

GOVERNANCE

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Nepal's Healthcare Sector in Risk: Budget Cuts and Foreign Aid Freeze Deepen Woes

WEEKLY

News by The Kathmandu Post

Nepal's healthcare sector has faced significant challenges with the US government's decision to suspend nearly all funding assistance for three months in January 2025. It has led to freezing of [NRs. 724.4 million](#) from USAID for various health programs, including NRs. 524.4 million for the Ministry of Health and Population and its agencies, NRs. 150 million for provincial governments, and NRs. 50 million for local governments. USAID had pledged \$25 million (around Rs. 3.3 billion) over five years, with \$5 million allocated annually to support essential initiatives such as immunization, family planning, and maternal and neonatal health.

In light of the uncertainty surrounding future funding, the Ministry of Health and Population is exploring alternatives to maintain critical programs. Among the proposed measures are virtual meetings and online training sessions for healthcare workers in the upcoming fiscal year. The funding suspension has led to the cancellation of several in-person training sessions, including a six-day training for medical officers in district hospitals to save neonates, and a 15-day neonatal care training for nurses. Other critical programs, such as outbreak investigation training for doctors and schemes for non-communicable diseases, have also been halted. However, the experts argue that virtual training is insufficient for such life-saving skills, which require hands-on practice to be effective.

Meanwhile, the Ministry of Finance has set a ceiling of [NRs 83 billion](#) for the Ministry of Health and Population's expenditure for the next fiscal year, which is NRs 3 billion less than the current allocation. This reduction contrasts sharply with the sector's immediate needs and further impacts an already vulnerable healthcare system. It is expected to affect Nepal's priority health programs, including those related to maternal and child health, immunization, nutrition, HIV, tuberculosis, epidemic control, non-communicable diseases, and mental health. Thus, with the budget cuts and funding suspension combined, the health sector is expected to have long-term repercussions, not only disrupting ongoing projects but also undermining future healthcare programs.

Given these challenges, there is increasing pressure for the government to raise the healthcare budget and strengthen the sector's financial resilience. The government must prioritize a larger share of the national budget for health and seek additional funding sources, including partnerships with other international donors and the private sector.

Read more: [The Kathmandu Post](#)

Governance Issues of the Week

- 1. Bill to grant lifetime benefits to former special-class officials:** The government is drafting a bill to provide lifelong benefits to former presidents, vice presidents, prime ministers, chairs of the council of ministers, speakers, and National Assembly chairs. The proposed benefits include a monthly allowance, housing expenses, vehicles, and secretariat staff. However, the former officials are currently receiving security, vehicles, fuel, and medical allowances through cabinet decision.
Read more: [Kantipur](#)
- 2. Public Accounts Committee less active under UML leadership:** The Public Accounts Committee, responsible for overseeing government expenditures and ensuring transparency in the use of taxpayers' money, is traditionally chaired by the opposition leader. But, with CPN-UML leading the committee as the second-largest party in parliament, its activity has declined. The committee has held only nine meetings in nine months, raising concerns over its oversight functions and responsiveness.
Read more: [Online Khabar](#)
- 3. Nepal's Ambassador to the U.S. yet to assume office:** Nepal's newly appointed ambassador to the United States, Lok Darshan Regmi, is still in Kathmandu despite being sworn in seven months ago. Since the return of former Ambassador Shridhar Khatri, the position in Washington, D.C., has remained vacant. With the new U.S. administration rapidly revising its policies, including foreign aid to Nepal, the absence of an ambassador could have significant diplomatic and economic implications.
Read more: [Naya Patrika](#)
- 4. 15 health institutions to shut down in Malangwa:** The Madhesh Province Government has ordered a closure of 15 health institutions in Malangawa, Sarlahi, after being found to have operated without authorization. A team led by Madhesh Province Chief Minister, Satish Kumar Singh conducted the inspection of 19 health institutions including the provincial hospital and various private hospitals and polyclinics in the area.
Read more: [Online Khabar](#)
- 5. Remittance inflows rise as foreign employment increases:** In the first seven months of the fiscal year, Nepal's remittance inflows reached Rs. 9.58 billion, a 7.3% increase from the previous year. The number of individuals seeking labor permits has also grown, with 278,600 people obtaining new permits this year, reflecting a continued reliance on overseas jobs for economic stability.
Read more: [Naya Patrika](#)
- 6. 1,300 tonnes of fertilizer stranded at Tatopani Customs:** A price dispute between Agricultural Inputs Company Limited (AICL) and importers has left 1,300 tonnes of fertilizer stranded at Tatopani Customs for eight months. The 2,600 sacks, each weighing 50 kg, have been exposed in an open warehouse at Tatopani Dry Port, rendering them nearly unusable, while farmers continue to face shortages amid growing demand for fertilizer.
Read more: [risingnepaldaily](#)

Nepal Governance Weekly is an analytical update of Nepal's current affairs based on media and real sources mining, to sensitize the communities on hot news on various governance issues from the perspective of accountability.

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