

Government of Nepal

Ministry of Finance

MDGs and mechanism adopted to address the Goals

| S.N. | MDG | How ODA is impacting the MDG results in Nepal? | Appropriateness of quantity, quality, transparency and predictability | Remarks |
|------|---|--|--|---------|
| 1 | Global partnership for development | <p>Foreign Aid has been contributing for socio economic development of Nepal. For example, the share of foreign aid* to total government expenditure during 2001/02-2008/09 was 19.9 percent in an average whereas the share of foreign aid to capital expenditure in the same period was recorded 69.1% in an average. It clearly shows that the role of ODA in capital expenditure is immense though not measured explicitly. Particularly, ODA has been contributing in education, health and infrastructure sector.</p> <p>For example: 24, 47.8 and 50 percent out of total budget for 2009/10 have been appropriated for Ministry of Education, Ministry of Health and Population and Ministry of Physical Planning and Works respectively from foreign aid.</p> | <p>Quantity - It is insufficient in the sense that still more fund is needed for reconstructions, peace building and peacekeeping, better education, enhanced health facilities and for other infrastructural development.</p> <p>Quality: Quality of aid is yet to be evaluated.</p> <p>Transparency: Transparency is not at its appropriate level. The Aid Effectiveness Survey 2008 found that 74% of aid to Nepal for 2006/07 was recorded in the Government's budget. In the same year, about 68% of ODA received by Nepal has been disbursed to the government sector through Nepal's public financial management (PFM) system and only 59% of ODA was disbursed through the Government sector using Government's Procurement System. Beyond ODA, the inflow of fund via INGOs and by individual recipient is still high that should be streamlined through ODA. There are evidences that many projects are launched in parallel with the government.</p> <p>Predictability: The in-year predictability of aid measured as a ratio of aid scheduled by donors for disbursement to the money actually recorded by the Government was estimated at 47% for Nepal in fiscal year 2006/07.</p> <p>In coordination point of view, the survey findings reveal that 34% of Nepal's total foreign aid in 2007 went to technical cooperation whilst only 14% of this aid went to program coordinated with the Government.</p> <p>Additionally, program-based support made up 32% of total ODA in 2007 whilst only 20% was disbursed to program based (sub-sector) approaches.</p> | |

*includes foreign grant and foreign loan.