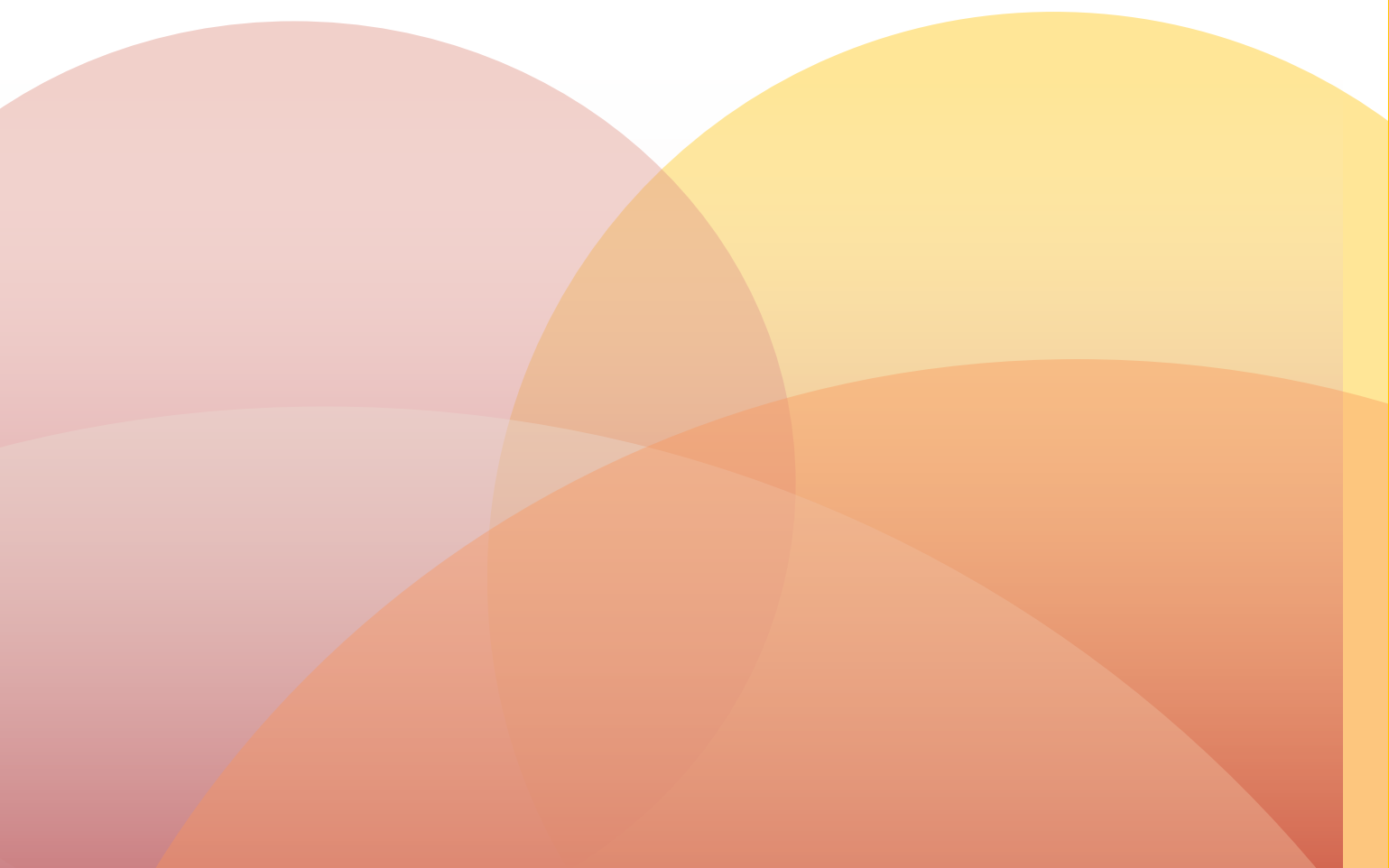




**#SharedStrength**

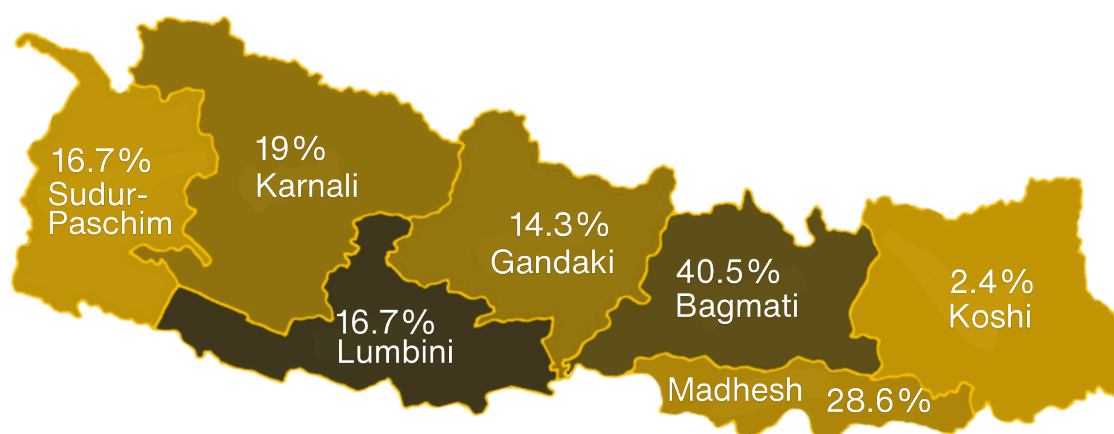
Impacts of the  
**Foreign Aid Freeze**  
on Youth-led CSOs in Nepal



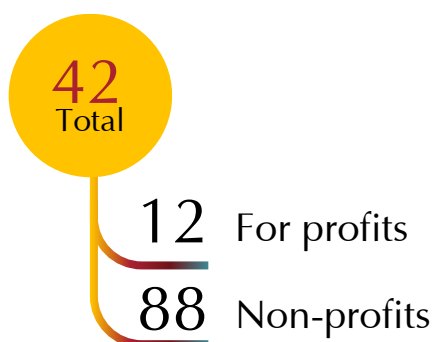
# Impacts of the foreign aid freeze on youth-led CSOs in Nepal

Following the US government's abrupt decision to cut foreign aid, Accountability Lab Nepal (ALN) conducted an immediate impact assessment to scope the impacts of the aid freeze on youth-led organizations in Nepal. The aggregated data will be used to inform conversations, amplify collective voices, build solidarity, assess the current impact on the ecosystem, and identify sustainable solutions.

