

Nepal GOVERNANCE WEEKLY

Seven Provinces, Seven Agendas: What Are the Priorities for the Upcoming Fiscal Year?

All seven provinces of Nepal released their budget statements for the fiscal year 2026/27 on June 15, 2026. The documents outline a total budget of NPR 292 billion, including programs, plans, and priorities that place strong emphasis on capital expenditure for sectoral development and infrastructure projects across the provinces.

To bridge their financial gaps, several provinces have proposed utilizing internal loans and carrying forward cash reserves from the current fiscal year while channeling investments into capital-building sectors such as roads, healthcare, agriculture, tourism, and public service enhancement. For instance, Bagmati Province, which presented the largest budget, has announced a "Metro Rail" project in coordination with the federal government while also prioritizing the digital transformation of public services.

In Karnali, a 100 percent interest subsidy for entrepreneurs operating agricultural businesses on more than five hectares of land, a startup loan program, and the Karnali Tourism Decade scheme have been outlined, along with a budget of NPR 50 million for the expansion of Surkhet Airport. Provinces such as Koshi and Lumbini intend to cover their deficits using surplus funds. Koshi Province, with a budget of NPR 40.45 billion, has targeted a 5 percent economic growth rate through measures such as tax exemptions on land purchases for job-creating industries and the promotion of locally produced garments among provincial staff.

The provinces have once again prioritized highly ambitious projects that remain dependent on grants, royalties, revenue-sharing arrangements, and other transfers from the federal government, as their own-source revenues remain limited. As a result, challenges related to the effective implementation and execution of budgetary programs continue to persist.

However, a notable improvement in this fiscal year's budget is the reallocation of resources from recurrent administrative costs towards output-driven development strategies. These frameworks leverage technology and social inclusion to address regional socio-economic and geographical realities. Furthermore, these fiscal plans significantly align with the national budget priorities and the Federal 100-Day Action Plan.

Here are the goals and priorities set by each province in the official budget statement:

Province	Budget (in NPR)	Key Priority Areas
Koshi 40.44 billion		<ul style="list-style-type: none"> Youth and returnee migrant skill/loan programs (Rs. 110 million) and the "Koshi Province Visit Year" campaign (Rs. 121.2 million). NPR 18.92 million allocated for "Chure's Soil to Chure, Clean Water to All" for the Chure region through groundwater recharge, landslide control, and bio-engineering. Rs 7 million for the "Sakcham Chhori" girls' education program benefiting approximately 275,000 students. Rs. 40.44 billion total budget aiming for 5% economic growth and the "Clean, Happy, and Prosperous Province" vision.
Madhesh 41.13 billion		<ul style="list-style-type: none"> "Madhesh can feed the Nation" campaign focusing on seed self-reliance and direct farmer subsidies with a budget of Rs. 3.77 billion. Youth entrepreneurship will be fostered through start-up funds providing seed capital and mentorship with an allocation of Rs. 2.44 billion. "Madhesh Agricultural Corridor" is prioritized over fragmented projects, supported by a budget of Rs. 12.01 billion. Janakpur Provincial Hospital to be upgraded as a teaching hospital alongside expanded snakebite centers with an allocation of Rs. 5.95 billion. Rs. 41.13 billion budget targets a 1.31% economic growth rate to fulfill the "Made in Madhesh, Prosperous Province" vision.
Bagmati 66.93 billion		<ul style="list-style-type: none"> "One School, One Nurse" program, free air evacuation for high-risk pregnant women, and CT scan, MRI, and dialysis service expansion with an allocation of Rs. 9.06 billion. "Chief Minister Innovation Program" with a budget of Rs. 200 million for youth self-employment and IT training. Rs. 512.88 million for the Madan Bhandari Academy of Health Sciences will expand its MBBS and MD programs. The total Rs. 66.93 billion budget targets a 5.40% economic growth rate and Rs. 2,644 per capita income under the "Prosperous Bagmati" campaign.
Gandaki 32.99 billion		<ul style="list-style-type: none"> Rs. 2 billion for "Return to Village" campaign attracting youth with commercial orchard expansion (apple, walnut, kiwi) in hilly areas. The "One District: One Tourist Destination" program and development of Pokhara as a MICE, health, and sports tourism hub are to be dedicated a Rs. 924.9 million budget. Rs. 3.31 billion to upgrade provincial hospitals, including the purchase of CT scan machines for Madhyabindu and Gorkha hospitals. A total budget of Rs. 32.99 billion focused on digital governance, transparency, and self-reliance, noting an estimated economic growth rate of 4.83%.
Lumbini 37.38 billion		<ul style="list-style-type: none"> "Udyamshil Lumbini Abhiyan" to provide seed capital and credit to create jobs for 6,000 people with an allocation of Rs. 520 million. A province-wide campaign to attain a child-marriage-free province is allocated a budget of Rs. 109 million. Timely completion of 237 multi-year strategic road and bridge projects to connect local hubs is prioritized with an allocation of Rs. 4 billion. Focusing on the "Digital Lumbini" campaign and restructuring, the total Rs. 37.38 billion budget targets a 2.87% economic growth rate and a \$1,208 per capita income.
Karnali 35.39 billion		<ul style="list-style-type: none"> "One Village, One Commercial Orchard" program to promote high-density apple and fruit farming allocated for 192.25 million. Rs. 560.8 million is dedicated to the "Rural Road Network Improvement Program" to construct and upgrade road sections connecting various districts. 3 million budget allocated for "Once a week: Book-free Friday" program to build knowledge and skills of students through extracurricular activities Rs. 236.5 million to upgrade Surkhet Provincial Hospital into a Health Science Academy.
Sudurpaschim 37.70 billion		<ul style="list-style-type: none"> Rs. 1.74 billion allocated to upgrade provincial highways and connect road networks with production hubs. "One Local Level: Two Products" program to modernize and commercialize farming allocated for Rs. 55.044 million. "Chief Minister Educational Encouragement Scholarship" for meritorious medical students allocated Rs. 45 million. Upgrading Seti, Mahakali, and Tikapur provincial hospitals to 100 beds through the Chief Minister Health Sector Reform Program allocated Rs. 10 million. Rs. 37.7 billion focused on digital transformation and good governance, targeting a 3.85% economic growth rate.

