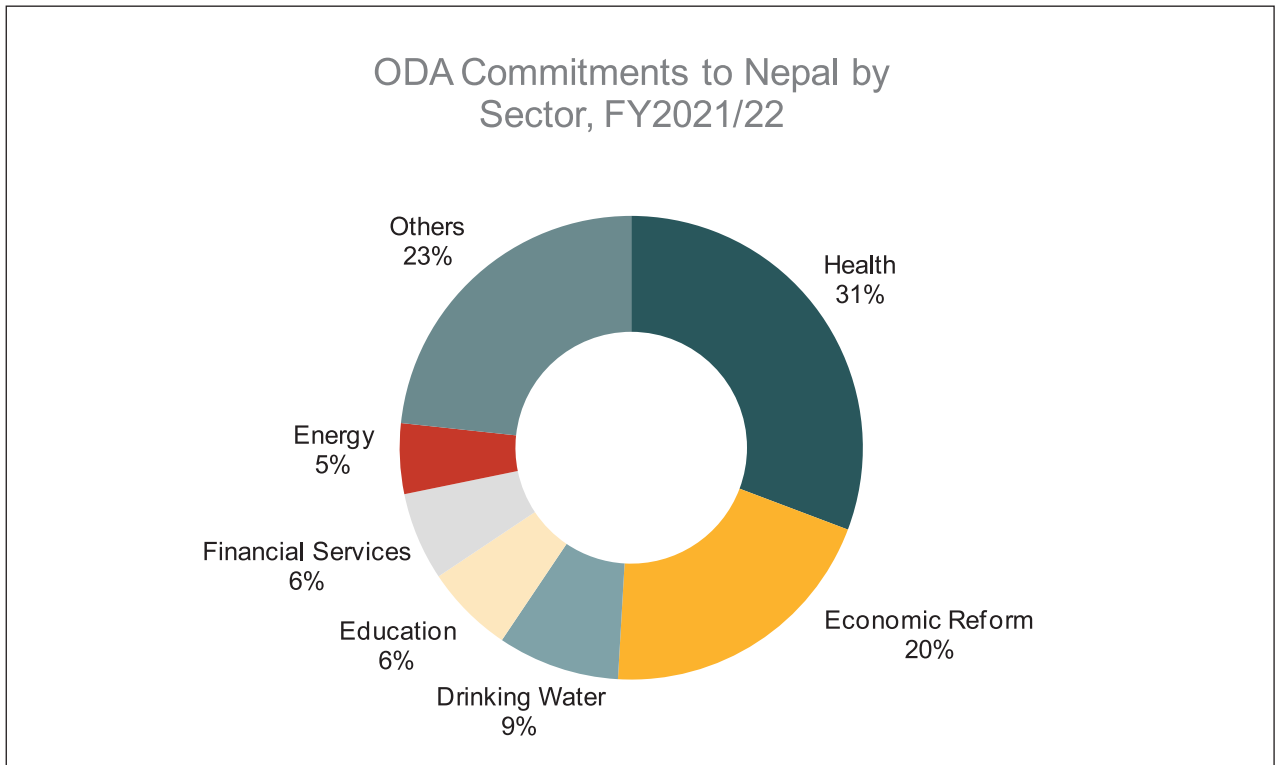


Figure 4.3 presents the distribution of ODA commitments made by different development partners for FY2021/22. USAID tops the list, with a total commitment of approximately USD 811 million. The World Bank Group and the IMF follow, with commitments of approximately USD 431.3 million and USD 395.9 million, respectively. The ADB also shows significant support with a commitment of USD 232.5 million. On the other hand, despite being a substantial disburser of ODA, the European Union made new commitments of approximately USD 11.5 million.

It should be noted that commitments do not necessarily suggest that the same or similar value disbursements will occur in the same fiscal year in which they were signed. Commitments are typically disbursed over several years to align with the respective project/programme periods.

FIGURE 4.4. ODA Commitments to Nepal by Top 6 Sectors, FY2021/22

In FY2021/22, the health sector emerged as the primary recipient of ODA commitments, capturing 30.7% (approximately USD 749.8 million) of total commitments. This focus on health likely reflects continued support for mitigating the impacts of the COVID-19 pandemic. Economic reform follows as the second-largest allocation, with 20.2% (approximately USD 491.9 million). Within the economic reform sector, a major portion of ODA was received as budget support, ultimately allocated to priority sectors such as infrastructure, health, social security, etc. This suggests broad-based recognition of economic restructuring and reform as crucial levers of sustainable development and growth.

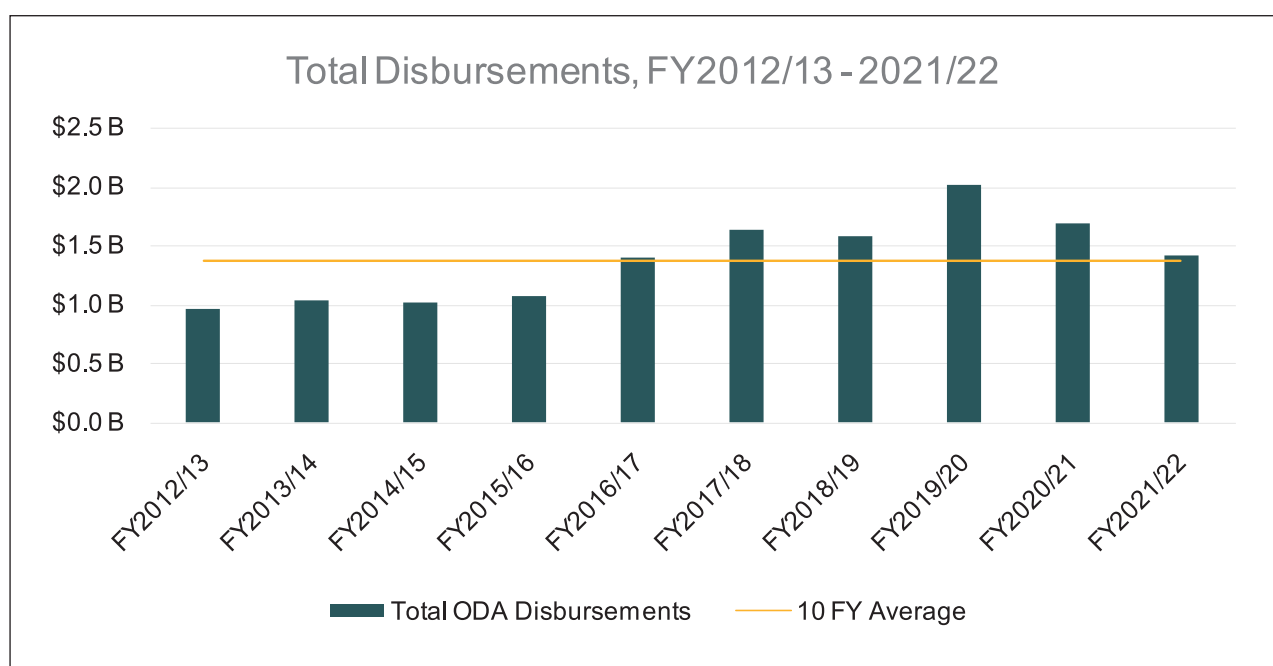
With an allocation of 8.5% (close to USD 207.6 million), the drinking water sector underscores a commitment to improving public health and living conditions. Meanwhile, the allocations to the education sector (6.2%, nearly USD 151.4 million) and financial services sectors (6.1%, approximately USD 150.0 million) underscore the broader development agenda. Investments in financial services to enhance financial inclusivity and stability are critical for economic reform. Simultaneously, the allocation to education demonstrates a commitment to human capital development, acknowledging the role of education in fostering sustainable development.

The energy sector received 4.9% of the total commitments (roughly USD 104.9 million), reflecting a strategic focus on sustainable energy sources and infrastructure development. Commitments in all other sectors amount to 23.3% (approximately USD 568.3 million).

ODA DISBURSEMENTS

Figure 5.1 presents total ODA disbursements to Nepal from FY2012/13 to FY2021/22, while Figure 5.2 presents year-on-year percentage changes in ODA disbursements over that same period. The data shows that while ODA disbursements have fluctuated over the years, there has been a broadly upward trend until recently.

FIGURE 5.1. Total Disbursements, FY2012/13 - 2021/22



The highest ODA disbursement in recent years occurred in FY2019/20, totalling USD 2 billion. The most significant year-on-year increase occurred in FY2016/17, with a growth of 29.8%.

ODA disbursements in FY2021/22 totalled USD 1.4 billion, 15.7% less than ODA disbursed the previous year.

It is important to recall that increased commitment figures, noted earlier in this report, have been primarily ascribed to the COVID-19 response, with development partners pledging substantial funds to address the crisis. In contrast, low disbursement rates are also likely linked to the pandemic. Several factors can account for this seeming contradiction. First, the immediate nature of the crisis prompted swift financial commitments, yet pandemic-induced logistical and operational challenges, including lockdowns and travel limitations, have hindered actual

disbursement. Second, the emphasis on immediate relief may have shifted focus from long-term development initiatives, leading to disbursement delays. Finally, the pandemic has strained administrative capabilities, affecting the pace and efficacy of fund allocation.

A moving tend line smoothes the year-to-year variations, revealing an overarching disbursement growth from FY2012/13 to FY2019/20. However, it is important to note changes in the last two FYs. After reaching a peak in FY2019/20, there has been a notable decline, with disbursements amounting to approximately USD 2.0 billion. Disbursements dropped to approximately USD 1.7 billion in FY2020/21 and further decreased to USD 1.4 billion in FY2021/22.

However, ODA disbursements in FY2021/22 remain above the average ODA disbursed over the past decade at approximately USD 1.3 billion.

Based on the current trends, ODA disbursements to Nepal will likely decrease over the coming three FYs. This shift could be attributed to development partners facing domestic financial constraints, emerging geopolitical priorities, and a focus on post-COVID-19 domestic recovery within partner countries.

This is not necessarily a reflection of a diminished commitment of development partners to Nepal’s development but a reality of complex global circumstances that demand realigning resources. In the spirit of continued partnership, it is anticipated that as these challenges are addressed, the scale of ODA may see an adjustment in line with emerging opportunities and priorities.

FIGURE 5.2. Total ODA Disbursements, Year-on-Year Change, FY2012/13 - 2021/22

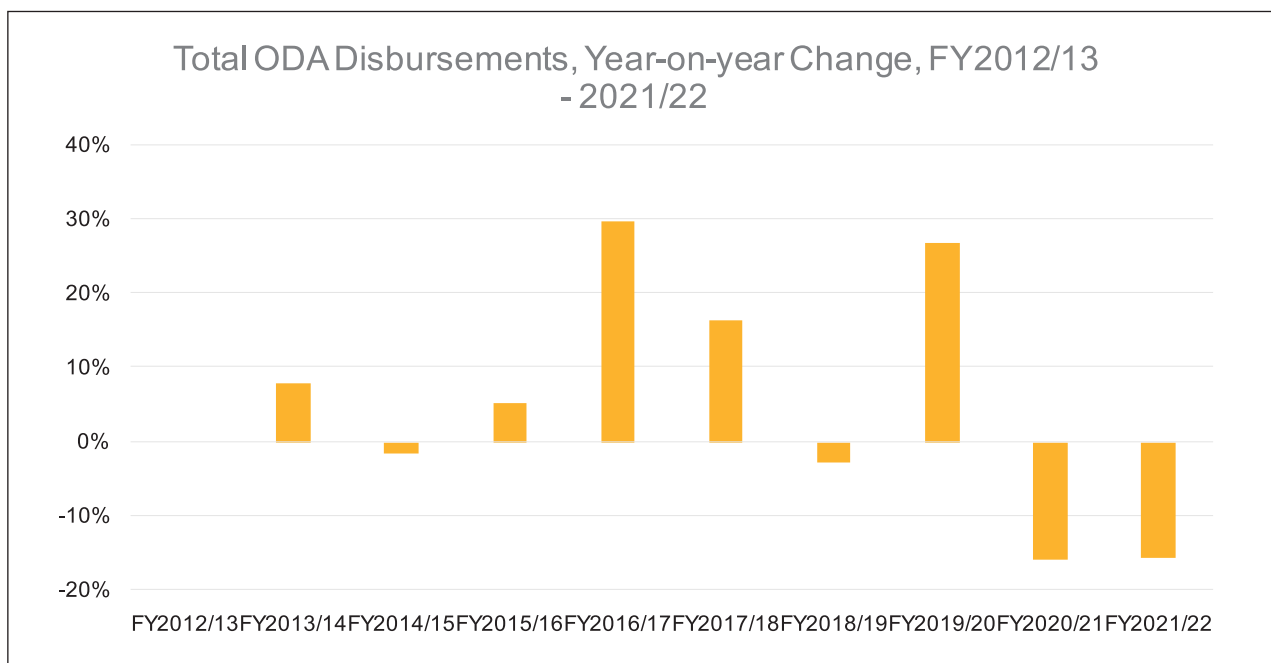
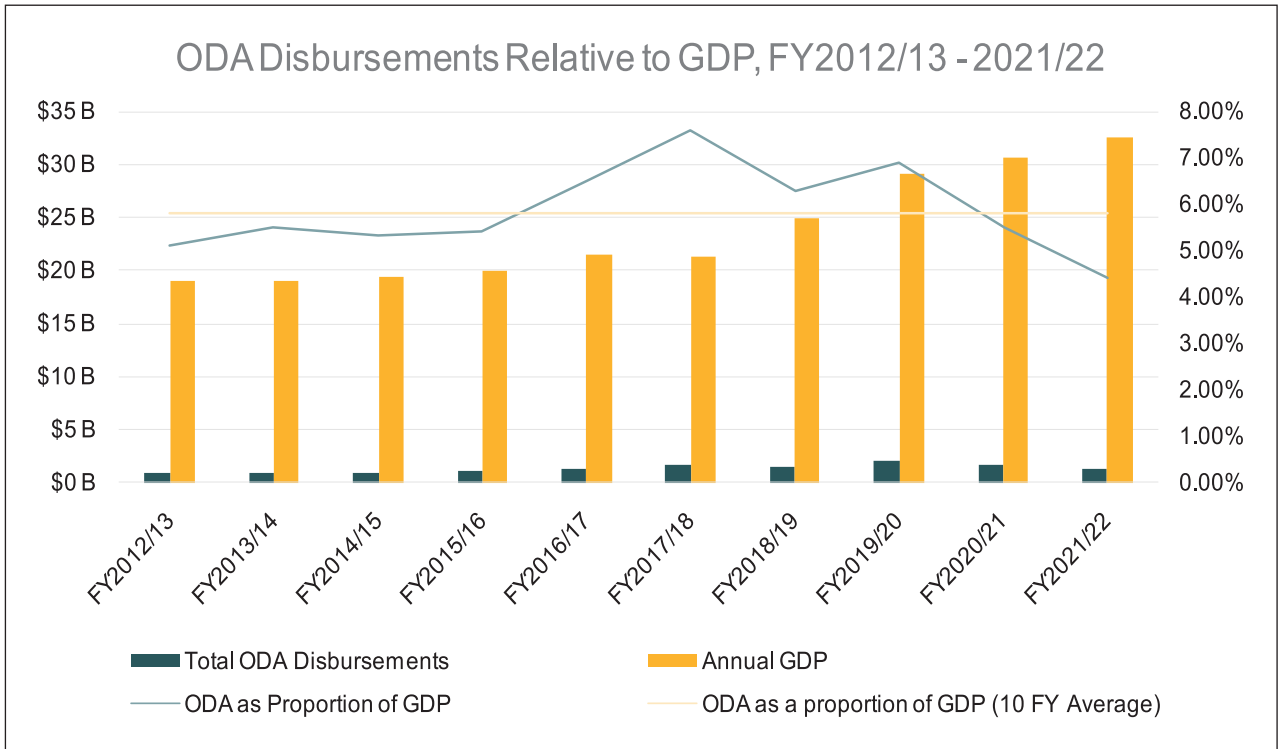


Figure 5.3 presents ODA disbursements relative to Nepal’s Gross Domestic Product (GDP) between FY2012/13 and FY2021/22. Over the past ten FYs, a discernible trend in ODA disbursements relative to GDP has emerged. The proportion of ODA in relation to the GDP has gradually declined, falling from 5.1% in FY2012/13 to 4.4% in FY2021/22. This declining trend suggests a reduced dependence on ODA relative to Nepal’s total economic output and is a manifestation of improved domestic resource mobilisation alongside economic growth.

FIGURE 5.3. ODA Disbursements Relative to GDP, FY2012/13 - 2021/22¹

However, within this general trend, several fluctuations have occurred. For instance, FY2019/20 experienced a peak in ODA disbursements as a proportion of GDP, reaching 6.9%. This notable increase is likely attributable to the substantial support received from development partners in the form of COVID-19-related assistance. Despite these fluctuations, ODA as a proportion of GDP has consistently averaged approximately 5.8%.

As Nepal's GDP experiences consistent growth, there has been a discernible shift in the role of ODA. Specifically, ODA now constitutes a smaller fraction of the nation's overall economic output compared to previous years. This trend is not merely a statistical nuance; it serves as a manifestation of Nepal's increasing self-reliance and enhanced domestic resource mobilisation. The reduction in ODA as a percentage of GDP could be viewed as a positive indicator, reflecting the country's ability to finance its own development and reduce its dependency on external assistance.

5.1 ODA Per-Capita Comparisons

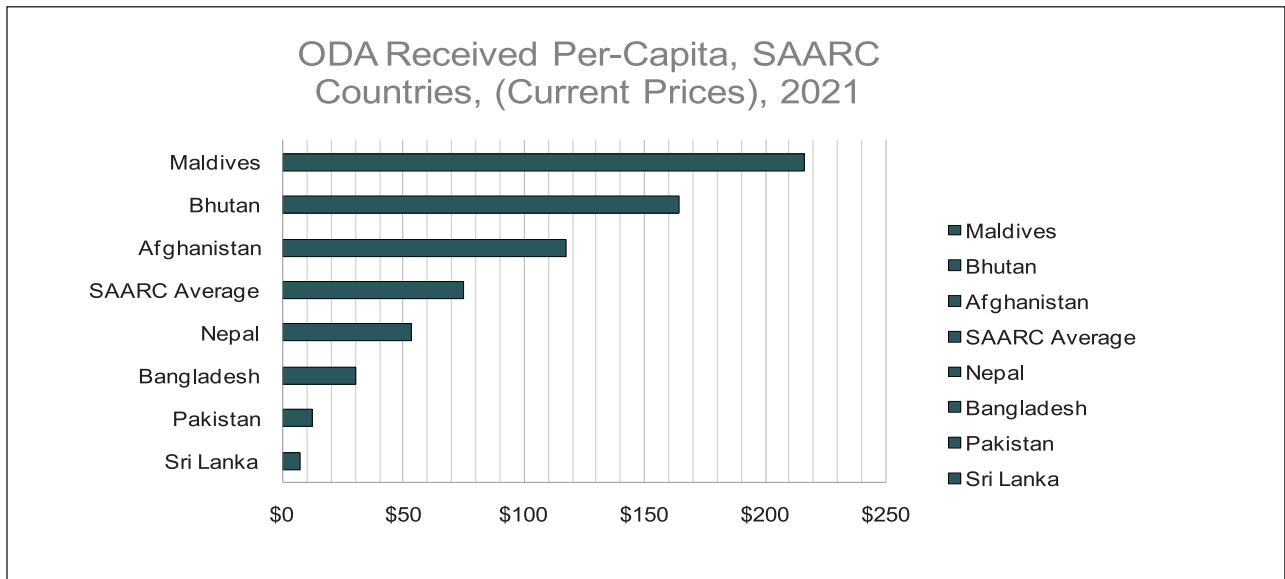
Figures 5.4 to 5.7 provide insight into Nepal's ODA mobilisation compared to its South Asian Association for Regional Cooperation (SAARC) neighbours and fellow Asian LDCs.

Nepal's ODA mobilisation is well within the mid-range among these nations.

While Nepal has seen an overall positive trend in ODA inflows across the decade, it experienced a slight dip in 2021. Nevertheless, ODA per capita remained higher than its 2012 levels, underscoring continued support for Nepal's development journey.

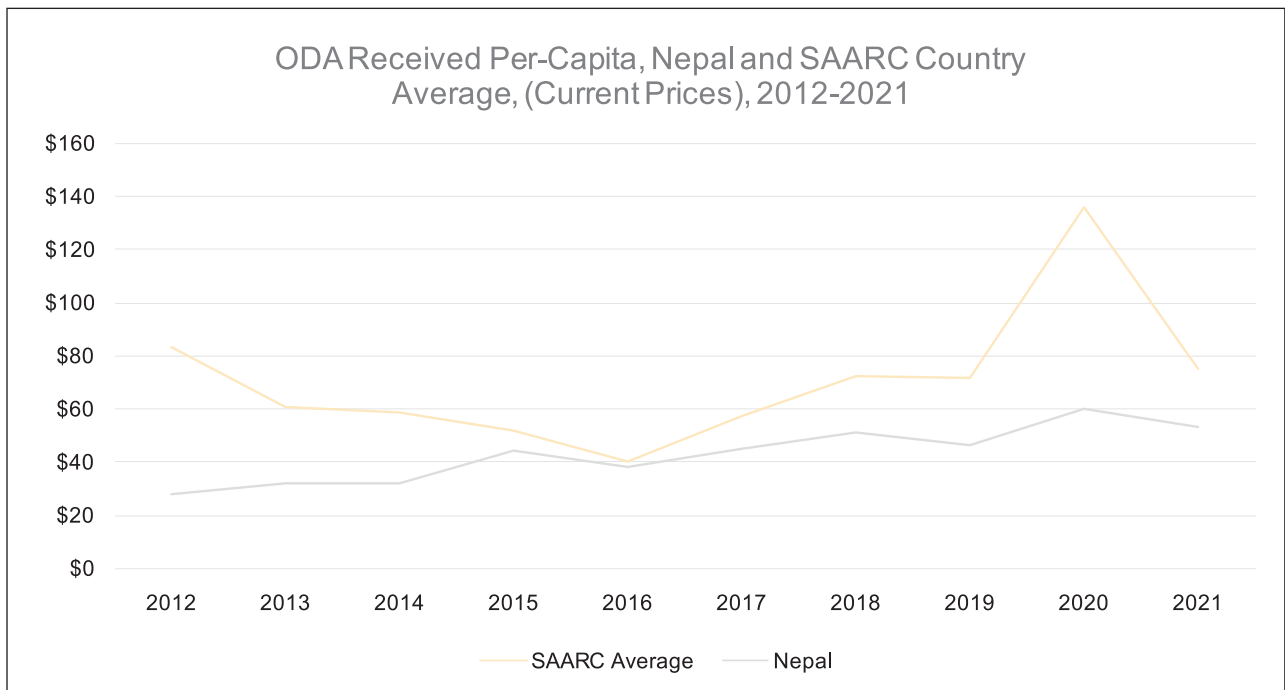
¹ Data sourced from the annual Economic Survey conducted by the Ministry of Finance, Government of Nepal. This survey is part of an annual series that provides insights into the economic conditions and trends within the country.

FIGURE 5.4. ODA Received Per-Capita, SAARC Countries, (Current Prices), 2021 ²



In 2021, Nepal received an ODA per capita of USD 53.2, an 11% decrease from its highest ODA per capita of USD 59.9 in 2020. Nevertheless, this figure is the fourth-highest ODA per capita in 2021 and higher than the lowest amount received in 2012, at USD 28.2 per capita.

FIGURE 5.5. ODA Received Per-Capita, SAARC Countries, (Current Prices), 2021 ³



Figures 5.6 and 5.7 present ODA received per capita by eight Asian LDCs between 2012 and 2021. Over these ten years, Nepal’s ODA per capita has generally displayed an upward trend, albeit with some year-on-year fluctuations. ⁴

² “Aid (ODA) disbursements to countries and regions [DAC2a].” Organisation for Economic Co-operation and Development (OECD), Accessed 30/05/2023. Available at: <https://stats.oecd.org/#>

³ “Aid (ODA) disbursements to countries and regions [DAC2a].” Organisation for Economic Co-operation and Development (OECD), Accessed 30/05/2023. Available at: <https://stats.oecd.org/#>

⁴ Note: The term ‘Current Prices’ in Figures 5.4 to 5.7 refers to the values presented in the currency value at the time of each given year, without adjustments for inflation or other economic factors. This approach provides a direct comparison of the actual ODA received

FIGURE 5.6. ODA Received Per-Capita, Asian LDCs, (Current Prices), FY2021 ⁵

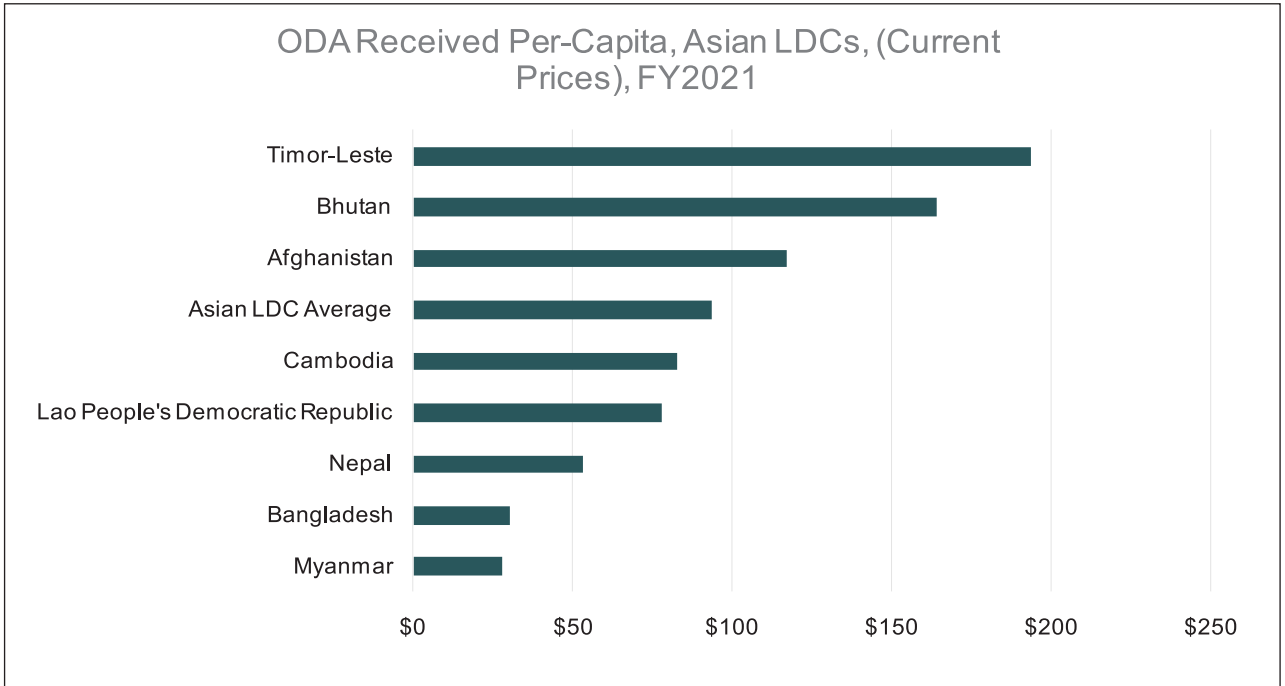
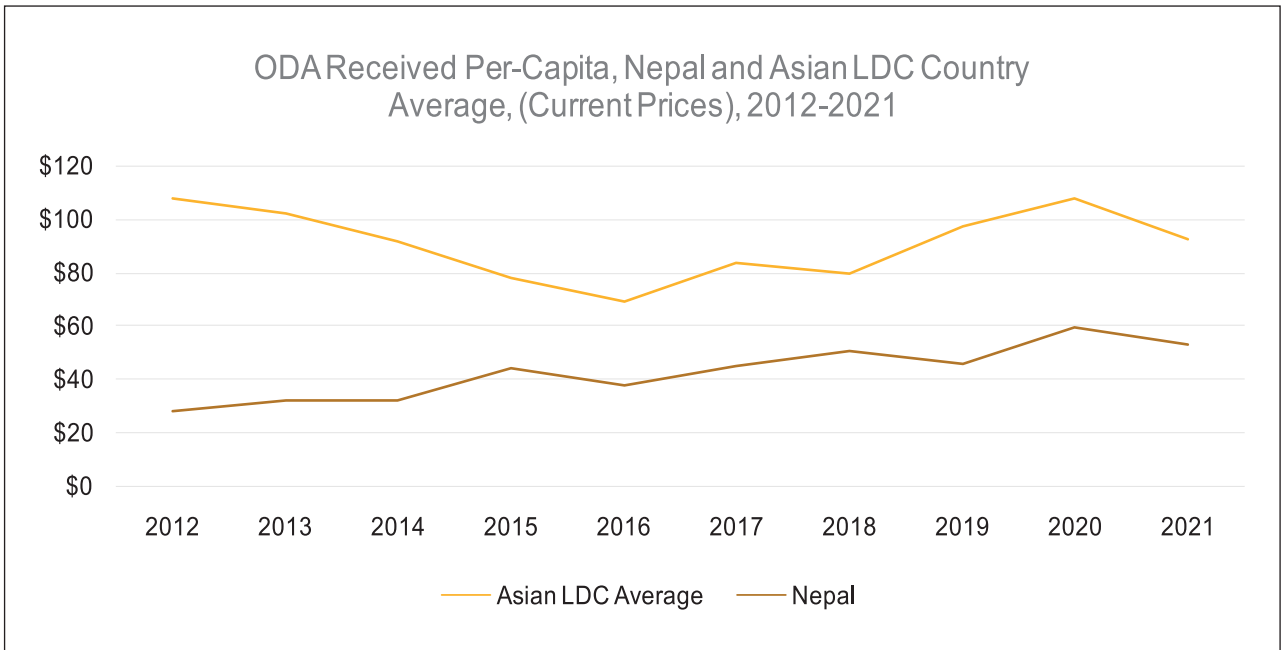


FIGURE 5.7. ODA Received Per-Capita, Nepal and Asian LDC Country Average, (Current Prices), 2012-2021 ⁶



per capita across the specified period, reflecting the nominal economic conditions of each year.

5 Aid (ODA) disbursements to countries and regions [DAC2a].” Organisation for Economic Co-operation and Development (OECD), Accessed 30/05/2023. Available at: <https://stats.oecd.org/#>

6 Aid (ODA) disbursements to countries and regions [DAC2a].” Organisation for Economic Co-operation and Development (OECD), Accessed 30/05/2023. Available at: <https://stats.oecd.org/#>

5.2 Assistance Types and Disbursement Modalities

Figures 5.8 and 5.9 detail how Nepal's development partners disbursed ODA in FY2021/22.

The World Bank emerged as the most significant contributor, with disbursements surpassing USD 484.9 million, the majority of which, approximately USD 474.4 million, was extended as loans, followed by the ADB, whose total assistance exceeded USD 290 million, comprised of nearly USD 265 million in Loans, approximately USD 13 million in grants, and some USD 12.5 million in technical assistance. IMF provided USD 110 million solely through Loans as budget support.

It is important to note that USAID had the largest commitments for FY2021, while the World Bank led in annual disbursements. This divergence stems from the distinct characteristics of commitments and disbursements. Commitments are generally long-term obligations detailing the total costs of projects or programmes, often extending over multiple years. In contrast, disbursements involve the actual annual transfer of financial resources or goods.

FIGURE 5.8. Disbursements by Development Partner and Assistance Type, FY2021/22

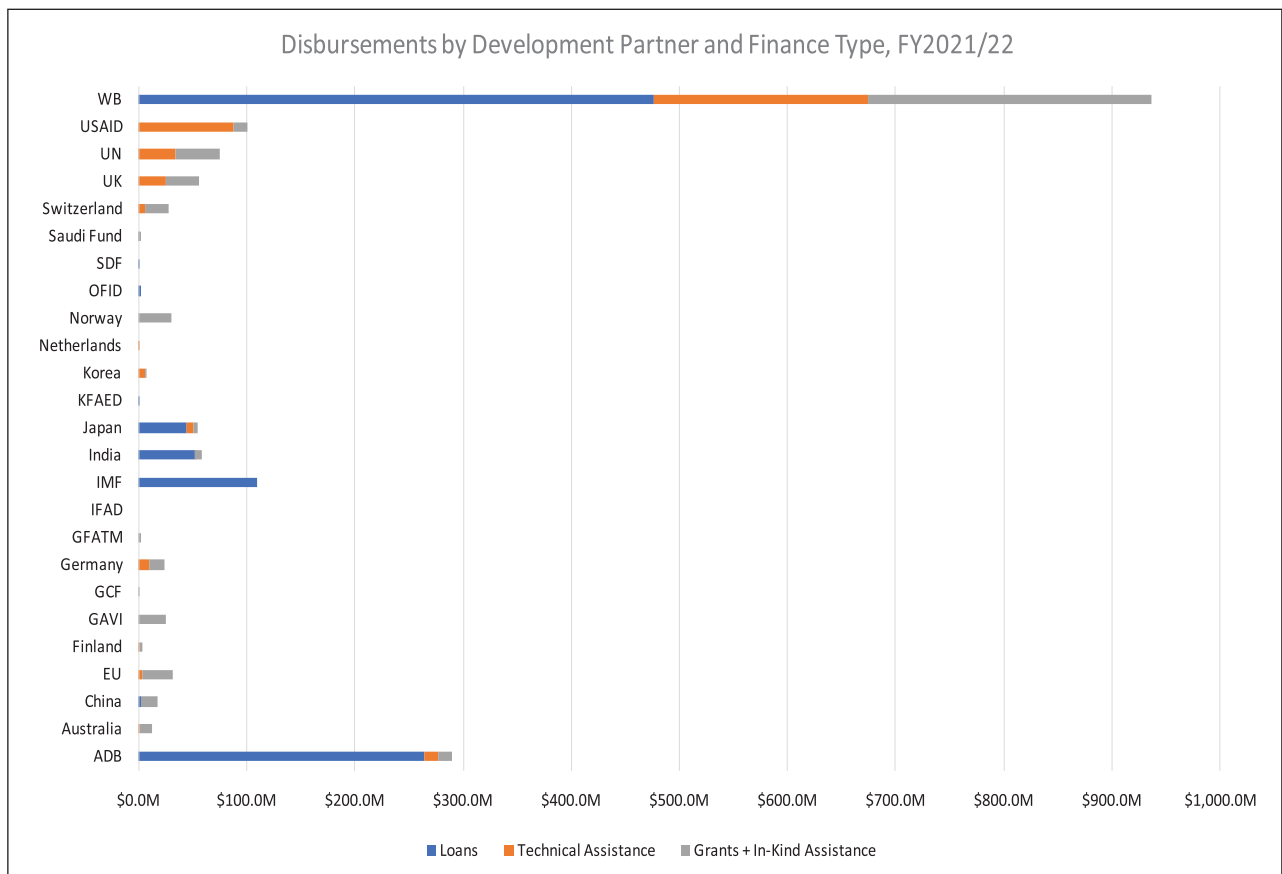
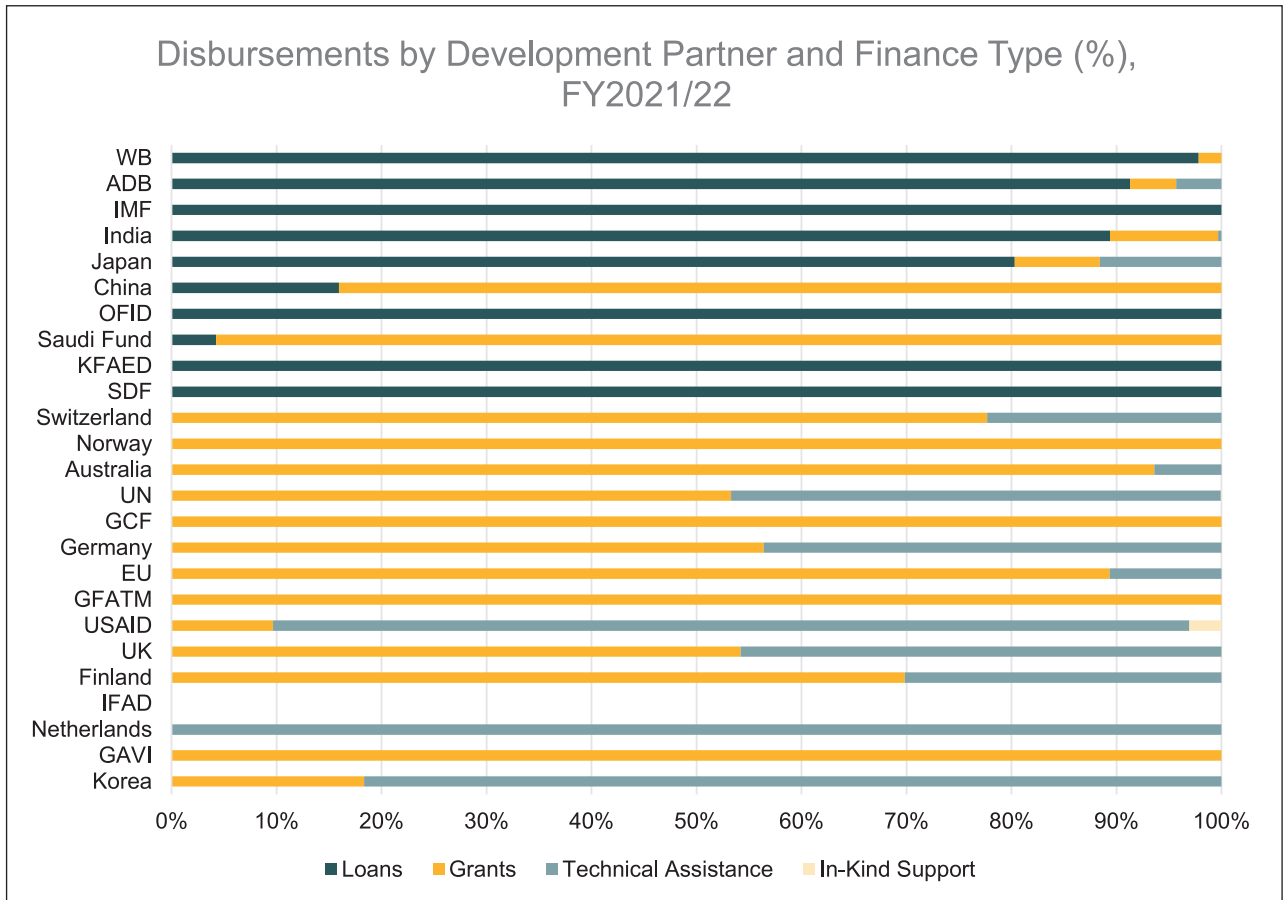


FIGURE 5.9. Disbursements by Development Partner and Assistance Type (%), FY2021/22

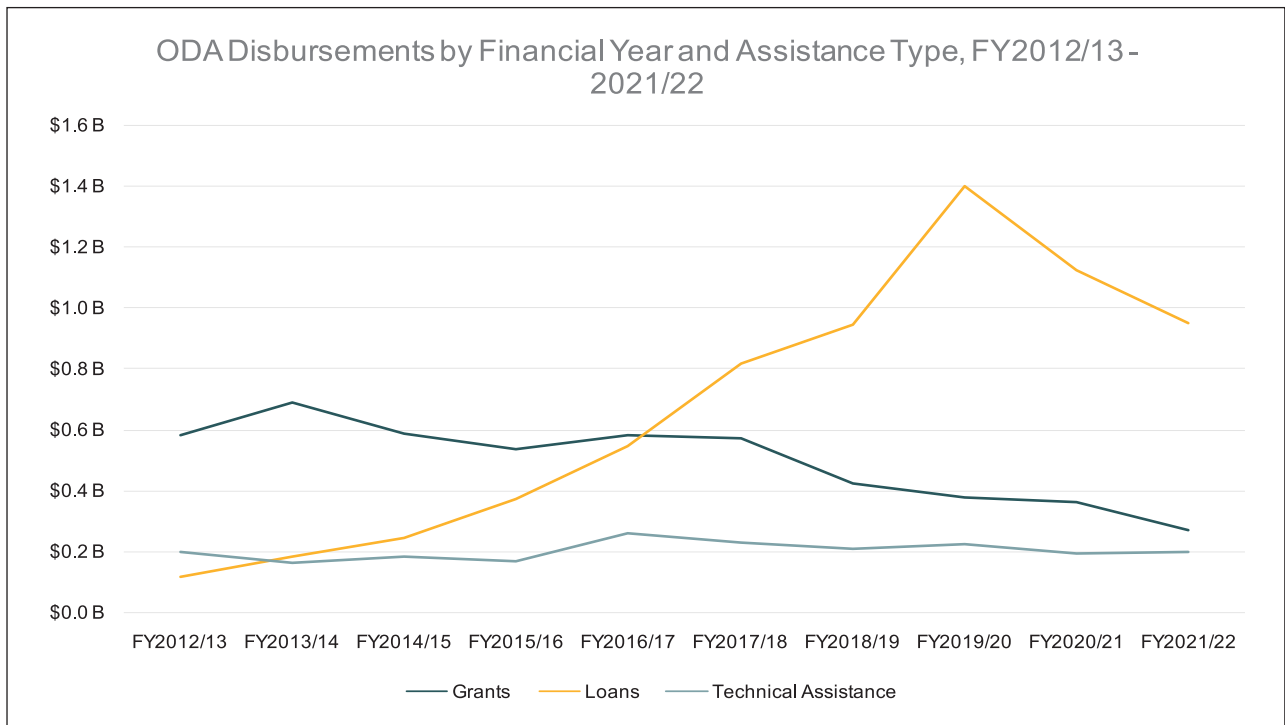


USAID made a total disbursement of USD 101.3 million. Notably, a significant part of this assistance was allocated to technical assistance of over USD 88.4 million (87.3%).

The United Nations has also been instrumental in supporting Nepal's development journey, with support consisting of USD 39.9 million in grants and approximately USD 34.9 million in technical assistance.

Figure 5.10 presents ODA disbursements between FY2012/13 and 2021/22. In FY2021/22, total ODA amounted to approximately USD 1.4 billion. Of this, 67%, equivalent to approximately USD 951.3 million, was distributed as loans. This is a decrease compared to the previous year when total ODA was approximately USD 1.6 billion, and 66.9% of ODA, equivalent to approximately USD 1.1 billion, was disbursed as loans.

FIGURE 5.10. Disbursements by Fiscal Year and Assistance Type, FY2012/13 - 2021/22



There has been a general upward trend in loan disbursements since FY2012/13, primarily attributed to Nepal’s multilateral partners, who have increasingly favoured loans over grants, especially in supporting Nepal’s COVID-19 response and post-2015 Earthquake reconstruction. However, it is crucial to note that despite this long-term rise, particularly notable between FY2016/17 and FY2019/20, there has been a decline in the last two fiscal years. This suggests a potential shift in approaches or challenges regarding ODA disbursement, reconciling the long-term upward movement with the recent downward trend observed after FY2019/20.

Figures 5.11 and 5.12 show that the past decade has seen a consistent decline in grant disbursements. In FY2021/22 alone, the sum of grants was recorded at USD 269.1 million, reflecting a significant drop of 25.7% compared to the previous FY’s total of USD 362 million.

Technical assistance has maintained relative stability despite these loan and grant disbursement trends. Over the years, technical assistance disbursements have seen minor fluctuations, with the sum for FY2021/22 registering a slight increase to USD 196.9 million, up 2.7% from the previous year’s total of USD 191.8 million.