## Geographical location



## Participants



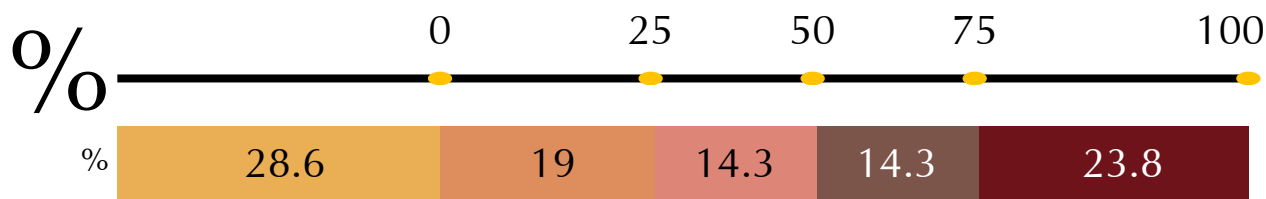
The 42 respondents from various youth-led organizations had a combined staff of 258 and an estimated reach of more than 37,000 people.

## Areas of focus:



Others included: disability, child rights, livelihood, entrepreneurship, media, innovation and technology, migration, etc.

# Affected by the foreign aid freeze:

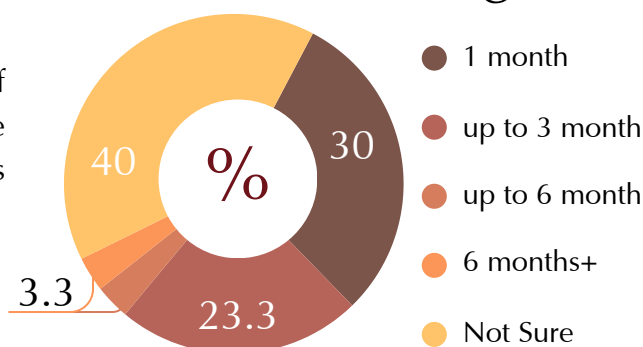


71% of the surveyed organizations are affected in some way by the foreign aid freeze. Of the affected organizations, 90% are non-profit organizations.