Weekly Snapshot



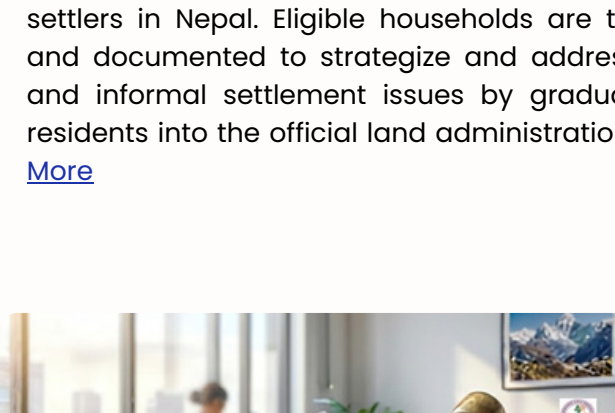
New Civil Service draft bill introduced: A new draft of the Federal Civil Service Bill has proposed major reforms to the civil service system of Nepal. The bill introduces lateral entry for senior positions, allowing qualified experts and technical professionals from diverse fields to join the civil service. It also requires retirement upon reaching the age of 55 or completing 30 years of service, leading to an estimated 13,000 vacancies across the country. Despite concerns over costs and feasibility, officials claim the reforms will enhance bureaucratic efficiency and service delivery. [Read More](#)

Interpol flags Nepal as an emerging target for cybercrime: Interpol has recently listed Nepal as a high-risk country in its latest 2025/2026 regional threat assessment. Nepal is heavily targeted by "Redline Stealer," an accessible and highly dangerous "infostealer" malware widely sold on the dark web, which extracts login credentials, financial data, and system information through phishing and pirated software. Due to inadequate cybersecurity protocols, sectors including finance, healthcare, education, and e-commerce are all prone to such large-scale data breaches. [Read More](#)



Budget prioritizes human-wildlife conflict: The government has allocated Rs. 411 million to reduce human-wildlife conflict across affected regions in Nepal. The funds support community awareness, preventive infrastructure, and relief measures for victims, including compensation for crop and livestock damage. Areas near protected forests frequented by incidents involving elephants, tigers, and other wildlife are targeted by this initiative to reduce casualties and financial and social losses caused by wildlife encounters and strengthen nationwide wildlife management efforts. [Read More](#)

Government to issue land titles to Sukumwasi: The government is reported to provide land titles for the Sukumwasi starting the first week of July. The initiative, as per the Land Ministry, is set to advance efforts in formalizing and providing legal entitlement to the long-term informal settlers in Nepal. Eligible households are to be identified and documented to strategize and address the landless and informal settlement issues by gradually integrating residents into the official land administration system. [Read More](#)



Registration of over 5 thousand pharmacies was quashed. The Department of Drug Administration has revoked the registration of 5,302 pharmacies across Nepal for failing to renew their licenses on time. This move was undertaken under the Drug Act's provisions: automatic cancellation of non-renewed drug manufacturing licenses, recommendation letters, and certificates. The department stated that the measure will strengthen regulatory standards and ensure accountability among operators. Affected pharmacies should now undergo fresh registration procedures to legally resume their operations. [Read More](#)

Ujyalo Foundation is convening its annual One-Day Feminist Conference (OFC) 2026 this 27th of June in partnership and support of various CSOs to bring activists, allies, researchers, policymakers, students, practitioners, and community leaders for reflective, contextual, and action-oriented dialogue rooted in feminist values and collective action.

This year the OFC is being held under the theme "Invisible No More: Care Work, Domestic Labor, and Migration." Through plenary discussions, breakout sessions, interactive events, networking opportunities, and collective reflections, participants will explore how care can be recognized not as a private responsibility but as a shared social and public priority.

Join ALN for a parallel session titled "Migration, Recovery, and Justice: Care in Time of Crisis" to discuss how care systems, social protection, and community support can enable dignified reintegration and resilient futures of migrant workers in times of crisis and beyond.

ONE-DAY FEMINIST CONFERENCE 2026
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