FIGURE 5.11. ODA Disbursements by Fiscal Year and Assistance Type, Year-on-Year Change (%), FY2012/13 - 2021/22

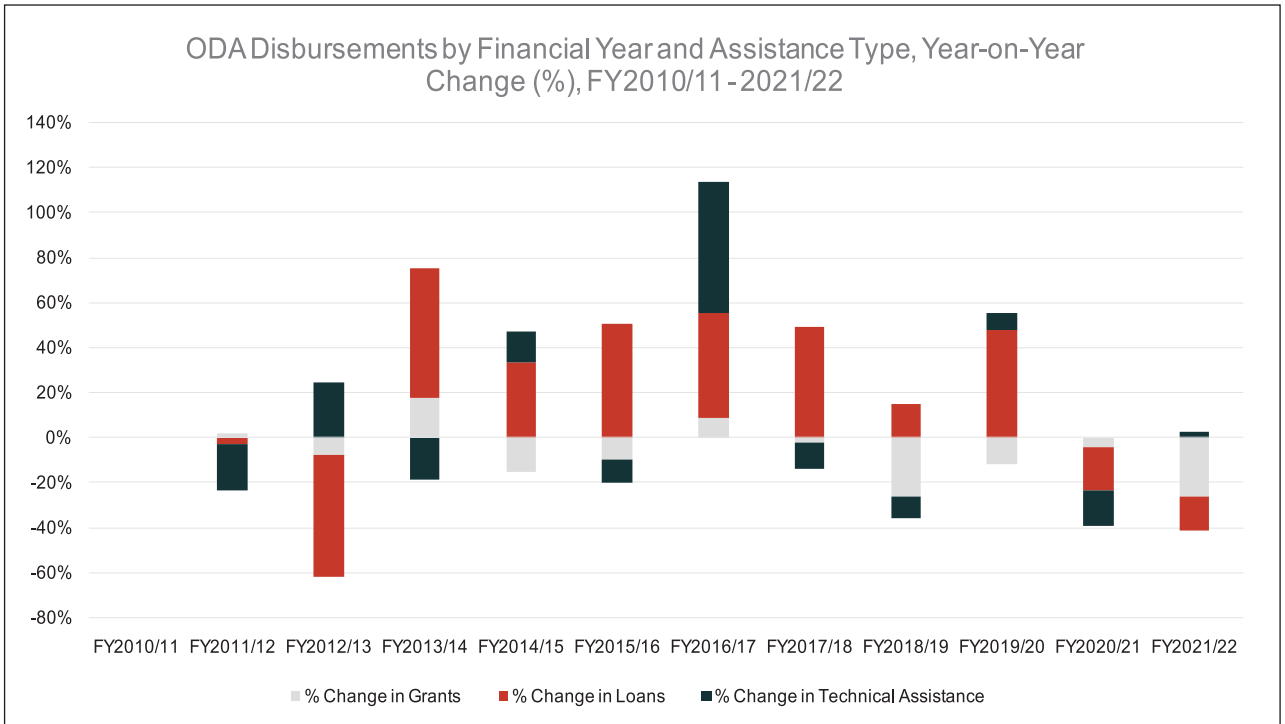


FIGURE 5.12. ODA Disbursements by Assistance Type, FY2019/20 - 2021/22

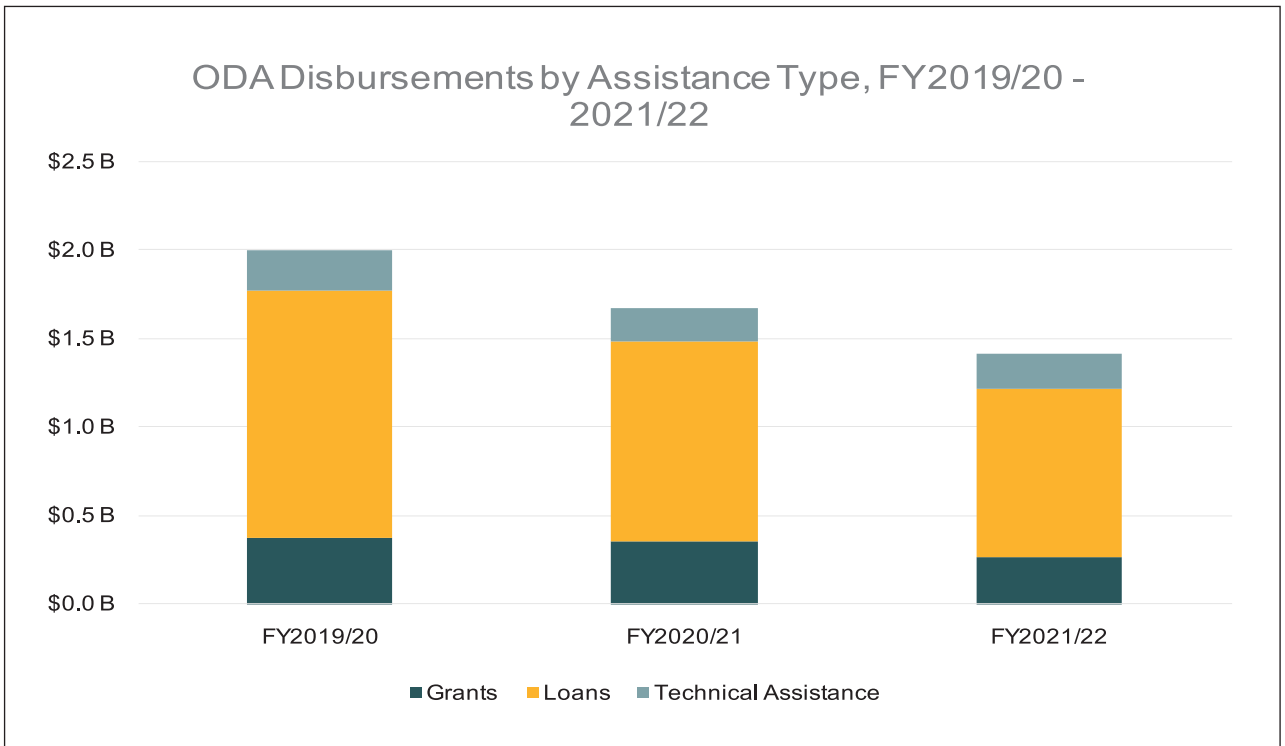
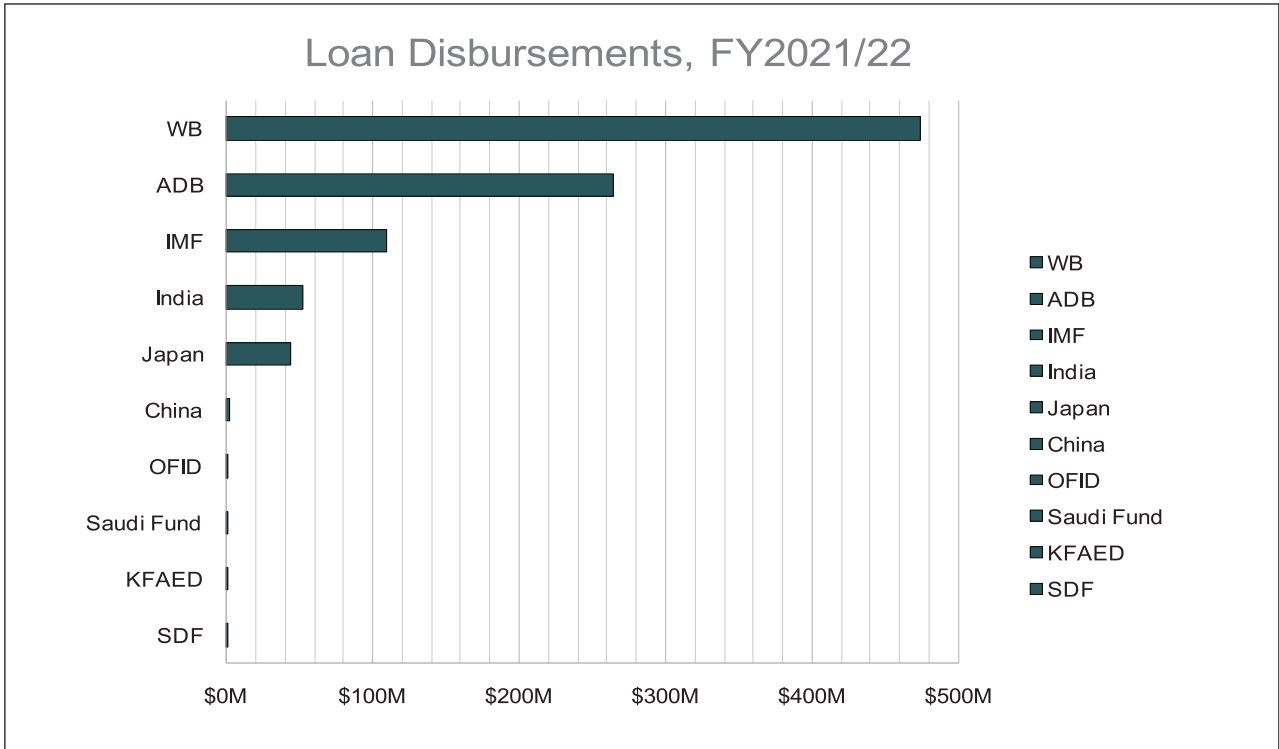
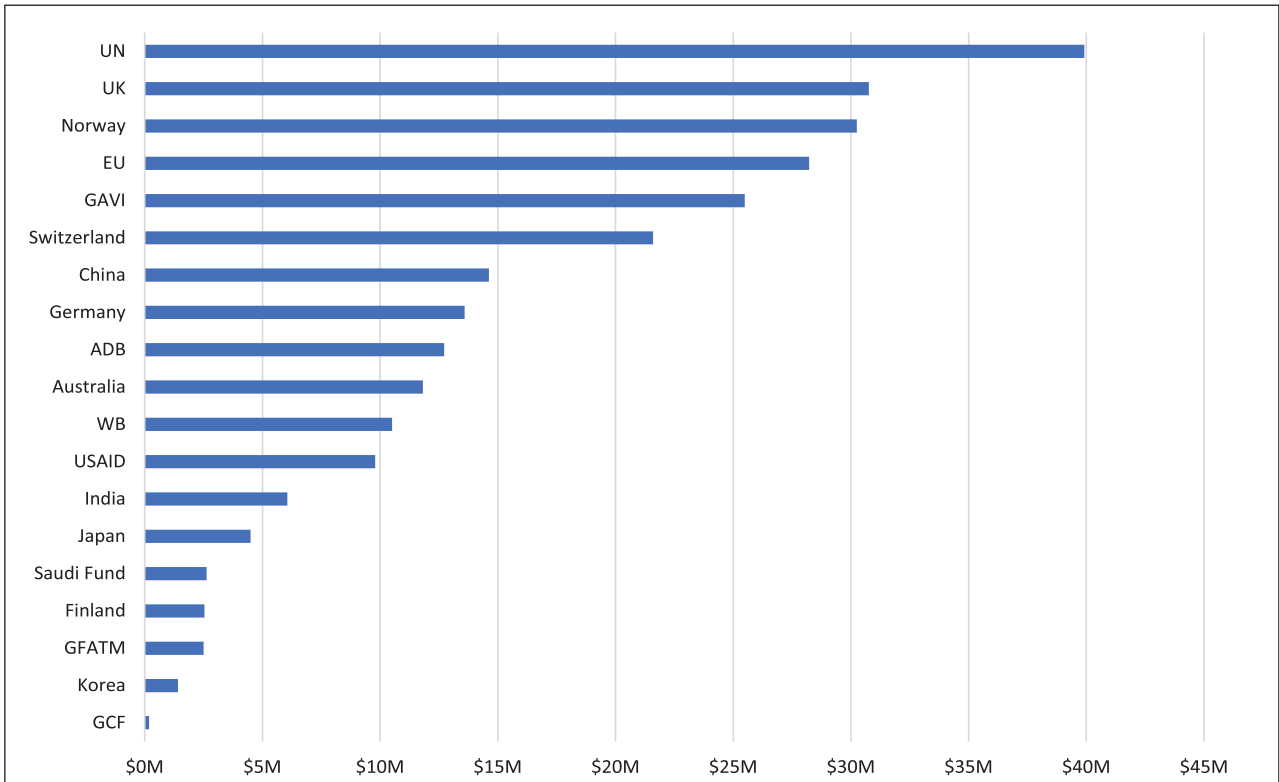


FIGURE 5.13. ODA Disbursements by Assistance Type, FY2019/20 - 2021/22



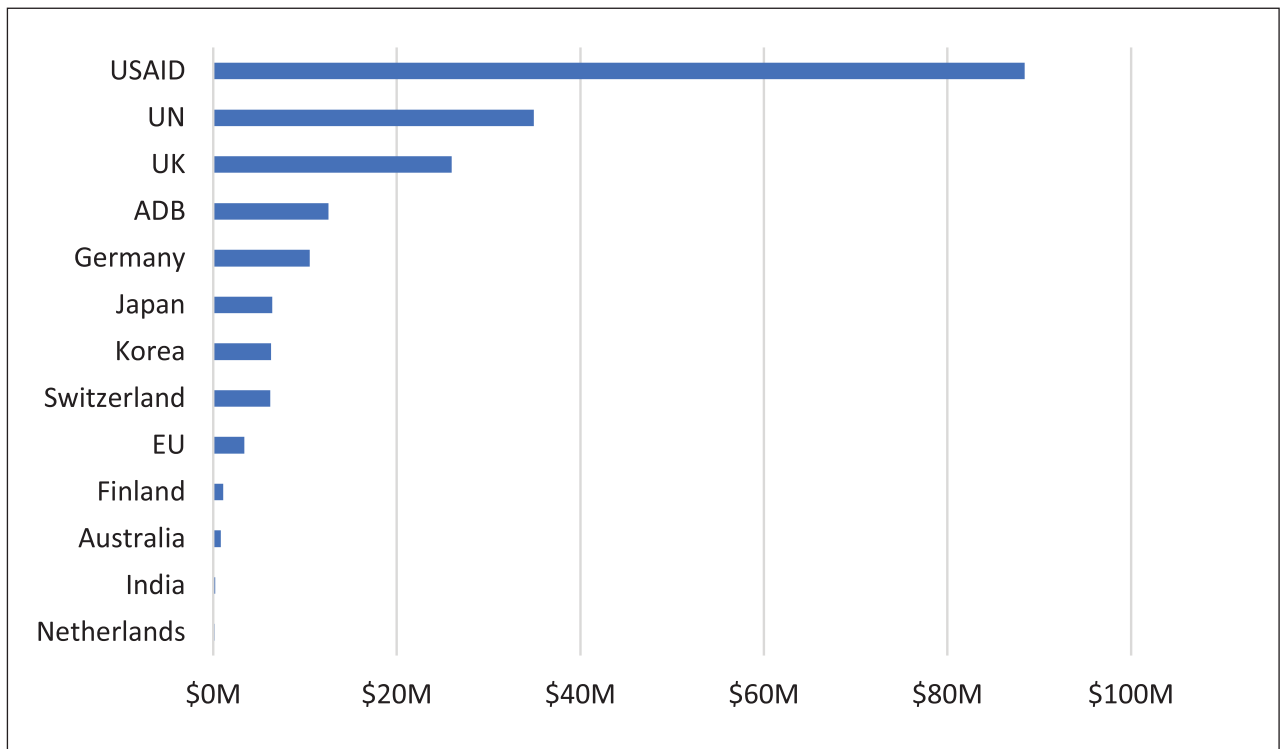
In FY2021/22, the five leading loan disbursing partners were the World Bank (approximately USD 474.4 million), the ADB (approximately USD 264.8 million), the IMF (approximately USD 110 million), India (approximately USD 52.7 million), and Japan (approximately USD 44.5 million). These development partners collectively disbursed loans amounting to approximately USD 946.3 million, representing 99.5% of the total loan disbursement for the FY.

FIGURE 5.14. Grant Disbursements, FY2021/22



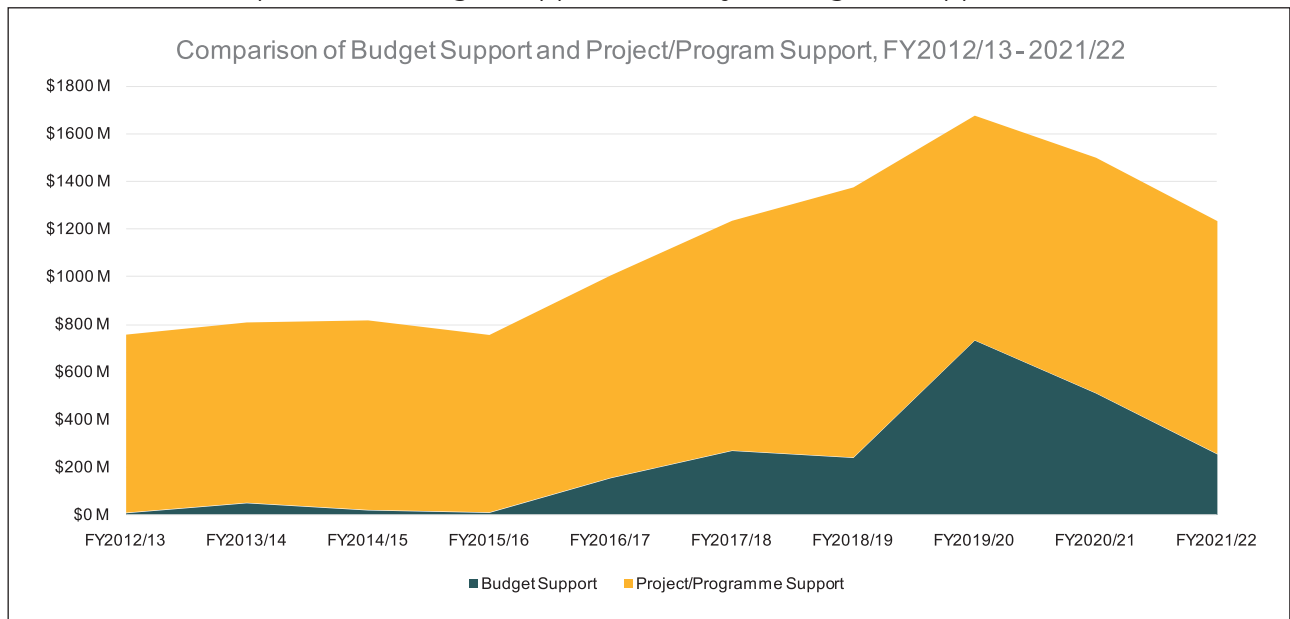
Regarding grant disbursements, the United Nations topped the list with a contribution of approximately USD 39.9 million in FY2021/22, closely followed by the UK (USD 30.8 million), Norway (USD 30.3 million), the European Union (USD 28.2 million), and GAVI (USD 25.5 million). The combined grants provided by these five partners totalled approximately USD 154.6 million, accounting for approximately 57.5% of total grant disbursements.

FIGURE 5.15. Technical Assistance Disbursements, FY2021/22



Technical Assistance (TA) disbursed in FY2021/22 totalled approximately USD 196.9 million. There has been a considerable variance in ODA disbursements of technical assistance among development partners during FY2021/22, with a substantial concentration of assistance emerging from a limited number of key actors. In FY2021/22, USAID was the leading partner, with a significant contribution of approximately USD 88.4 million. Other major partners included the United Nations (USD 34.9 million), the UK (USD 26 million), the ADB (USD 12.5 million) and Germany (USD 10.5 million). These partners collectively provided technical assistance worth approximately USD 172.4 million, making up approximately 87.5% of all total technical assistance disbursed in FY2021/22.

FIGURE 5.16. Comparison of Budget Support and Project/Program Support, FY2012/13 - 2021/22



Nepal’s IDCP (2019) clearly states the country’s preference for ODA to be delivered via budget support. This preference is primarily due to the close alignment of budget support with the principle of country ownership. One of the key advantages of budget support is its predictability. Predictability facilitates more effective development planning by providing a clear roadmap of available resources. This, in turn, helps minimise initiatives’ fragmentation and promotes the more efficient use of combined resources.

Moreover, budget support is flexible, which enables a dynamic response to evolving development needs. Budget support also helps to reduce administrative costs related to the management of multiple channels of implementation. This flexibility not only assists in cutting costs but also plays a significant role in strengthening government capacity. Ultimately, these efficiencies, including allocative efficiencies and strengthening implementation capacity, result in more sustainable outcomes for development initiatives.

Budget support works best when allocative efficiencies and implementation capacities are enhanced. Allocative efficiencies ensure that scarce development resources are directed towards the most impactful areas, while robust implementation capacities guarantee that these resources are utilised effectively and efficiently. The synergy between these two aspects forms the foundation for successful budget support, fostering optimal utilisation of funds and the achievement of desired outcomes.

Figure 5.16 provides a breakdown of ODA in the form of budget support and project/programme support for Nepal from FY2012/13 to FY2021/22. An appreciable rise in budget support was observed from FY2018/19 to FY2019/20, followed by a subsequent decrease in FY2020/21 and FY2021/22, reducing from USD 510 million in FY2020/21 to USD 260.1 million in FY2021/22.

Conversely, project/programme support demonstrated a reasonably steady trend, with minor yearly variations, showing a slight decrease from USD 986.6 million in FY2020/21 to USD 970.8 million in FY2021/22.

“The pronounced decline in budget support after FY2021/22 is due to several factors: a shift towards more project/programme-based assistance is in progress, and the reduction in humanitarian aid likely indicates a stabilisation of emergency needs, including post-COVID-19 recovery, along with a successful redirection of assistance towards other modalities. The noticeable uptick in SWAp

indicates a variety of strategic shifts towards holistic sectoral development combined with the greater alignment of assistance with government priorities.

FIGURE 5.17. ODA Disbursements by Aid Modality, FY2012/13 - 2021/22

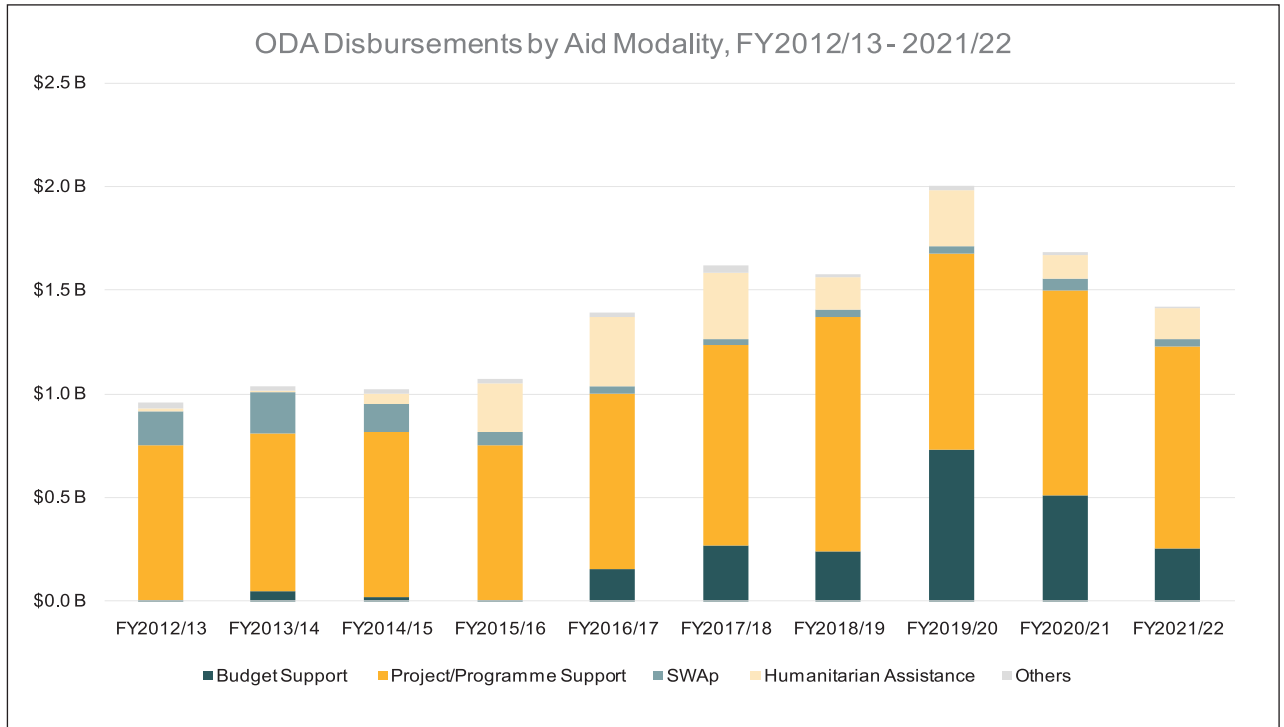


Figure 5.17 presents a comprehensive picture of ODA disbursements from FY2012/13 through FY2021/22, divided into five aid modalities: Budget Support, Project/Programme Support, SWAp, Humanitarian Assistance, and Others.

Over the years, several distinct trends can be observed. Budget support experienced fluctuations, peaking in FY2019/20, followed by a decrease in subsequent years.

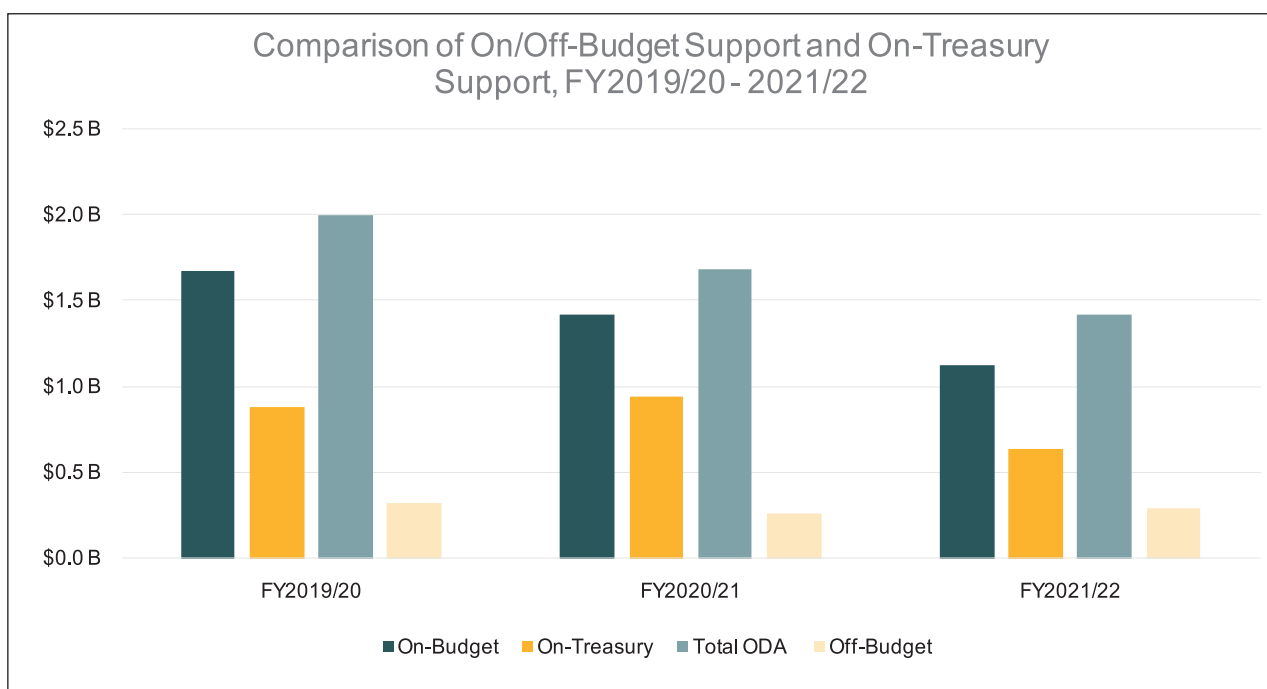
During the FY2019/20 period, budget support to Nepal saw a significant increase due to the international response to the COVID-19 pandemic. Institutions like the Asian Development Bank (ADB), International Monetary Fund (IMF), and World Bank (WB) mobilised support for Nepal's fight against the pandemic 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 its Rapid Credit Facility to address urgent balance of payments needs. At the same time, the WB activated a fast-track facility for enhancing healthcare infrastructure and services. Various other bilateral and multilateral partners aligned their support to complement Nepal's strategies, focusing on immediate health needs, mitigating broader social and economic impacts, and ensuring long-term resilience. This concerted effort reflected global solidarity and partnership in a time of crisis.

Project/programme support has consistently constituted the most significant portion of ODA, albeit with minor variations. Sector-Wide Approaches (SWAp) have exhibited fluctuations, with a notable dip in FY2015/16, a subsequent rise in FY2020/21, and a drop again in FY2021/22. The fluctuations in SWAp to education and health, the two largest sectors benefiting from such approaches, can be traced to transitional gaps in sector strategies.

Humanitarian assistance saw a significant surge in FY2016/17 and FY2017/18, likely due to urgent relief efforts following the 2015 earthquake, before gradually declining. The 'Others' category has remained consistently low but stable.

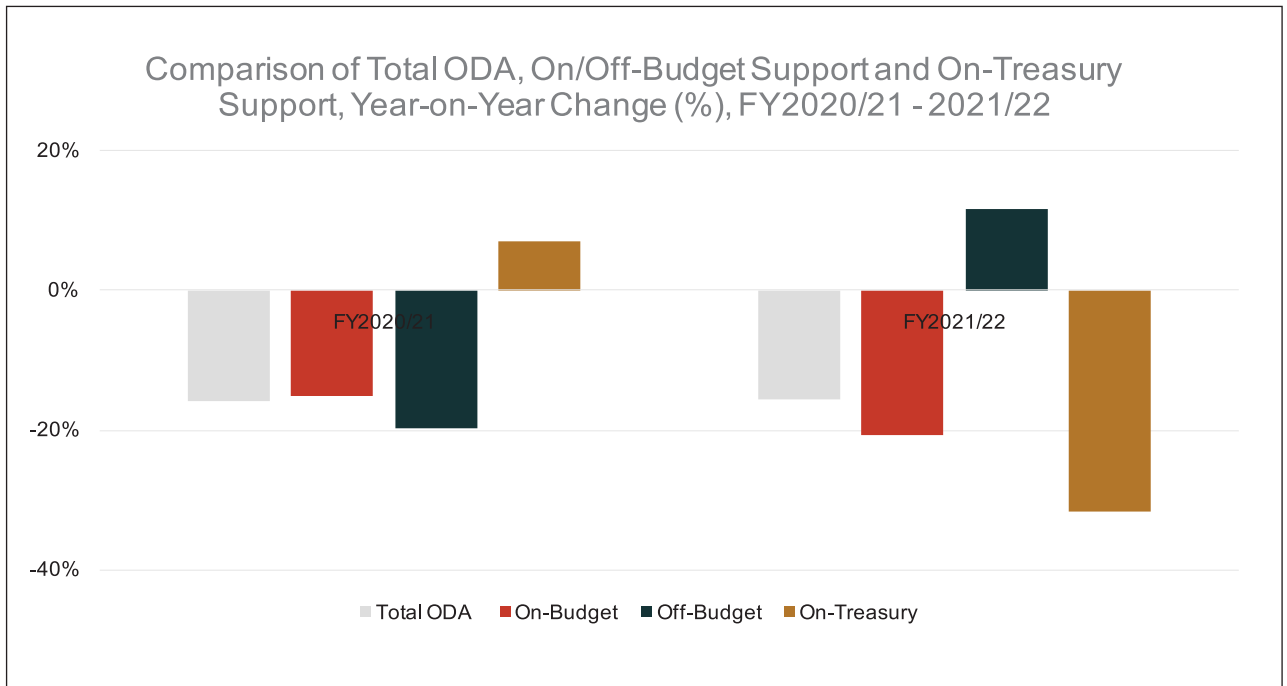
Comparing FY2020/21 and FY2021/22, budget support decreased from approximately USD 510 million to USD 260.1 million, while project/programme support experienced a minor decrease from approximately USD 986.6 million to USD 970.8 million. SWAp funding dropped from approximately USD 59.5 million to USD 36.2 million. Conversely, humanitarian assistance increased from USD 115.9 million to approximately USD 143.3 million, while the Others category decreased from approximately USD 12.6 million to USD 9.9 million.

FIGURE 5.18. Comparison of On/Off-Budget Support and On-Treasury Support, FY2019/20 - 2021/22



In FY2021/22, out of total ODA, 79.2% (equivalent to USD 1.1 billion in absolute terms) was categorised as on-budget, while 20.8% (equivalent to USD 295.5 million in absolute terms) was classified as off-budget. Of the on-budget ODA, USD 645.3 million (approximately 57.4%) was mobilised through the Government's treasury system, representing a decrease of 31.8% compared to FY2020/21. The remaining on-budget disbursement was sourced from avenues outside the Government's treasury system, a trend that necessitates scrutiny. This pattern is partly due to payments related to turnkey projects, India-supported Line of Credit (LOC) projects, and other direct payments, which also fall under off-treasury accounts. Addressing this issue could involve better integrating these off-treasury payments into the government's financial management system to improve oversight and efficiency.

FIGURE 5.19. Comparison of On/Off-Budget Support and On-Treasury Support, Year-on-Year Change (%), FY2019/20 - 2021/22



Total ODA has shown a contraction in both FY2020/21 and FY2021/22, with a decrease of 15.9% and 15.7%, respectively. This indicates a declining trend in the overall amount of development assistance received in these years.

On-budget support, aid directly channelled through Nepal’s budget, shows a similar decreasing trend. The decline accelerated from 15.1% in FY2020/21 to 20.8% in FY2021/22, pointing towards reduced reliance on or availability of this mode of funding.

In contrast, off-budget support, in which aid is not channelled through the government budget, increased by 11.6% in FY2021/22. Lastly, on-treasury support, which represents aid that uses the government’s financial management and reporting systems, has shown significant fluctuation. It increased by 7.2% in FY2020/21 but declined drastically by 31.8% in FY2021/22.

FIGURE 5.20. Comparison of On/Off-Budget Support and On-Treasury Support (%), FY2019/20 - 2021/22

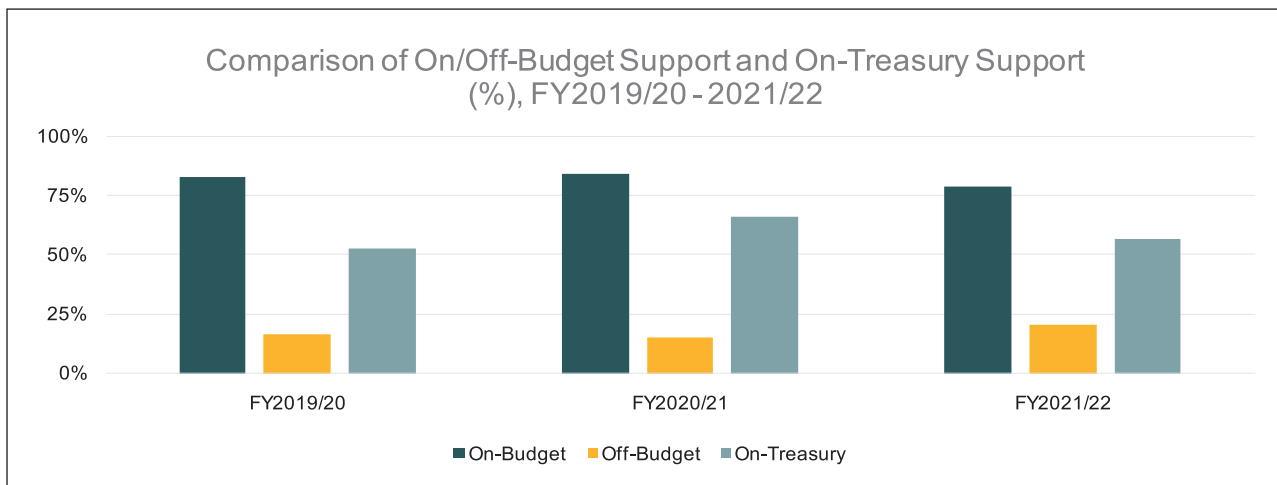


Figure 5.20 demonstrates consistency in the availability of on-budget support, encompassing the aid included in Nepal’s national budget, thereby allowing for greater governmental control. However, there has been a slight dip in this from 84.3% in FY2020/21 to 79.2% in FY2021/22, possibly indicating a slight shift towards other modes of assistance.

Conversely, off-budget support, channelled directly to projects or sectors without passing through Nepal’s national budget, has risen from 15.7% in FY2020/21 to 20.8% in FY2021/22.

The on-treasury figures indicate the proportion of the aid budgeted and disbursed via the government’s treasury. After an increase from 52.8% in FY2019/20 to 66.6% in FY2020/21, there has been a decrease to 57.4% in FY2021/22.

FIGURE 5.21. Comparison of On-Budget Support and Off-Budget Support by Development Partner, FY2021/22

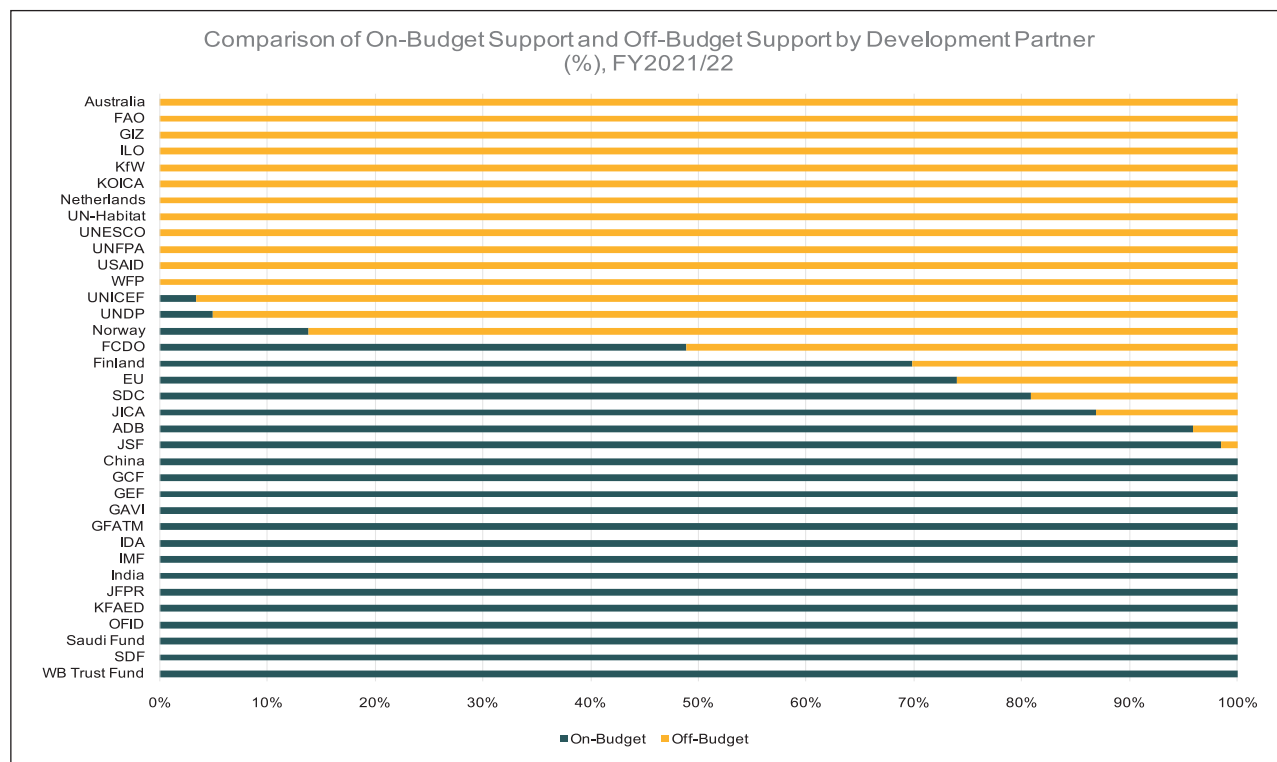


Figure 5.21 presents a comparative analysis of on-budget and off-budget support disbursed by various development partners in FY2021/22. ODA that aligns with Nepal's budgeting helps align resources with the nation's priorities, enhances domestic oversight of development resources, and bolsters the capacity of relevant domestic institutions.

In FY2021/22, several development partners, including WB-IDA, China, India, the Kuwait Fund, the Global Alliance for Vaccines and Immunisation, and the Global Fund to Fight AIDS, Tuberculosis, and Malaria, fully utilised the on-budget modality. Notably, the ADB and JICA also extensively used this modality, with 95.8% and 86.9% on-budget percentages, respectively.

Similarly, other partners, such as Finland and the EU, made effective use of the on-budget modality, with 69.8% and 74% of their contributions, respectively. Switzerland and the UK demonstrated a varied approach, with 80.8% and 48.9% of their assistance on-budget, respectively. Norway leaned more towards off-budget assistance, with only 13.8% of its assistance on-budget.

Conversely, several development partners, including WFP, GIZ, KOICA, UNFPA, Australia, UN Human Settlement, ILO, the Netherlands, and FAO, exclusively used the off-budget modality. Notably, USAID provided all of its assistance off-budget, implying that their support is not included in the Government budget system. However, in FY2021/22 onward, there has been an agreement that more USAID support would be provided using the on-budget modality. Other significant users of off-budget support include FCDO, UNICEF, WFP, and the EU.

5.3 Contribution to the National Budget⁷

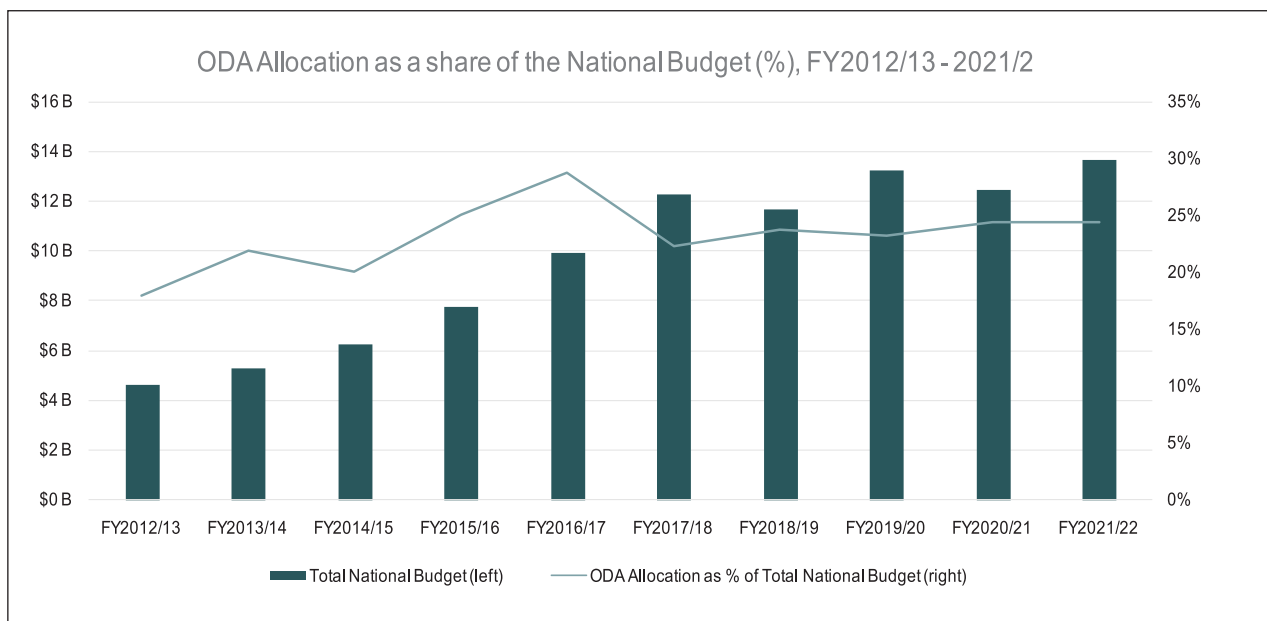
In FY2021/22, ODA constituted 22.6% of the national budget, reflecting a slight decrease in percentage terms from the previous FY2020/21, which stood at 24.4% (as presented in Figure 5.22). Notably, the proportion of ODA relative to the national budget showed a marked increase in FY2015/16 in response to the earthquake in the same year.

Contrarily, a similar increase was not observed during the COVID-19 pandemic, which suggests that a significant portion of response and recovery assistance was sourced domestically.

A consistent pattern emerges from the data, where ODA has remained less than 30% of the total national budget across the years, underlining the Government's sustained efforts to bolster domestic resource mobilisation.

⁷ Data on ODA expenditure has been extracted from the Budget Estimate Expenditures book.

FIGURE 5.22. ODA Allocation as a Share of the National Budget (%), FY2012/13 - 2021/2⁸



A macro-level analysis of the data reveals a general upward trend in both the size of the national budget and total budget expenditure. The total national budget increased nearly three-fold from approximately USD 4.6 billion in FY2012/13 to approximately USD 13.7 billion in FY2021/22. Concurrently, total budget expenditure experienced an increase of approximately 2.7-fold, from USD 4.1 billion in FY2012/13 to USD 10.9 billion in FY2021/22.

While Nepal’s total national budget grew by approximately 9.5% between FY2020/21 and FY2021/22 (from USD 12.5 billion to USD 13.7 billion), total budget expenditure grew at a rate of 7.4% (rising from USD 10.1 billion to USD 10.9 billion). This indicates relative stability in the growth rate of the national budget as compared to total budget expenditure over the past two fiscal years rather than a change in their absolute proportions.

⁸ Data sourced from various budget speeches delivered by the Ministry of Finance, Government of Nepal. The figures are publicly available in the official documents and transcripts of the speeches, accessible through the Ministry of Finance’s official website and related government publications.

FIGURE 5.23. ODA Allocation as a Share of the National Budget (%), FY2012/13 - 2021/2⁹

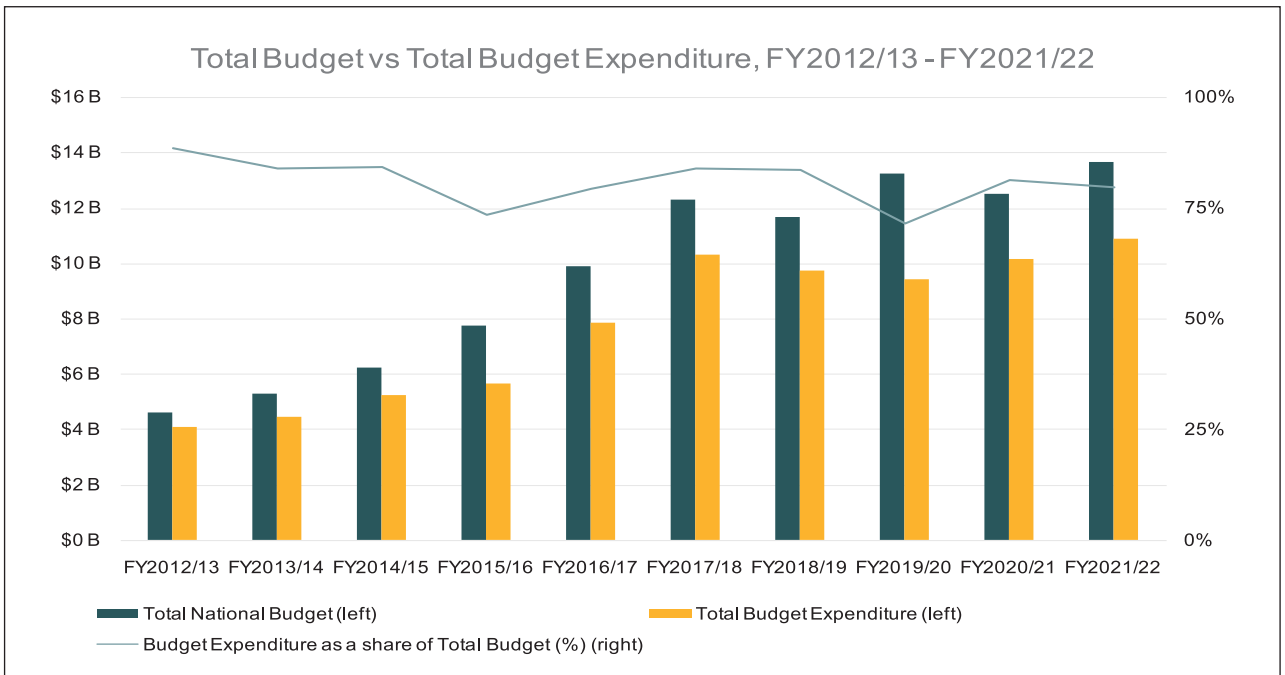


Figure 5.23 presents total budget expenditure as a share of Nepal's total national budget between FY2012/13 and FY2021/22.

FIGURE 5.24. Total Budget Expenditure vs Total ODA Expenditure, FY2012/13 - FY2021/22 ¹⁰

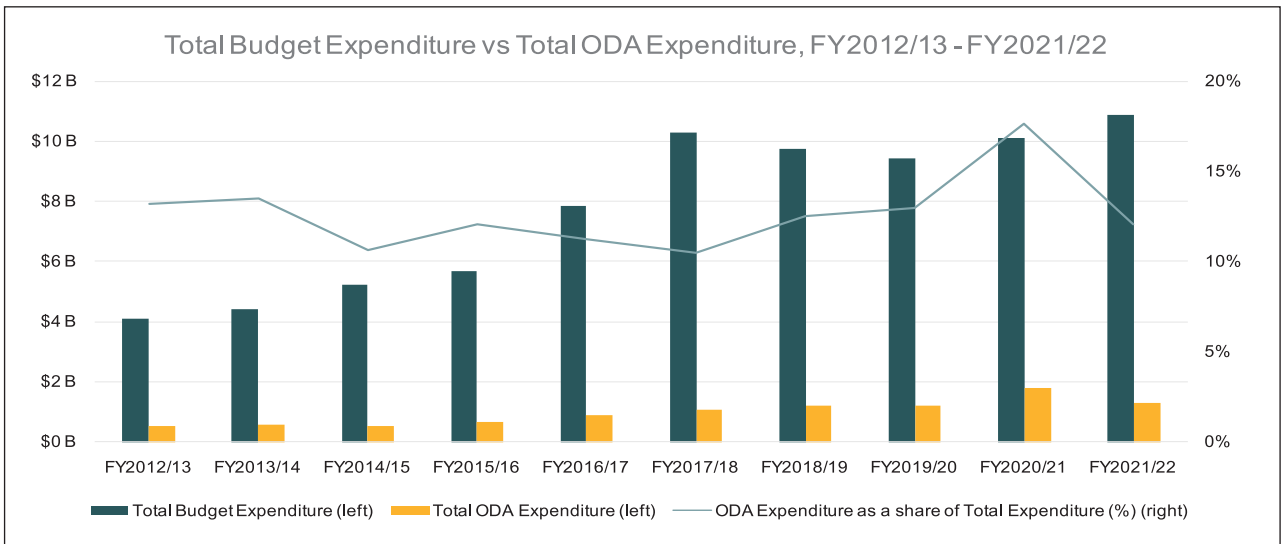


Figure 5.24 presents Nepal's total budget and ODA expenditures from FY2012/13 through FY2021/22. The total budget expenditure signifies the actual spending on all national requirements, while the ODA expenditure represents the amount of foreign aid spent in each FY.

The past ten fiscal years show a generally increasing trend in both total and ODA expenditures. The highest percentage of ODA expenditure relative to total expenditure was in FY2020/21, where ODA constituted 17.6%. A dip was observed in FY2014/15, with the ODA expenditure dropping to 10.6%.

⁹ Data sourced from various budget speeches delivered by the Ministry of Finance, Government of Nepal, and from the BMIS (Budget Management Information System) database.

¹⁰ National Budget data is sourced from the Budget Speech book, while expenditure figures are extracted from the BMIS database.

In FY2020/21, amid the global upheaval caused by the COVID-19 pandemic, Nepal succeeded in elevating ODA expenditure to 17.6% of total expenditure. This marked a notable increase from the 12.9% expended in FY2019/20, serving as a testament to the robustness and adaptability of Nepal’s fiscal mechanisms when confronted with extreme external challenges.

In FY2021/22, total budget expenditure reached USD 10.9 billion, reflecting a 7.4% increase from the prior FY. In parallel, ODA expenditure totalled nearly USD 1.3 billion, signalling a downturn compared to the last FY.