Organizations working in the sectors of climate action, gender & inclusion, and health are the most severely impacted, with 71%, 81%, and 86% of organizations in those sectors reporting that they have been affected by the aid freeze.

## Months of financial resources remaining

Of all those who have been affected, half of them do not have the adequate resources to sustain up to three months with 40% unsure of their financial future.



## Immediate Impact

The immediate impact on these organizations includes both the programmatic and operational challenges such as managing operational costs and staff retention.

%



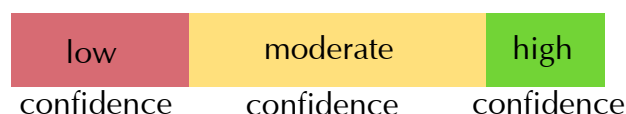
The impact extends further to beneficiaries and advocacy efforts – impacting the overall ecosystem.

“We are faced with deep programmatic uncertainty, unsure of the way forward as we strive to advocate gender and inclusion.”

“Due to the funding freeze, we are unable to conduct workshops and convening at the local level planning process, depriving young people of valuable opportunities to engage, contribute and develop skills necessary for active civic engagement.”

# Confidence of recovering

The confidence of recovering from the funding crisis varies, especially between the completely impacted organizations. Only 10% are sure of recovering from the crisis while the rest fall into a varying levels of uncertainty.



The majority of respondents (33%) are unsure if they could overcome a funding crisis. Almost a third (30%) lack confidence in their ability to overcome a funding crisis.

## Steps taken to mitigate the impact:

%



Organizations have taken steps to minimize the impact and remain operational during this period. These steps included internal assessments, donor mapping, and outreach to the government and collaborating partners.

## Possibility of indirect impact

on organizations who replied not impacted



Of the organizations not directly affected by the aid freeze, 67% of them report that they as well as the communities they serve would feel the effects of the freeze. Concerns remain about the impact on the larger ecosystem. The situation has not only stopped the work of particular organizations but has also affected potential collaboration between them. Respondents have started noticing the deviation in the priorities of other donors as well – 58% of the respondents not affected have attested to this.

# Respondent's voices

“The ecosystem prospects for new funding seems bleak. This would be good to come together as a community to discuss organizing and continuing the advocacy efforts in a cost effective way.”

“Many of the communities rely on international support for initiatives related to good governance, climate resilience, biodiversity conservation, and disaster risk reduction. A halt in foreign aid would reduce funding for essential programs, limiting resources for capacity-building, advocacy, and local development projects. Vulnerable populations, including marginalized groups, may face greater challenges in accessing services, education, and economic opportunities.”

“It has created significant financial uncertainty, making it challenging to sustain essential programs, support beneficiaries, and pay staff. With all organizations facing similar funding shortages, opportunities for collaboration have diminished, impacting the broader ecosystem.”

“The lack of financial support threatens ongoing projects promoting good governance, climate action and more. It may also weaken institutional framework, making it hard to hold decision makers accountable and ensure transparent governance practices. A prolonged foreign aid freeze would have an impact on the long-term sustainability goals affecting both grassroots initiatives and national policy advocacy efforts”

“The government added challenges through increased compliance, including the introduction of new rules, and has raised concerns that civil society space will shrink further. This is made worse by negative media portrayals and an already challenging environment. Amid these circumstances ensuring the continuity of interventions remains a challenge.”

The funding crisis has impacted both the individual organizations and the broader ecosystem. Many organizations are struggling to sustain their programs, staff and essential services and advocacy efforts. The full extent of these impacts are yet to unfold. The funding crisis has definitely sparked reflection and serious concern upon the civil society regarding their advocacy, work ethic and motive. The lack of funding has created a ripple effect, reducing collective impact and narrowing opportunities for joint initiatives. To navigate this crisis, there is an urgent need for **cost-effective advocacy**, **resource-sharing**, and **exploring innovative financing models** that not only supports organizations to stay afloat during this crisis but also builds resilience for future crises.



### Disclaimer:

This report presents findings from an online survey conducted by Accountability Lab Nepal. To protect respondent privacy, no personally identifiable information is disclosed. The US government's decision on foreign aid freeze has caused deep uncertainty, disrupting operations, financial sustainability, and long-term planning. Its ripple effects are unfolding globally. This survey aims to document the impact seen in Nepal and support for collective action. Here you can find more on the impact on global scale. (<https://www.globalaidfreeze.com/about>)



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