

# W GOVERNANCE E K L Y

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## Nepal's Poverty Alleviation Efforts Undermined by Poor Oversight and Coordination

The Poverty Alleviation Fund (PAF), established in 2003 by the Nepali government to combat poverty, was dissolved in 2021 due to corruption accusations and the withdrawal of support from the World Bank. Established to uplift impoverished communities, PAF had implemented programs across 64 districts and 551 municipalities, forming 32,276 community institutions and benefiting 8.7 million households. By its closure (in 2021), the Fund had disbursed about NRs. 19 billion toward poverty alleviation efforts. However, the dissolution left a significant gap in the poverty alleviation framework. Despite the substantial funds and infrastructure PAF managed, its closure was followed by a lack of oversight. The Ministry of Land Management, Cooperatives, and Poverty Alleviation failed to monitor ongoing programs or ensure proper utilization of remaining funds. Only recently did the Ministry request the Ministry of Federal Affairs and General Administration to provide details of local governments where PAF programs were implemented.

Nepal's poverty rate currently stands at 20%, translating to roughly 6 million people living on less than NRs. 200 per day. The government's 16th Five-Year Plan sets an ambitious target of reducing poverty to 12% by 2029. However, despite this alarming figure and long-term goals, the government has not introduced an integrated program for poverty reduction. The Ministry of Land Management, Cooperatives, and Poverty Alleviation has been conducting two limited initiatives; the "Bishweshwar with the Poor Program", and the "Distribution of Poverty Identification Cards". Both programs have not been effective, and are attributed to insufficient budgets and weak inter-ministerial coordination. In addition, programs such as subsidized loans, initiatives for small farmers, and scholarships targeting underprivileged communities are also run by different bodies.

This situation highlights two key issues: the poor oversight and coordination within government institutions, and the absence of an integrated approach to poverty reduction despite the government's ambitious targets. While poverty alleviation institutions exist at all levels, including federal ministry, ministries in all seven provinces and local-level branches, coordination among them remains lacking. The Ministry of Poverty Alleviation has also acknowledged the urgent need for a comprehensive and collaborative strategy to effectively tackle poverty. Without significant reforms and a unified approach, the goals outlined in the Five-Year Plan risk remaining far from realization.

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### Governance Issues of the Week

- 1. SC sought clarification on new TRC Bill:** The Supreme Court has demanded justification from the government and constitutional bodies for including provisions that could allow amnesty for murder crime and 75% sentence reduction in the amended transitional justice law. 48 insurgency victims filed a petition against these provisions, asserting they protect perpetrators and undermine justice. Arbitrary killings are deemed non-amnestiable, while other murders require victim families' consent for amnesty.  
Read More: [The Kathmandu Post](#)
- 2. Govt categorises local units for fund distribution:** The government has categorized local governments into seven groups for grant disbursement based on their capacity and needs. Municipalities in Category A, with the weakest revenue capacity, will receive up to 80% federal funding, while the municipalities with stronger capacities will get less federal support, with the strongest category receiving only 20%. This aims to balance development opportunities and update outdated guidelines.  
Read More: [Setopati](#)
- 3. Gandaki to add two official languages:** The Gandaki Provincial Government is making preparations to use Gurung and Magar languages as the official languages. A bill to formalize this initiative is being drafted and will be presented during the winter session of the Provincial Assembly. The languages were also recommended by the Language Commission of Nepal to be used for official communication in the province, as Gurung and Magar speakers constitute 18.8% and 11% of the population, respectively.  
Read More: [The Rising Nepal](#)
- 4. High failure rate in NMC license test:** In the recent licensing test conducted by the National Medical Council, 69 percent of candidates, who completed their MBBS from various medical institutions in Nepal and abroad, failed to meet the required 50 percent pass mark. Many of these candidates have failed multiple times, raising concerns among experts who suggest that this high failure rate could have serious implications for the quality of medical practice in Nepal.  
Read more: [The Kathmandu Post](#)
- 5. Relocation of Kalimati Market halted:** The relocation of part of the Kalimati Fruits and Vegetables Market to Chobhar, Kathmandu, remains incomplete, despite 11 deadline extensions since 2016. Originally funded by the World Bank's PACT initiative, which ended in 2018, the project is now supervised by the Ministry of Agriculture and Livestock Development. However, progress has stalled after the contractor, whose contract the government canceled in October 2023, secured a court injunction.  
Read More: [NayaPatrika](#)
- 6. Nepal to organize climate dialogue:** PM KP Sharma Oli has announced Sagarmatha Sambad, an international Dialogue forum scheduled for May 16-18, 2025, in Kathmandu. Held during the International Year of Glacier Preservation (IYGP), it will focus on climate change, mountains and the future of human life. Designed as a biannual event, the dialogue aims to strengthen Nepal's advocacy for climate justice on global platforms.  
Read More: [OnlineKhabar](#)

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