FIGURE 5.25. ODA Allocation and ODA Expenditure, FY2012/13 - 2021/22

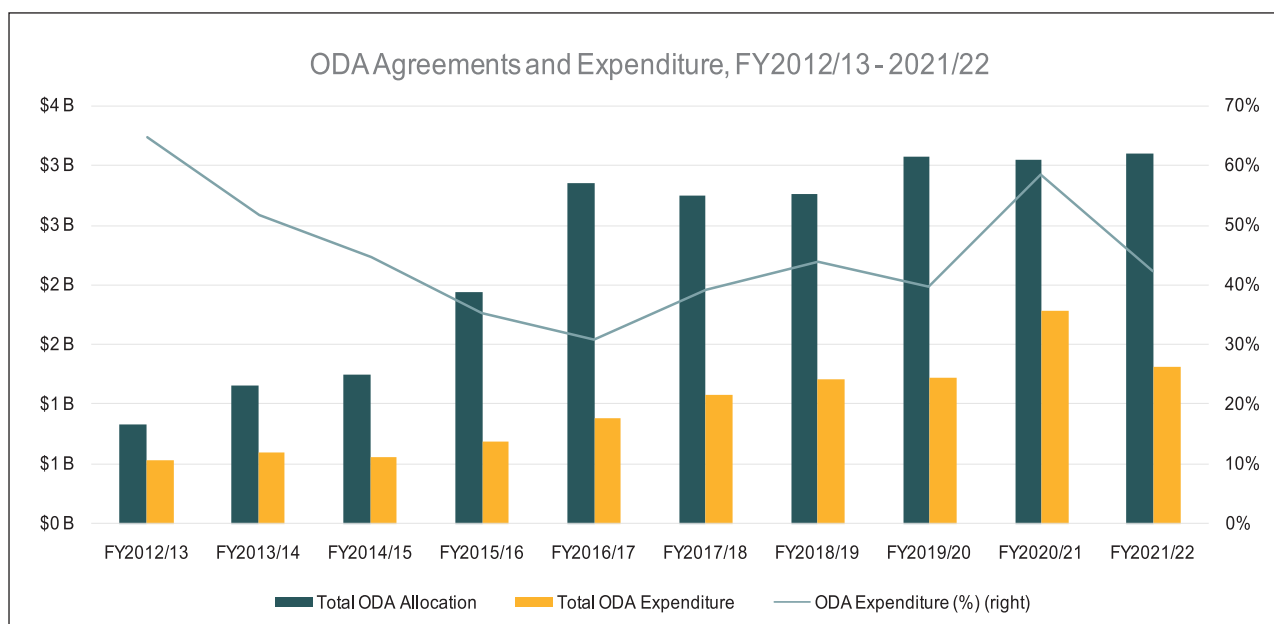


Figure 5.25 presents a comparative year-to-year analysis of ODA agreements alongside ODA expenditure from FY2012/13 through FY2021/22. The data serves as an important tool for understanding the scale of ODA agreements and their effective realisation in terms of actual expenditures, providing valuable insights into the efficiency of ODA utilisation. Over the past ten FYs, the combined annual value of Nepal’s ODA agreements experienced an upward trend, increasing by approximately 2.7-fold from approximately USD 830.5 million in FY2012/13 to approximately USD 3.1 billion in FY2021/22. This parallels the growth of ODA expenditure, which rose from approximately USD 538.3 million in FY2012/13 to nearly USD 1.3 billion in FY2021/22, marking a 1.4-fold increase.

This upward trajectory, however, was not without fluctuations. A significant spike in ODA agreements was noted in FY2015/16 and FY2016/17, reaching approximately USD 1.9 billion and USD 2.9 billion, respectively, in response to the catastrophic earthquake of 2015. This increase underscores the global community’s commitment to aid and support Nepal’s recovery and rebuilding efforts post-disaster. Moreover, amidst the challenging global COVID-19 pandemic, the resilience and adaptability of international assistance to Nepal were evident. Despite a slight decrease in ODA agreements in FY2020/21, ODA expenditure increased significantly, indicating efficient use of the available funds during challenging times.

While FY2021/22 witnessed a modest increase in ODA agreements of 1.5% from the previous year, despite the ongoing pandemic, the gap between ODA agreements and their effective utilisation continues to be a concern.

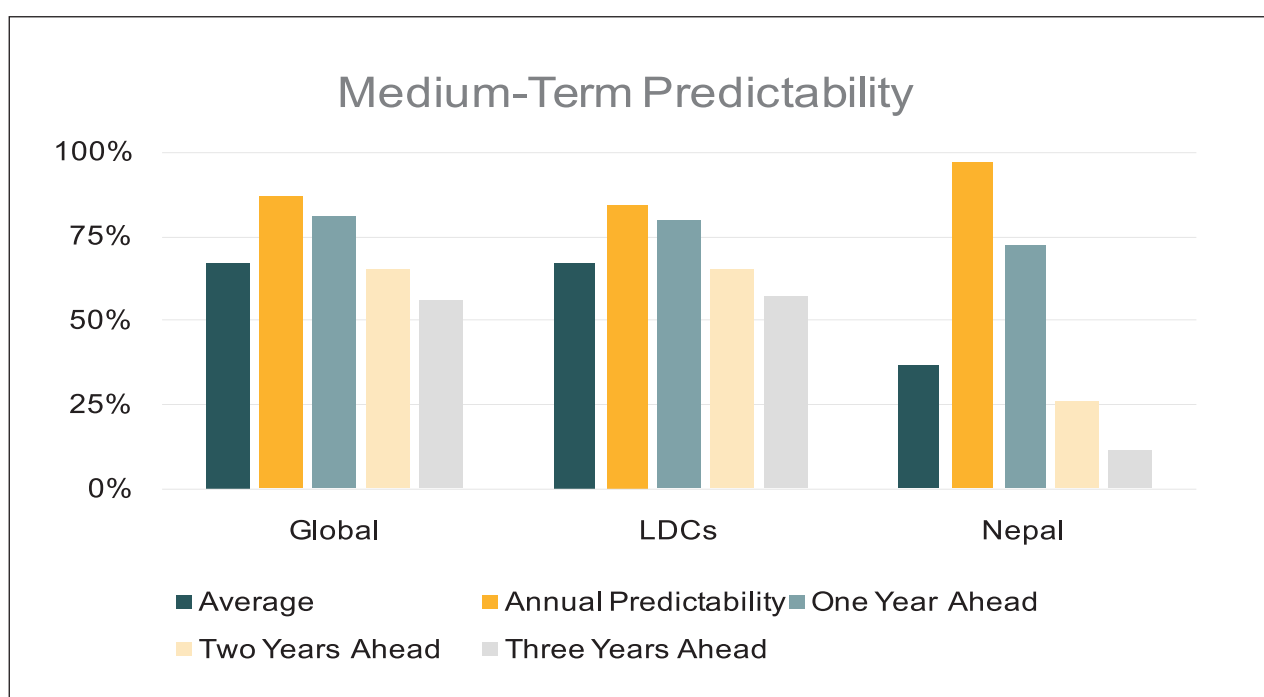
As ODA agreements have grown over time, it is essential to channel efforts towards improving the absorption and effective use of these funds to unlock their full potential. To achieve this, all stakeholders must closely monitor ODA expenditure. Strategic measures, such as improving project implementation rates and aligning ODA agreements with realistic expenditure capacities, may be necessary to enhance the efficiency of ODA utilisation.

PREDICTABILITY

High-quality, timely information regarding development cooperation is instrumental for government planning and resource management while also aiding development partners in coordinating their support, thus preventing fragmentation and duplication of efforts. For instance, forward-looking commitment information in cooperation agreements and project documents has been crucial in preparing MTEFs, which Nepal requires at the federal and provincial levels for national budgeting.

However, deviation from these commitments, encompassing both shortfalls and over-disbursements, can negatively affect the Government's ability to execute development projects as planned (Celasun and Walliser, 2008). Historically, the Government of Nepal has faced challenges in fully owning development results, primarily due to the need for accurate, forward-looking information regarding development financing data.

FIGURE 6.1. Medium-Term Predictability¹



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

According to the GPEDC's 2018 monitoring round data (Figure 6.1), Nepal displays a mixed picture in terms of predictability. Nepal exhibits robust annual predictability, as indicated by a 97.1% rate of funds disbursed within the planned year. However, medium-term predictability – the availability of cooperation information to support forward-looking expenditure plans – shows a declining trend. For instance, predictability drops sharply to 72.5% one year ahead, 26.1% two years on, and plummets further to a mere 11.7% three years on.

While Nepal's annual predictability aligns closely with that of other LDCs and even surpasses the global average, it trails noticeably in terms of medium-term predictability. In the second and third years, Nepal's predictability lags behind both the global average and that of other LDCs.

These findings underscore a significant challenge for Nepal regarding the predictability of medium-term development cooperation, which may hinder long-term planning and resource management. The decline in predictability over the longer term may reflect a lack of longer-term commitments from development partners or uncertainties within Nepal that impact the ability to plan cooperation over this time frame. Improving this aspect of financial management should be a priority to enhance resource allocation and drive sustainable development outcomes.

ALIGNMENT AND FRAGMENTATION

7.1 Alignment

The importance of country ownership in achieving sustainable development outcomes cannot be overstated. This has been acknowledged in various international agreements, from the Paris Declaration on Aid Effectiveness (2005) to the Nairobi Outcome Document (2016), emphasising the need for aid-receiving countries to lead their development efforts. To achieve this, development partners should align their strategies with national development plans and results frameworks.

As depicted in Figure 7.1, although there is a high level of alignment between development partners and the Government at the Pillar level, with all ODA disbursed falling within a government-defined Pillar, further improvement is needed at the project/programme level. For example, the Global Partnership's 2018 monitoring results revealed that development partners only utilise government-defined indicators 63% of the time and rely on government data and statistics for monitoring 46% of the time, which is lower than the 2016 results.

FIGURE 7.1. ODA Disbursement by National Plan Pillars, FY2021/22

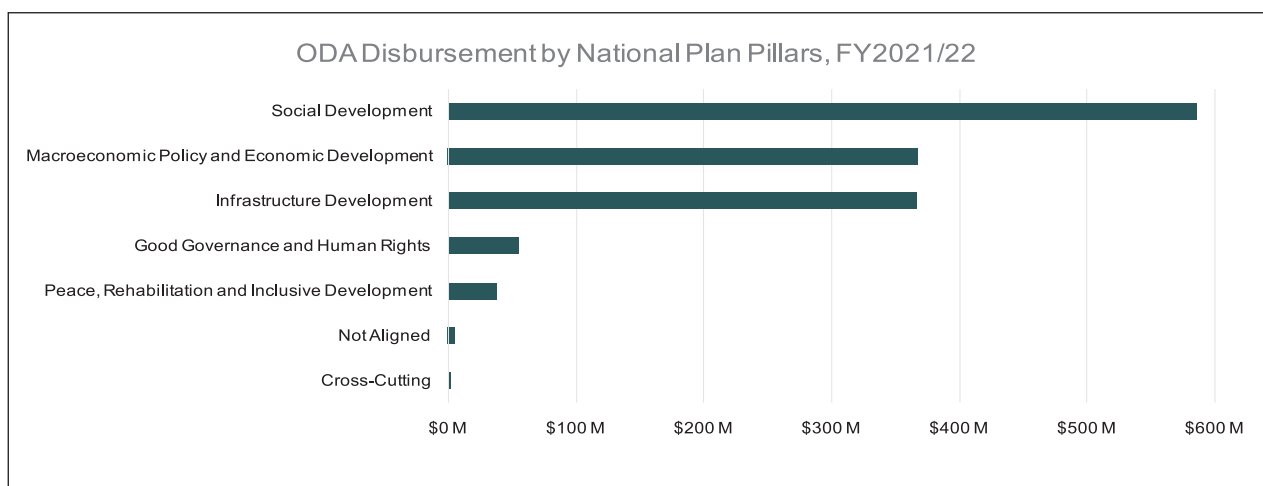


Figure 7.1 presents ODA disbursements made in FY2021/22 aligned with various Pillars noted within Nepal's 15th NDP. This dataset offers a glimpse into the degree to which ODA aligns with Nepal's strategic priorities and focus areas.

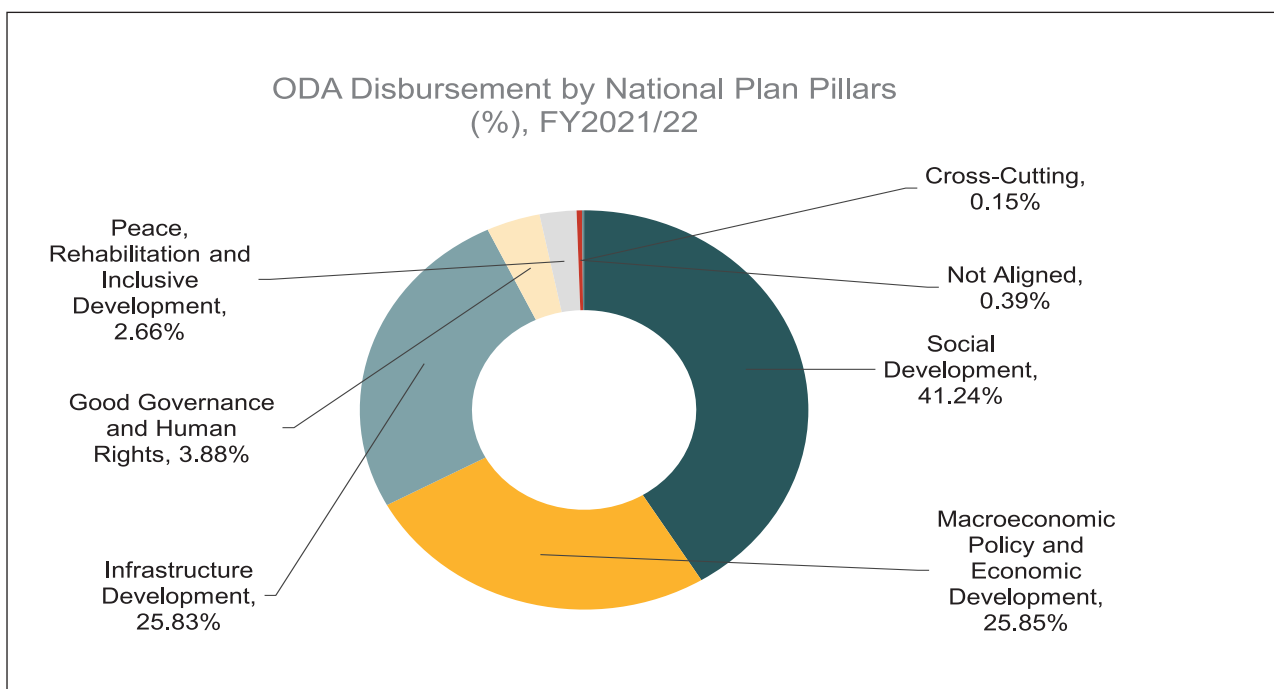
FY2021/22 data shows that the most significant proportion of ODA disbursements was towards Social Development, accounting for approximately USD 585.8 million.

Macroeconomic Policy and Economic Development and Infrastructure Development Pillars received nearly equal disbursements, approximately USD 367.2 million and USD 366.9 million, respectively.

The Good Governance and Human Rights Pillar and the Peace, Rehabilitation and Inclusive Development Pillar received significantly less ODA in FY2021/22, with approximately USD 55.1 million and USD 37.7 million, respectively. The lowest disbursements were directed towards the Not Aligned and Cross-Cutting Pillars, which received approximately USD 5.5 million and USD 2.1 million, respectively.

These trends suggest a preference among development partners for investment in ‘soft sectors’ such as social development, which encompasses education, healthcare, and social welfare.

FIGURE 7.2. ODA Disbursement by National Plan Pillars (%), FY2021/22



7.2 Fragmentation

Ensuring optimal coordination among stakeholders assists in reducing fragmentation, preventing overlaps, and fostering collective focus towards development priorities (Bigsten and Tengstam, 2015). Aligning such coordinated actions with partner country development objectives can lead to an effective reduction in transaction costs, primarily through the removal of overlapping systems and procedures.

The Paris Declaration of 2005 underscored the pivotal role of government bodies in steering the efforts of development partners towards areas of mutual interest. Furthermore, the Nairobi Outcome Document, issued in 2016, stressed the critical necessity for transparent collaboration among all stakeholders involved in the development process. These significant commitments were directed towards minimising duplication of efforts and mitigating potential gaps in specific sectors or geographical areas.

The Government of Nepal expects these principles to continue to guide the development partner community in supporting the achievement of shared objectives as efficiently and effectively as possible. However, despite some improvements, ODA in Nepal remains fragmented, as shown by the Herfindahl Index (HI) analysis, which scores portfolio fragmentation from zero to one, with one being perfectly unfragmented.

In FY2021/22, Nepal had 345 projects which received a disbursement in FY2021/22 with 24 government-executing entities and 25 development partners. Each development partner was implementing an average of approximately 13.6 projects/programmes. Each government-executing entity was dealing with an average of approximately 6.9 development partners.

Figure 7.3 presents the Herfindahl Index (HI) across various ministries within the Government of Nepal. The HI is widely recognised as a measure of market concentration and is also applicable in the context of ODA distribution to evaluate the diversity and concentration of ODA. A higher index value suggests higher concentration, whereas a lower value indicates diversity or, possibly, fragmentation.

At a broad level, the data reveals a significant variation in the HI across different ministries, ranging from 1 (signifying extreme concentration) to approximately 0.0024 (indicating considerable diversity). The National Human Rights Commission, Ministry of Information and Communications, and the Election Commission boast the highest HI score at 1. In contrast, the Ministry of Culture, Tourism and Civil Aviation records the lowest index at approximately 0.0024.

Government entities with a HI of 1, such as the National Human Rights Commission and the Ministry of Information and Communications, appear to have a single development partner.

A cluster of ministries, including the Ministry of Law, Justice, and Parliamentary Affairs, and the Prime Minister and Council of Minister's Office, display moderately high indices (0.55 to 0.72), indicating a somewhat limited number of development partners. This group typically engages with between 2 to 4 partner entities and a similar number of projects or programmes.

The Ministry of Finance, with a HI of approximately 0.495, engages with seven development partner entities and administers eight projects. The substantial number of projects associated with the Ministry of Finance can be attributed mainly to its overarching jurisdiction over all budget support projects, with a majority of these projects and programmes disbursed onward to different implementing partners.

FIGURE 7.3. ODA Fragmentation by Executing Government Entity, FY2021/22¹

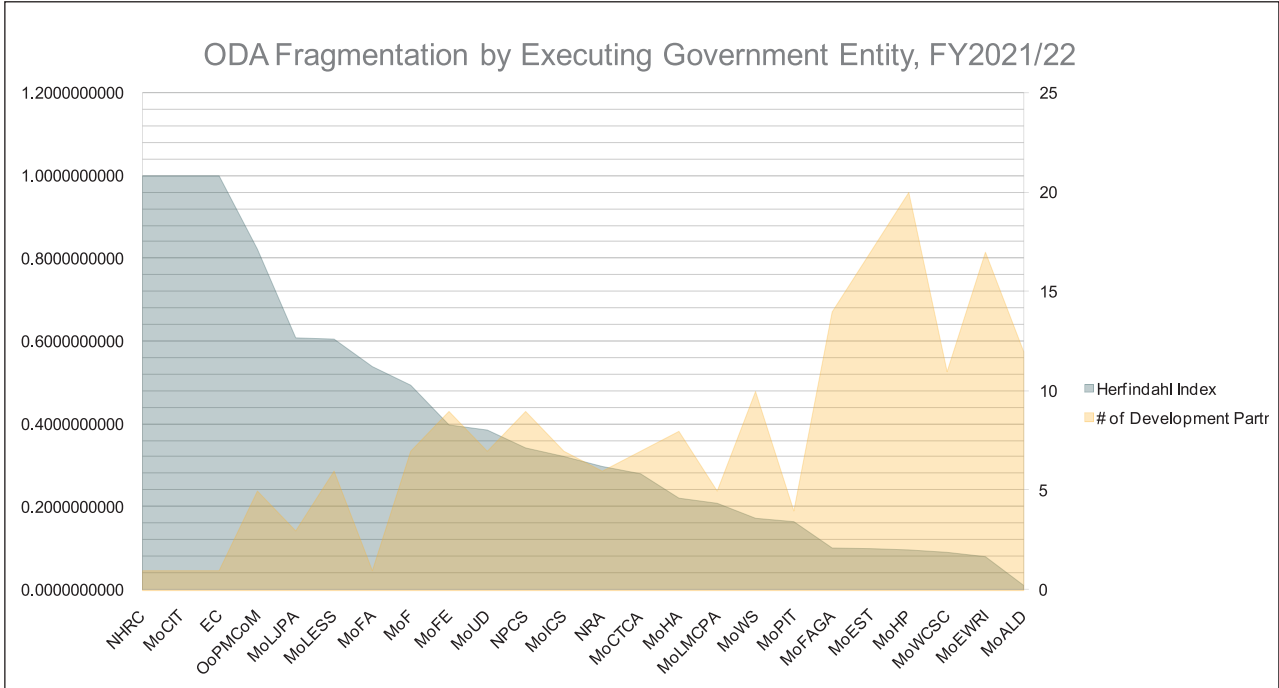
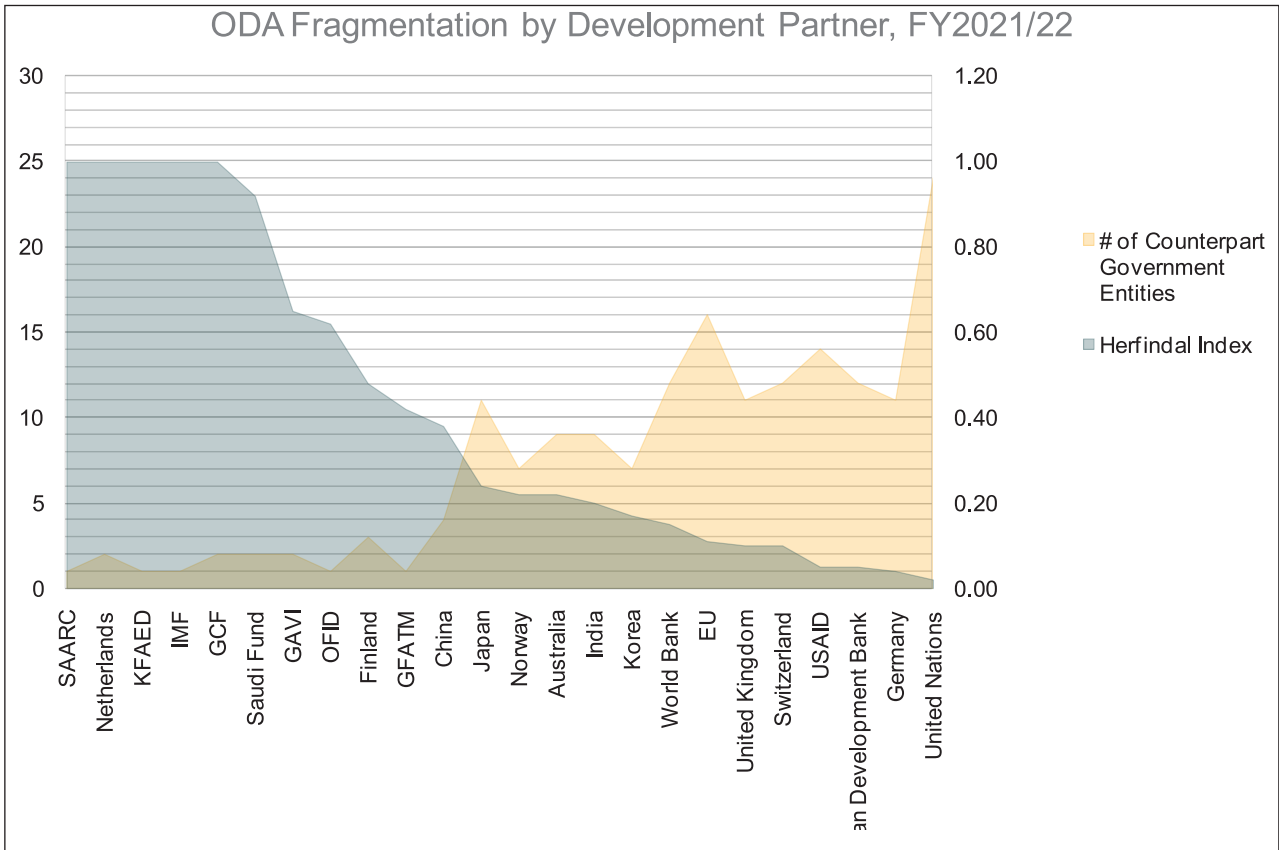


FIGURE 7.4. ODA Fragmentation by Development Partner, FY2021/22



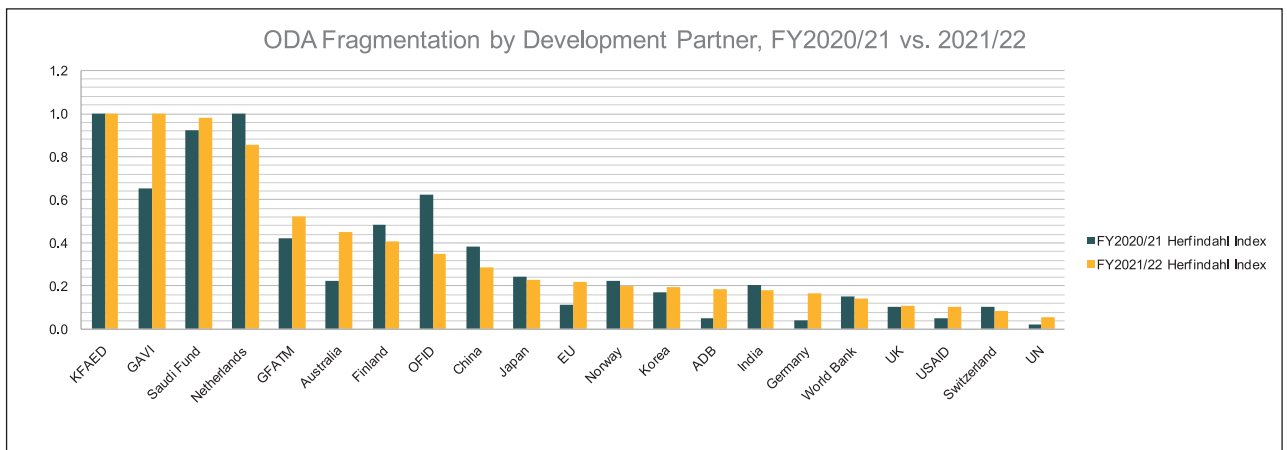
¹ The Herfindahl Index, also known as the Herfindahl-Hirschman Index, quantifies the concentration of disbursements within a specific donor or sector. It does so by squaring the disbursement amounts for each individual project and then summing these squares, which is subsequently divided by the total disbursement from the same donor or sector. Although originally devised as an economic metric to evaluate market concentration for anti-trust enforcement, the index has been adapted to assess the level of focus or diversity in ODA disbursements as well.

Figure 7.4 presents a similar analysis of the HI for various development partners working with the Government of Nepal. The data reveals a considerable variation in the HI across different development partners. Development partners SAARC, the Netherlands, KFAED, and the IMF each record a high HI score of 1, suggesting a significant concentration of their efforts on a single ministry, with just one project or programme undertaken. Conversely, the United Nations, with the lowest HI of 0.02, works with as many as 24 ministries across a substantial 91 projects, denoting a highly diversified approach to aid distribution.

Development partners such as the Saudi Fund and GAVI show moderately high indices (0.92 and 0.65, respectively), indicating a narrow focus on a limited number of ministries, typically one to two, with an equal number of projects. Similarly, OFID, with an HI of 0.62, also focuses on a single ministry through two projects.

Development partners with lower HIs demonstrate a wider spread of counterpart ministries and a larger number of projects. For instance, despite its low HI of 0.15, the World Bank is engaged with twelve ministries, supporting 25 projects. Similarly, with an HI of 0.11, the EU cooperates with 16 ministries on 28 different projects.

FIGURE 7.5. ODA Fragmentation by Development Partner, FY2021/22



The comparative analysis of the HI reveals significant shifts in aid concentration among different development partners in Nepal between FY2020/21 and FY2021/22. Figure 7.5 compares HI scores by development partner between FY2020/21 and FY2021/22, providing insights into shifts in the concentration of aid from different development partners.²

Several development partners showed increased aid concentration, indicated by increased HI scores. Prominent among these are the Netherlands, whose HI declined from 1.00 to 0.85, and Australia, whose HI rose sharply from 0.22 to 0.45. Similarly, GAVI saw a significant increase from 0.65 to 1.00. This rise could suggest an intensification of specific projects or a strategic focus on certain sectors by these partners.

Interestingly, some partners, such as the UK and KFAED, maintained a steady HI, indicating consistency in their aid strategy. Their unchanged HIs, at 0.10 and 1.00, respectively, might reflect a consistent focus on particular sectors or developmental projects.

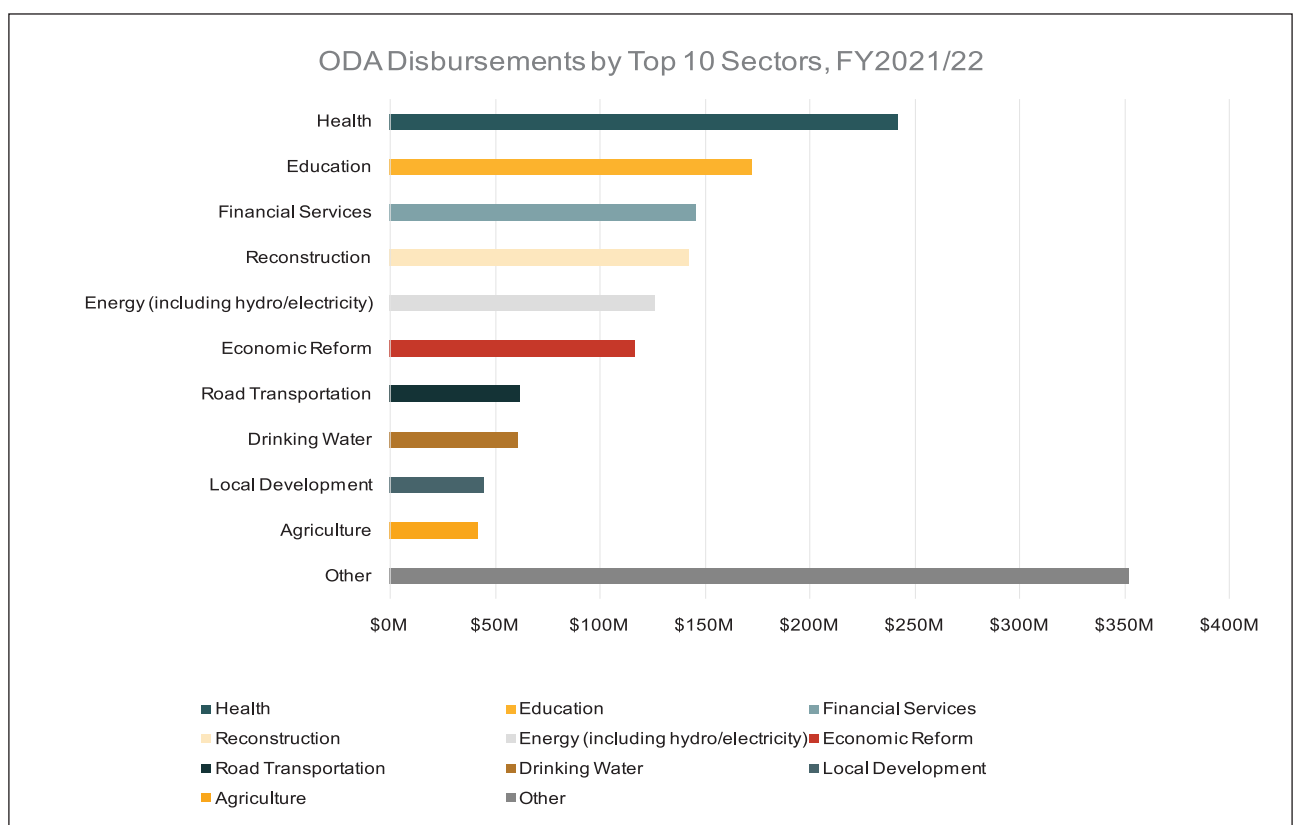
² Comparisons are unavailable for SAARC, IMF, and GCF on account of these values not being available for FY2020/21. IFAD's HI index was unavailable for FY2021/22.

During the FY2021/22, the UN was involved in 119 projects, with 56 on-budget and 63 off-budget, in collaboration with 17 different counterpart ministries, totalling USD 126.5 million in disbursements. While this extensive involvement across various sectors illustrates the UN's comprehensive approach to supporting Nepal's development, it also raises questions about potential fragmentation and efficiency. Though reflecting a commitment to addressing various development facets, this broad spectrum of support requires careful planning and robust coordination to ensure maximum positive impact and avoid diluted effects or administrative complexities.

SECTOR ANALYSIS

An overview of ODA volume for each sector is presented in Figure 8.1. This is consistent with previous analyses on development partner alignment and fragmentation to promote improved coordination among stakeholders within the same sector.

FIGURE 8.1 ODA Disbursements by Top 10 Sectors, FY2021/22



From a total ODA disbursement of approximately USD 1.4 billion in FY2021/22, sectors receiving the most significant share were Health (17% or USD 241.5 million), Education (12.1% or USD 172.1 million), Financial Services (10.2% or USD 145.4 million), Reconstruction (10.1% or USD 142.8 million), and Energy, inclusive of hydro and electricity (8.9% or USD 126.4 million).

Meanwhile, other sectors collectively labelled 'Other' account for approximately 18.6% of disbursements.

FIGURE 8.2 ODA Disbursements by Top 5 Sectors (%), FY2021/22

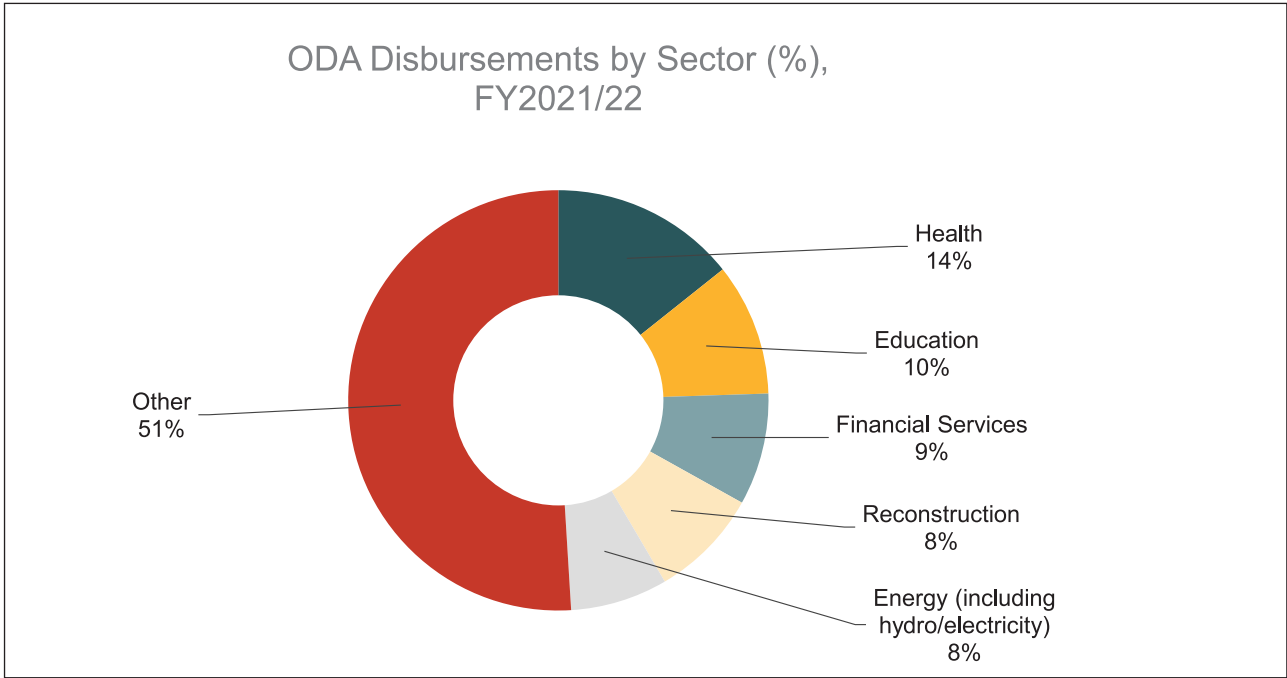


FIGURE 8.3. ODA Disbursements by Top 10 Sectors, FY2019/20 - 2021/22

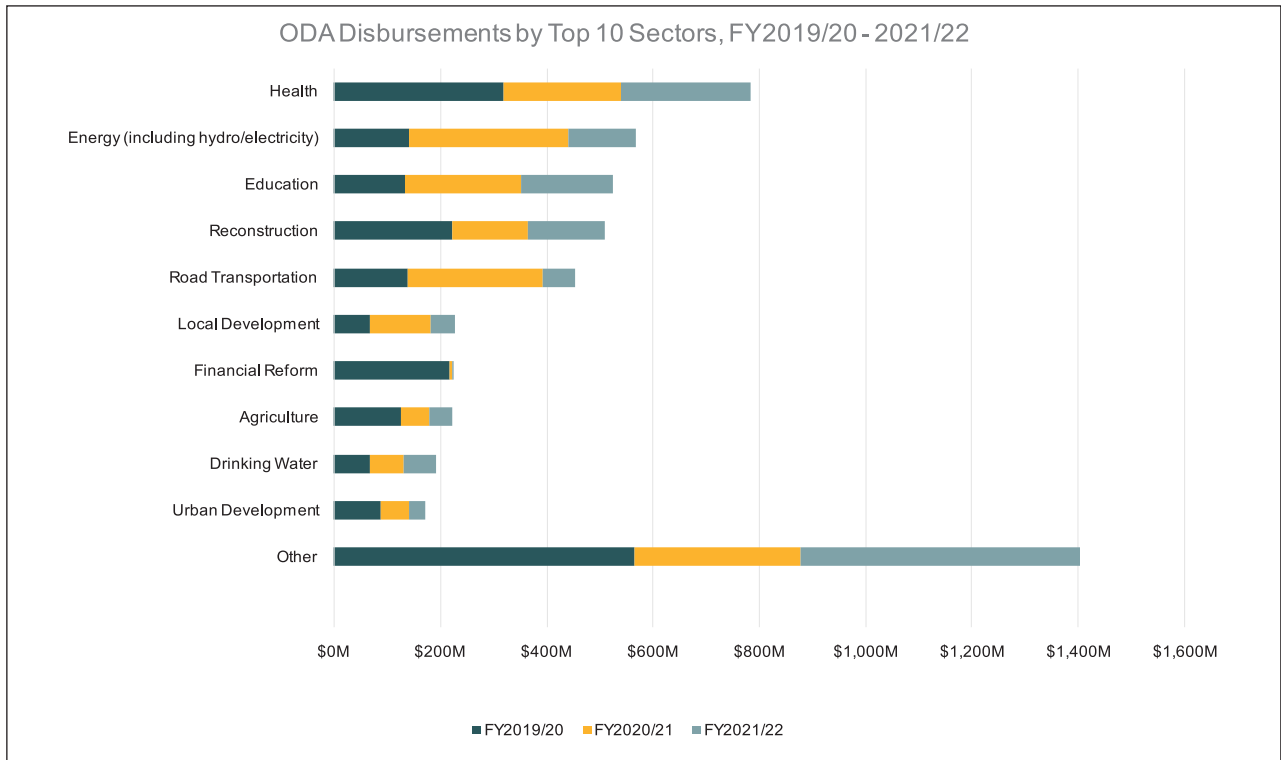


Figure 8.3 presents a comprehensive picture of ODA disbursements spanning three FYs from FY2019/20 to FY2021/22.

The top five sectors receiving the most substantial allocations were Health (USD 782.6 million), Energy inclusive of hydro and electricity (566.8 million), Education (USD 524.2 million),

Reconstruction (USD 508.5 million), and Road Transportation (USD 454.6 million). These five sectors collectively account for approximately 55.5% of total ODA allocations across all sectors from FY2019/20 to FY2021/22.

Significant shifts were indeed observed between FY2020/21 and FY2021/22. The Energy sector saw a substantial decline of approximately 57.5%, from nearly 297.4 million to 126.4 million. The Road Transportation sector experienced a similarly sharp decrease of approximately 75.4%, from 253.2 million to 62.2 million.

In contrast, certain sectors saw notable increases. The Economic Reform sector experienced the most significant growth, with an increase of approximately 1,776.5% from USD 6.2 million in FY2020/21 to nearly USD 116.7 million in FY2021/22. IMF support was received as budget support, and though it was reported as economic reform, it was finally allocated to different priority sectors such as infrastructure, health, education, social security, etc.

The Financial Services sector also saw a remarkable surge of approximately 6,173.4%, from USD 2.3 million in FY2020/21 to nearly USD 145.4 million in FY2021/22 due to reporting practices. WB budget support was reported in the financial services sector, though it was ultimately allocated to different priority sectors, including infrastructure, health, social security, etc.

FIGURE 8.4. ODA Disbursement by Top 5 Sectors, FY2012/13 - 2021/22

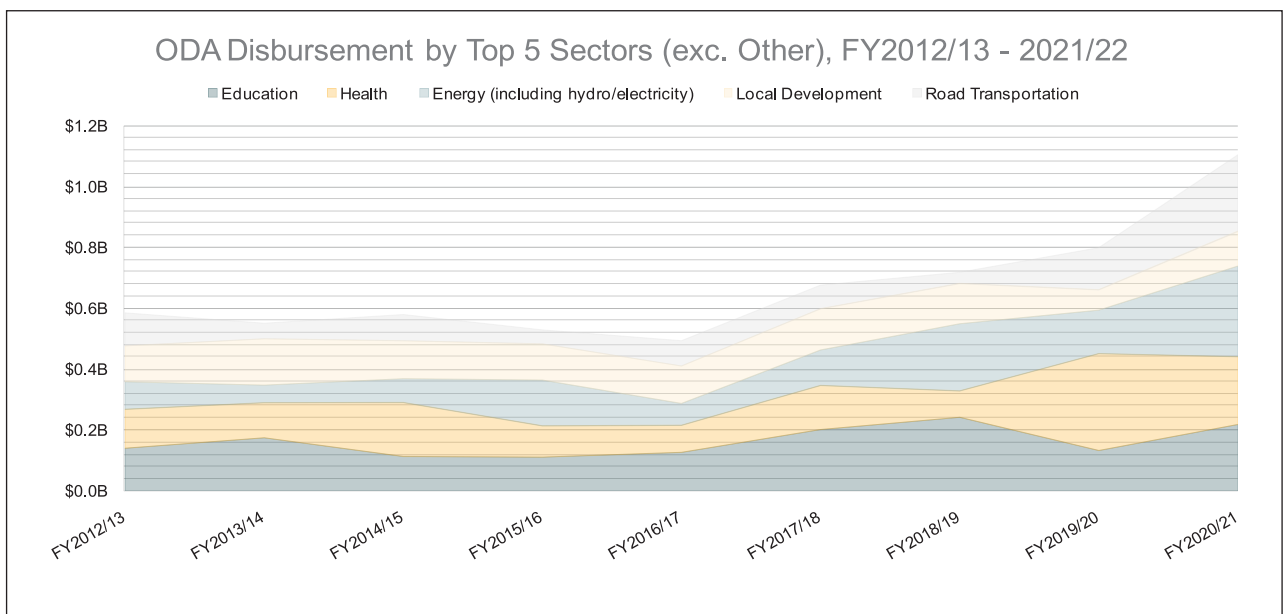


Figure 8.4 presents ODA trends across various sectors from FY2012/13 to FY2021/22. Figure 8.5 details the top five sectors that received the most cumulative ODA over the same period.

FIGURE 8.5. Cumulative ODA Disbursement by Top 5 Sectors, FY2012/13 - 2021/22

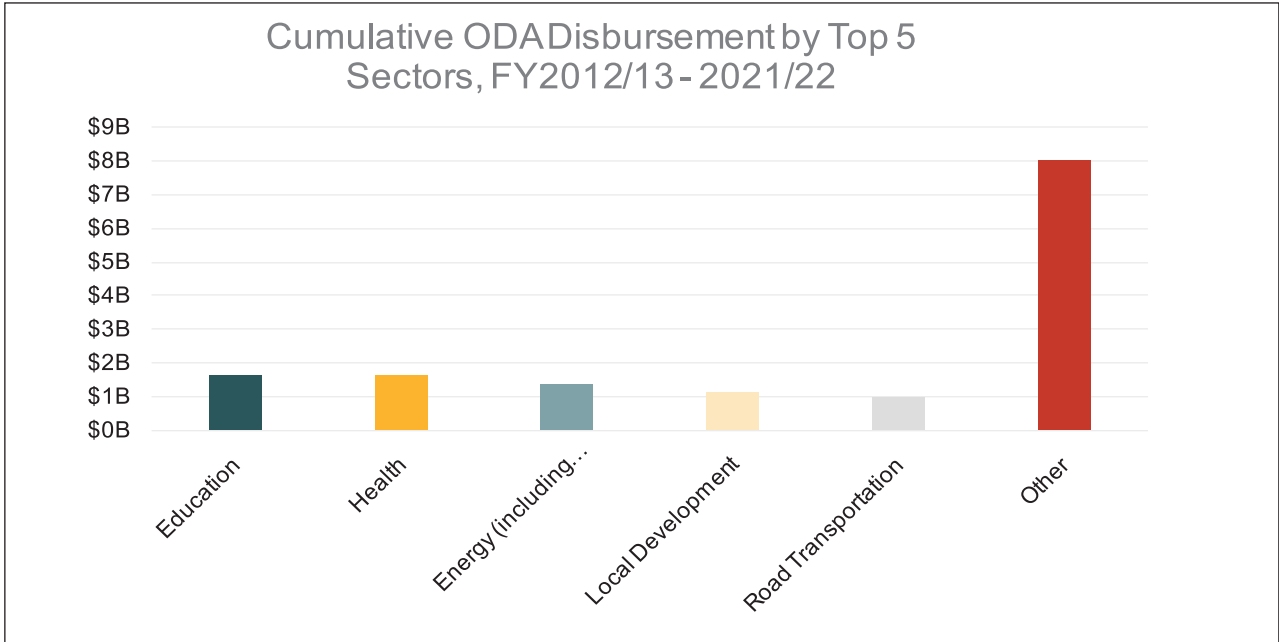
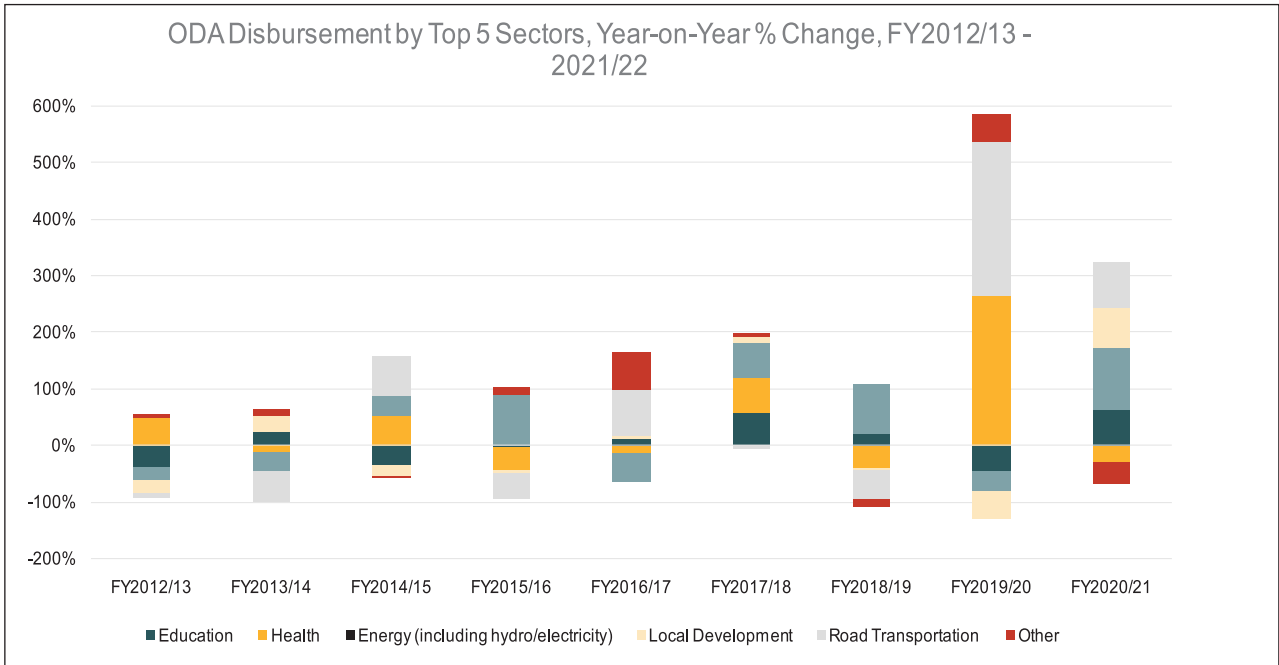


FIGURE 8.6. ODA Disbursement by Top 5 Sectors, Year-on-Year % Change, FY2012/13 - 2021/22



While each sector exhibited its unique trends, the overall trend indicates a dynamic shift in ODA flows depending on the evolving priorities and needs of the sectors.

TABLE 2. Comparative Ranking of Top 5 Sectors for FY2012/13 - 2021/22

Top 5 Sectors FY2021/22	Top 5 Sectors FY 2019/20 - 2021/22	Top 5 Sectors FY 2012/13 - 2021/22
<ul style="list-style-type: none"> Health Education Financial Services Reconstruction Energy 	<ul style="list-style-type: none"> Health Energy Education Reconstruction Road Transportation 	<ul style="list-style-type: none"> Education Health Energy Local Development Road Transportation

FIGURE 8.7. ODA Disbursements to Top 5 Sectors by Aid Modality, FY2021/22

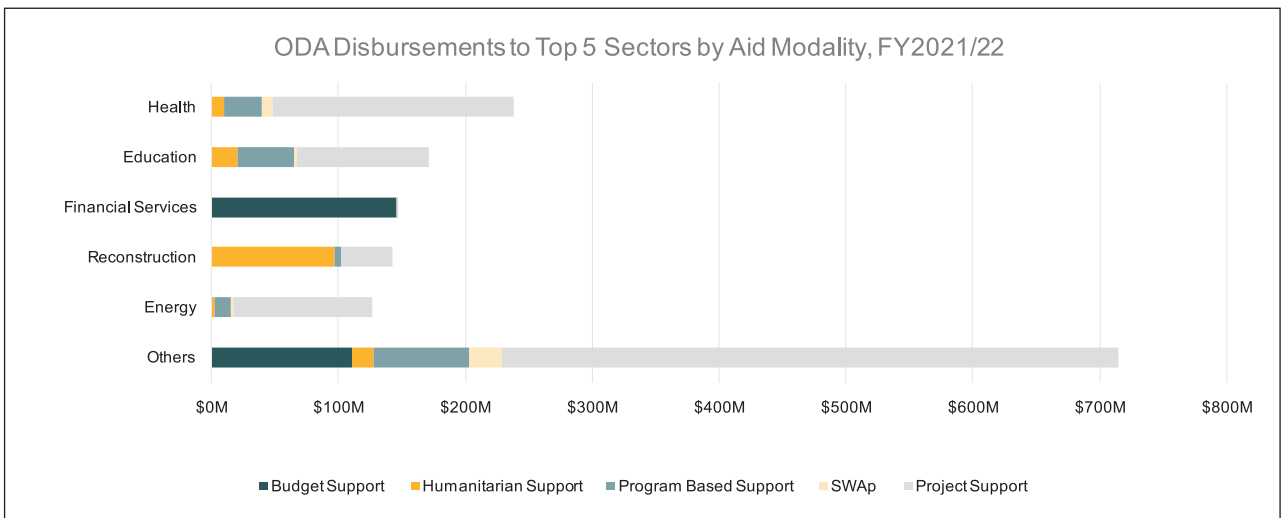


FIGURE 8.8. ODA Disbursements to Top 5 Sectors by Finance Type, FY2021/22

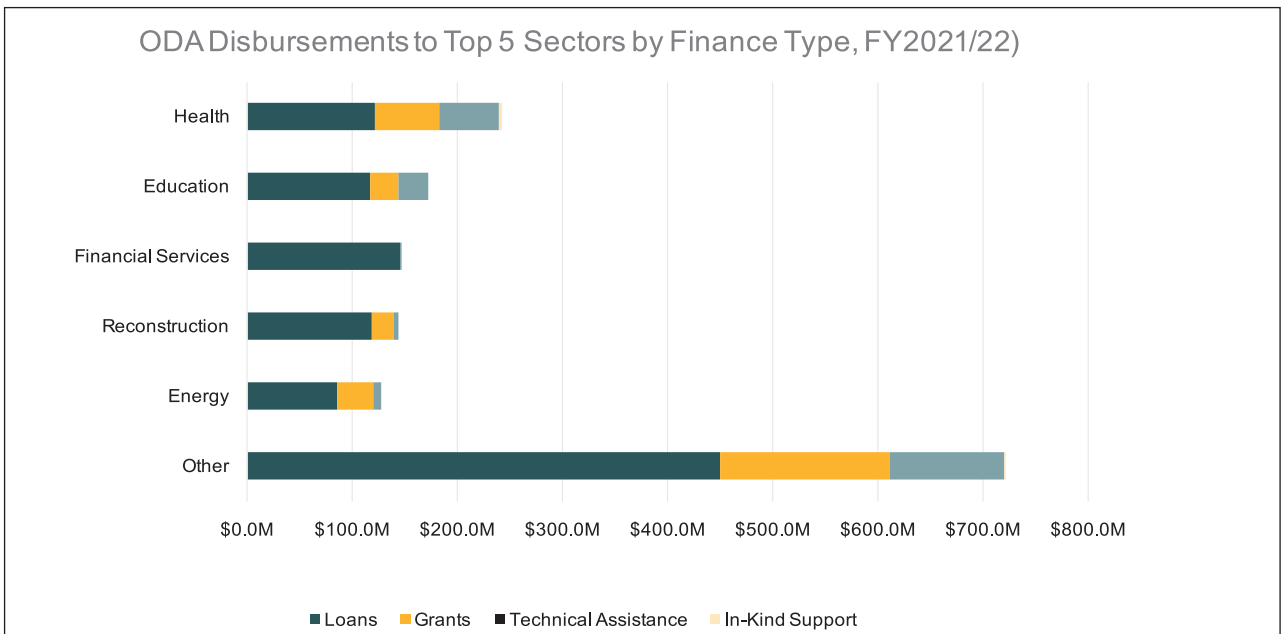
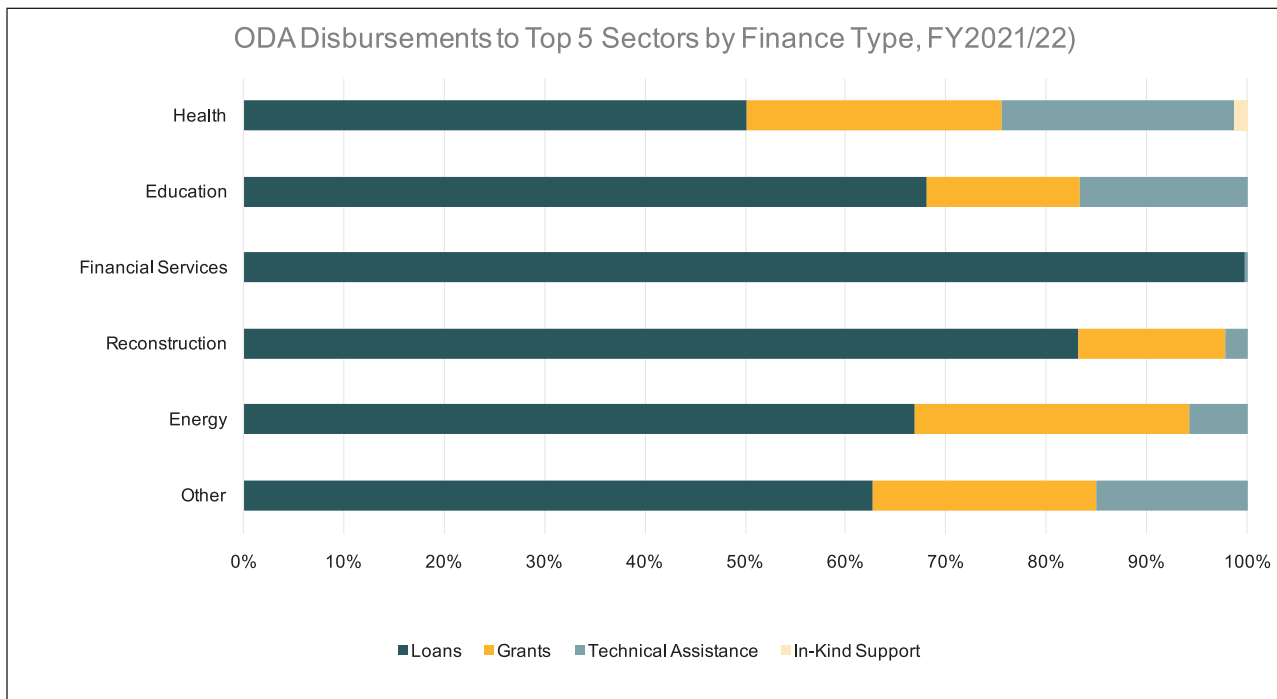


Figure 8.7 presents ODA distribution across various sectors in terms of different modalities, namely SWAp, Budget Support, Project Support, Humanitarian Support, and Program Based Support.

For sectors like Education and Health, there may be room to explore more diversified types of support. Focusing primarily on Project Support may not sustainably address systemic issues present in these sectors. A balanced approach, including SWAp or Budget Support, might help build more robust systems over time.

FIGURE 8.9. ODA Disbursements to Top 5 Sectors by Assistance Type (%), FY2021/22

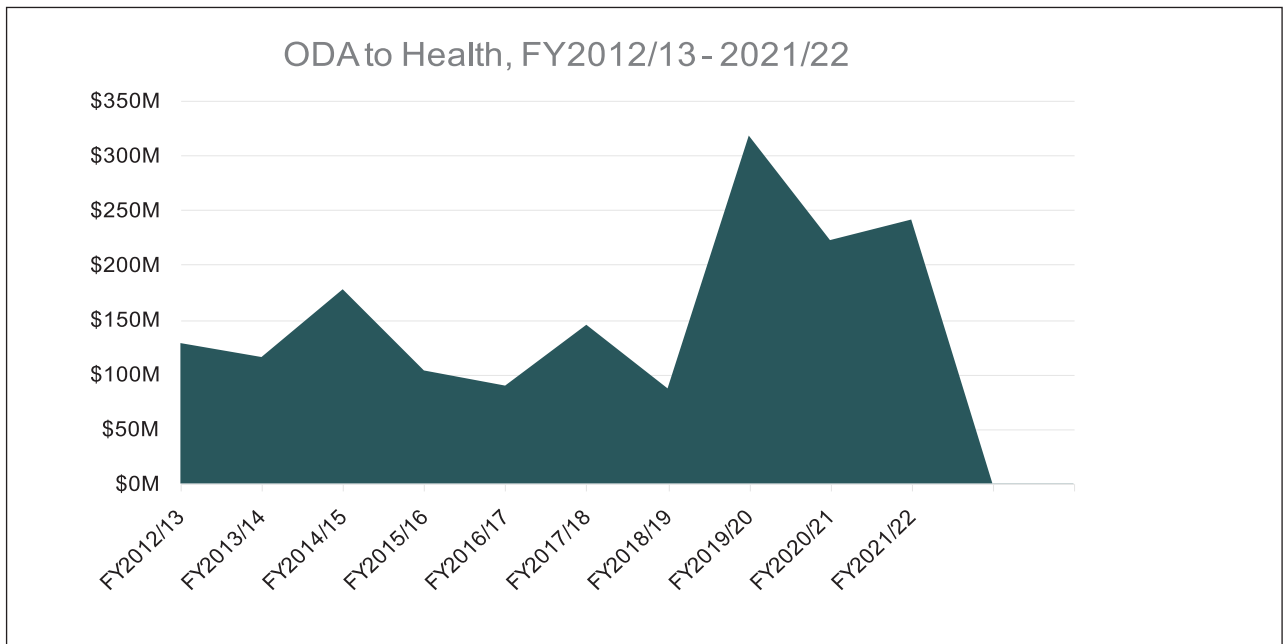


8.1 Health

The health sector received the highest total ODA disbursement in FY2021/22, approximately USD 241.5 million. Health saw its highest disbursement in FY2019/20, with approximately USD 318.4 million. Unlike the education and energy sectors, the health sector experienced a notable increase in ODA over the last year, registering a growth of approximately 8.4%. This uptick can largely be attributed to efforts aimed at combating the COVID-19 pandemic, which necessitated increased funding for vaccine distribution and other public health measures.

Project support was the most utilised aid modality within the health sector in FY2021/22, delivering USD 184.9 million or 76.6% of total ODA. The sector’s second-largest aid modality, program-based support, received USD 30.5 million or 12.6% of the total ODA to the sector, reflecting concerted efforts to improve health systems and programs at a structural level.

Loans were the most utilised assistance type within the health sector in FY2021/22, delivering USD 120.9 million or 50.1% of total ODA to the sector. Grants were the health sector’s second-largest assistance type, providing USD 61.5 million or 25.4% of the total ODA to the sector.

FIGURE 8.10. ODA to Health, FY2012/13 - 2021/22

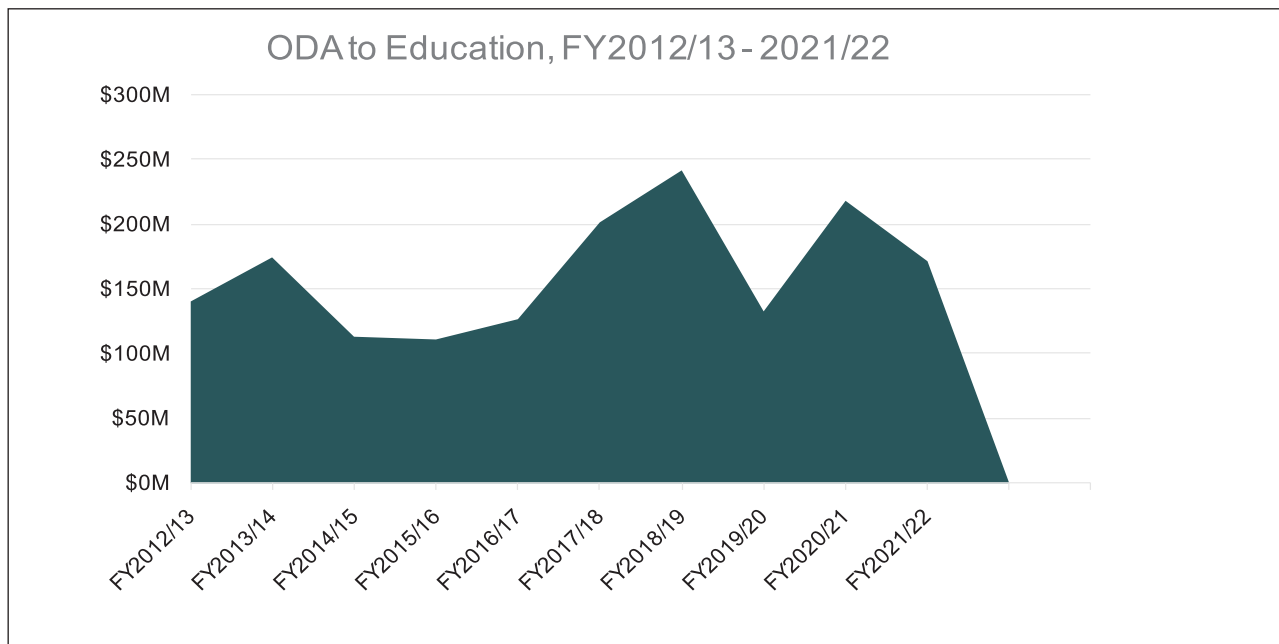
8.2 Education

The education sector received the highest total ODA of approximately USD 172.1 million in FY2021/22. The highest disbursement in a single year was in FY2018/19 at approximately USD 242.4 million. However, there has been significant fluctuation in disbursements over the years, with a high of USD 242.4 million in FY2018/19 and a low of USD 111.6 million in FY2015/16. FY2021/22 saw a reduction from the previous year of approximately 21.4%.

Project Support was the most used aid modality within the Education sector in FY2021/22, delivering USD 104.03 million or 60.5% of total ODA. The sector's second-largest aid modality, Humanitarian Support, received USD 20.26 million or 11.8% of the total ODA to the sector.

Loans were the most utilised assistance type within the Education sector in FY2021/22, delivering USD 117.1 million or 68.1% of total ODA to the sector. Grants were the Education sector's second-largest assistance type, providing USD 26.3 million or 15.3% of the total ODA, indicating a significant reliance on loan-based financing in this sector.

FIGURE 8.11. ODA to Education, FY2012/13 - 2021/22



8.3 Financial Services

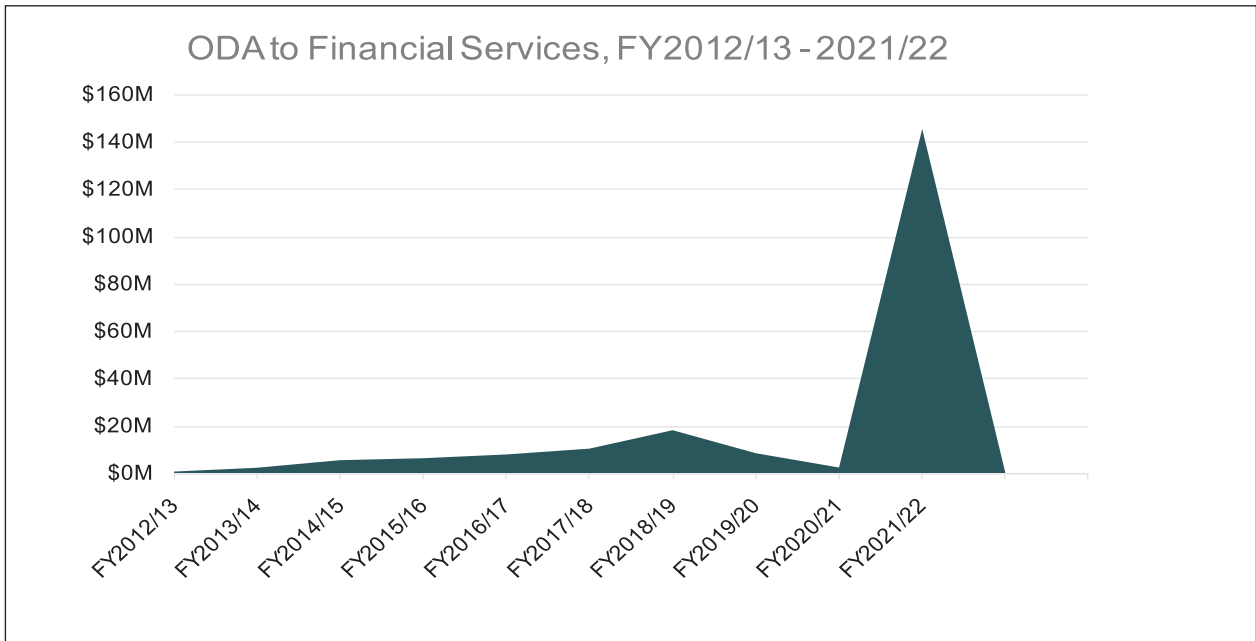
The financial services sector saw a remarkable rise in ODA disbursements in FY2021/22, reaching approximately USD 145.4 million. This is significantly higher than any previous year, with the next highest disbursement recorded in FY2018/19 at approximately USD 18.1 million. The disbursement in FY2021/22 is approximately eight times the amount in FY2018/19. It was due to recording the WB’s Budget support, namely Second Finance for Growth Development Policy Credit in this category. Though it was received as budget support, it was ultimately allocated to different priority sectors such as infrastructure, health, education, social security, etc.

Budget support was the most utilised aid modality within the financial services sector in FY2021/22, delivering USD 144.9 million or 99.7% of total ODA to the sector. It was ultimately allocated to different priority sectors such as infrastructure, health, education, and social security.

The sector’s second-largest aid modality, program-based support, received USD 0.3 million or 0.2% of the total ODA to the sector.

Loans were the most utilised assistance type within the financial services sector in FY2021/22, delivering USD 144.9 million or 99.7% of total ODA to the sector.

The high dependence on budget support and loans in the financial services sector indicates a more macro-level focus on strengthening the sector’s systems and processes. This might imply an increased confidence in the governance capacity of government institutions to manage funds effectively.

FIGURE 8.12. ODA to Financial Services, FY2012/13 - 2021/22

8.4 Reconstruction

The reconstruction sector received the fourth-highest total ODA disbursement in FY2021/22, approximately USD 142.8 million.

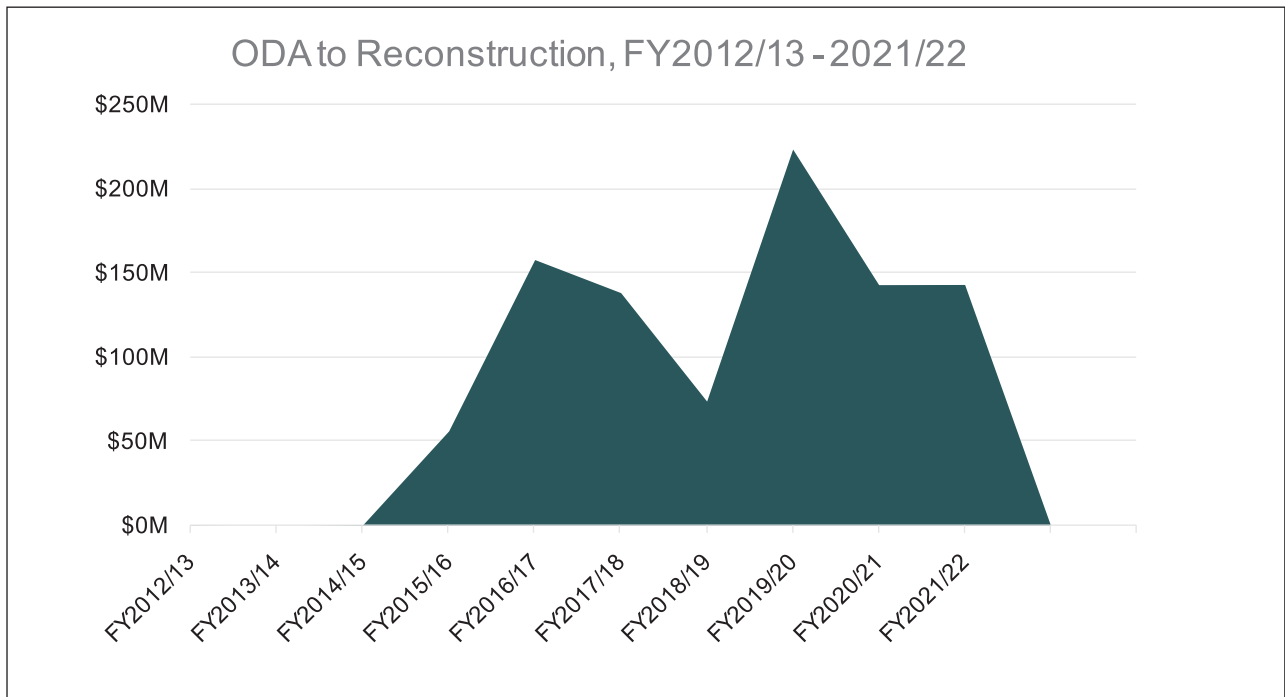
Humanitarian support was the most utilised aid modality within the reconstruction sector in FY2021/22, delivering USD 96.2 million or 67.5% of total ODA to the sector.

The sector's second-largest aid modality, project support, received USD 40.6 million or 28.5% of the total ODA to the sector, reflecting a focus on specific, tangible initiatives.

Loans were the most utilised assistance type within the reconstruction sector in FY2021/22, delivering USD 118.5 million or 83.1% of total ODA to the sector.

Grants were the reconstruction sector's second-largest assistance type, delivering USD 21 million or 14.7% of the total ODA to the sector.

FIGURE 8.13. ODA to Reconstruction, FY2012/13 - 2021/22

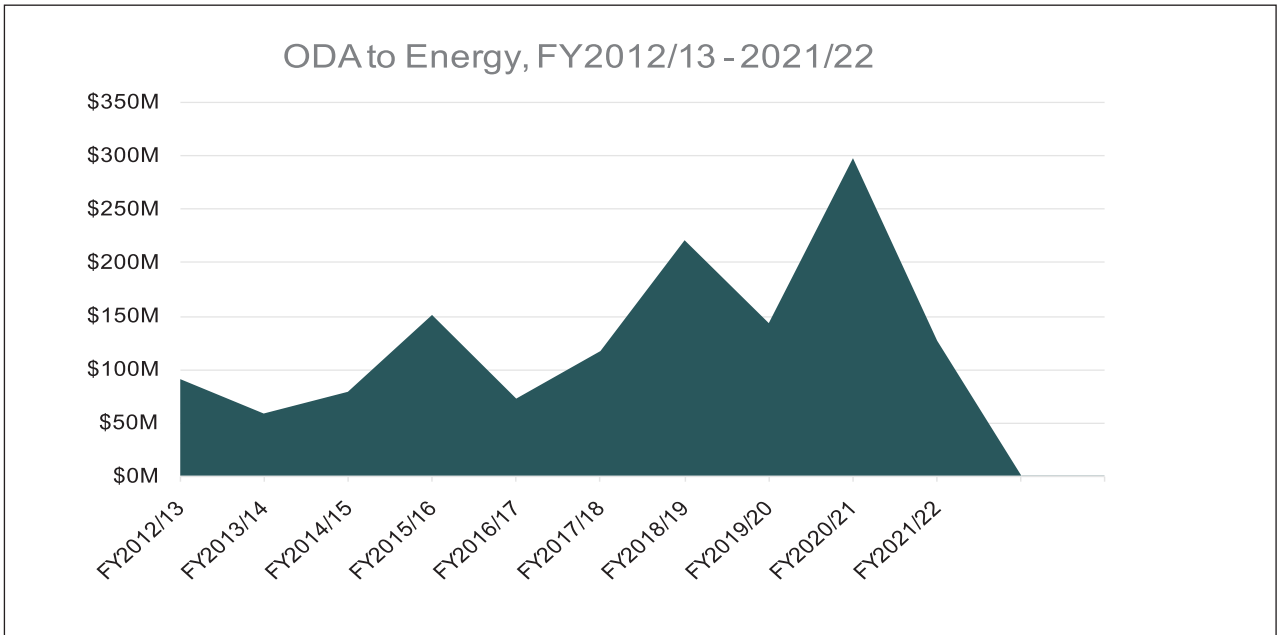


8.5 Energy

The Energy (including hydro/electricity) sector secured approximately USD 126.4 million in total ODA in FY2021/22.

Project support was the most utilised aid modality within the energy sector in FY2021/22, delivering USD 109.6 million or 86.7% of total ODA to the sector. The sector’s second-largest aid modality, program-based support, received USD 12.6 million or 10% of the total ODA to the sector, signalling targeted investments in energy programs that address systemic energy challenges.

Loans were the most utilised assistance type within the energy sector in FY2021/22, delivering USD 84.5 million or 66.9% of total ODA to the sector. Grants were the energy sector’s second-largest assistance type, providing USD 34.5 million or 27.2% of the total ODA, underlining a clear preference for loans in this sector.

FIGURE 8.14. ODA to Energy (including Hydro/Electricity), FY2012/13 - 2021/22

Considering these trends, the health and education sectors will likely remain key focus areas for ODA disbursements, given their consistently high funding levels over the years. However, the substantial decrease in total ODA disbursement from FY2020/21 to FY2021/22 signals that future disbursements may be subject to considerable fluctuations, contingent on global and local economic and social circumstances.

Box 3 Aligning ODA to Sustainable Development Goals

Nepal has shown a solid commitment to aligning ODA to meet its SDGs targets, recognising that a comprehensive SDG financial strategy is necessary for their achievement.

However, the current sector-based categorisation of ODA within the AMIS allows for limited connections between specific sectors and related SDGs. This is due to the overlapping nature of many goals. For example, education-focused ODA initiatives are assumed to contribute to SDG 4 (Quality Education) broadly.

To improve data on ODA allocation to SDGs, Nepal's IECCD, MoF is implementing an 'SDG coding' feature within the AMIS. This aims to align foreign-funded projects with SDG objectives. It allows for better tracking of ODA allocations per goal and supports the development of a thorough SDG financing strategy.

For effective use of this feature, those inputting project data, including development partners and MoF personnel, should commit to accurately filling out the SDG codes. This means that all new and ongoing projects must indicate the SDG areas they serve clearly. Such clarity will aid all data-entry individuals in understanding how the project contributes to various SDG areas, regardless of their initial familiarity with the project.

POST-EARTHQUAKE RECONSTRUCTION

As of the writing of this report, USD 1.7 billion has been disbursed towards reconstruction efforts initiated after the earthquake. In the fiscal year 2020/21, disbursements for post-earthquake reconstruction amounted to USD 146.4 million.

Box 4 Effective Delivery of Reconstruction Support

In 2015, a series of powerful earthquakes struck central Nepal, causing widespread destruction across 32 districts and affecting millions of lives. The tragic disaster resulted in the loss of 8,970 lives and injuries to over 22,300 individuals. It severely damaged many houses, heritage sites, and public structures. Following a comprehensive Post-Disaster Needs Assessment (PDNA), the Government quantified the total loss at USD 7 billion.

Seeking international support for recovery, the Government convened the ICNR after two months of the earthquake. This appeal elicited generous responses from Nepal's neighbouring nations, its development partners, and the broader international community, enabling crucial rescue, relief, and reconstruction efforts.

The Government of Nepal instituted the NRA on December 25, 2015, to coordinate and manage these comprehensive reconstruction initiatives. The NRA subsequently formulated a Post-Disaster Recovery Framework (PDRF) in May 2016, which was purposed to guide, oversee, and monitor all reconstruction activities.

Under the NRA's stewardship, reconstruction efforts yielded significant outcomes: over 700,000 private residences, approximately 7,000 schools, upwards of 600 heritage sites, 750 healthcare facilities, and 604 government and security establishments were successfully rebuilt. Beyond infrastructural accomplishments, the NRA also addressed over 600,000 grievances and managed land allocations for 12,757 landless beneficiaries while successfully resettling 4,720 beneficiaries from at-risk settlements. Skill-development initiatives also led to the training of approximately 100,000 skilled masons.

The NRA's work was underpinned by the 'Build Back Better' principle, ensuring that reconstructed infrastructure was sustainable, inclusive, and resilient to future disasters. When the NRA's mandate concluded in December 2021, the remaining tasks were assigned to relevant government ministries and departments. The reconstruction not only facilitated the rebuilding of damaged structures, but it also stimulated an essential shift in house construction methods and heritage monument restoration practices. Furthermore, it significantly bolstered the national economy and paved the way for advancing earthquake-resilient engineering technologies, integral to transforming Nepal into a disaster-resilient nation.

In a bid to share the valuable learnings accrued through the reconstruction process, the NRA hosted the International Conference on Nepal's Reconstruction from December 7 to 9, 2021. This event witnessed key addresses from Nepal's President, Prime Minister, Finance Minister, and Foreign Minister, who acknowledged the vital contributions made by the NRA, government bodies, and development partners. The ICNR 2021 Declaration emphasised the importance of augmenting local governments' planning, technical, and managerial competencies. It also underscored the necessity of granting the National Disaster Risk Reduction and Management Authority (NDRRMA) a clear mandate, structure, rights, and autonomy to achieve the vision of a disaster-resilient Nepal.

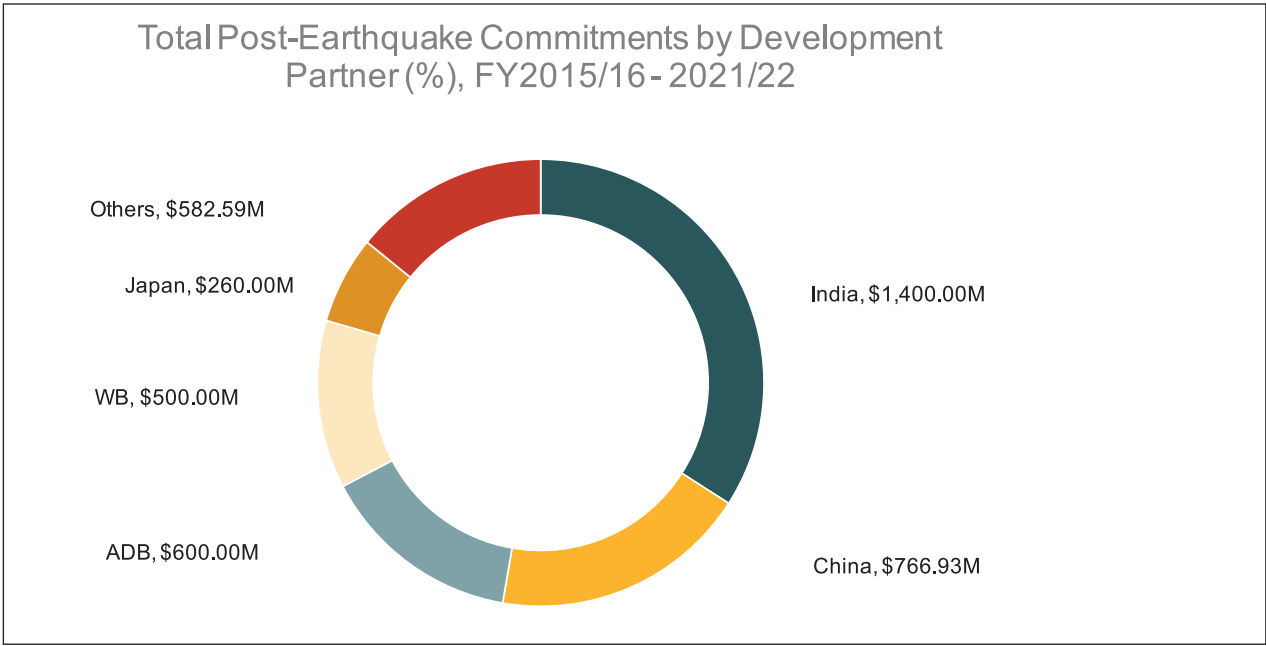
TABLE 3. Post-Earthquake Reconstruction Pledges, Commitments, and Disbursements (USD), FY2015/16 - 2021/22

Development Partners	Total Pledged	FY2015/16 - Total Committed	FY2016/17 - Total Committed	FY2017/18 - Total Committed	FY2018/19 - Total Committed	FY2019/20 - Total Committed	FY2019/20 - Total Disbursed	FY2020/21 - Total Disbursed	FY2021/22 - Total Disbursed	FY2021/22 - Total Committed	FY2021/22 - Total Disbursed	FY2015/16 - FY2021/22 Total Committed	FY2015/16 - FY2021/22 Total Disbursed
ADB	\$600.0M	\$215.0M		\$107.6M	\$1,499.0M		\$58.6M	\$36.2M	\$25.6M		\$25.6M	\$1,821.6M	\$272.3M
Australia	\$4.6M											\$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					\$5.1M				\$766.9M	\$25.4M
EU	\$117.5M	\$118.4M		\$75.9M				\$1.8M				\$194.4M	\$65.0M
Finland	\$2.2M	\$1.1M										\$1.1M	\$0.4M
Germany	\$33.6M	\$34.0M										\$34.0M	\$12.7M
IMF	\$50.0M	\$50.0M										\$50.0M	\$0.0M
India	\$1,400.0M	\$1,000.0M		\$78.8M				\$4.0M	\$3.0M			\$1,078.8M	\$13.9M
Japan	\$260.0M	\$247.1M		\$113.3M				\$5.9M	\$11.3M			\$372.0M	\$247.1M
Netherlands	\$26.0M											\$0.0M	\$0.0M
Norway	\$16.0M				\$5.6M							\$6.2M	\$13.3M
Pakistan	\$1.0M											\$0.0M	\$0.0M
Republic of Korea	\$10.0M	\$8.4M										\$8.4M	\$12.7M
Saudi Fund	\$30.0M					\$29.2M						\$29.2M	\$19.7M
Sri Lanka	\$2.5M											\$0.0M	\$0.0M
Sweden	\$10.0M											\$0.0M	\$0.0M
Switzerland	\$25.0M				\$7.5M							\$7.5M	\$16.4M
Turkey	\$2.0M											\$0.0M	\$0.0M
UK (DFID)	\$110.0M	\$94.0M	\$71.5M					\$7.3M	\$3.9M			\$165.5M	\$98.3M
USA	\$130.0M	\$159.8M		\$0.0M	\$0.0M	\$10.3M	\$0.2M	\$3.5M	\$2.4M			\$172.1M	\$60.5M
WB	\$500.0M	\$300.0M		\$199.0M		\$200.0M	\$153.1M	\$70.0M	\$97.7M			\$704.0M	\$791.0M

Table 3 provides an analysis of the post-earthquake reconstruction pledges, commitments, and disbursements made by various development partners from FY2014/15 to FY2021/22. A total of approximately USD 4.1 billion has been pledged by all development partners for post-earthquake reconstruction efforts, while total commitments amount to USD 5.4 billion. However, the total disbursement as of FY2021/22 stood at just USD 1.7 billion, approximately 30.6% of the total commitments.

India made the largest total pledge, approximately USD 1.4 billion, followed by China and ADB, with USD 766.9 million and USD 600 million, respectively.

FIGURE 9.1. Total Post-Earthquake Commitments by Top 5 Development Partners (%), FY2015/16 - 2021/22



The World Bank had the highest total disbursement at approximately USD 791 million, surpassing both its initial pledge and commitment. Japan also shows a strong disbursement pattern with approximately USD 247.1 million.

Notably, several countries, including Australia, Austria, Bangladesh, Canada, Netherlands, Pakistan, Sri Lanka, Sweden, and Turkey, have committed no funds despite their initial pledges.

Minimal or zero disbursements within the FY do not necessarily indicate a withdrawal of support. Many pledges made after the earthquake have been utilised or reallocated to different development initiatives. Consequently, they are not recorded as post-earthquake support.

FIGURE 9.2. Cumulative Post-Earthquake Assistance, FY2015/16 - 2021/22

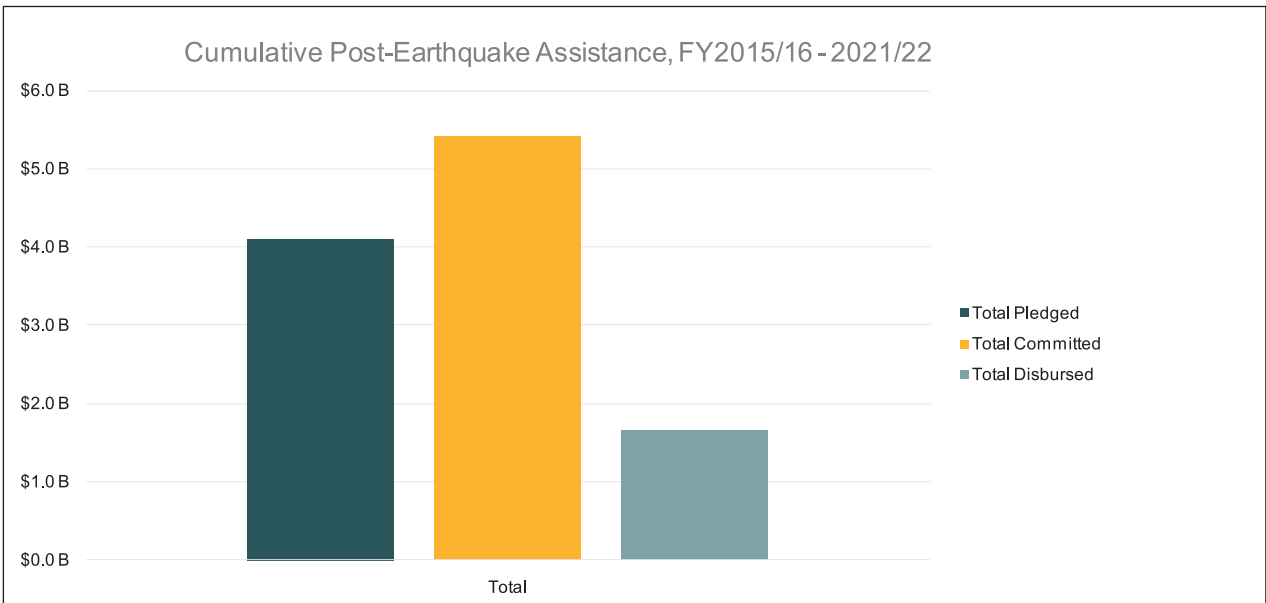
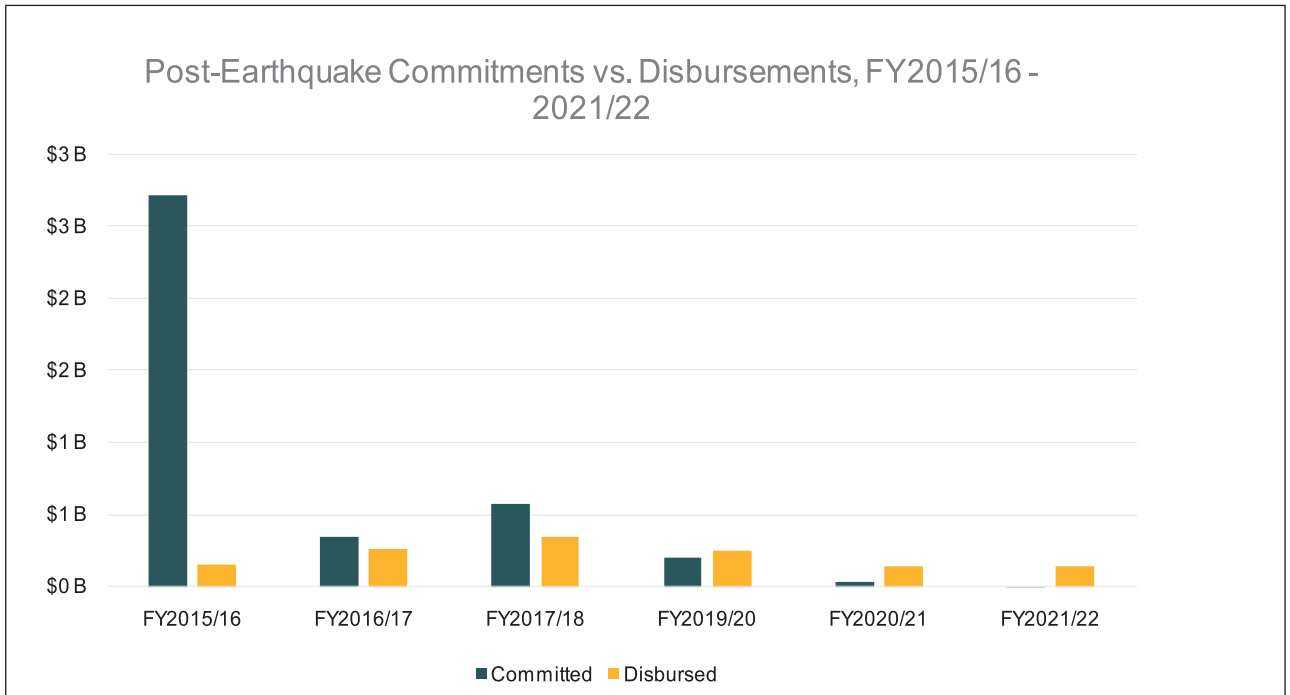


FIGURE 9.3. Post-Earthquake Commitments vs Disbursements, FY2015/16 - 2021/22



While the post-earthquake reconstruction effort has received support from various development partners, disbursement levels compared to commitments suggest that much work remains to be done.

If disbursements continue at the current rate of approximately 30.6% of commitments, it could take another 7-8 years to fulfil the total commitments made. This is under the assumption that all development partners continue to honour their commitments.

It is also crucial for those who pledged but did not commit any funds to remain engaged in Nepal's post-quake reconstruction efforts.

Continued attention and concerted efforts are required to ensure these commitments are fully realised in the upcoming years.

FIGURE 9.4. Top 5 Post-Earthquake Assistance Disbursing Partners, FY2015/16 - 2021/22

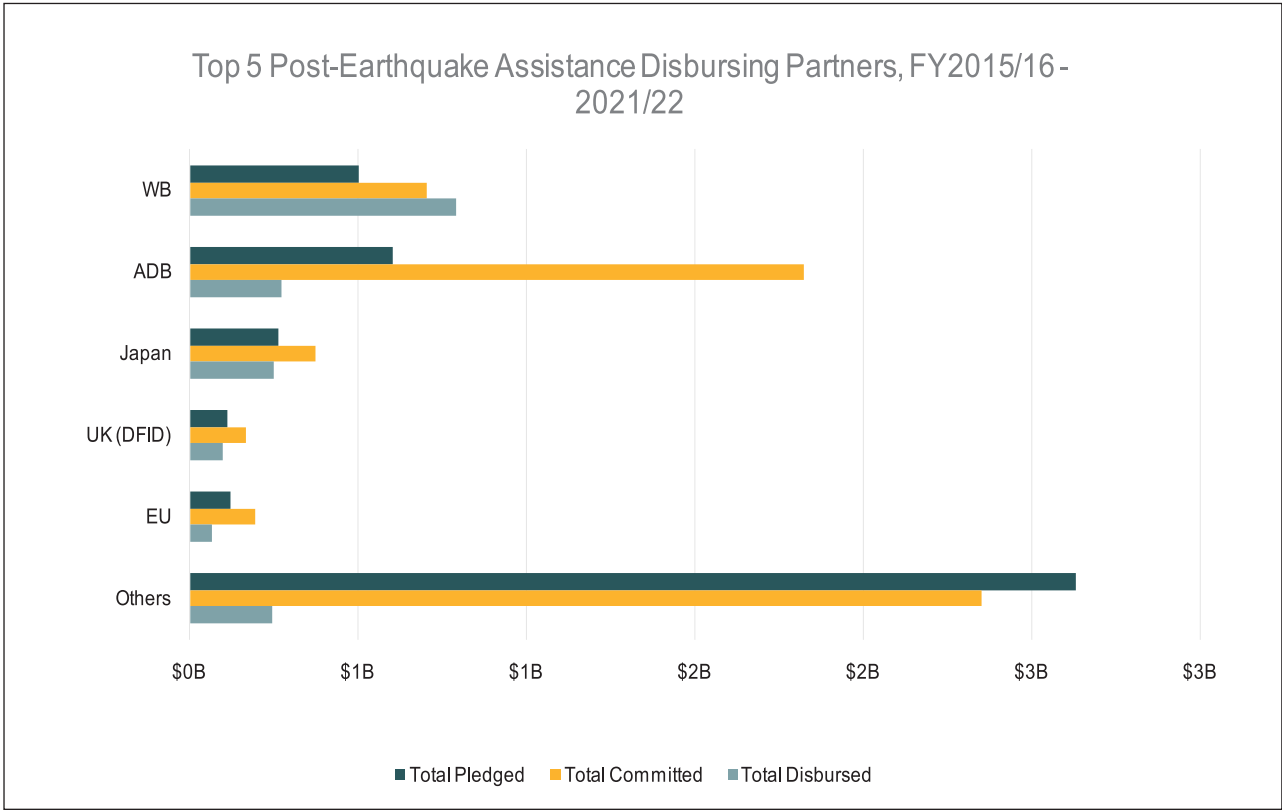


Figure 9.4 presents Nepal’s top 5 post-earthquake assistance disbursing partners from FY2015/16 to FY2021/22. The World Bank reports disbursing more than both its total pledged and committed amounts. Conversely, the Asian Development Bank, despite committing a significantly high amount, reports fewer disbursements. Japan and the UK (DFID) demonstrate disbursement rates closely aligned with their commitments. This divergence between commitments and disbursements across development partners has crucial implications for Nepal’s fiscal planning and project execution.

GEOGRAPHIC ANALYSIS

10.1 Single and Multi-District ODA Disbursement

FIGURE 10.1. Single vs Multi-District ODA Disbursements, FY2019/20 - 2021/22

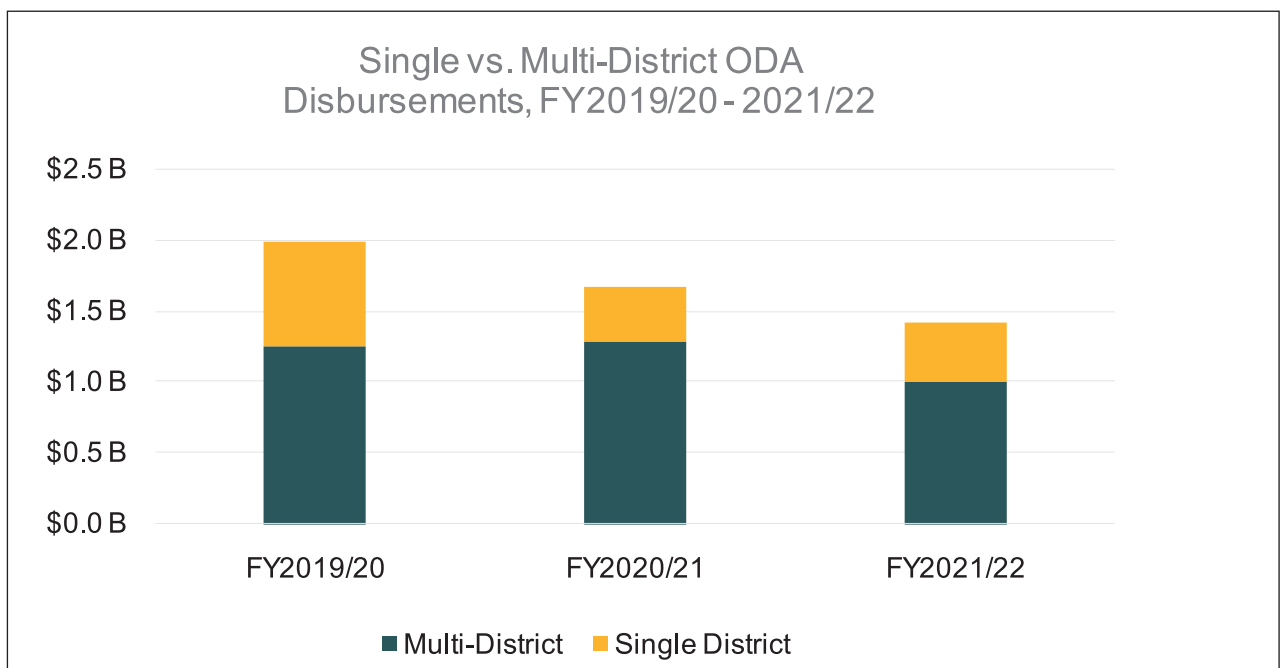
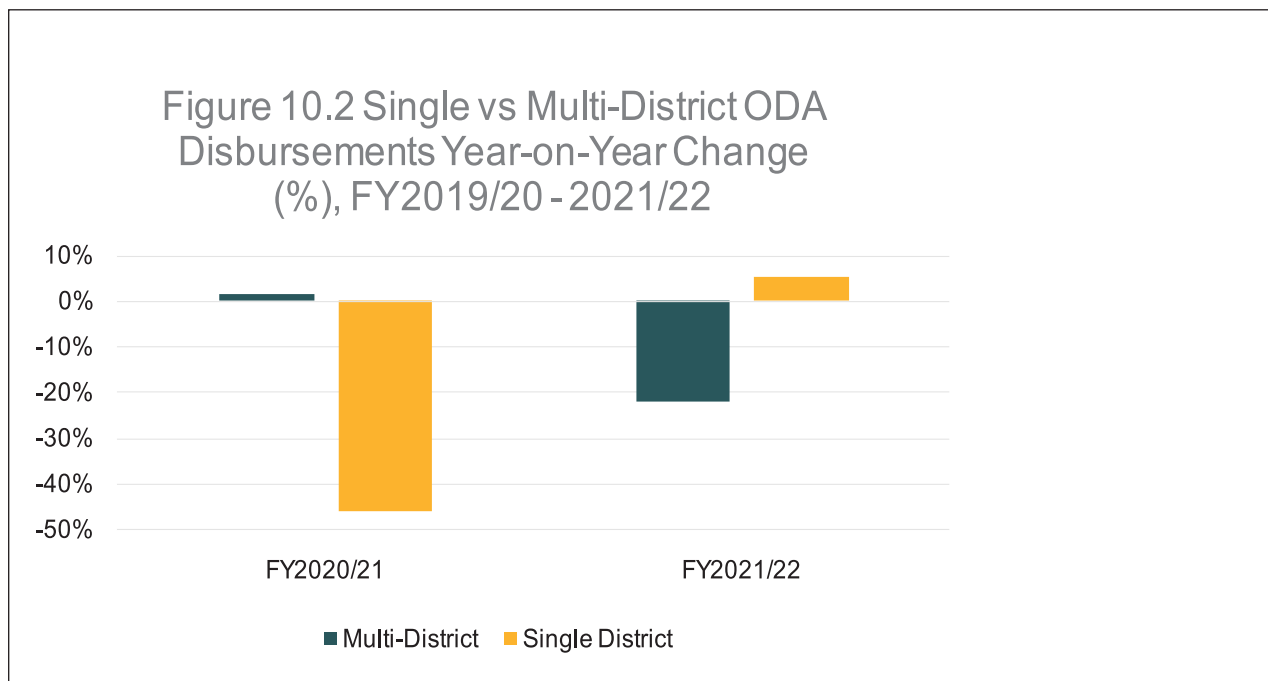


Figure 10.1 presents ODA disbursements to single and multiple districts over three years, from FY2019/20 to FY2021/22.

Single district ODA disbursements experienced a significant decrease from FY2019/20 to FY2020/21, falling from USD 737 million to USD 398.1 million, representing a drop of approximately 46%. However, there was a marginal increase of 5.1% in single district disbursements between FY2020/21 and FY2021/22, from USD 398.1 million to USD 418.6 million. This suggests a slight recovery in single district funding, although it remains significantly lower than FY2019/20 levels.

Concerning multi-district ODA disbursements, there was an initial increase of approximately 1.7% in ODA disbursement from FY2019/20 (USD 1.23 billion) to FY2020/21 (USD 1.29 billion). However, in FY2021/22, there was a significant reduction to USD 1 billion, a decline of approximately 22.1% from the previous FY. This marks the first decline in multi-district funding in the past three fiscal years.

FIGURE 10.2. Single vs Multi-District ODA Disbursements Year-on-Year Change (%), FY2019/20 - 2021/22



10.2 Province-Level Analysis

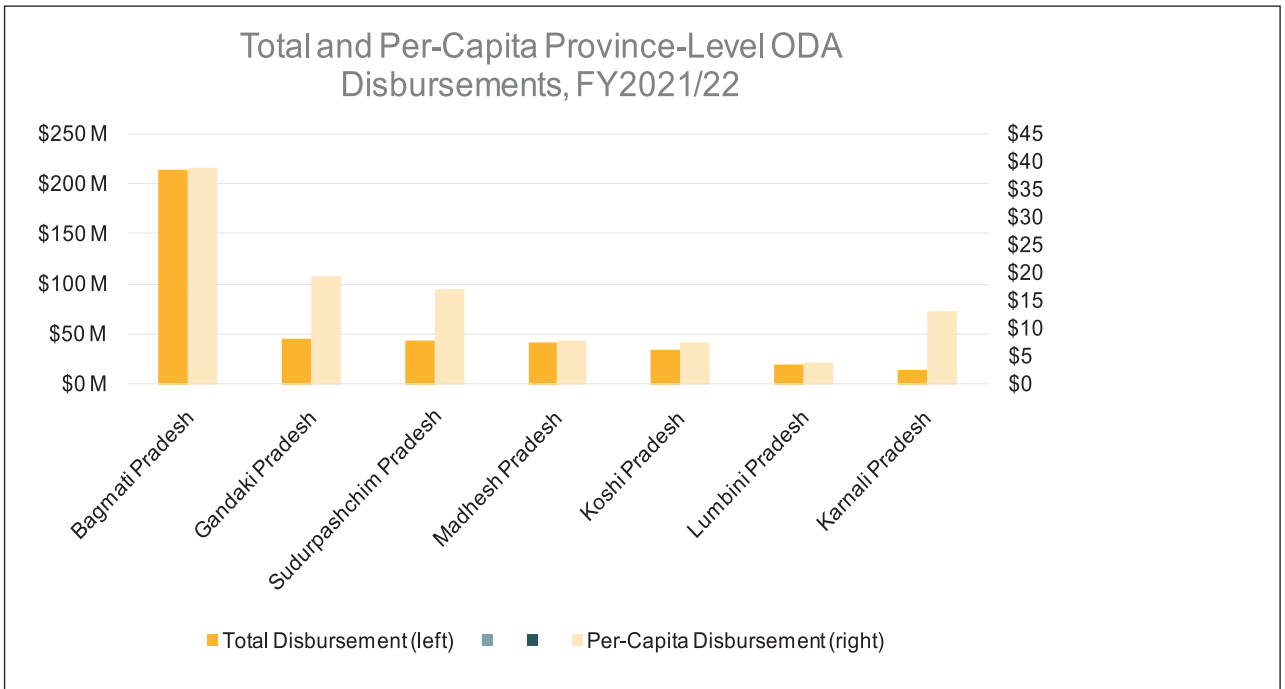
Provincial-level analysis has been formulated based on district-level aggregate data, given the existing limitations of the AMIS system, which currently does not allow the assignment of disbursements to particular provinces.

It merits mention that Bagmati Province, owing to its status as the national capital and the locus of substantial post-earthquake reconstruction, COVID-19-related projects and location of Project/Program Management Units (PMU), reports a higher level of ODA disbursements compared with other provinces, explaining the disproportionate allocation of funds.

As Nepal seeks to uplift all regions of the country, it is essential to prioritise the proportional allocation of resources to ensure that no province is left behind in the collective pursuit of sustainable development. The findings below underscore the necessity to advance reporting mechanisms and strive towards a more equitable dispersion of ODA across all provinces.

Figure 10.3 analyses the total and per-capita province-level disbursements for FY2021/22 in different provinces.

FIGURE 10.3. Total and Per-Capita Province-Level ODA Disbursements, FY2021/22



In FY2021/22, the province with the highest disbursement was Bagmati, which received approximately USD 215.5 million. The province with the lowest disbursement was Karnali, receiving approximately USD 15.5 million. In terms of per-capita disbursement, Bagmati again leads with approximately USD 39 disbursed per person, while Lumbini reported the lowest per-capita disbursement at approximately USD 4.1 per person.

FIGURE 10.4. Total Province-Level ODA Disbursements, FY2021/22

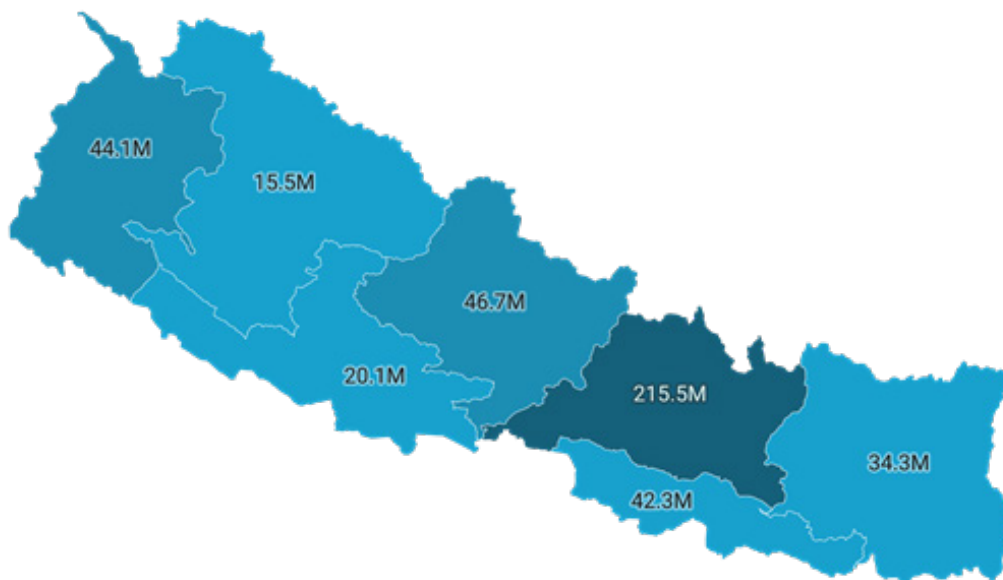


FIGURE 10.5. Total Province-Level Per-Capita ODA Disbursements, FY2021/22

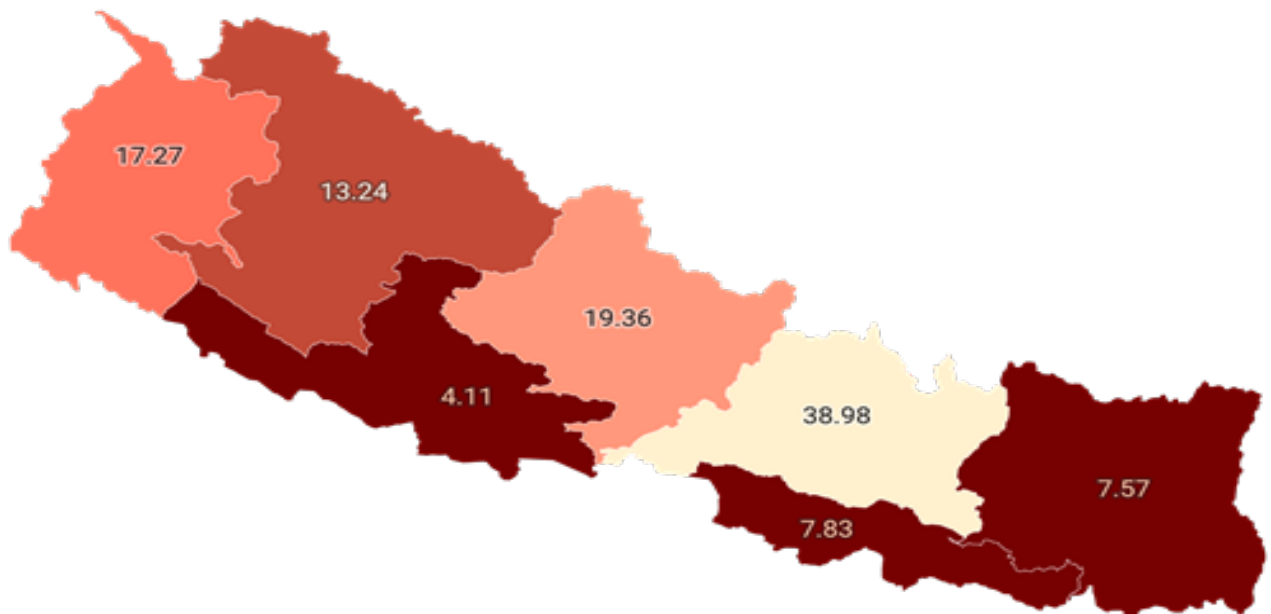


FIGURE 10.6. ODA Disbursements and MPI Incidence by District and Population, FY2021/22

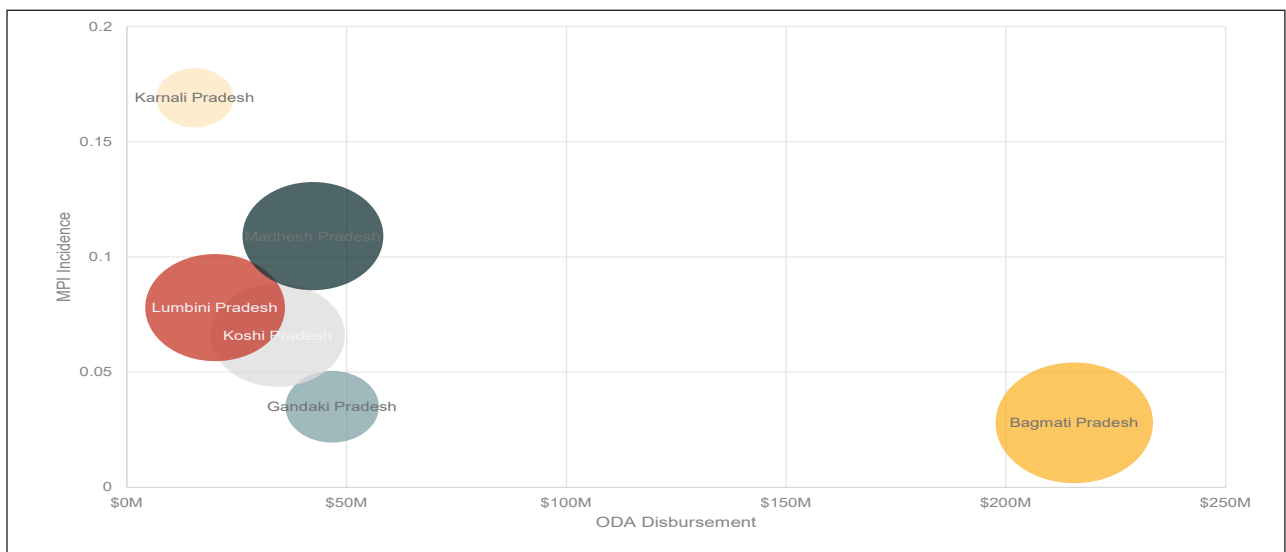


Figure 10.6 seeks to establish whether ODA disbursements in FY2021/22 were linked to poverty levels in different districts of Nepal.

This scatterplot suggests that districts that receive more ODA disbursements generally tend to have lower poverty levels. Karnali Pradesh received a relatively smaller volume of ODA and high poverty levels.

For instance, Bagmati Pradesh received USD 215.5 million and has the lowest poverty, as measured by the Multi-Dimensional Poverty Incidence (MPI), with an MPI of 0.03. As described earlier, owing to its status as the national capital and the locus of substantial post-earthquake reconstruction, COVID-19-related projects and the location of many Project / Program Management Units (PMU), reports a higher level of ODA disbursements compared with other provinces, explaining the disproportionate allocation of funds.

Gandaki Pradesh received USD 46.7 million in ODA, substantially lower than Bagmati Pradesh, but also has relatively low poverty with an MPI of 0.04.

ODA DISBURSEMENT BY DEVELOPMENT PARTNER

Figures 11.1 and 11.2 reveal that the World Bank and the Asian Development Bank are the principal contributors, with others like the UK and USAID showing more variable patterns. The World Bank's peak contribution in FY2020/21 was 47.2%, and ADB's at 30.5% in FY2019/20. The UK's declining share, currently at an average of 8.1%, suggests a possible shift in geopolitical focus, while USAID maintains a stable yet diversified presence.

FIGURE 11.1. ODA to Nepal by Top 5 Partners, Share of Total ODA, FY2012/13 - 2021/22

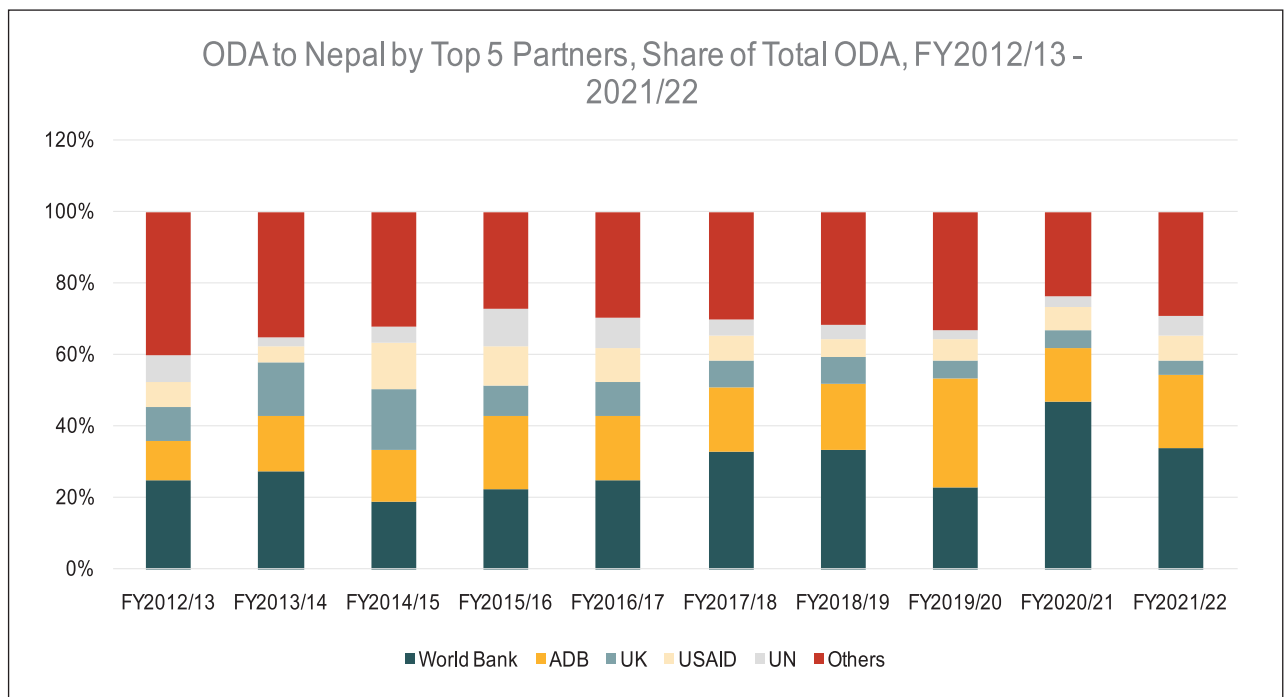
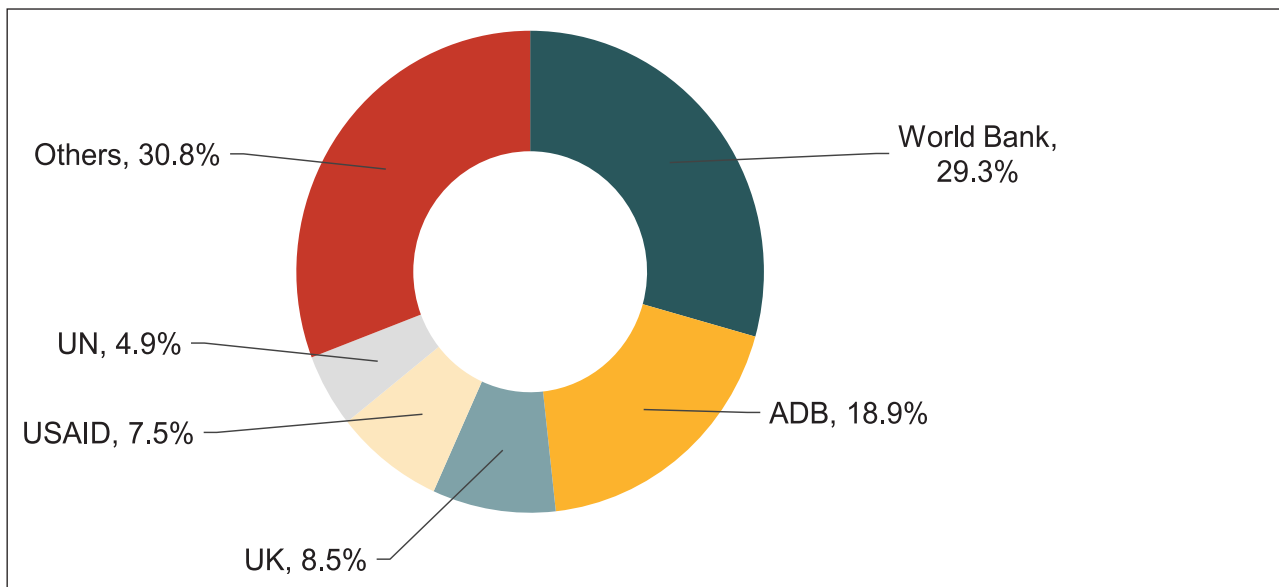


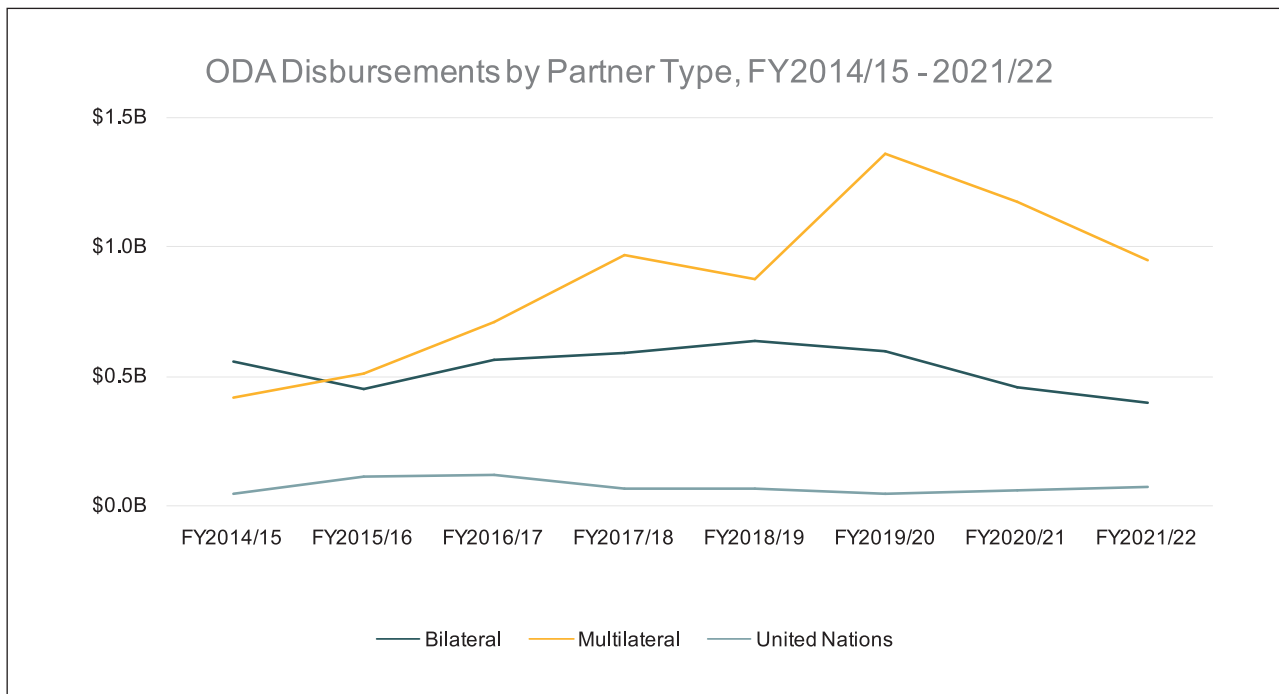
FIGURE 11.2. Cumulative ODA to Nepal by Top 5 Development Partners, FY2012/13 - 2021/22



11.1 Bilateral and Multilateral Development Partners

Figure 11.3 presents the distribution of ODA by donor type (Bilateral and Multinational) across four categories: Grants, loans, technical assistance and in-kind support,

FIGURE 11.3. ODA Disbursements by Partner Type, FY2014/15 - 2021/22



As seen in Figure 11.3, ODA disbursements to Nepal over the past eight fiscal years (FY2014/15 to FY2021/22) have varied across bilateral, multilateral, and United Nations partners.

Short-term trends indicate a slight decline in bilateral assistance, which has reduced from \$0.5B in FY2020/21 to \$0.4B in FY2021/22. Similarly, multilateral assistance has also seen a decrease, from \$1.2B in FY2020/21 to \$0.9B in FY2021/22. United Nations assistance has remained relatively consistent at \$0.1B over the last two fiscal years.

Long-term trends reveal a significant growth in multilateral assistance, which peaked at \$1.4B in FY2019/20 from just \$0.4B in FY2014/15. However, this assistance has fluctuated, decreasing to \$0.9B in FY2021/22. Bilateral assistance has remained relatively stable at approximately the \$0.6B mark for most of the period but has shown a slow decline in recent years. United Nations assistance has been consistently low, ranging from \$0.0B to \$0.1B, with no notable changes.

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, FY2021/22

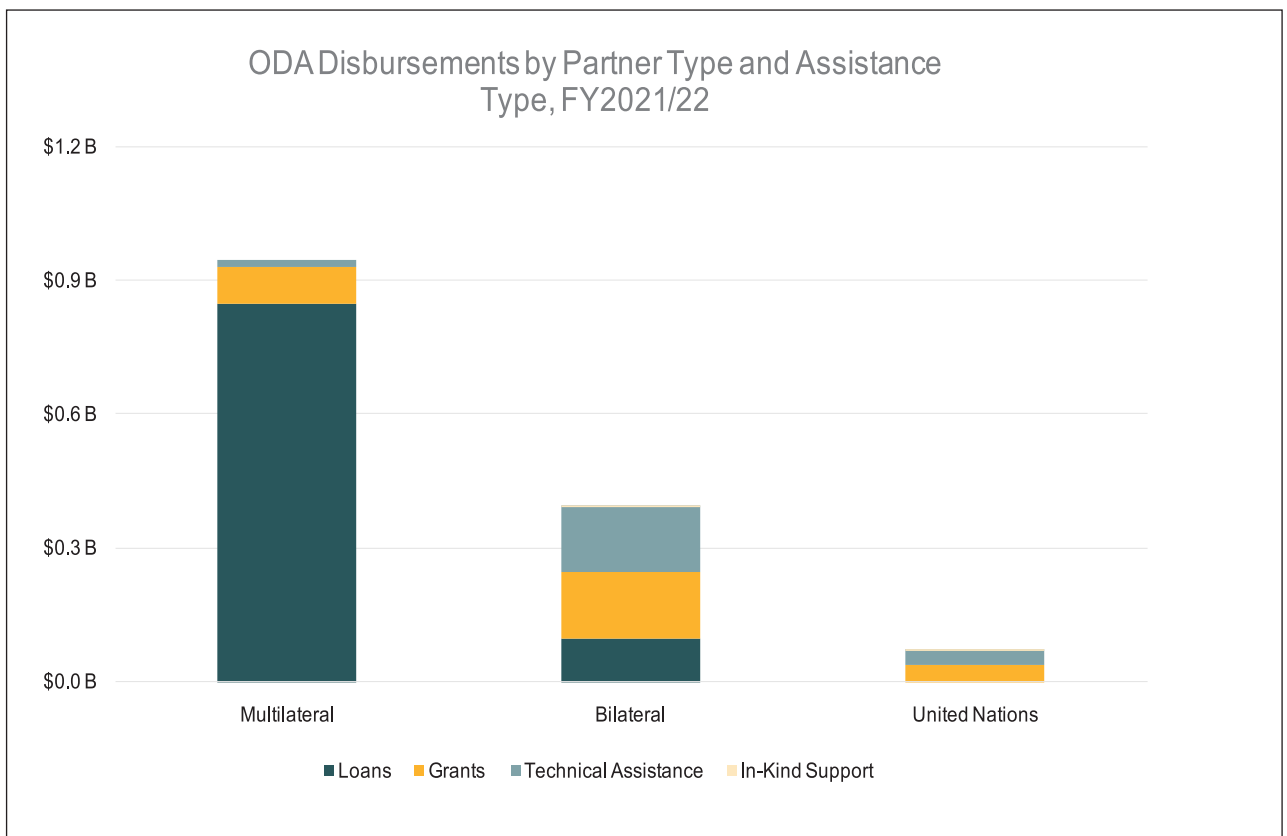


FIGURE 11.5. ODA Disbursements by Partner Type, FY2021/22

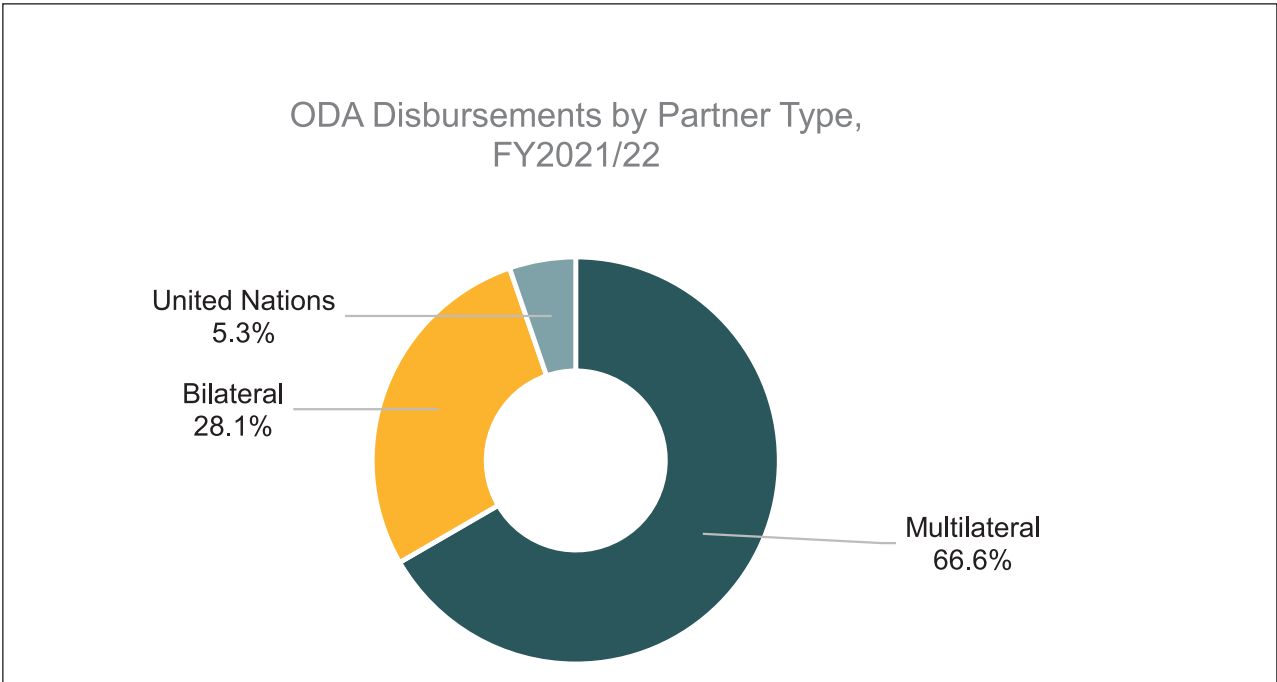
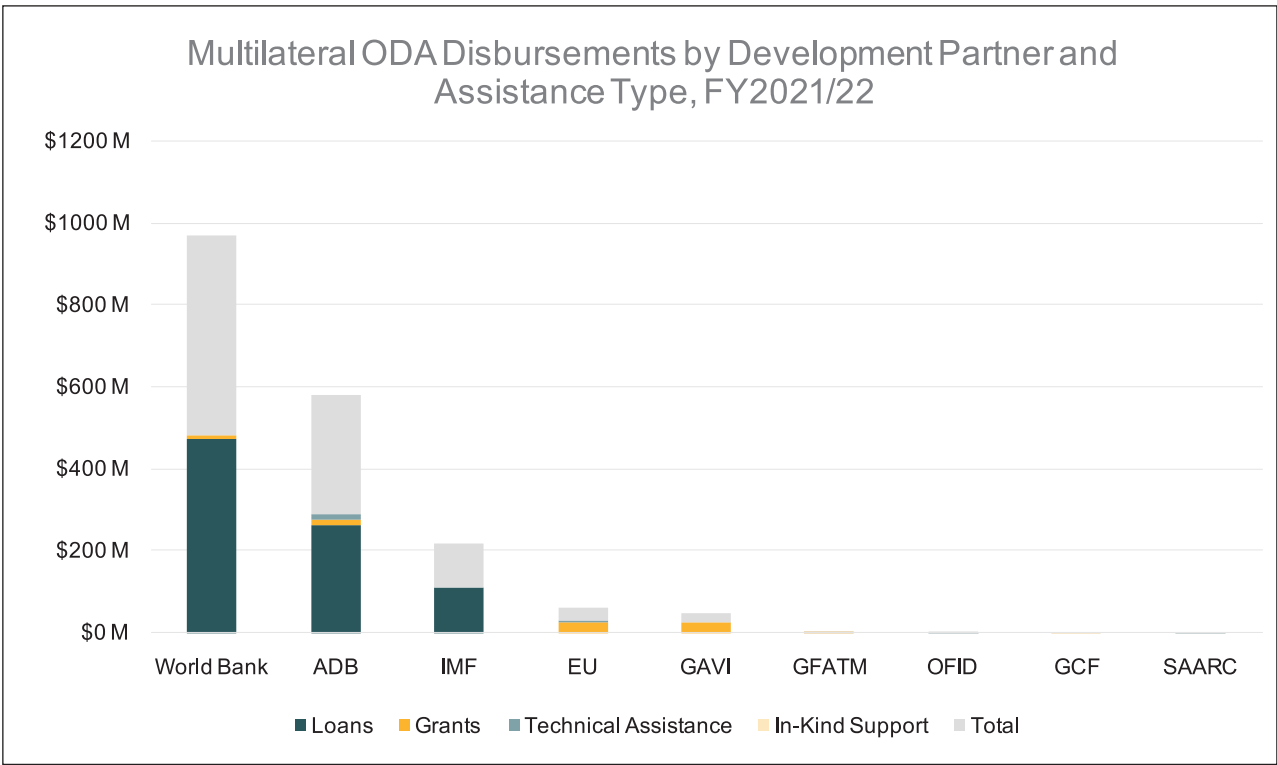


FIGURE 11.6. Multilateral ODA Disbursements by Development Partner and Assistance Type, FY2021/22

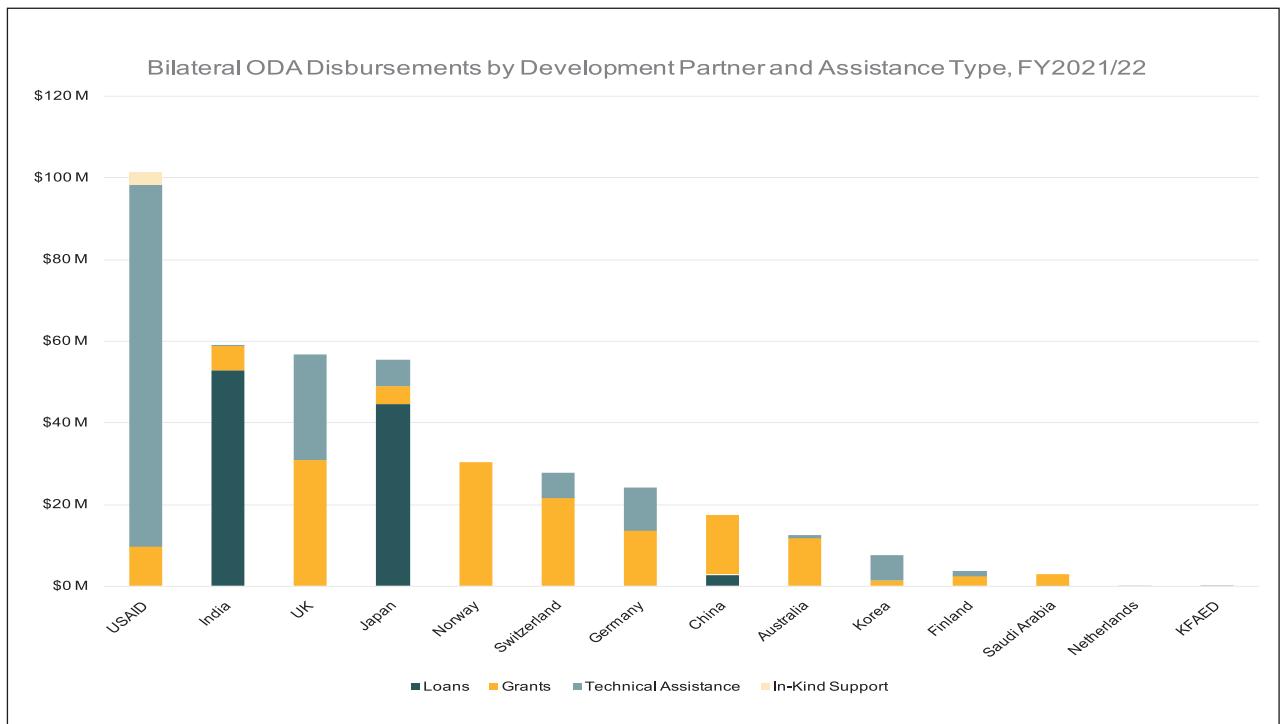


The data on multilateral ODA disbursements reveals the World Bank and the Asian Development Bank emerging as leading lenders, disbursing approximately \$474.4M and \$264.8M in loans, respectively. While the World Bank's assistance is heavily skewed towards loans, the ADB shows a more diversified approach, allocating approximately \$12.7M in grants and \$12.5M in technical assistance.

The IMF focuses solely on loans, contributing \$110M. In contrast, the EU and GAVI opt for a non-loan strategy, with the EU disbursing roughly \$28.2M in grants and \$3.4M in technical assistance and GAVI providing nearly \$25.5M in grants.

Smaller partners like GFATM, OFID, and GCF also make their presence felt, albeit at a much lower scale, primarily through grants and a minimal amount in loans, as in the case of OFID.

FIGURE 11.7. Bilateral ODA Disbursements by Development Partner and Assistance Type, FY2021/22



Bilateral ODA Disbursements for FY2021/22 showcase a variety of approaches to aid delivery. USAID focuses predominantly on technical assistance with an approximate disbursement of \$88.4M, supplemented by \$9.8M in grants and \$3.1M in in-kind support, making it the most diversified and the largest total contributor at roughly \$101.3M.

India prioritises loans and grants, contributing approximately \$52.7M and \$6.1M, respectively, followed by a limited amount of technical assistance.

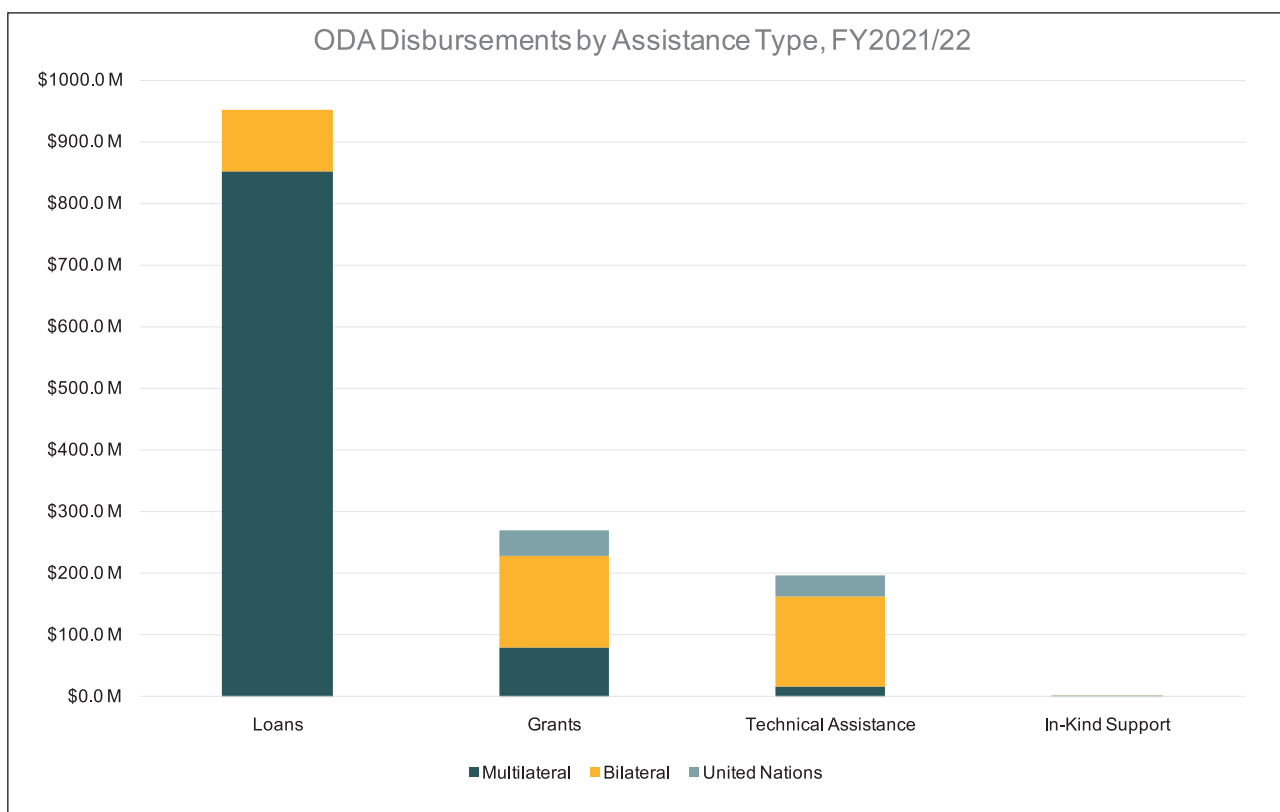
Meanwhile, the UK and Norway opted for a non-loan strategy, with the UK disbursing approximately \$30.8M in grants and \$26.0M in technical assistance. Norway contributes nearly \$30.3M exclusively in grants.

Japan balances its aid between loans, grants, and technical assistance, totalling approximately \$55.4M. Switzerland and Germany focus on a mix of grants and technical assistance, while China leans towards grants and includes a small loan component.

Australia and Korea offer a blend of grants and technical assistance, with Australia leaning more towards grants and Korea towards technical assistance. Finland and Saudi Arabia occupy the lower end of the spectrum, mainly contributing in grants.

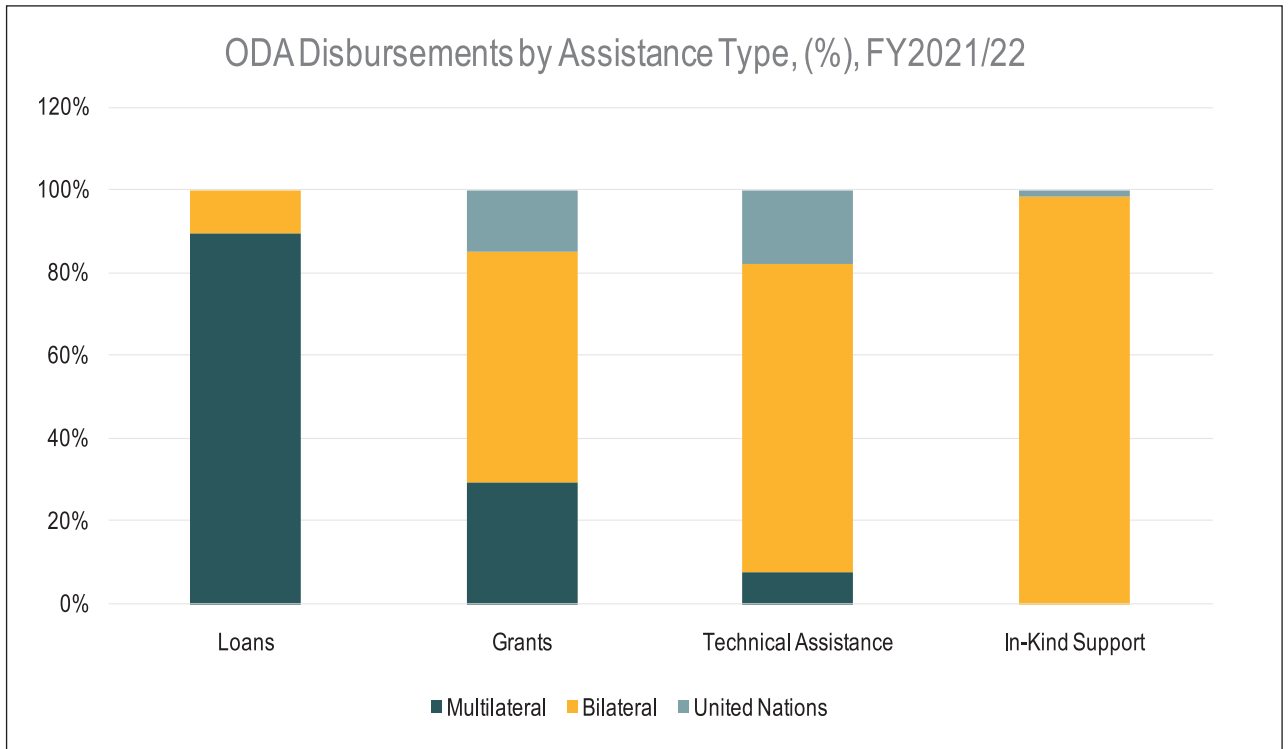
Overall, the bilateral ODA landscape for Nepal in FY2021/22 is characterised by a greater emphasis on grants and technical assistance, with loans playing a secondary role in most instances.

FIGURE 11.8. ODA Disbursements by Assistance Type, FY2021/22



In terms of loans, multilateral partners dominated, contributing approximately USD 851.1 million, or approximately 89.5% of the total loan amount. Bilateral partners, by comparison, provided approximately USD 100.1 million in loans, representing just 10.5% of the total.

Based on the data, multilateral organisations predominantly favour loan-based assistance, often aimed at long-term infrastructural projects. In contrast, bilateral partners exhibit a balanced distribution between grants and technical assistance, indicating a more targeted approach towards specific sectors or issues. Meanwhile, the United Nations leans towards grants and technical assistance.

FIGURE 11.9. ODA Disbursements by Assistance Type, (%), FY2021/22

Bilateral partners appear more focused on providing grants, technical assistance, and in-kind support, leading in these categories with percentages of 55.6%, 74.2%, and 98.3%, respectively. In contrast, multilateral partners primarily provide loans, with approximately 89.5% of the total in this category.

Concerning grants, bilateral partners led, contributing approximately USD 149.6 million, or approximately 55.6% of the total amount in this category. Multilateral partners, on the other hand, provided nearly USD 79.6 million in grants, accounting for 29.6%.

In the technical assistance category, bilateral partners again provided the majority of support. They contributed approximately USD 146.1 million, approximately 74.2% of the total technical assistance offered. Multilateral partners contributed approximately USD 15.9 million, or 8.1% of the total in this category.

Bilateral partners provided significantly more in-kind support, accounting for approximately USD 3.1 million or nearly 98.3% of the total in this category. Multilateral partners contributed a relatively minor amount of approximately USD 54,000, or 1.7% of the total in-kind support.

FIGURE 11.10. ODA Disbursements by Partner Type and Assistance Type, FY2021/22

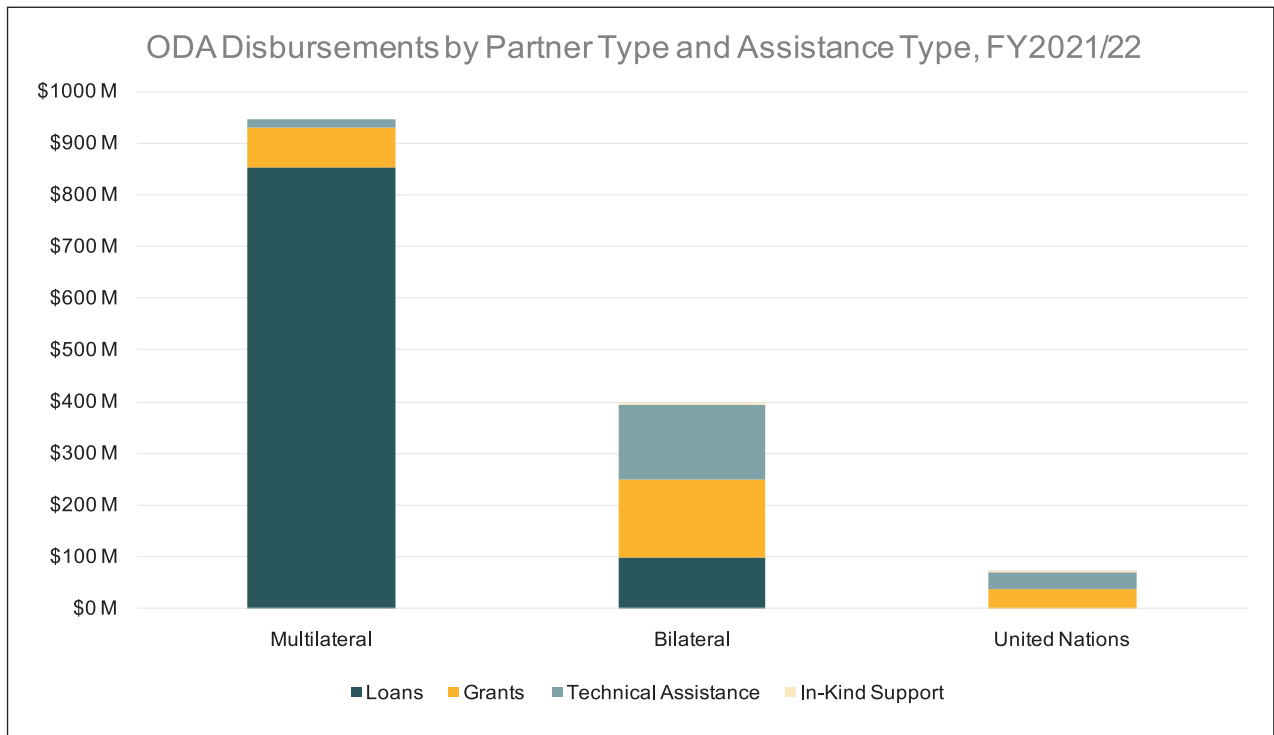
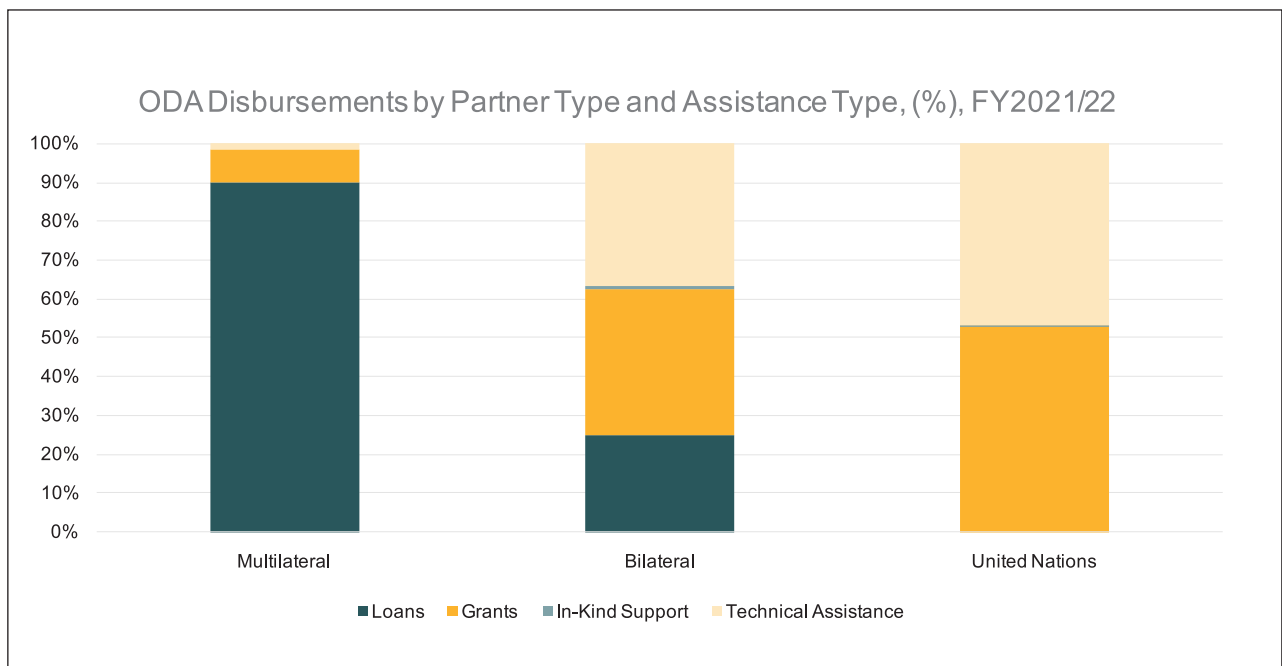


FIGURE 11.11. ODA Disbursements by Partner Type and Assistance Type, (%), FY2021/22



The World Bank and the ADB emerged as the most substantial contributors to Nepal, with total disbursements of approximately USD 484.9 million and USD 290 million, respectively. These contributions were primarily through loans, comprising approximately 97.9% of the World Bank and 91.3% of the ADB’s total disbursements. While also significant, the IMF focused solely on loans with a disbursement of USD 110 million, marking it as the third-largest lender.

Contrasting this, USAID and the United Nations presented a diversified approach towards their assistance distribution. With total disbursements amounting to approximately USD 101.3 million, USAID primarily provided grants and technical assistance worth approximately USD 9.8 million and USD 88.4 million, respectively, and even extended in-kind support worth USD 3.1 million.

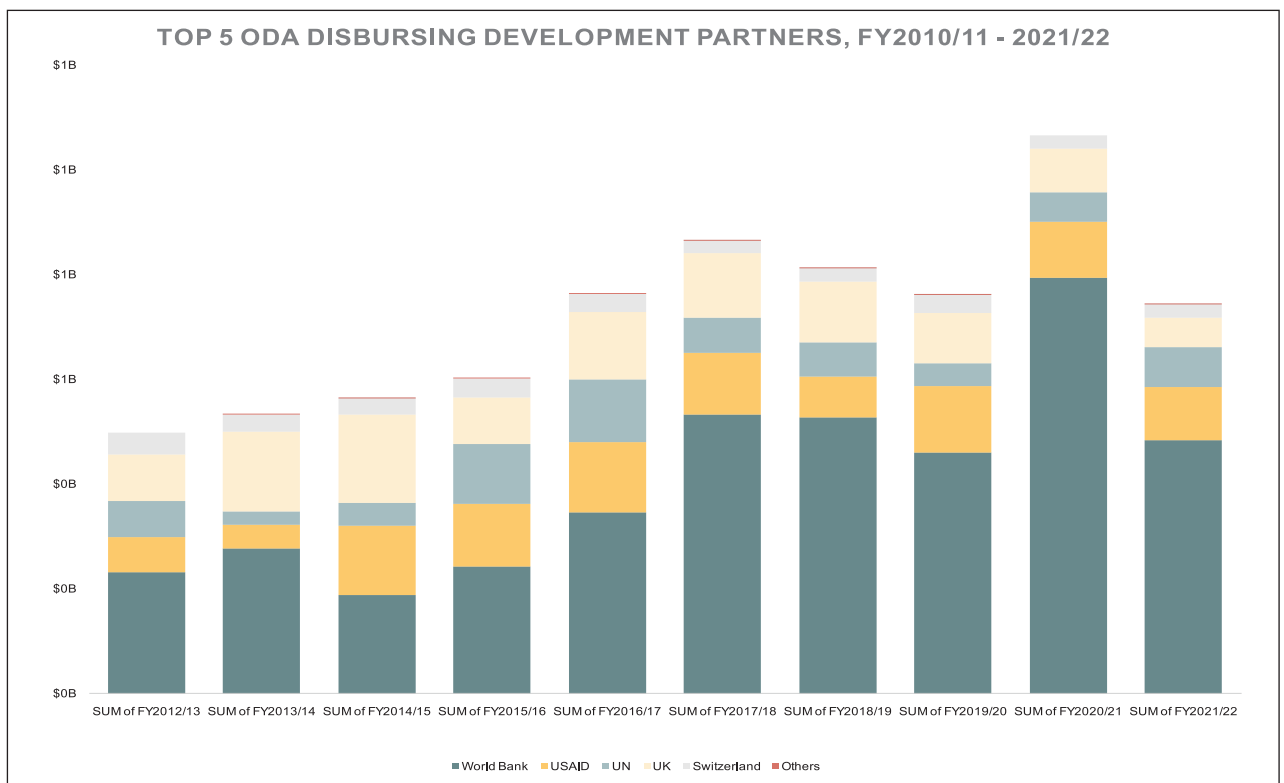
Similarly, with a total disbursement of USD 74.9 million, the United Nations balanced its assistance between grants (USD 39.9 million) and technical assistance (USD 34.9 million) while making a small provision for in-kind support.

Norway, Switzerland, the Global Alliance for Vaccines and Immunisation (GAVI), and the European Union stood out for their focus on grant-oriented assistance, dedicating 100% of their ODA to this category.

Furthermore, a few partners, such as IFAD, KFAED, the SAARC Development Fund (SDF), GCF, and the Netherlands, exhibited minimal ODA contributions.

Overall, the data underscores the diverse approaches of development partners in FY2021/22. Their commitment, reflected through the range of financial instruments used, is a testament to the collective effort towards achieving global development goals.

FIGURE 11.12. Top 5 ODA Disbursing Development Partners, FY2012/13 - 2021/22



In FY2021/22, the World Bank remained the largest provider of ODA to Nepal, although its disbursements decreased to approximately USD 484.9 million from USD 794.6 million in FY2020/21, representing a decrease of approximately 39%.

Conversely, support from the ADB increased to approximately USD 290 million in FY2021/22 from USD 251.1 million in FY2020/21, indicating an increase of approximately 15.5%.

In terms of contribution types, multilateral development partners such as the World Bank, the ADB, the European Union, and GAVI continued to play significant roles.

Notably, the United Nations increased its support by approximately 32.9%, from USD 56.4 million in FY2020/21 to USD 74.9 million in FY2021/22.

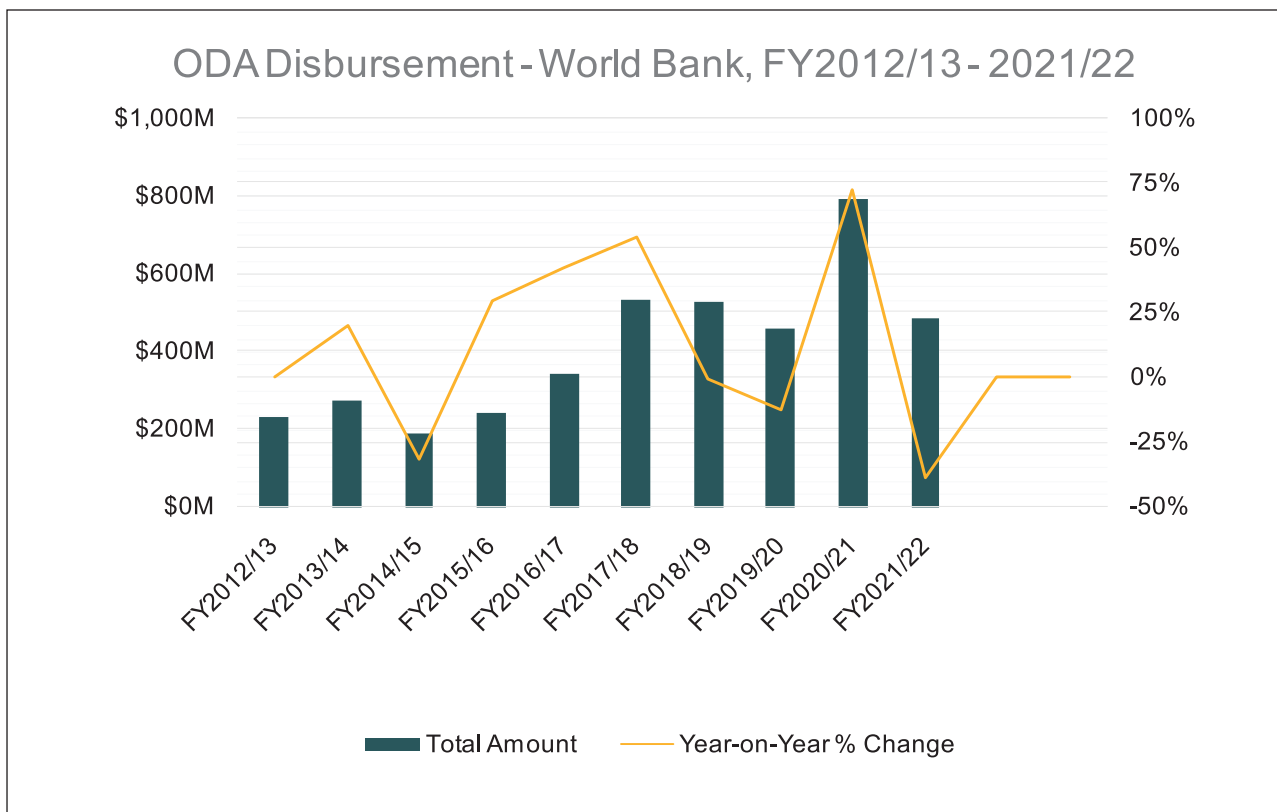
Bilateral development partners, including the United States of America, the UK, India, Japan, Germany, and China, also made considerable contributions. However, USAID’s contributions decreased slightly, from USD 105.9 million in FY2020/21 to USD 101.3 million in FY2021/22. On the other hand, the UK saw a substantial decrease in its contributions, from USD 84 million in FY2020/21 to USD 56.7 million in FY2021/22, a decrease of approximately 32.4%.

In FY2021/22, support from China saw a considerable decrease of 53.1%, down to USD 17.4 million from FY2020/21. However, it is important to note that most Chinese projects operate on a turnkey basis. This means that while there may be a dip in disbursements, it does not necessarily suggest that these projects are not being implemented or progressing.

In contrast, support from Japan experienced a substantial increase of 67.9%, reaching USD 55.4 million in the same FY.

11.2 The World Bank

FIGURE 11.13. ODA Disbursement - World Bank, FY2012/13 - 2021/22



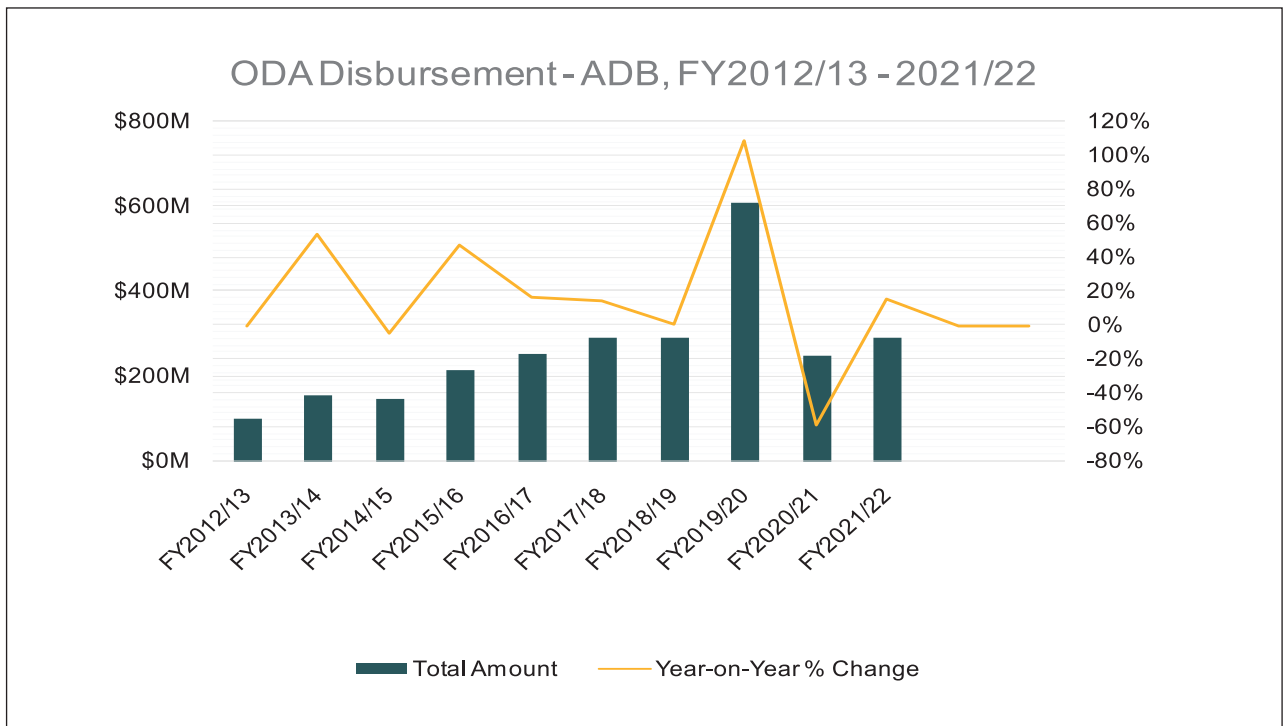
The World Bank disbursed USD 484.9 million in FY2021/22, providing 34.1% of total ODA, a 39% decrease in support compared to that provided in FY2020/21.

In FY2021/22, the World Bank’s support comprised loans of USD 474.4 million (97.8%) and grants of USD 10.51 million (2.2%).

In FY2021/22, the World Bank Trust Fund’s support was entirely on-budget, with a contribution of USD 10.5 million. The remaining USD 474.4 million was provided by the International Development Association (IDA) as on-budget.

11.3 Asian Development Bank

FIGURE 11.14. ODA Disbursement - ADB, FY2012/13 - 2021/22



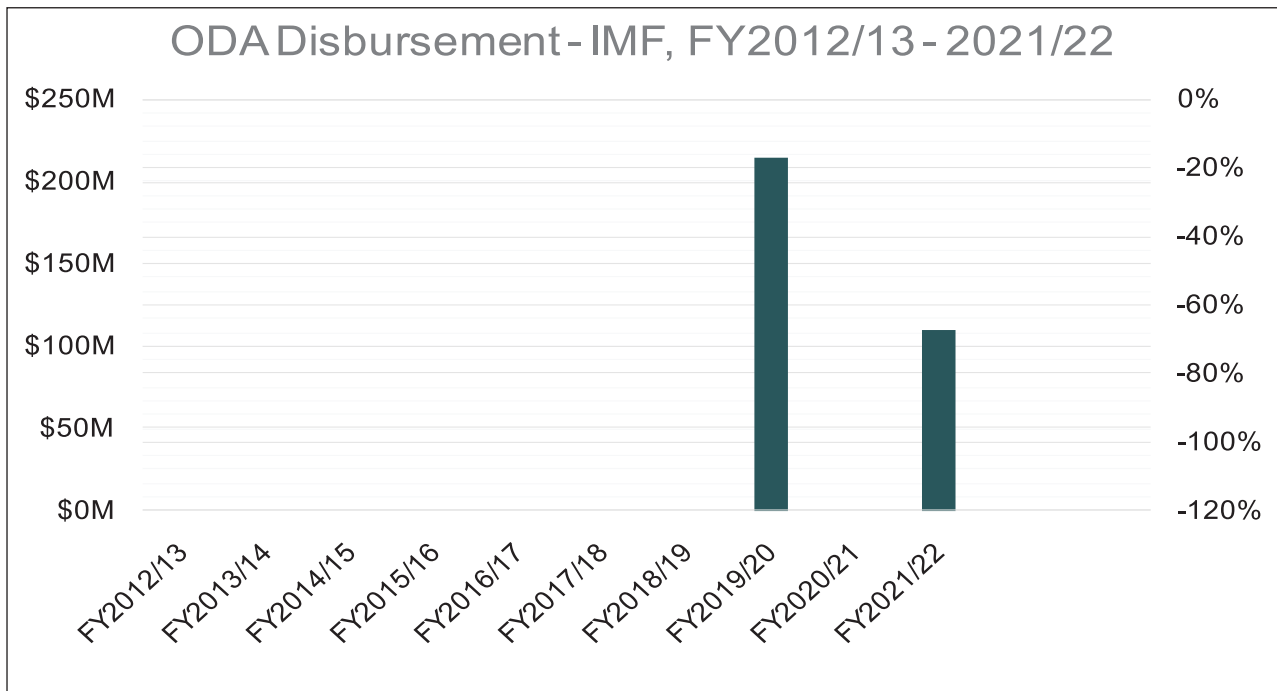
ADB disbursed USD 290 million in FY2021/22, providing 20.4% of total ODA, a 15.5% increase in support compared to that provided in FY2020/21.

In FY2021/22, the ADB’s support primarily consisted of loans amounting to USD 264.8 million (91.3%), grants of USD 12.7 million (4.3%), and technical assistance of USD 12.5 million (4.3%).

In FY2021/22, ADB allocated a substantial USD 277.7 million, which makes up 95.8% of their total ODA disbursements, towards on-budget initiatives while directing USD 12.3 million or 4.2% to off-budget activities.

11.4 International Monetary Fund

FIGURE 11.15. ODA Disbursement - IMF, FY2012/13 - 2021/22

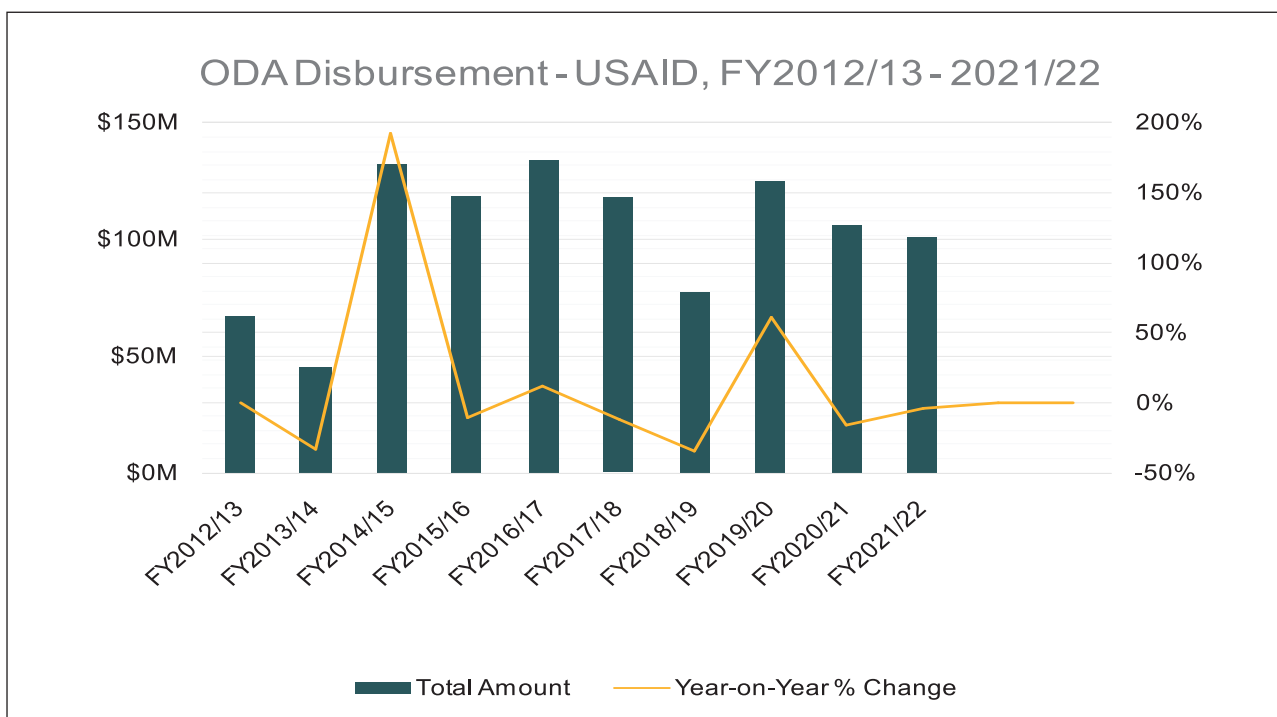


In FY2021/22, the IMF disbursed USD 110 million, representing 7.7% of total ODA, a 48.6% decrease in support compared to that provided in FY2019/20.

The IMF’s support in FY2021/22 comprised entirely of on-budget (budget support) loans mobilised to support Nepal’s fight against the COVID pandemic and its economic repercussions.

11.5 The United States of America

FIGURE 11.16. ODA Disbursement - USAID, FY2012/13 - 2021/22



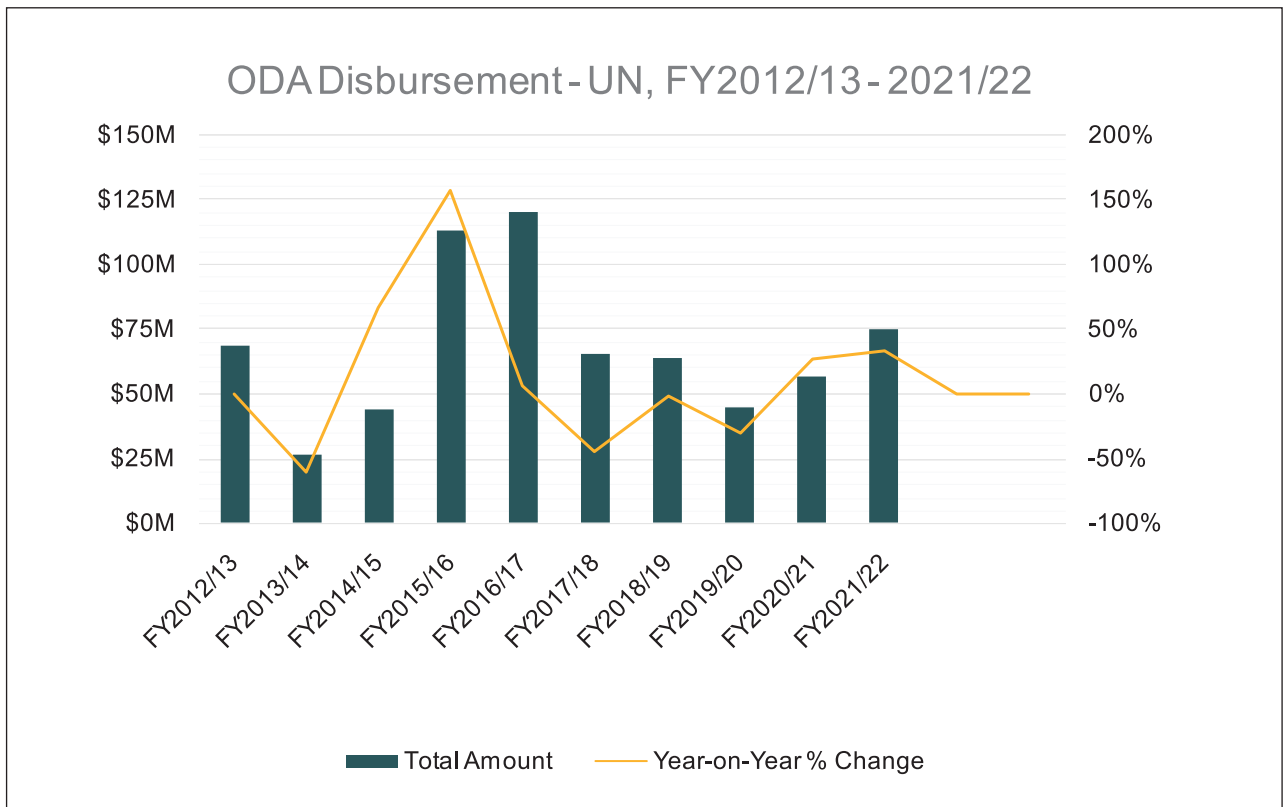
USAID disbursed USD 101.3 million in FY2021/22, providing 7.1% of total ODA, a 4.4% decrease in support compared to that provided in FY2020/21.

In FY2021/22, USAID’s support largely included technical assistance worth USD 88.4 million (87.3%), grants of USD 9.8 million (9.7%), and in-kind support of USD 3.1 million (3.1%).

In FY2021/22, USAID followed a distinct budget allocation strategy, committing their entire budget of USD 101 million to off-budget operations, with no allocations for on-budget activities.

11.6 The United Nations

FIGURE 11.17. ODA Disbursement - the United Nations, FY2012/13 - 2021/22

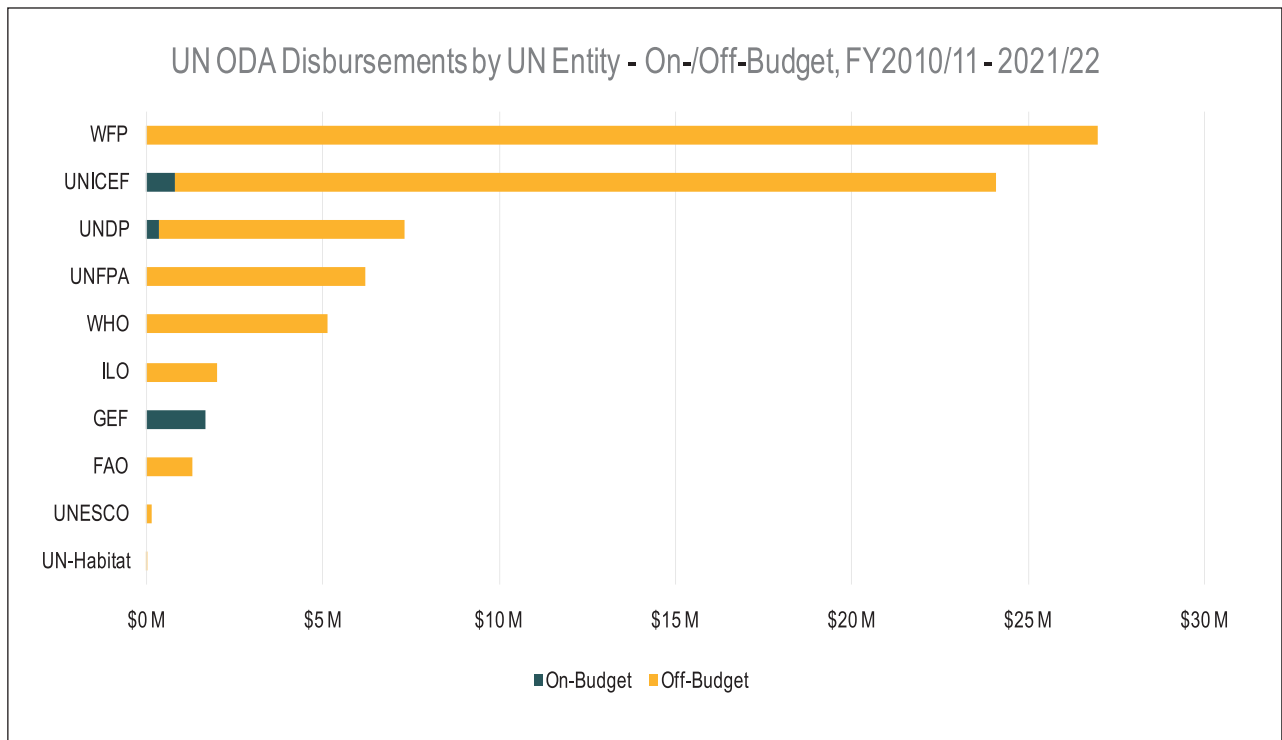


In FY2021/22, the United Nations disbursed USD 74.9 million, representing 5.3% of total ODA. This was a 32.9% increase in support compared to that provided in FY2020/21.

The United Nation’s support in FY2021/22 primarily comprised grants worth USD 39.9 million (53.3%) and technical assistance valued at USD 34.9 million (46.6%).

Different patterns can be observed across the various UN agencies operating in Nepal regarding on-budget and off-budget development assistance. Most of these agencies, including the WFP, UNICEF, UNDP, UNFPA, WHO, ILO, FAO, UNESCO, and UN-Habitat, have a strong preference for off-budget contributions, which make up 100% or near 100% of their total aid distribution.

FIGURE 11.18. UN ODA Disbursements by UN Entity - On-/Off-Budget, FY2010/11 - 2021/22



An exception to this trend is the GEF, which focuses entirely on-budget aid with a contribution of USD 1.7 million.

In terms of aid volume, WFP leads in off-budget assistance with a significant USD 27 million, followed by UNICEF with USD 23.3 million. These two entities account for over half of the total off-budget support among the given agencies. While maintaining a high percentage of off-budget support, the UNDP also provides a significantly lower total volume at USD 7 million.

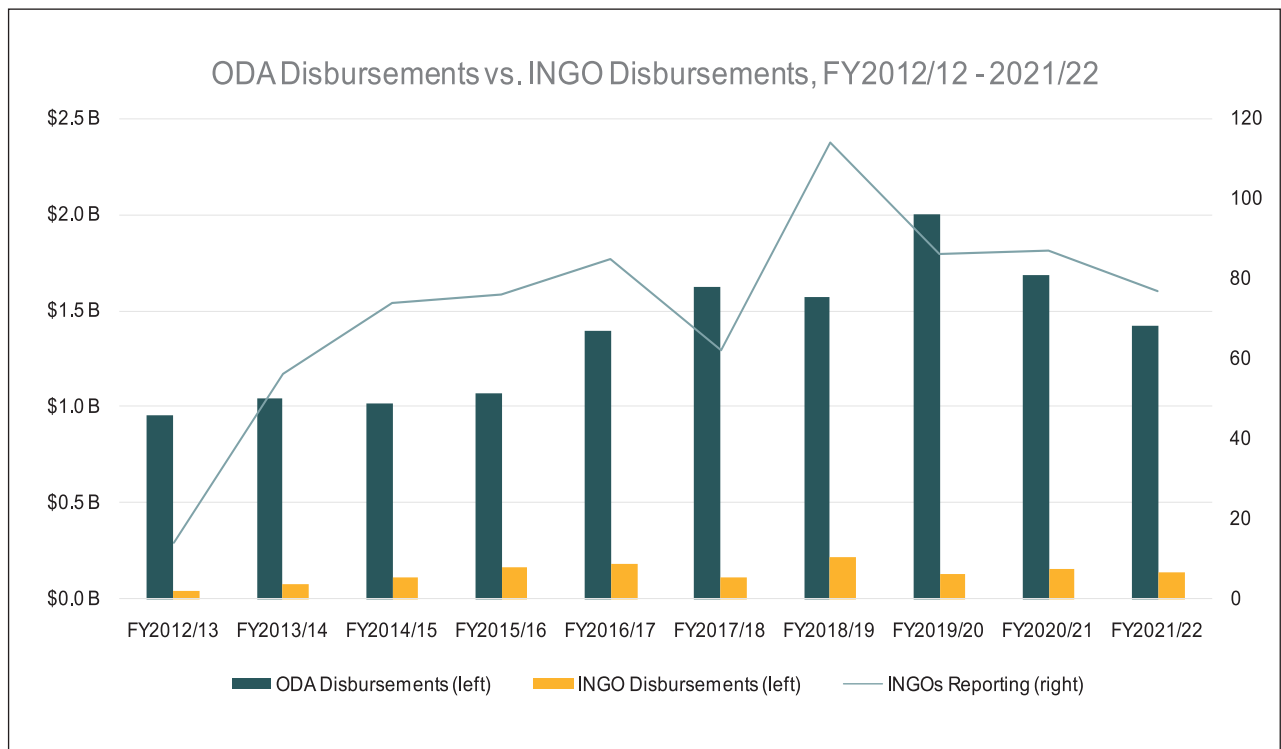
Overall, the reliance on off-budget assistance across most UN partners suggests a strategy of funding specific projects or programmes rather than contributing to the overall government budget. This approach allows these agencies to maintain more control over how funds are used and to direct resources towards specific initiatives, which often align with their organisational missions.

INTERNATIONAL NON-GOVERNMENTAL ORGANISATIONS

INGOs are critical in driving development progress across various sectors throughout Nepal. Their contribution extends beyond the direct delivery of services, branching into the arenas of advocacy, public education, and reinforcing systems of accountability. This chapter presents ODA disbursements, shedding light on the significant contribution of INGOs in shaping a prosperous, equitable, and sustainable future for Nepal.

The volume of disbursement from core INGO funding decreased by 12.7% over the past year, from USD 160.2 million in FY2020/21 to USD 139.9 million in FY2021/22.

FIGURE 12.1. ODA Disbursements vs. INGO Disbursements, FY2012/13 - 2021/22¹



¹ Data on assistance disbursed by INGOs contained in this report may be subject to inaccuracies due to instances of double counting. This can occur when the same support is recorded by both the original funding source (such as a Development Partner) and the intermediary (such as an INGO or a UN agency). As a result, the same disbursement might be counted twice, leading to an inflated figure for total assistance. This potential inconsistency should be taken into consideration when interpreting the data, and further coordination and alignment in reporting mechanisms may be necessary to ensure a more accurate representation of assistance flows.

Figure 12.21 offers an in-depth decade-long examination of ODA disbursements through INGOs, stretching from FY2012/13 to FY2021/22.

Throughout this period, INGO disbursements displayed considerable variability. After a significant climb that peaked at approximately USD 215.3 million in FY2018/19, there was a noticeable decline to USD 139.9 million by FY2021/22.

INGO ODA disbursements also witnessed an impressive increase of 242.7%. However, this growth was not immune to reversals, as evidenced by a contraction of 12.7% from FY2020/21 to FY2021/22.

The significant drop in ODA disbursements in FY2020/21 and FY2021/22 does not correlate with the number of reporting INGOs, demonstrating an overall increase during the same timeframe.

The trend in the count of INGOs reporting ODA disbursements generally demonstrated an upward trajectory over the reporting period. It peaked at 114 in FY2018/19, possibly reflecting an expansion in Nepal’s INGO enabling environment, before stabilising at 77 in FY2021/22.

FIGURE 12.2. INGO Disbursements by Sector and # of Projects, FY2021/22

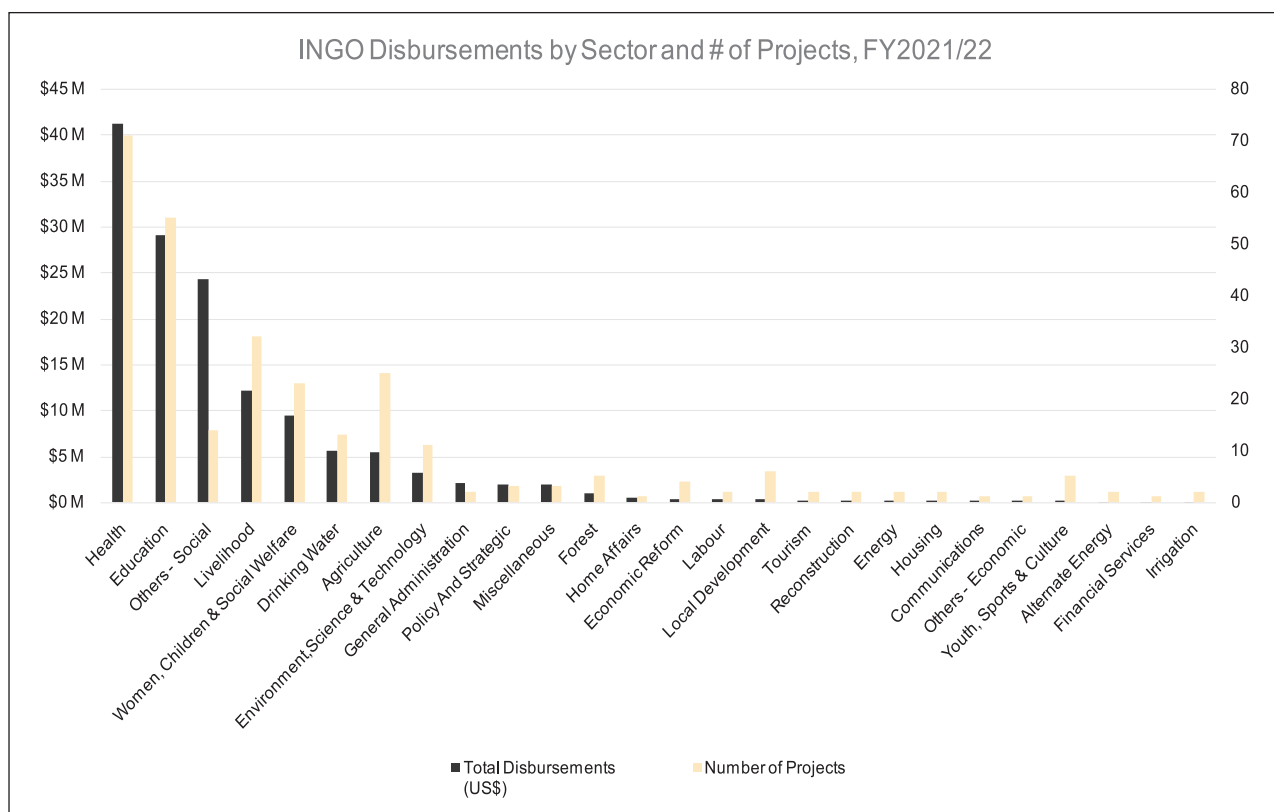
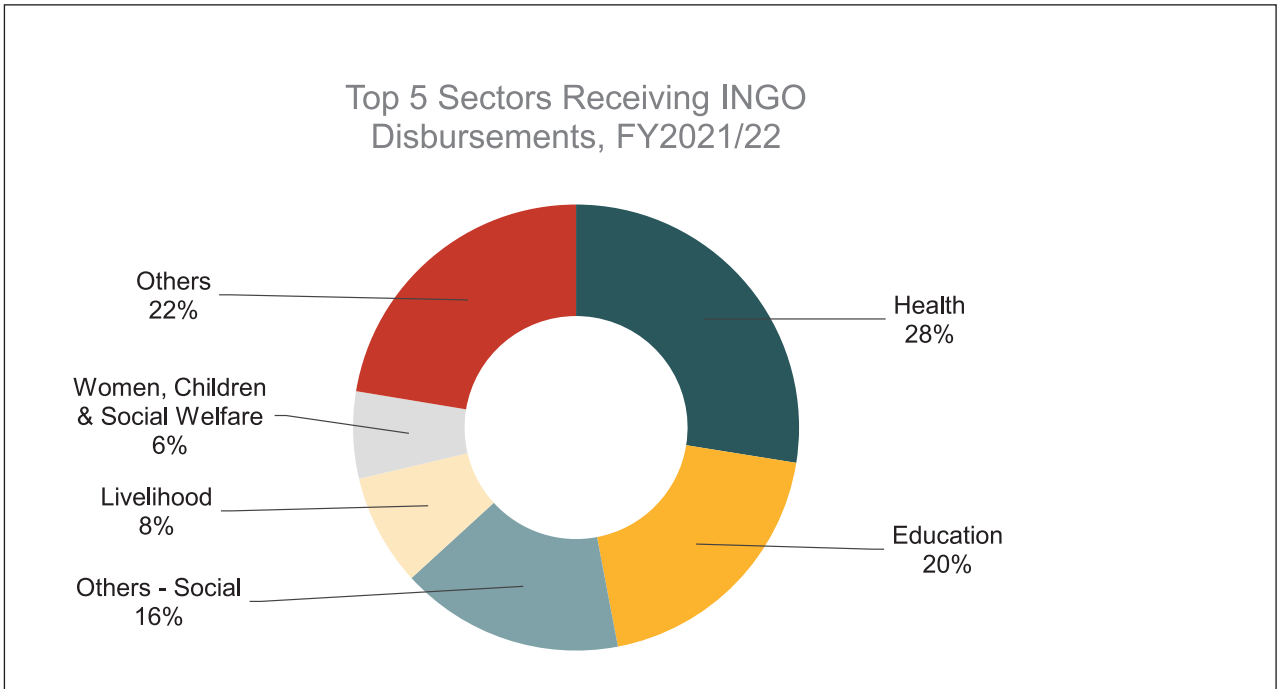


Figure 12.2 offers a sectoral breakdown of INGO disbursements for FY2021/22. The health and education sectors stand out as the primary beneficiaries, accounting for approximately USD 41.1 million (29.4%) and USD 29.1 million (20.8%), respectively, across 71 and 55 projects. These sectors have likely gained prominence due to heightened global focus following the COVID-19 pandemic.

In contrast, sectors such as general administration, home affairs, communications, and financial services reported minimal project numbers and disbursements.

FIGURE 12.3. Top 5 Sectors Receiving INGO Disbursements, FY2021/22



Notably, more than half of all sectors received less than USD 1 million each in disbursements, indicating a significant imbalance in funding distribution.

FIGURE 12.4. Top 5 Disbursing INGOs, FY2021/22

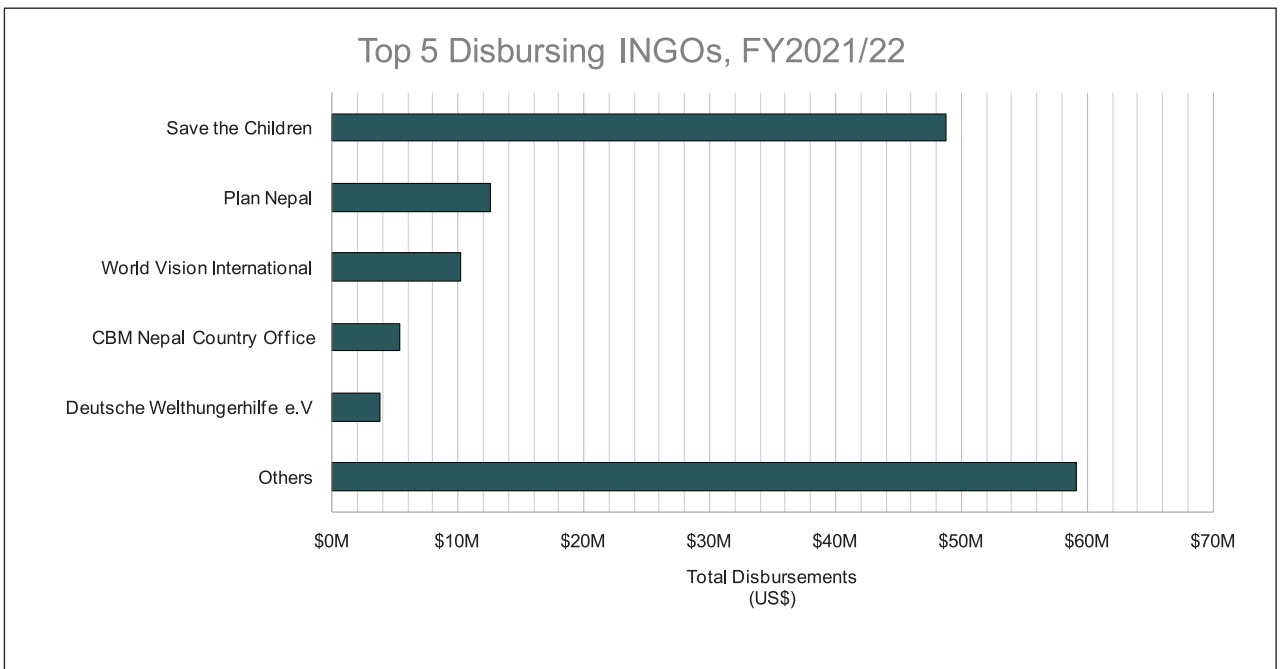


Figure 12.4 presents a comprehensive analysis of the disbursements made by INGOs in Nepal for FY2021/22, offering valuable insights into the nature and scale of their activities.

Leading the list of INGOs is Save the Children, with a disbursement of approximately USD 48.7 million - nearly four times as much as the second-largest disbursing INGO. Save the Children is followed by Plan Nepal and World Vision International, with disbursements of USD 12.6 million and USD 10.3 million, respectively.

Nearly two-thirds (38 out of 60) of INGOs disbursed less than USD 1 million each.

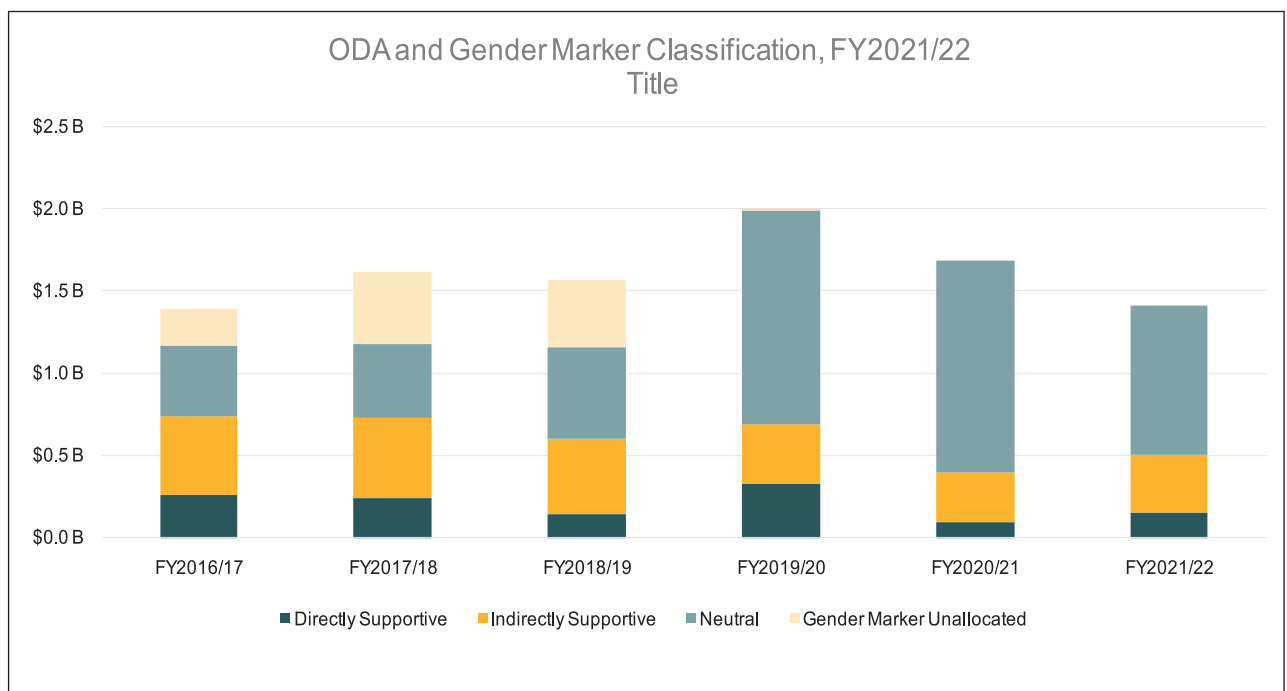
It should be noted that data related to INGOs might differ from that held by the Social Welfare Council. The reason for this discrepancy lies in the fact that the information presented in this report has been captured solely from the AMIS. The AMIS may not encompass all the details or follow the same criteria the Social Welfare Council uses in its data collection and categorisation. Therefore, users of this data should be aware of this limitation and understand that the INGO information from AMIS might not provide a complete or fully aligned picture with other official sources.

GENDER ANALYSIS

Nepal has progressed in gender-related development indicators, such as achieving gender parity in primary and secondary school enrolment, but challenges persist. The Government of Nepal recognises that poverty is partly a gendered issue, disproportionately affecting women and girls and that improving their situation is critical to achieving many other development goals. Therefore, gender is considered a cross-cutting issue that must be mainstreamed in all development initiatives. Nepal's development partners contribute significantly to these efforts.

To better understand the extent to which gender is mainstreamed in development cooperation projects, the AMIS uses a gender marker. Based on gender marker data, ODA support for projects directly or indirectly supporting gender equality has generally increased over time.

FIGURE 13.1. ODA and Gender Marker Classification, FY2021/22¹



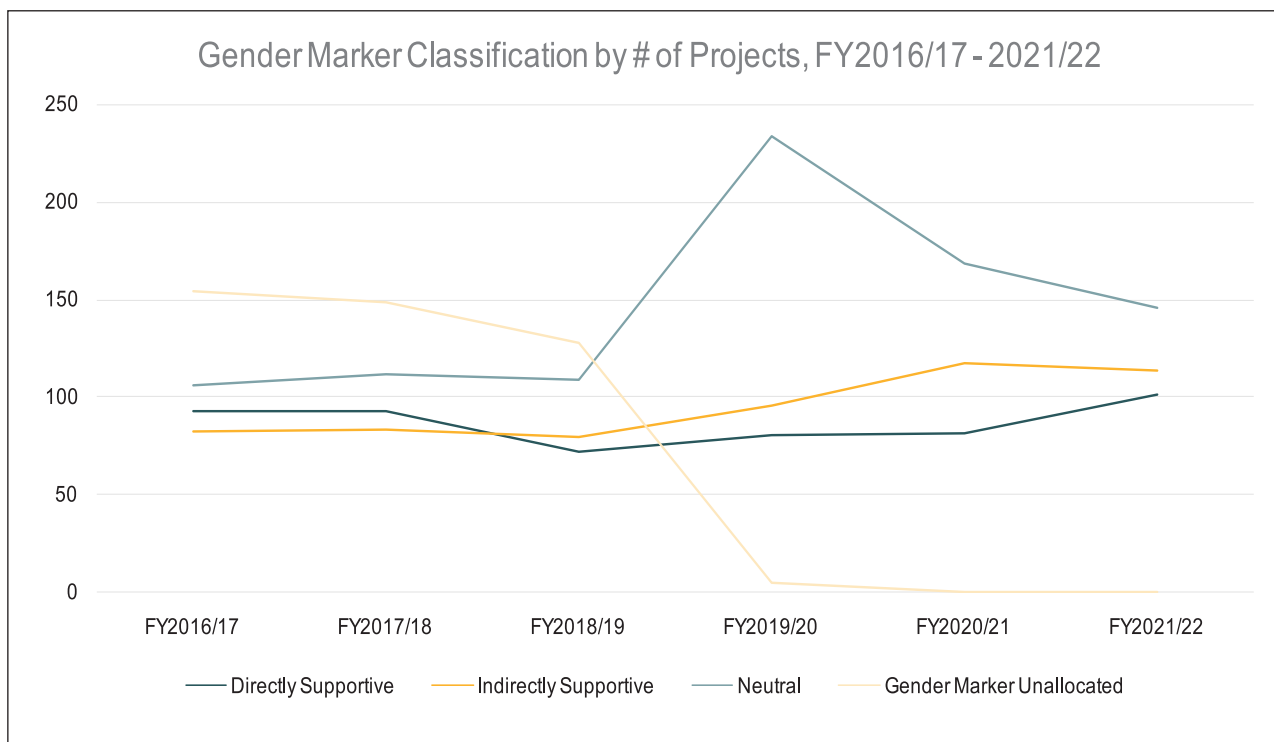
¹ Directly Supportive projects are where more than 50% of the project's total budget is dedicated to gender equality and women's empowerment. Indirectly Supportive projects are where between 20-50% of the project's total budget is dedicated to gender equality and women's empowerment. Neutral projects are where less than 20% of the project's total budget is dedicated to gender equality and women's empowerment.

In FY2016/17, ODA support for projects where the gender marker was either directly or indirectly supportive was USD 741.9 million. Gender-supportive ODA rose to approximately USD 727 million the following year, then experienced a drop to USD 608.5 million in FY2018/19, then resurged to approximately USD 694 million in 2019/20. Despite a dip to approximately USD 400 million in 2020/21, 2021/22 saw an encouraging revival to approximately USD 505 million.

Despite fluctuations, the general trend shows a rise in ODA support for gender equality.

Figure 13.2 shows how the total number of projects that used the gender marker has fluctuated over the years. There was a general decrease from FY2016/17 to FY2018/19, going from 436 projects in FY2016/17 to 389 projects in FY2018/19. However, the total number then significantly increased to 415 projects in FY2019/20 before dropping to 367 in FY2020/21 and slightly rising to 360 in FY2021/22.

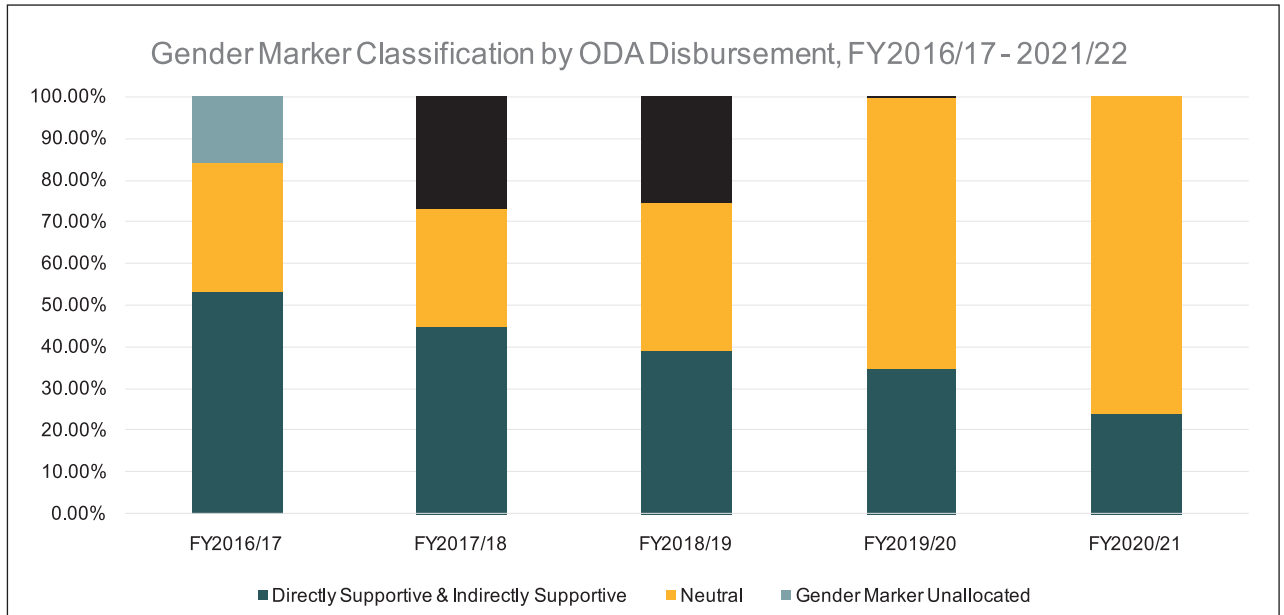
FIGURE 13.2. Gender Marker Classification by # of Projects, FY2016/17 - 2021/22



Closing gender gaps is believed to offer significant economic returns for developing countries.

Of 360 projects that used the gender marker in FY2021/22, 59.4% were directly or indirectly supportive of gender equality goals, representing USD 505 million in ODA support. This is an improvement from the previous FY, in which only 54% of ODA projects contributed to gender equality.

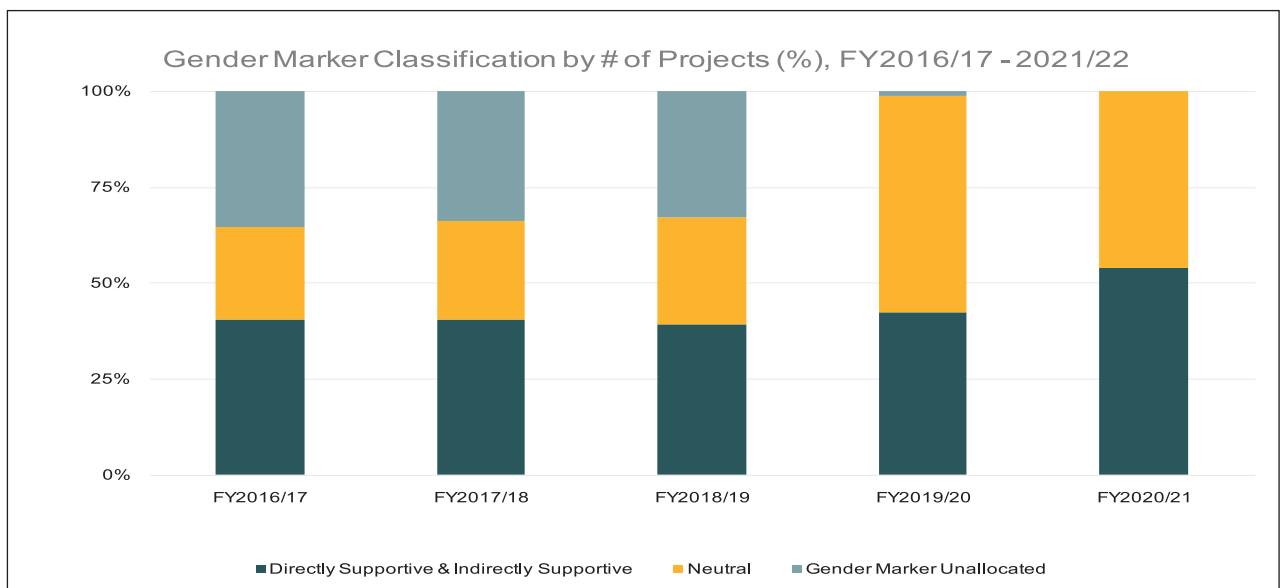
FIGURE 13.3. Gender Marker Classification by ODA Disbursement, FY2016/17 - 2021/22



Numerous studies have shown that promoting gender equality can bring significant economic returns. For example, a 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 2025.² Therefore, the increase in projects supporting gender equality and the corresponding rise in ODA support could potentially have a significant positive impact on economic development in these countries.

This analysis highlights the growing recognition of the importance of supporting gender equality in development projects. While there has been significant progress, 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 # of Projects (%), FY2016/17 - 2021/22



² 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>

FIGURE 13.5. ODA and Gender Marker Classification - On-Budget vs Off-Budget, FY2021/22

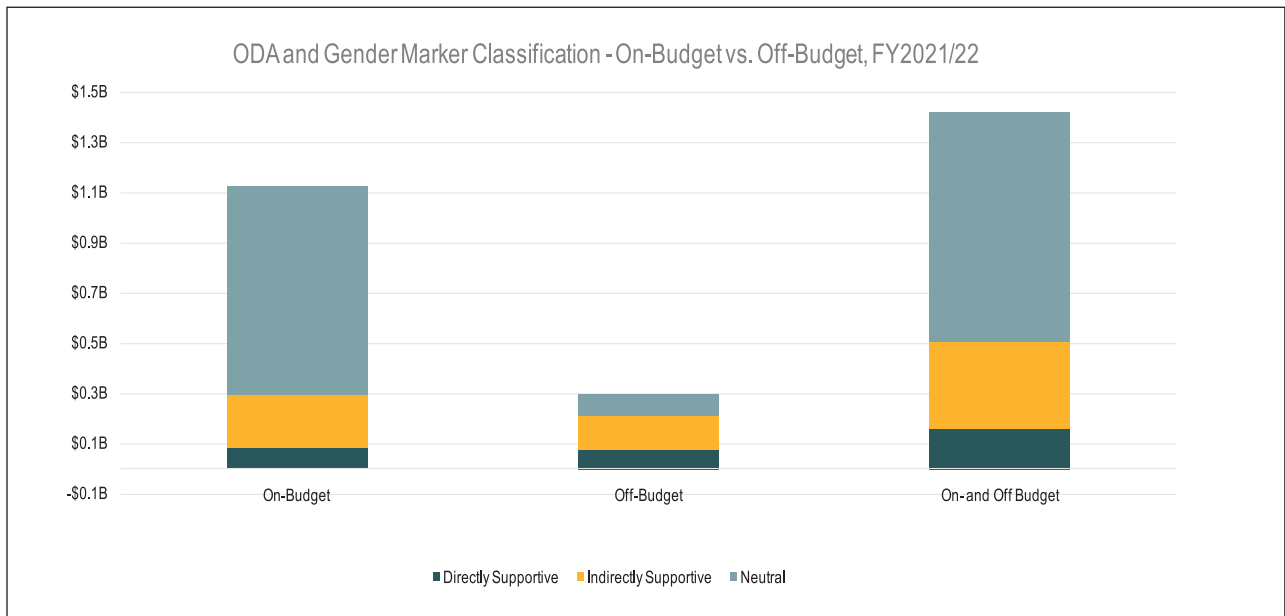


Figure 13.5 provides a comprehensive overview of the ODA allocation to projects focusing on gender equality and women’s empowerment categorised by their level of direct, indirect, or neutral support to the cause of gender equality.

Directly supportive projects are defined as projects where more than 50% of the total budget is expressly allocated towards efforts to promote gender equality and empower women. Directly supportive initiatives total approximately USD 160.1 million. Within this, USD 76.8 million is classified as off-budget, while USD 83.3 million are on-budget.

Indirectly supportive projects are defined as those where 20% to 50% 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. For indirectly supportive projects, the total funding is approximately USD 344.9 million, which includes an off-budget allocation of USD 134.3 million and an on-budget allocation of USD 210.6 million.

Neutral projects are where less than 20% of the 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. ODA allocated to neutral projects amounts to approximately USD 915.5 million. Among these, USD 84.7 million is off-budget, while a significant USD 830.8 million is on-budget.

Understanding ODA allocations in this manner helps to ensure that funding is effectively addressing gender disparities and promoting women’s empowerment.

It is clear that in FY2021/22, a large portion of ODA (approximately 40.6%) did not predominantly focus on gender equality and women’s empowerment. This suggests a potential opportunity for future consideration and strategic reallocation, underlining the importance of integrating gender perspectives within the mainstream ODA budgeting process.

FIGURE 13.6. Proportion of Development Partner Disbursements Directly or Indirectly Supportive of Gender Mainstreaming, FY2021/22

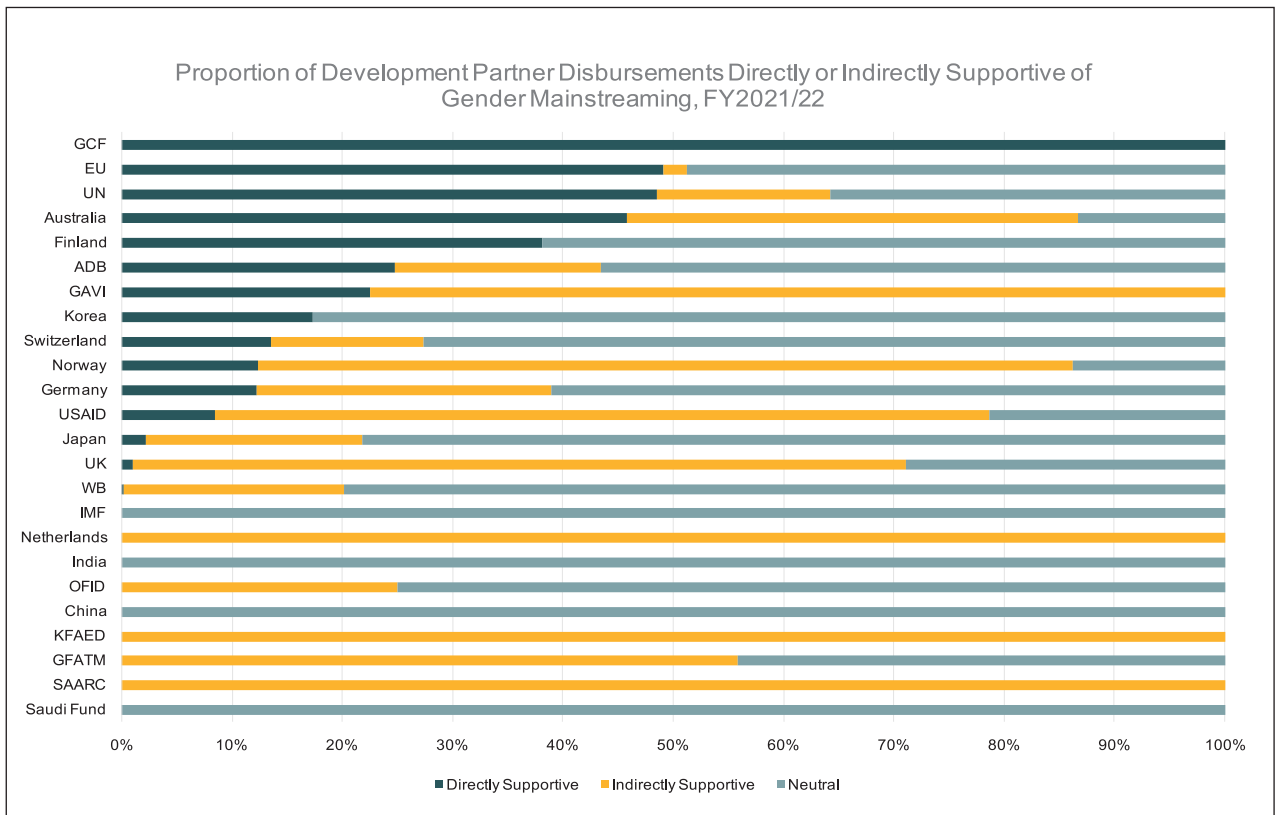


Figure 13.6 presents the proportion of disbursements made by various development partners that directly or indirectly support gender mainstreaming, along with those that are neutral, in FY2021/22.

An analysis of the dataset reveals a diverse range of involvement in gender mainstreaming across the development partners. The GCF, EU, and UN are the largest direct contributors to gender mainstreaming, with 100%, 49.2%, and 48.5% respectively.

Indirectly, the Netherlands, KFAED, and SAARC lead with 100% of their disbursements indirectly supportive. This could indicate that they prioritise gender considerations in their development programmes but do not allocate funds directly for this cause.

It should be noted that a significant amount of assistance being categorised as gender-neutral may be attributed to a lack of clear understanding of the project outcomes by the reporting officials. In many instances, the specific gender-responsive aspects of a project may not be adequately recognised or understood, leading to them being reported as neutral in terms of gender impact. This underscores the need for increased awareness and training among reporting officials to ensure that projects are correctly identified and categorised in line with their actual gender responsiveness.

CLIMATE FINANCE

Climate finance has become an increasingly important component of ODA in Nepal. For the first time, data collected within the AMIS can display the distribution of projects across three categories: Highly Relevant, Relevant, and Neutral, providing a clearer understanding of development partner disbursements relevant to climate finance.

FIGURE 14.1. ODA and Climate Finance Marker Classification by ODA Disbursements and # of Projects, FY2021/22¹

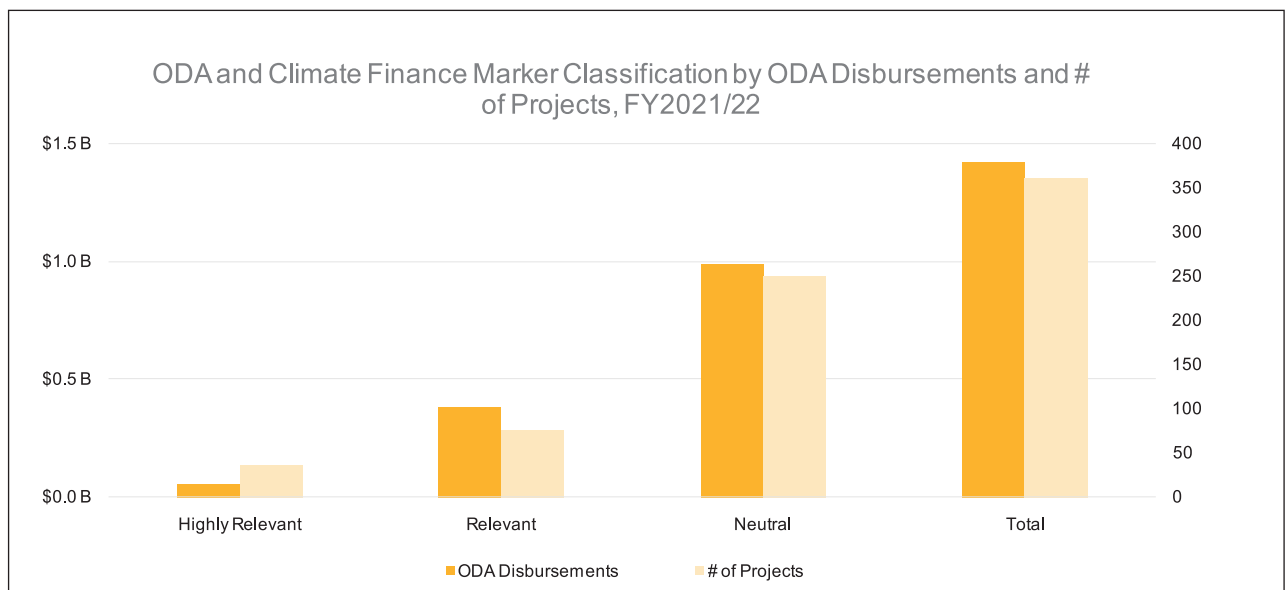


Table 14.1 represents the number of ODA projects tagged for climate finance in Nepal. Out of the total 361 projects analysed, 250 are categorised as neutral. These are projects that have been deemed not directly related to climate finance. However, a significant number of projects still relate to climate finance, with 35 categorised as highly relevant and 76 as relevant. This indicates a substantial commitment to addressing climate-related issues even though those with a neutral designation currently outnumber climate-finance-related projects.

¹ Climate finance is categorised based on its degree of relevance to climate-related objectives. Programs are labelled as 'Highly Climate Relevant' when more than 60 percent of the funding directly addresses climate issues. Those falling within the range of 20 to 60 percent are termed 'Climate Relevant', signifying a moderate focus on climate-related activities. Programs with less than 20 percent of their funding allocated to climate objectives are classified as 'Climate Neutral', indicating a minimal or non-existent focus on climate issues.

Table 14.1 provides insights into ODA disbursements associated with these projects. Despite the lower number of highly relevant and relevant projects, their associated financial commitments are substantial. For FY2021/22, USD 53 million was allocated to highly relevant projects, and a notably larger sum of USD 379.3 million was allocated to relevant projects. Meanwhile, a large proportion of funding, totalling USD 988.2 million, was committed to neutral projects.

The data suggests a mixed approach towards climate finance in Nepal, with a recognition that climate change mitigation and adaptation strategies should be incorporated into a broad range of development efforts. Climate-specific initiatives are indeed necessary, and the importance of mainstreaming climate considerations into all aspects of development assistance could be strengthened.

Overall, climate finance represents a significant proportion of ODA in Nepal. There is a noteworthy commitment to integrating climate considerations into a wide array of projects while providing targeted funding for projects deemed highly relevant or relevant to climate finance. However, it is also evident that more effort may be needed to increase the number of projects directly related to climate finance to strengthen Nepal's resilience and response to climate change.

It should be noted that a substantial number of projects are categorised as neutral, meaning they are considered not directly related to climate finance. This categorisation may stem from a lack of clear understanding among reporting officials about how to correctly classify projects in terms of their relevance to climate issues. This underscores the need for enhanced training and clarification on climate finance categorisation to ensure that the full scope of climate-related efforts is accurately captured and reflected in the data.

SUPPORT FOR COVID-19

The Government of Nepal has shown considerable diligence in implementing monetary and fiscal policies designed to offset the adverse effects of the COVID-19 pandemic. A range of relief initiatives have been introduced, primarily focusing on individuals living below the poverty line, small to medium-sized entrepreneurs, farmers, and other disadvantaged groups. Given the evolving and unpredictable nature of the pandemic, it has been crucial to periodically reassess these relief and support programmes. Such reviews ensure that assistance is continually fine-tuned to those most vulnerable and significantly impacted by the COVID-19 pandemic.

As we advance into the third year of the pandemic, public health remains the Government's top priority, with a firm commitment to ensuring all Nepali citizens have access to COVID-19 vaccinations and necessary treatment facilities. This emphasis on health is balanced by a determined push to stimulate economic recovery through additional relief measures, supportive rehabilitation efforts, and decisive policy reforms.

With substantial support from development partners in the form of COVID-related ODA, Nepal has made significant progress in combating the pandemic. However, as the pandemic gradually eases, it is anticipated that this COVID-related ODA will likewise decline. Acknowledging this, the Government is encouraging a strategic shift towards long-term support aimed at bolstering the nation's health sector. The objective is not only to be prepared for any future health crises but also to guarantee a robust healthcare system that provides quality and accessible health services to all citizens.

Box 5 COVID-19 Active Response and Expenditure Support Program

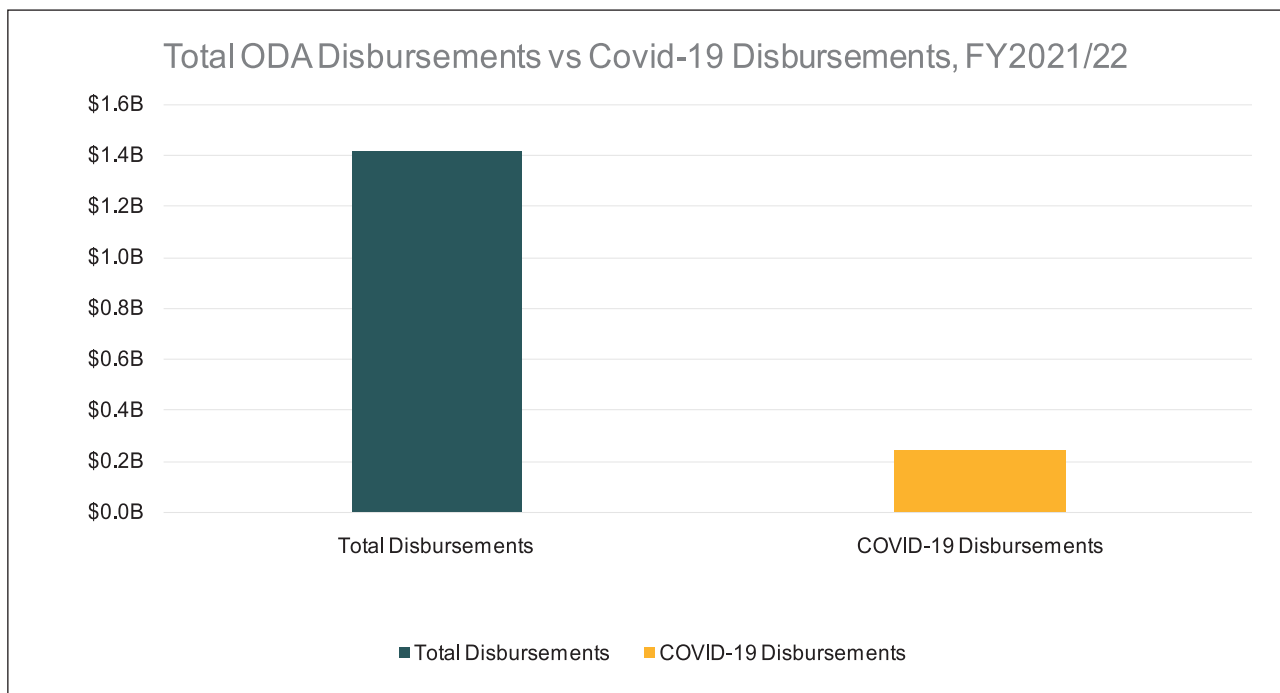
Nepal launched the National Relief Program (NRP) on March 29, 2020, to minimise the impact of COVID-19 and promote the country’s socio-economic development. The estimated cost for the Government’s National Relief Program was USD 1.26 billion, which included:

- 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.

The Government received extensive support from development partners, including the ADB, to implement the NRP. The ADB has contributed USD 250 million to implement the CARES Program, while the World Bank provided USD 122 million for the COVID-19 Emergency Response and Health System Preparedness Project, including the purchase of COVID-19 vaccines.

Out of the total ODA disbursed in Nepal in FY2021/22, which amounted to USD 1.4 billion, USD 239.8 million was allocated for COVID-19 response and recovery. The majority of this support came from existing projects, while approximately USD 155.85 million 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, FY2021/22



While there has been a high commitment to COVID-19 support, the actual disbursement figures appear low because allocations made through budget support, which are directed towards the broader health sector, have not been specifically recorded under the category of COVID-19 disbursement. This oversight in categorisation could lead to an underrepresentation of the actual funds disbursed for COVID-19-related interventions, thus giving the impression of low disbursement in comparison to the total commitment.

FIGURE 15.2. Total Development Partner Support Committed and Disbursed for COVID-19, FY2019/20 - 2021/22

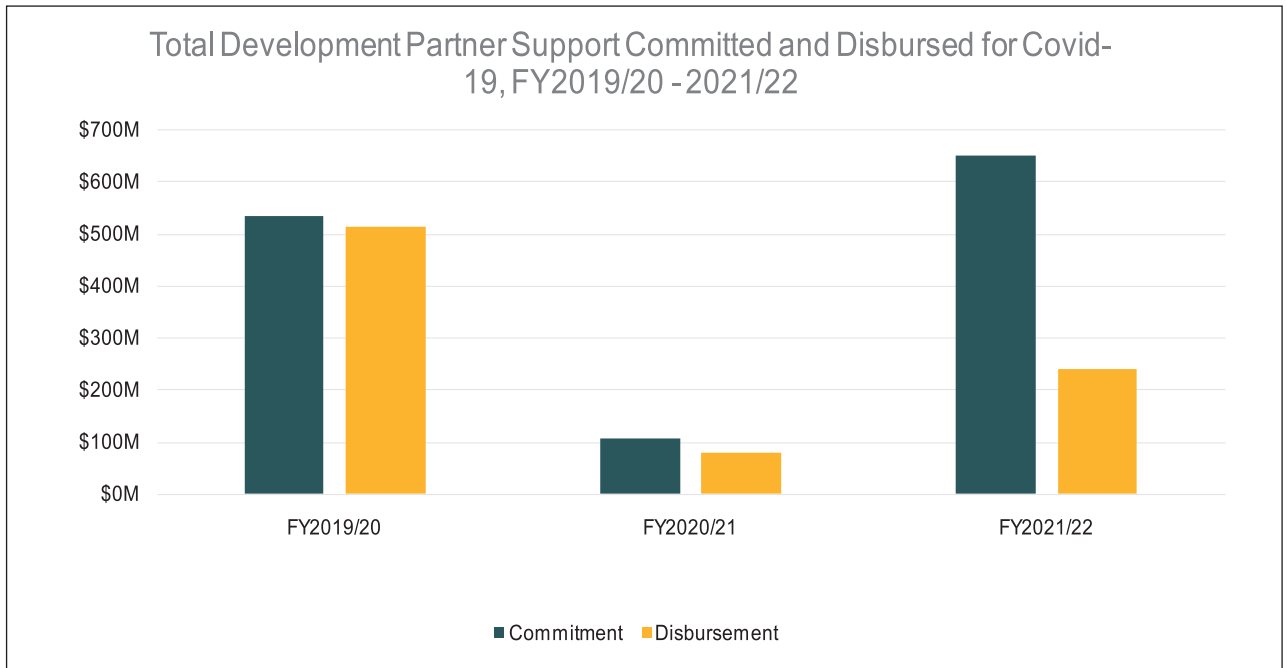


Figure 15.2 presents total ODA disbursements and the portion allocated explicitly for COVID-19-related initiatives in FY2021/22.

In FY2021/22, total ODA disbursements amounted to USD 1.4 billion, of which USD 239.8 million (16.9%) were directed towards COVID-19-related efforts.

It is anticipated that as the pandemic situation improves, the proportion of ODA disbursements directed towards COVID-19 may decrease. However, this event has underscored the importance of health infrastructure and preparedness for global emergencies. Consequently, future ODA disbursements are likely to continue to prioritise health-related investments and disease prevention measures even post-pandemic.

Furthermore, the pandemic experience 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, FY2019/20 - 2021/22

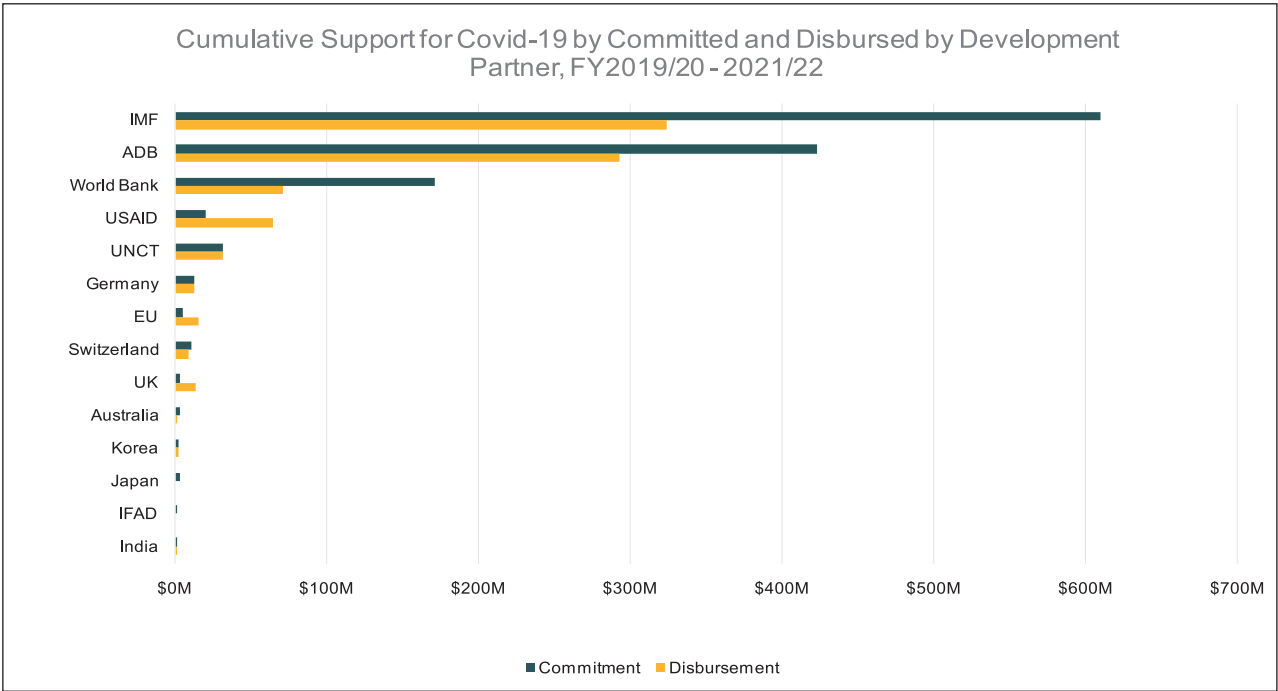
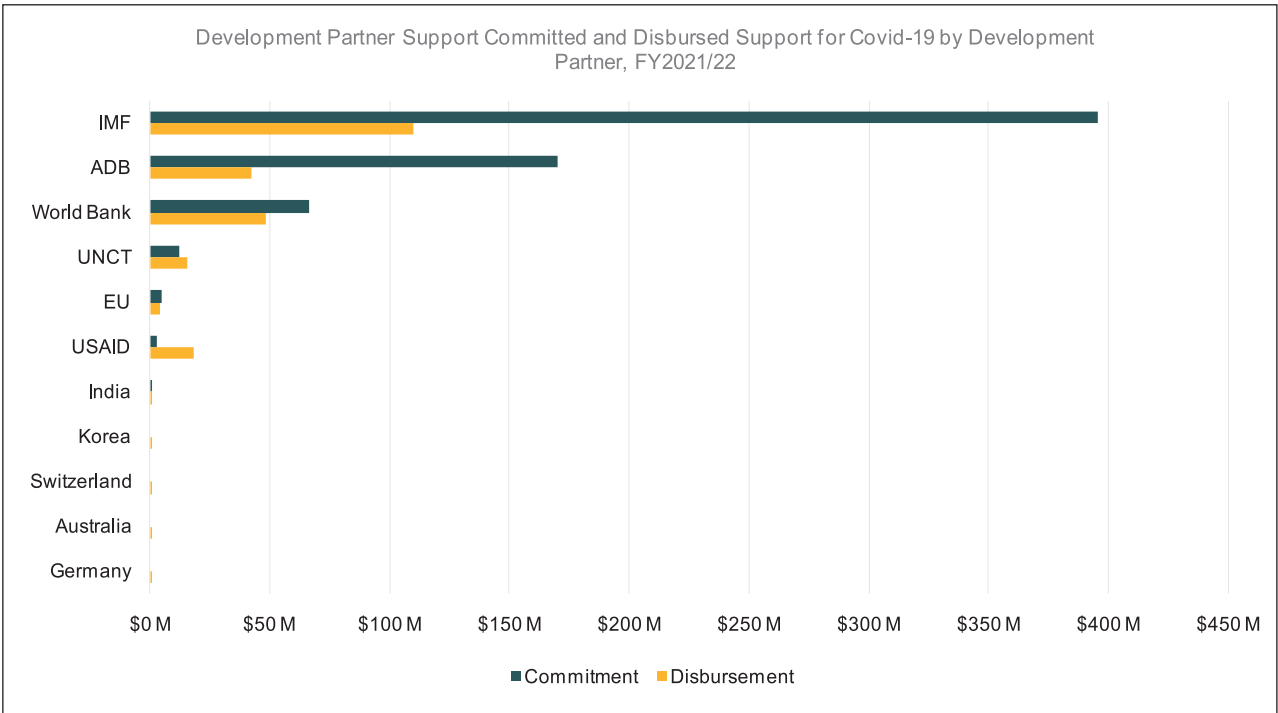


Figure 15.3 presents COVID-19 commitments and disbursements from various development partners between FY2019/20 and FY2021/22. Over the three years, the ADB and the IMF made the largest total commitments for COVID-19 support, pledging USD 423 million and USD 214 million, respectively. However, when looking at actual disbursements, the IMF leads with a total of USD 324 million, followed by the ADB with USD 292.3 million.

FIGURE 15.4. Development Partner Support Committed and Disbursed for COVID-19 by Development Partner, FY2021/22

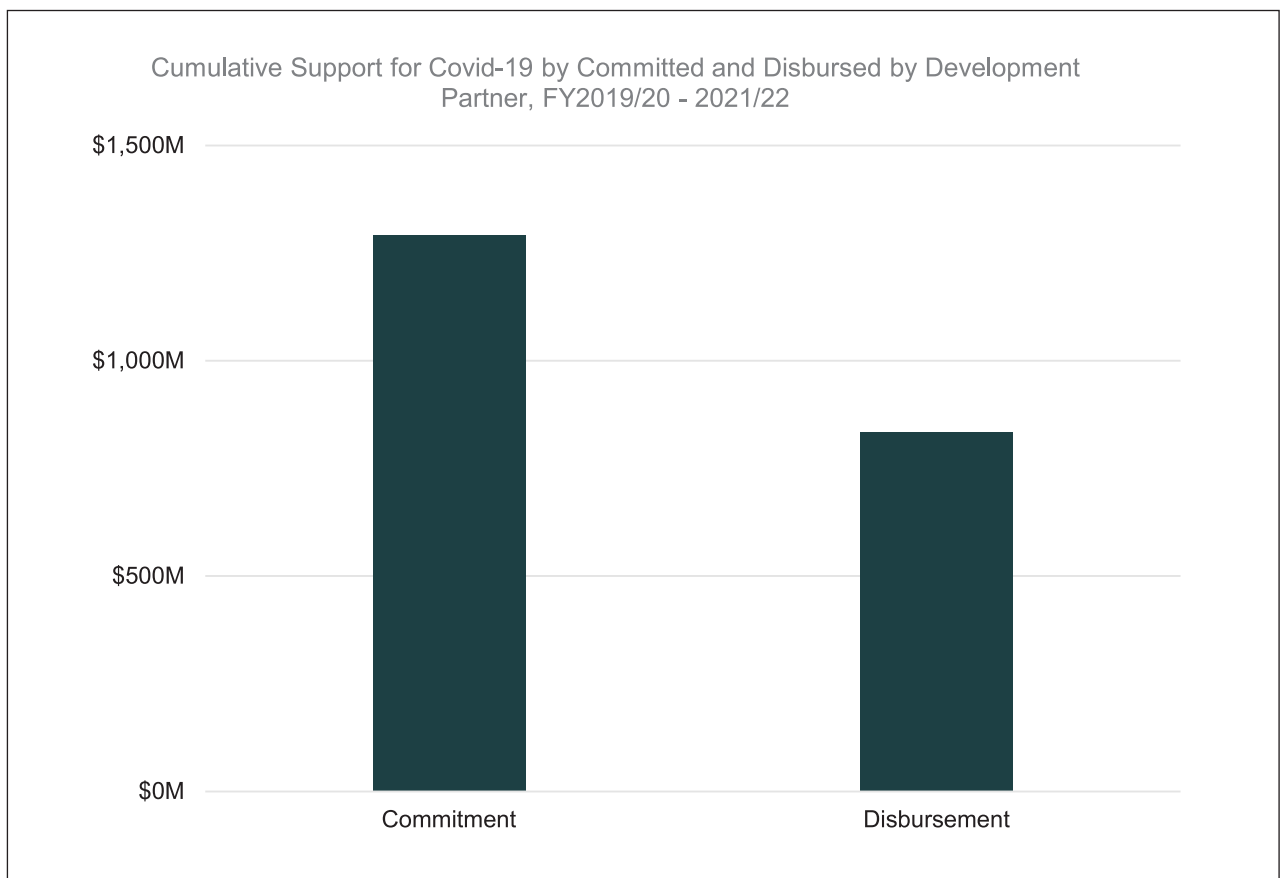


In FY2021/22, the IMF disbursed the largest share of funds, totalling USD 110 million. This amount, however, represents only approximately 27.8% of their total committed contribution of USD 395.9 million. This is likely attributed to the IMF's preference for budget support, often resulting in sizable one-off disbursements.

While making a considerable total commitment of USD 170 million, the ADB disbursed only 24.9% of its pledge within the same year.

Other development partners such as the World Bank, UNCT, and USAID demonstrated a more evenly distributed disbursement pattern over the years, reflecting the diverse types of support and project implementation timelines across these organisations.

FIGURE 15.5. Total Development Partner Support Committed and Disbursed Support for COVID-19, FY2019/20 - 2021/22



The total commitment during this period amounts to approximately USD 897 million. This refers to the total amount that all partners pledged to contribute towards COVID-19 support between FY2019/20 and 2021/22. Meanwhile, the total disbursement over this period is approximately USD 835.2 million.

Box 6 The COVID-19 AMIS Portal

Data plays an instrumental role in empowering governments to form informed decisions regarding development planning and resource distribution, with its importance accentuated in tackling the COVID-19 pandemic.

Governments and their associates at the country level have been proactive in curbing the spread of the virus. Nevertheless, as the situation continues to develop, the requirements also shift rapidly. The current circumstances underscore the need for consolidated support towards government-directed response and recovery strategies and for harmonised efforts among development entities. Timely data on partner interventions is crucial to facilitate effective planning and resource allocation.

The Ministry of Finance has launched a COVID-19 portal within the Aid Management Information System (AMIS). The purpose of this portal is to gather information on partner actions concerning pandemic response and recovery. It enables the tracking of COVID-19-associated expenditures and helps pinpoint funding deficiencies, thereby ensuring a recovery that is inclusive and sustainable, with a commitment to not leaving anyone behind.

TABLE 4. COVID-19 Allocations: Commitments and Disbursements, FY2019/20 - 2021/22

Development Partners	Commitment		Commitment Total	Disbursement		Disbursement Total
	FY2019/20	FY2020/21		FY2019/20	FY2021/22	
IMF	214,000,000.00	0	\$609.9M	\$214.0M	\$0.0M	\$324.0M
ADB	253,000,000.00	0	\$423.0M	\$250.0M	\$0.0M	\$292.3M
World Bank	29,000,000.00	75,000,000.00	\$170.3M	\$5.8M	\$16.8M	\$70.8M
USAID	13,213,745.00	3,971,866.00	\$19.7M	\$27.9M	\$18.7M	\$64.6M
UNCT	9,293,959.00	9,716,915.00	\$31.1M	\$4.1M	\$11.9M	\$31.1M
Germany	1,096,800.00	10,968,000.00	\$12.1M	\$0.8M	\$11.9M	\$12.7M
EU	10,832.00	767,760.00	\$5.2M	\$10.4M	\$0.4M	\$14.7M
Switzerland	8,365,432.00	1,990,000.00	\$10.4M	\$2.1M	\$5.4M	\$8.4M
UK	2,877,119.00	0	\$2.9M	\$0.3M	\$12.7M	\$13.1M
Australia	0	2,479,179.00	\$2.5M	\$0.0M	\$0.5M	\$1.2M
Korea	702,822.00	825,500.00	\$1.5M	\$0.7M	\$0.5M	\$1.8M
Japan	2,820,504.00	0	\$2.8M	\$0.0M	\$0.0M	\$0.0M
IFAD	0	1,206,000.00	1,206,000.00	0	0	0
India	0	386,483.00	403,736.00	0	386,483.00	403,736.00
Grand Total	534,381,213.00	107,311,703.00	1,292,853,499.00	516,187,940.00	79,195,587.00	835,164,806.00

Significant development partners that provided COVID-19 assistance across FY2019/20, FY2020/21, and FY2021/22 included the IMF, the ADB, the World Bank, USAID, the United Nations Country Team (UNCT), the European Union, the UK, Germany, Switzerland, Korea, Australia, India, Japan, and the IFAD, among others.

Due to the urgency of the support, some development partners provided COVID-19 support directly without prior commitment, including in-kind support whose value was not disclosed.

Therefore, the total commitment and disbursement value of COVID-related support might not reconcile.

NEPAL'S GRID STRATEGY

Nepal, while a minimal contributor to global warming and Greenhouse Gas (GHG) emissions, is exceptionally susceptible to the harsh impacts of climate change due to its exposure to natural disasters. To navigate this complex set of difficulties - which includes sustainable economic recovery from the COVID-19 pandemic, increasing climate risks, depleting natural resources, and promoting inclusivity - the Government of Nepal has focused on the Green, Resilient and Inclusive Development (GRID) strategy. This strategy emphasises enduring sustainability and a comprehensive approach to tackling these widespread issues.

Box 7 Kathmandu Joint Declaration,

The Kathmandu Joint Declaration on GRID, endorsed by the Government of Nepal along with 17 Development Partners in September 2021, served as the catalyst for the formulation of the GRID Strategic Action Plan, extending until 2030. This comprehensive plan materialises the GRID strategy, focusing on ten key 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. Together, these focus areas strengthen Nepal's pledge to actualise the objectives of the Paris Agreement.

Nepal has ambitiously charted a Nationally Determined Contribution (NDC) that seeks to transition towards a decarbonised economy across all sectors, with a goal to attain net-zero emissions by 2045. In line with this commitment, it is projected that by 2030, renewable energy sources will meet 15% of Nepal's total energy demand, and forest cover will extend across 45% of the country.

In adherence to the Kathmandu Declaration, Nepal's development partners have earmarked potential future support of USD 4.2 billion, including a previously committed USD 3.2 billion, to support the GRID agenda. A dedicated GRID Steering Committee, headed by the Finance Secretary, has been established to navigate and coordinate this progressive agenda in Nepal, ensuring alignment with the ten focus areas and leveraging them to foster green growth, resilience, and inclusion.

SDG ALIGNMENT AND MAPPING

The following section provides a new analysis of ODA disbursements in Nepal specifically aligned with the SDGs in FY2021/22. 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.

Figure 16.1 reveals a clear emphasis on SDG Goal 8, advocating for decent work and economic growth, with the World Bank Group making a significant contribution of USD 29.6 million. In contrast, funding towards Goals 15, 1, and 13, encompassing Life on Land, No Poverty, and Climate Action, respectively, remains limited. Goals 2 and 7 have seen considerable disbursement, with funds distributed across numerous entities.

FIGURE 17.1. SDG Mapped Disbursements by Top 5 SDG Goals (%), FY2021/22

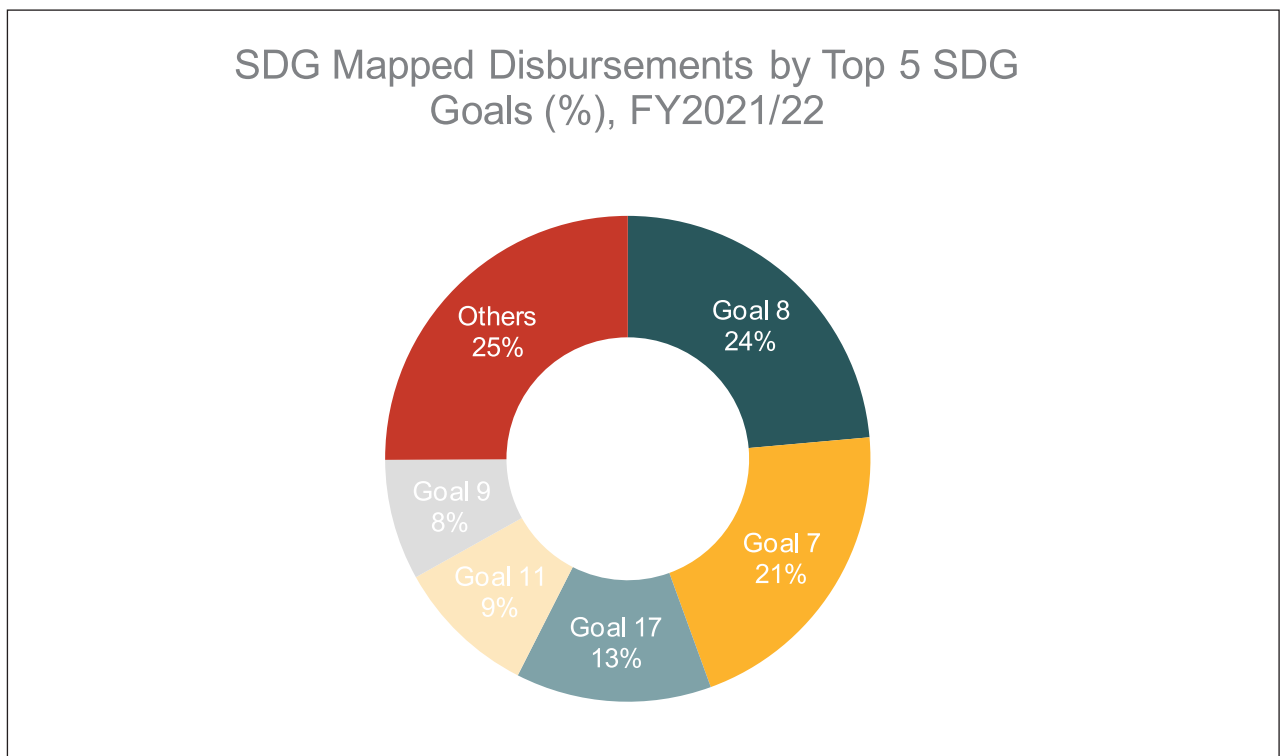


Figure 16.2 outlines the number of projects associated with each SDG alongside the corresponding ODA disbursement. As might be expected, an increased number of projects mapped to an SDG tends to be coupled with higher disbursements to that SDG. However, this correlation is not absolute, as is evident in Goal 2's project count and disbursement amount, suggesting variations in the scope or scale of these projects.

Projects mapped to multiple goals have received a collective disbursement of USD 5.2 million across eight projects. This may indicate a shift towards integrative approaches in ODA delivery, aligning with multiple SDGs simultaneously to enhance the impact and efficiency of assistance.

FIGURE 17.2. SDG Mapped Disbursements by SDG Goal and # of Projects, FY2021/22

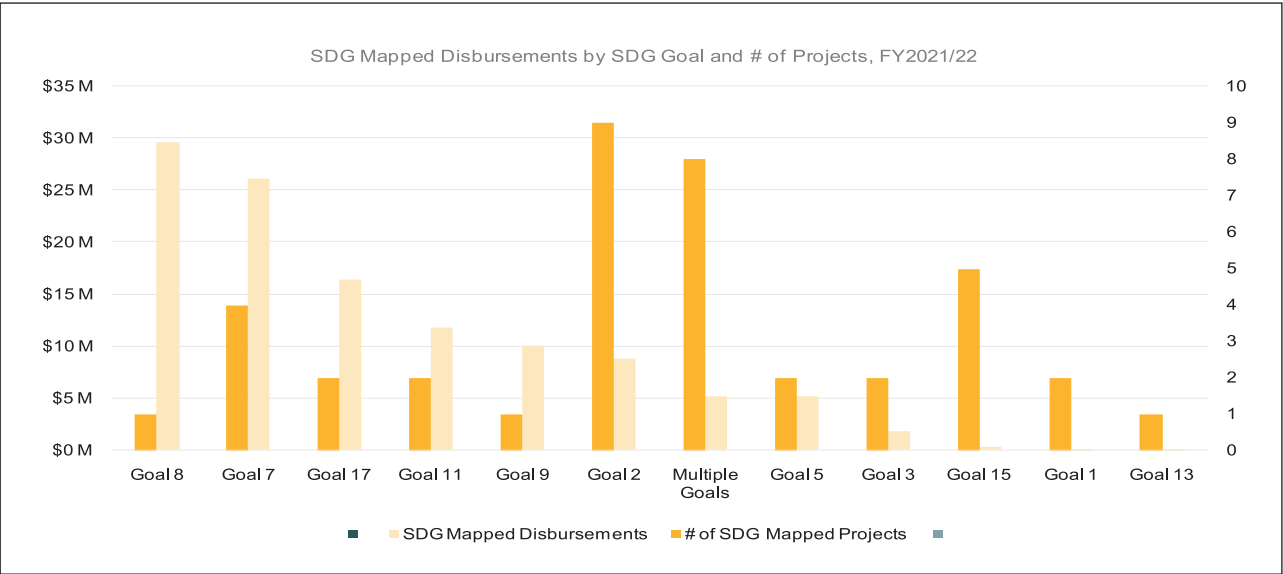
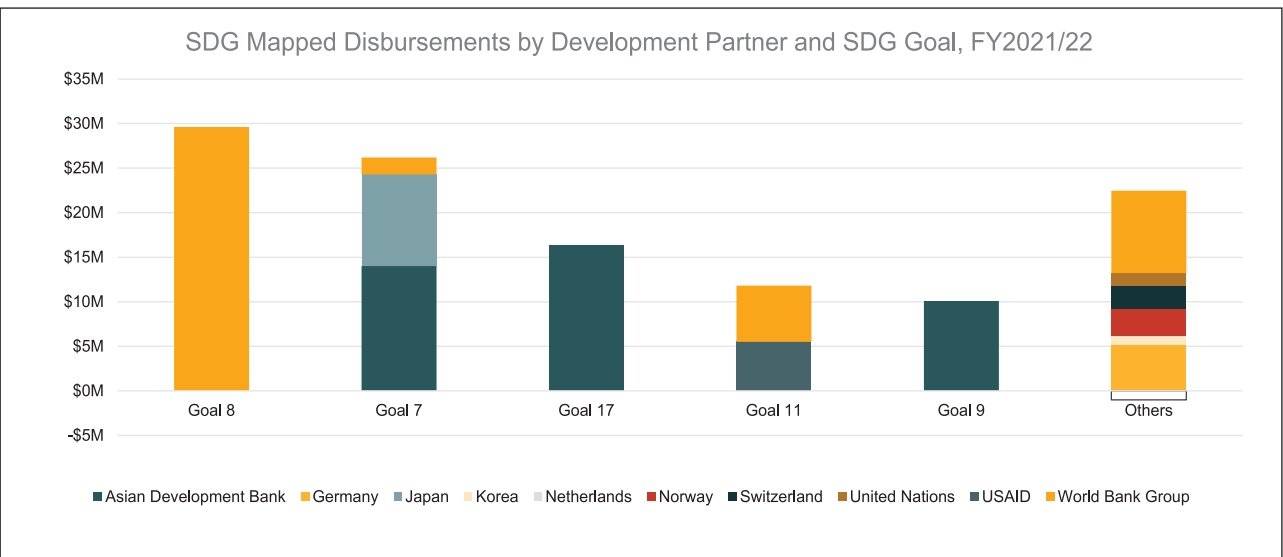


FIGURE 17.3. SDG Mapped Disbursements by Development Partner and SDG Goal, FY2021/22



THE ROAD AHEAD

The annual DCR aspires to deliver a holistic viewpoint on the ODA available to Nepal. The IECCD, MoF remains steadfast in its commitment to refining the quality of this report by enhancing the functionality of the AMIS. This endeavour will facilitate the compilation of relevant and comparable data on development financing, thereby aiding in scrutinising and managing Nepal's dynamic financial landscape.

To materialise this, the AMIS will interface with other data systems to collate a broader range of information. In addition, a validation mechanism will be developed to increase data entry accuracy, specifically for off-budget support and support from International Non-Governmental Organisations (INGOs). Provincial and local levels will be encouraged to utilise the same platform, thus encapsulating various facets of international assistance.

The IECCD is charting a course towards transitioning from the current AMIS to a more sophisticated DFIMS, adept at capturing a broader scope of development finance flows. This innovative system is expected to augment the monitoring of the interconnections among plans, budgets, and outcomes by assimilating data from multiple sources.

The inception of the DFIMS and the pursuit of supplementary initiatives in the upcoming year exemplify the IECCD, MoF's unwavering commitment to collaborate with all stakeholders. This endeavour ensures that the development finance extended to Nepal is streamlined, coordinated, transparent, and aligns with the development aspirations of the Nepali people. The IECCD eagerly anticipates the continuation of its partnerships with government counterparts, development partners, the private sector, INGOs, civil society, and all other development stakeholders in this progressive journey.

CONCLUSION

In an increasingly connected world, ODA is critical for managing development finance in low-income countries. This report highlights the scenarios/changing nature/trends of ODA that Nepal has seen over the past decade, shedding light on the external financial support that has contributed to our sustainable development efforts.

We recognise that government policies and priorities greatly impact the flow of ODA. Nepal has faced considerable challenges, transitioning from a monarchy to a federal democratic republic, including a decade of internal conflict. Despite these hurdles, our transformation has opened up new opportunities for development. Our international partners have supported us in our pursuit of peace, prosperity and stability, as shown by the increasing trend of ODA over this period.

The devastating earthquake in 2015 tested our nation's resilience to shocks. It also sparked international support. The rise in ODA after the earthquake demonstrated the global community's unwavering commitment and highlighted the importance of development cooperation in crisis recovery.

Furthermore, Nepal's ongoing efforts towards implementing federalism, effective governance, and policy reforms have created a positive environment for development cooperation. Our commitment to improving accountability and transparency and strengthening institutions has been key in maintaining the trust of our international partners.

However, the field of development cooperation is dynamic and constantly changing, affected by various factors. The fragmentation and proliferation of small-scale projects may have an adverse and undermining effect on development outcomes, increasing the cost of administration. There is also a need to note the necessity for more timely completion of projects and the need to limit cost overruns. The decrease in per-capita ODA in FY2021/22 reminds us of the continued need to attract and wisely use international assistance.

In closing, this report emphasises the importance of ODA in Nepal's development journey and the significant influence of political stability and government policies on these trends. We look forward to continuing our partnerships with our international allies based on mutual respect, transparency, accountability, and a shared commitment to sustainable development.

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ANNEX A. Development Partner Disbursements, FY2012/13 to FY2021/22

Development Partner	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
IMF						49,700,000				214,000,000		395,900,000
World Bank Group	822,604,884	122,488,952	487,458,781	301,034,080	126,770,000	623,842,810	645,450,000	650,000,000	527,310,000	517,958,000	1,185,850,000	431,298,661
Asian Development Bank	302,452,163	355,327,333	304,943,000	472,040,000	66,021,000	313,906,704	507,451,165	460,605,000	491,335,000	669,150,000	598,950,000	232,500,000
United Nations	202,320,763	143,639,523	50,969,149	155,412,540	86,938,316	99,433,047	50,559,510	116,171,019	42,263,129	577,239,328	71,161,672	70,965,639
IFAD	2,988,418		48,996,229	21,198,961	24,777,417	206,733,699		43,643,781	15,196,107		1,206,000	97,670,000
USAID	77,982,201	107,769,899	64,881,946	33,446,902	219,404,954	211,709,092	123,002,093	558,574,839	62,061,377	73,657,668	118,988,203	811,005,983
India	85,366,801	111,675,985	119,000,000		226,310,438	903,027,385	51,118,616	78,341,235	77,131,230	20,005,380	68,157,689	53,977,137
Japan	18,789,776	95,651,635	192,593,111	167,433,210	39,121,902	271,562,798	71,420,247	16,538,604	22,248,869	29,523,853	16,171,736	125,813,095
Germany	32,728,635	24,070,401	11,787,317	53,533,451	31,515,257	78,697,851	10,812,544	55,316,489	81,663,246	7,693,758	32,574,960	36,124,204
GAVI					4,930,614	2,187,991	244,614	1,173,541	22,783	11,693,153	9,329,736	34,603,024
Green Climate Fund								816,826		39,300,000		48,520,000
United Kingdom	179,161,448	76,120,814	203,186,840	161,977,044	190,130,103	249,078,582	344,836,457	8,843,418	19,693,407	42,459,707	30,039,213	23,790,971
Switzerland	34,865,637	42,860,046	30,833,595	50,908,113	55,477,238	53,429,257	24,713,653	1,540,000	24,648,289	73,442,458	26,097,485	26,403,985
Korea	6,029,083	16,000,000	4,700,000	7,500,000	15,800,000	6,612,932	19,010,000	7,470,422	5,000,000	857,360	14,125,500	17,500,000
Australia	36,529,436	28,146,909	12,124,667	61,944,171	24,649,235	14,091,739	11,657,170	23,633,379	19,697,373	13,886,796	10,843,550	12,907,403
European Union	81,320,501	22,874,879	85,835,084	122,322,735	6,570,351	155,765,470	49,053,159	171,144,837	7,706,713	57,964,595	141,526,487	11,516,400
CFATM	47,575,092	70,283,078	8,757			26,779,233	6,789,051	50,451	1,724,464	940,327	3,015,332	3,215,872
Norway	27,411,705	45,394,232	82,702,565	85,759,307	51,521,543	10,471,543	34,142,349	14,583,014	44,518,827	231,828,618	40,165,912	3,027,774
SAARC			1,933,069		8,156	126,014	87,270	68,843	150,249	138,792	919,355	1,313,673
Netherlands	2,816,366	859,797	965,519	1,551,419	748,197			42,141			1,215,501	792,539
Canada	12,102,617			875,477								
China	115,443,061	127,175,236	82,112,186	47,416,638	130,403,142	731,921,523	196,455	23,349,827	120,204,961	39,248,015	15,887,907	
Clean Energy Fund									5,000,000			
Climate Investment Fund			36,000,000									
Denmark	9,998,195	23,098,456	38,369,068	116,015,731		2,711,163	165,012		100,000			
European Investment Bank			70,000,000			120,000,000						
Finland	4,689,803	19,406,441	18,000,000	26,748,446	18,379,500	33,526,500	2,701,810	10,000	4,562,000		4,825,920	
KFAED	732,600				17,000,000							
Nordic Development Fund				4,600,000		10,000,000						
OFID	32,000,000	20,000,000		16,139,756	21,860,966	20,000,000	3,455,202		2,844,623	419,289		
Other	2,059,025		61,015	2,181,088	3,260,912	330,000	693,348	157,692	2,000,000			
Saudi Arabia				150,693,686	25,000,000					29,163,542	29,163,542	

ANNEX B. Development Partner Disbursements by Type of Assistance, FY2021/22

Development Partner	Grants	Loans	Technical Assistance	In-Kind Support
ADB	12,722,848	264,770,084	12,543,819	
Australia	11,820,642		808,655	
China	14,627,347	2,775,293		
EU	28,226,177		3,365,763	
Finland	2,538,757		1,096,800	
GAVI	25,488,171			
GCF	181,129			
Germany	13,588,300		10,508,996	
GFATM	2,503,134			
IFAD				
IMF		110,000,000		
India	6,056,821	52,690,000	198,540	
Japan	4,492,452	44,456,981	6,417,116	
KFAED		79,587		
Korea	1,414,296		6,300,908	
Netherlands			124,820	
Norway	30,258,625			
OFID		1,947,773		
SDF		63,075		
Saudi Fund	2,628,748	116,173		
Switzerland	21,600,772		6,207,116	
UK	30,758,587		25,983,754	
UN	39,917,314		34,937,967	53,694
USAID	9,794,886		88,413,165	3,100,000
WB	10,512,751	474,366,719		

ANNEX C. Development Agencies On- and Off-Budget Disbursements, FY2021/22

Development Partner	On-Budget	Off-Budget	Total	On-Budget (%)	Off-Budget (%)	Total (%)
ADB	277,695,215	12,317,153	290,012,368	96%	4%	100%
Australia		12,629,297	12,629,297	0%	100%	100%
China	17,402,640		17,402,640	100%	0%	100%
EU	23,385,513	8,206,427	31,591,940	74%	26%	100%
FAO		1,299,633	1,299,633	0%	100%	100%
FCDO	27,750,980	28,991,361	56,742,341	49%	51%	100%
Finland	2,538,757	1,096,800	3,635,557	70%	30%	100%
GCF	181,129		181,129	100%	0%	100%
GIZ		10,297,556	10,297,556	0%	100%	100%
GEF	1,700,000		1,700,000	100%	0%	100%
Global Alliance for Vaccines and Immunization	25,488,171		25,488,171	100%	0%	100%
Global Fund to Fight AIDS, Tuberculosis and Malaria	2,503,134		2,503,134	100%	0%	100%
IDA	474,366,719		474,366,719	100%	0%	100%
IFAD			0			
ILO		2,000,000	2,000,000	0%	100%	100%
IMF	110,000,000		110,000,000	100%	0%	100%
India	58,945,361		58,945,361	100%	0%	100%
Japan			0			
JFPR	24,383		24,383	100%	0%	100%
JICA	46,232,413	6,953,012	53,185,425	87%	13%	100%
KfW		2,181,124	2,181,124	0%	100%	100%
JSF	13,588,300	211,440	13,799,740	98%	2%	100%
KOICA		7,715,204	7,715,204	0%	100%	100%
Kuwait Fund for Arab Economic Development	79,587		79,587	100%	0%	100%
Netherlands		124,820	124,820	0%	100%	100%
Norway	4,176,695	26,081,930	30,258,625	14%	86%	100%
OFID	1,947,773		1,947,773	100%	0%	100%
SDC	22,464,766	5,343,122	27,807,888	81%	19%	100%
SDF	63,075		63,075	100%	0%	100%
Saudi Fund	2,744,921		2,744,921	100%	0%	100%
UN Human Settlement Program		5,000	5,000	0%	100%	100%
UNDP	367,129	6,958,642	7,325,771	5%	95%	100%
UNESCO		146,051	146,051	0%	100%	100%
UNFPA		6,234,527	6,234,527	0%	100%	100%
UNICEF	812,891	23,270,178	24,083,069	3%	97%	100%
USAID		101,000,000	101,000,000	0%	100%	100%
WB Trust Fund	10,512,751		10,512,751	100%	0%	100%
WFP		26,968,865	26,968,865	0%	100%	100%
WHO		5,146,059	5,146,059	0%	100%	100%

ANNEX D. ODA Disbursements by Sector, FY2012/13 to FY 2021/22

Sector	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
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
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
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
Local Development	135,065,879	153,514,312	118,294,994	152,337,703	124,903,019	119,153,479	123,000,975	135,853,877	132,872,021	67,583,690	114,924,391	45,413,659
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
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
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
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
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
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
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
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
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
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
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
Environment, Science and Technology			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
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
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
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
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
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
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
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
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

Sector	FY2010/11	FY2011/12	FY2012/13	FY2013/14	FY2014/15	FY2015/16	FY2016/17	FY2017/18	FY2018/19	FY2019/20	FY2020/21	FY2021/22
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
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
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
General Administration	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
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	1,726,735	11,535,951
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
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
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
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
Supplies	11,690,565	2,339,488	14,538,048						75,142	601,615	773,986	740,605
Office of The Prime Minister		8,593,562	4,403,910	5,929,117					10,930,034			
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
Renewable Energy				129,219			178,673	806,985	1,796,969	7,086,667	4,504,547	4,591,430
External Loan Payment			14,443,836									
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
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
Police			4,241,228			709,019						
Meteorology	524,039	347,506										
Defense			16,980								140	
Land Reform & Survey	9128	243,822	2,608						83,101		84,585	

ANNEX E. ODA Disbursements by Province and District, FY2021/22

Province	District	Disbursement	No. of Projects
Bagmati	Bhaktapur	8,871,997	14
Bagmati	Chitwan	4,276,853	12
Bagmati	Dhading	38,298,277	13
Bagmati	Dolakha	35,448,369	15
Bagmati	Kathmandu	44,987,238	12
Bagmati	Kavrepalanchok	9,191,509	14
Bagmati	Lalitpur	7,778,530	12
Bagmati	Makwanpur	5,996,693	14
Bagmati	Nuwakot	38,523,370	13
Bagmati	Ramechhap	3,786,797	12
Bagmati	Rasuwa	6,506,475	12
Bagmati	Sindhuli	4,666,392	14
Bagmati	Sindhupalchok	7,202,466	13
Gandaki	Baglung	468,441	6
Gandaki	Gorkha	3,734,458	9
Gandaki	Kaski	9,629,443	8
Gandaki	Lamjung	397,401	6
Gandaki	Manang	839,976	5
Gandaki	Mustang	1,087,827	6
Gandaki	Myagdi	448,581	6
Gandaki	Nawalpur	701,626	7
Gandaki	Parbat	455,263	6
Gandaki	Syangja	528,928	6
Gandaki	Tanahu	28,441,088	7
Karnali	Dailekh	2,324,703	8
Karnali	Dolpa	454,198	5
Karnali	Humla	1,849,102	7
Karnali	Jajarkot	432,592	5
Karnali	Jumla	2,066,022	6
Karnali	Kalikot	2,627,274	5
Karnali	Mugu	3,301,740	7
Karnali	Salyan	808,056	4
Karnali	Surkhet	1,362,055	5
Karnali	Western Rukum	245,987	4
Koshi	Bhojpur	1,482,297	12
Koshi	Dhankuta	1,448,725	12
Koshi	Ilam	1,421,059	12
Koshi	Jhapa	2,581,427	12
Koshi	Khotang	8,375,133	12
Koshi	Morang	5,062,706	13
Koshi	Okhaldhunga	2,211,606	12

Province	District	Disbursement	No. of Projects
Koshi	Panchthar	1,497,784	12
Koshi	Sankhuwasabha	1,532,779	12
Koshi	Solukhumbu	1,733,105	12
Koshi	Sunsari	2,037,763	13
Koshi	Taplejung	1,482,297	12
Koshi	Terhathum	1,404,741	12
Koshi	Udayapur	2,075,356	13
Lumbini	Arghakhanchi	680,189	10
Lumbini	Banke	4,502,794	11
Lumbini	Bardiya	1,105,545	10
Lumbini	Dang	636,416	11
Lumbini	Eastern Rukum	303,174	9
Lumbini	Gulmi	1,180,085	10
Lumbini	Kapilvastu	892,518	9
Lumbini	Palpa	805,304	10
Lumbini	Parasi	837,321	11
Lumbini	Pyuthan	414,112	9
Lumbini	Rolpa	390,941	10
Lumbini	Rupandehi	8,336,199	9
Madesh	Bara	5,840,186	13
Madesh	Dhanusha	6,013,191	13
Madesh	Mahottari	6,090,966	13
Madesh	Parsa	7,918,465	13
Madesh	Rautahat	5,038,280	12
Madesh	Saptari	3,297,456	14
Madesh	Sarlahi	5,190,467	14
Madesh	Siraha	2,948,344	13
Nationwide	Nepal	1,001,880,510	20
Sudurpashim	Achham	3,085,341	13
Sudurpashim	Baitadi	2,864,314	12
Sudurpashim	Bajhang	661,465	11
Sudurpashim	Bajura	3,128,604	12
Sudurpashim	Dadeldhura	2,882,812	11
Sudurpashim	Darchula	2,428,752	11
Sudurpashim	Doti	1,288,478	12
Sudurpashim	Kailali	8,309,972	13
Sudurpashim	Kanchanpur	19,419,847	11

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

Development Partner	Directly Supportive	Indirectly Supportive	Neutral	Total	Proportion of Total Disbursements that are Directly or Indirectly Supportive
ADB	71,882,058.00	54,302,637.00	163,852,056.00	290,036,751.00	44%
Australia	5,789,487.00	5,161,514.00	1,678,296.00	12,629,297.00	87%
China			17,402,640.00	17,402,640.00	0%
EU	15,528,728.00	652,791.00	15,410,421.00	31,591,940.00	51%
Finland	1,387,117.00		2,248,440.00	3,635,557.00	38%
GAVI	5,753,354.00	19,734,817.00		25,488,171.00	100%
GCF	181,129.00			181,129.00	100%
Germany	2,965,682.00	6,432,848.00	14,698,766.00	24,097,296.00	39%
GFATM		1,396,760.00	1,106,374.00	2,503,134.00	56%
IMF			110,000,000.00	110,000,000.00	0%
IFAD	0.00	0.00	0.00	0.00	
India			58,945,361.00	58,945,361.00	0%
Japan	1,266,275.00	10,814,184.00	43,286,090.00	55,366,549.00	22%
KFAED		79,587.00		79,587.00	100%
Korea	1,339,257.00		6,375,947.00	7,715,204.00	17%
Netherlands		124,820.00		124,820.00	100%
Norway	3,745,183.00	22,336,747.00	4,176,695.00	30,258,625.00	86%
OFID		488,352.00	1,459,421.00	1,947,773.00	25%
SAARC		63,075.00		63,075.00	100%
Saudi Fund			2,744,921.00	2,744,921.00	0%
Switzerland	3,766,354.00	3,834,945.00	20,206,589.00	27,807,888.00	27%
UK	584,617.00	39,753,759.00	16,403,965.00	56,742,341.00	71%
UN	36,311,232.00	11,812,761.00	26,784,982.00	74,908,975.00	64%
USAID	8,591,093.00	71,041,664.00	21,675,294.00	101,308,051.00	79%
WB	963,222.00	96,885,978.00	387,030,270.00	484,879,470.00	20%

ANNEX G. INGO Disbursements, FY2021/22

INGOs	Disbursement
Save the Children	48,737,134
Plan Nepal	12,590,138
World Vision International	10,281,033
CBM Nepal Country Office	5,380,452
Deutsche Welthungerhilfe e.V	3,881,350
Marie Stopes Nepal	3,260,807
Population Services International Nepal	2,628,159
Good Neighbors International Nepal	2,623,203
World Wildlife Fund, Inc., Nepal Program	2,559,394
Water Aid Nepal	2,389,868
Heifer International Nepal	2,374,928
American Himalayan Foundation	2,206,472
Strømme Foundation	2,205,294
CARE Nepal	2,129,783
German Nepal Help Association	2,126,137
Room to Read	2,124,014
Dan Church Aid	1,927,425
Nepal Youth Foundation	1,888,433
One Heart World-Wide Nepal	2,438,330
Nepalhilfe Beilngries e.V.	1,517,604
International Nepal Fellowship	1,461,775
Action Aid International	1,215,721
Handicap International	1,196,194
Catholic Relief Services	1,097,960
German-Nepalese Help Association	1,069,829
Finn Church Aid Foundation	1,026,913
Seva Nepal Eye Care Program	1,023,210
IM-Swedish Development Partner	973,355
ASIA ONLUS	932,927
dZi Foundation	839,348
AMDA-Minds Nepal	788,390
Norwegian Association of the Blind and Partially Sighted Nepal	747,216
Good Neighbors Japan	746,034
Shapla Neer	719,705
Mission East	673,904
Practical Action Nepal	665,685
KTK-BELT Inc	654,398
Blinknow Foundation Nepal	629,263
Human Practice Foundation	616,622
United Mission to Nepal	596,675

INGOs	Disbursement
Action Contre La Faim	517,460
Adara Development	510,035
Islamic Relief Worldwide	481,148
Netherlands Leprosy Relief	435,264
Adventist Development and Relief Agency	408,663
Kidasha	362,305
The Fred Hollows Foundation	341,025
Ama Foundation	320,239
Community Action Nepal, UK	314,612
Childaid Network Foundation	304,822
Good Shepherd International Foundation	277,181
Street Child of Nepal	270,605
International Alert	244,626
Sunrise Children's Association Inc. Australia/Nepal	202,303
World Neighbors	201,589
World Education, Inc.	187,623
CECI Nepal	180,700
Japan International Support Program	172,123
International Development Enterprise/IDE	169,911
People in Need	167,547
ECPAT Luxembourg Nepal	166,604
Shanti Volunteer Association	160,177
Helen Keller International	135,650
KURVE Wustrow	132,233
Foundation for International Development/Relief	107,608
SIL International Nepal	104,052
Mennonite Central Committee(MCC) Nepal	64,795
Médecine du Monde	37,554
ChildFund Japan	0
China Foundation for Poverty Alleviation	0
Latter-day Saint Charities	0
MercyCorps	0
Qatar Charity Nepal	0
Red Panda Network	0
Swisscontact Nepal	0
Terre des hommes, Lausanne	0

ANNEX H. INGO Disbursements by Sector, FY2021/22

Sector	Number of Projects	"Total Disbursements (US\$)"
Agriculture	25	5,429,882
Alternate Energy	2	98,835
Communications	1	181,022
Drinking Water	13	5,632,269
Reconstruction	2	218,566
Economic Reform	4	363,671
Education	55	29,058,571
Energy	2	193,972
Environment, Science & Technology	11	3,191,503
Financial Services	1	57,851
Forest	5	928,113
General Administration	2	2,099,531
Health	71	41,103,678
Home Affairs	1	445,830
Housing	2	183,337
Irrigation	2	31,131
Labour	2	343,653
Livelihood	32	12,086,605
Local Development	6	317,438
Miscellaneous	3	1,911,359
Others - Economic	1	140,000
Others - Social	14	24,215,558
Policy And Strategic	3	1,930,317
Tourism	2	225,227
Women, Children & Social Welfare	23	9,412,983
Youth, Sports & Culture	5	122,636

ANNEX I. INGO Disbursements and Projects by Geographic Region, FY2021/22

Province	District	Disbursement (USD)	No.of Projects
Bagmati	Bhaktapur	257,600	14
Bagmati	Chitwan	1,945,558	27
Bagmati	Dhading	1,417,543	25
Bagmati	Dolakha	1,179,793	19
Bagmati	Kathmandu	2,665,713	34
Bagmati	Kavrepalanchok	2,083,015	28
Bagmati	Lalitpur	3,507,511	26
Bagmati	Makwanpur	2,725,499	23
Bagmati	Nuwakot	944,838	19
Bagmati	Ramechhap	896,198	18
Bagmati	Rasuwa	681,763	15
Bagmati	Sindhuli	3,838,162	26
Bagmati	Sindhupalchok	2,366,525	24
Gandaki	Baglung	674,957	12
Gandaki	Gorkha	929,015	15
Gandaki	Kaski	1,328,746	16
Gandaki	Lamjung	1,237,918	14
Gandaki	Manang	196,122	6
Gandaki	Mustang	307,529	8
Gandaki	Myagdi	584,598	12
Gandaki	Nawalpur	707,116	15
Gandaki	Parbat	688,454	13
Gandaki	Syangja	258,872	10
Gandaki	Tanahu	1,001,104	13
Karnali	Dailekh	1,052,725	22
Karnali	Dolpa	1,284,309	15
Karnali	Humla	1,521,832	18
Karnali	Jajarkot	622,662	19
Karnali	Jumla	2,060,609	22
Karnali	Kalikot	1,631,397	22
Karnali	Mugu	2,068,008	23
Karnali	Salyan	1,076,251	20
Karnali	Surkhet	1,410,725	23
Karnali	Western Rukum	558,419	19
Koshi	Bhojpur	1,068,137	15
Koshi	Dhankuta	621,005	11
Koshi	Ilam	556,095	13
Koshi	Jhapa	657,381	13

Province	District	Disbursement (USD)	No.of Projects
Koshi	Khotang	1,041,581	14
Koshi	Morang	1,585,214	17
Koshi	Okhaldhunga	771,993	15
Koshi	Panchthar	605,382	12
Koshi	Sankhuwasabha	808,759	15
Koshi	Solukhumbu	1,180,098	18
Koshi	Sunsari	2,443,702	16
Koshi	Taplejung	1,237,872	15
Koshi	Terhathum	774,005	13
Koshi	Udayapur	1,631,551	18
Lumbini	Arghakhanchi	494,893	10
Lumbini	Banke	2,415,672	26
Lumbini	Bardiya	2,833,210	25
Lumbini	Dang Deukhuri	2,057,858	17
Lumbini	Eastern Rukum	334,412	14
Lumbini	Gulmi	528,874	10
Lumbini	Kapilvastu	2,089,514	21
Lumbini	Palpa	390,920	12
Lumbini	Parasi	534,064	13
Lumbini	Pyuthan	1,118,609	16
Lumbini	Rolpa	1,191,882	12
Lumbini	Rupandehi	1,665,049	24
Madesh	Bara	2952488.323	15
Madesh	Dhanusha	3374188.223	21
Madesh	Mahottari	4261684.553	24
Madesh	Parsa	3098787.664	16
Madesh	Rautahat	4735731.171	22
Madesh	Saptari	3645012.256	16
Madesh	Sarlahi	6418580.973	25
Madesh	Siraha	5238698.538	23
Nationwide	Nepal	21,112,386	24
Sudurpashim	Achham	1,024,834	13
Sudurpashim	Baitadi	318,407	8
Sudurpashim	Bajhang	359,163	12
Sudurpashim	Bajura	722,708	12
Sudurpashim	Dadeldhura	622,183	11
Sudurpashim	Darchula	389,560	9
Sudurpashim	Doti	1,845,391	17
Sudurpashim	Kailali	2,490,468	21
Sudurpashim	Kanchanpur	964,448	17

ANNEX J. List of Agreements in FY2021/22

Date of Agreement	Acronym	Full Donor Name	Project/Programme Name	Type of Assistance	Currency	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
July 22, 2021	GCF	Green Climate Fund	Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal	Grants	USD	27.40	3,339	Environment, Science and Technology
July 29, 2021	ADB	Asian Development Bank	Prevention and Control of COVID-19 through WASH and Health Initiatives in Secondary and Small Towns	Grants	USD	5.00	597	Health
August 11, 2021	ADB	Asian Development Bank	Responsive COVID-19 Vaccines for Recovery Project	Loans	USD	165.00	19,698	Health
August 19, 2021	WB	World Bank	Nurturing Excellence in Higher Education Program (NEHEP)	Loans	USD	60.00	7,050	Education
September 10, 2021	Switzerland	Switzerland	Enhanced Skills for Sustainable and Rewarding Employment (ENSSURE) - Phase II	Grants	CHF	14.70	1,876	Education
September 15, 2021	WB	World Bank	School Sector Development Program	Loans	USD	50.00	5,880	Education
September 15, 2021	WB	World Bank	Nepal Health Sector Management Reform Program for Results (NHSMRP)	Loans	USD	50.00	5,880	Health
September 28, 2021	IFAD	International Fund for Agricultural Development	Value Chains for Inclusive Transformation of Agriculture Programme (VITA)	Loans	USD	97.67	11,623	Agriculture
November 29, 2021	ADB	Asian Development Bank	Electricity Grid Modernization Project - Additional Financing	Loans	USD	60.00	7,170	Energy
December 15, 2021	Korea	Korea	Establishment of Polytechnic Institute for Construction Workforce Development in Province 2, Nepal	Grants	USD	8.60	1040.6	Education
January 13, 2022	IMF	International Monetary Fund	Extended Credit Facility (ECF)	Loans	USD	395.90	46,700	Economic Reform
January 25, 2022	Japan	Japan	Policy Loan for Economic Growth and Resilience	Loans	JPY	10,000.00	10,470	Economic Reform

Date of Agreement	Acronym	Full Donor Name	Project/Programme Name	Type of Assistance	Currency	Total Amount in Foreign Currency (in Millions)	Amount in NPR (in Millions)	Sector
February 25, 2022	WB	World Bank	Nepal's COVID-19 Emergency Response and Health System Preparedness - Second Additional Financing	Loans	USD	18.00	2,173	Health
March 10, 2022	Japan	Japan	Implementation of the Water Supply Improvement Project - Biratnagar	Grants	JPY	2,541.00	2,610	Drinking Water
May 4, 2022	WB	World Bank	Government of Nepal and World Bank Sign \$150 Million Development Policy Credit to Strengthen Nepal's Financial Sector	Loans	USD	150.00	18,000	Financial Reform
May 5, 2022	USAID	United States Agency for International Development	Nepal and United States Sign New 5-Year Development Assistance Agreement	Grants	USD	659.00	79,710	Mixed
June 8, 2022	Switzerland	Switzerland	Reintegration of Returnee Migrant Workers (REMI)	Grants	CHF	6.80	861	Labour
July 8, 2022	EU	European Union	Green Recovery and Empowerment with Energy in Nepal (GREEN)	Grants	EUR	4.50	581	Environment, Science and Technology
July 13, 2022	WB	World Bank	Water Sector Governance and Infrastructure Support	Loans	USD	80.00	10,000	Water Supply
July 14, 2022	GCF	Green Climate Fund	Mitigating GHG Emissions through Modern, Efficient and Climate-Friendly Clean Cooking Solutions	Grants	USD	21.12	2693.01	Environment, Science and Technology

ANNEX K. Development Partner Disbursements by Geographic Region FY2021/22

Development Partners	-Nationwide		Bagmati		Gandaki		Karnali		Koshi		Lumbini		Madesh		Sudurpashim		Grand Total	
	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects	Disbursement	No. of Projects
SAARC	63,075	1															63,075	1
KFAED			29,562	13					31,836	14			18,192	8			79,590	35
Netherlands												71,328	12			53,496	124,824	21
GCF			67,275	13	0	11			72,450	14	0	12	41,400	8			181,125	58
OFID			1,640,808	26					195,342	14			111,624	8			1,947,774	48
GFATM	2,503,134	3															2,503,134	3
Saudi Fund	2,628,748	1															2,744,921	2
Finland	2,248,440	1	548,400	3	93,228	1	58,064	2			279,684	2					3,635,560	18
Korea	730,973	2	4,719,422	40	798216	17	5,968	1			349,092	2	1,081,624	8	29901	10	7715196	80
Australia	10,882,737	6	972,933	19					192,738	28	246,948	24	37,472	8	296,478	18	12,629,306	103
China	14,627,347	1			2,775,293	1											17,402,640	2
Germany	13,668,289	19	5,134,306	28	971,136	17	794,838	15	109,088	32	875,096	19	68,716	7	2,475,832	40	24,097,301	177
GAVI	25,488,171	2															25,488,171	2
Switzerland	14,675,097	11	953,251	13					10,384,542	84	879,924	12	88,248	2	826,830	9	27,807,892	131
Norway	9,274,004	6	-68,136	2					9,723,576	15			11,329,184	16			30,258,628	39
EU	30,032,326	25	327,552	3	13,648	1	189,430	10			501,396	12	151,544	8	376,047	9	31,591,943	68
Japan	2,341,019	2	35304381	29	13,477,793	7	927,522	6	2,483,192	27	0	1	87,245	1	745,399	7	55,366,551	80
UK	46,845,905	11			590,911	12	4,270,372	18	275,340	16	742,482	20	2,390,872	24	1,626,452	8	56,742,334	109
India	55,113,814	5	2,049,333	13					139,395	1			1,503,426	10	139,395	1	58,945,363	30
UN	51,088,427	60	4,922,004	70	1,863,865	43	4,379,045	77	2,964,367	72	1,733,795	48	3,688,897	88	4,268,572	68	74,908,972	526
USAID	82,801,602	29	6,917,965	12	243,810	1	4,752,287	17	1,264,662	14	2,103,220	12	562,662	4	2,661,841	10	101,308,049	99
IMF	110,000,000	1															110,000,000	1
Asian Development Bank	167,791,181	29	43,821,592	87	25,905,127	15	94,200	3	5,432,084	52	12,301,640	21	12,538,655	24	22,152,279	18	290,036,758	249
WB	359,076,221	20	108,194,315	21					1,078,182	2			8,637,599	14	7,893,156	4	484,879,473	61
Grand Total	1,001,880,510	235	215,534,963	392	46,733,027	126	15,471,726	149	34,346,794	385	20,084,605	197	42,337,360	238	44,069,595	221	1,420,458,580	1943

ANNEX L. Number of Development Partner Projects by Province, FY2021/22

Development Partners	-Nationwide	Bagmati	Gandaki	Karnali	Koshi	Lumbini	Madesh	Sudurpashim	Grand Total
Asian Development Bank	29	87	15	3	52	21	24	18	249
Australia	6	19			28	24	8	18	103
China	1		1						2
EU	25	3	1	10		12	8	9	68
Finland	1	3	1	2		2		9	18
GAVI	2								2
GCF		13	11		14	12	8		58
Germany	19	28	17	15	32	19	7	40	177
GFATM	3								3
IMF	1								1
India	5	13			1		10	1	30
Japan	2	29	7	6	27	1	1	7	80
KFAED		13			14		8		35
Korea	2	40	17	1		2	8	10	80
Netherlands						12		9	21
Norway	6	2			15		16		39
OFID		26			14		8		48
SAARC	1								1
Saudi Fund	1							1	2
Switzerland	11	13			84	12	2	9	131
UK	11		12	18	16	20	24	8	109
UN	60	70	43	77	72	48	88	68	526
USAID	29	12	1	17	14	12	4	10	99
WB	20	21			2		14	4	61
Grand Total	235	392	126	149	385	197	238	221	1943

