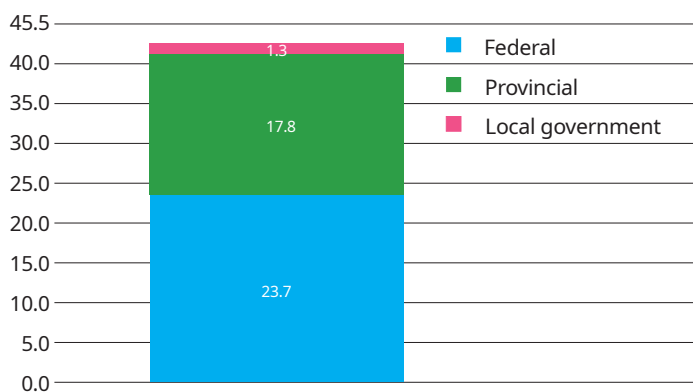


WASH Financing IN NEPAL 2023/24

Context: SIX YEARS TO SDGs 2030



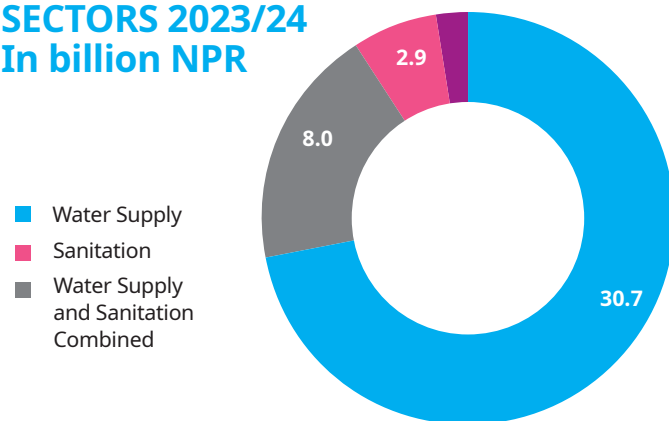
WASH BUDGET BY THREE TIERS OF GOVERNMENTS 2023/24 In billion NPR



In 2023/24, federal, provincial, and local governments allocated at least NPR 42.8 billion to the Water Supply, Sanitation and Hygiene (WASH) services in Nepal. Out of that NPR 23.7 billion was under federal project/programs and NPR 17.8 billion was under provincial projects/programs. NPR 1.3 billion was federal fiscal transfer to local governments under conditional grant.

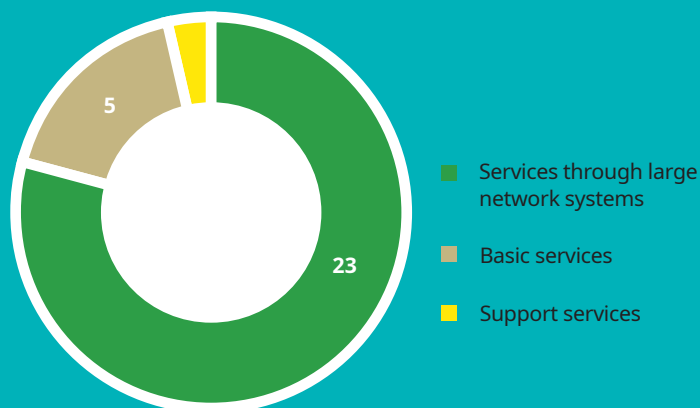
NPR 42.2 billion is 0.8 percent of the GDP (2022) and 2.4 percent of the combined federal and provincial budget.

WASH BUDGET BY THREE TIERS OF GOVERNMENTS BY SANITATION AND WATER SUPPLY SUB SECTORS 2023/24 In billion NPR



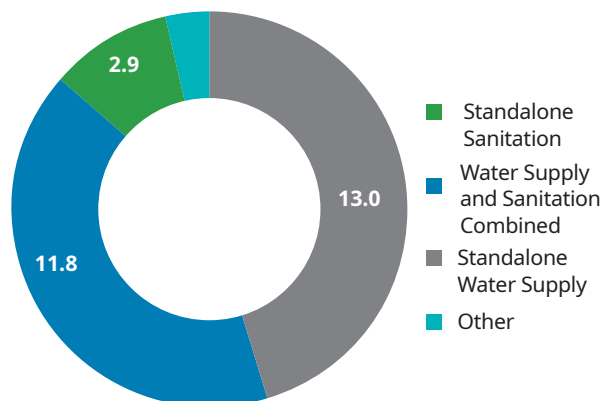
In 2023/24, federal and provincial governments in combine allocated a total of NPR 2.9 billion (7%) to standalone sanitation project/programs, NPR 30.7 billion (72%) to standalone water supply project/programs, NPR 8 billion (19%) to combined water supply and sanitation program/projects and NPR 1.1 billion (3%) to other projects.

FEDERAL WASH BUDGET BY SERVICES 2023/24 - In billion NPR

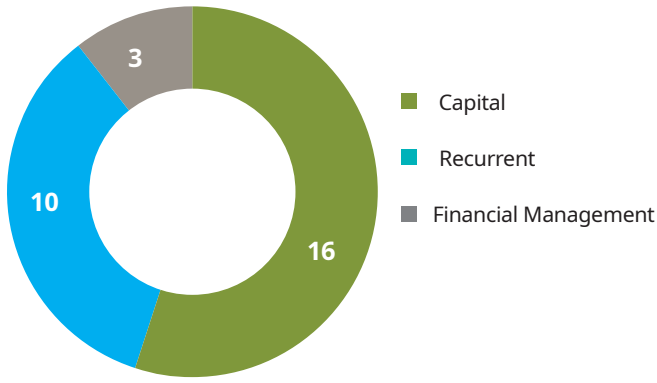


Out of the budget allocated to WASH services, 19% (NPR 5 billion) is allocated for programs related to basic services, 78% (NPR 23 billion) for programs related to large network systems, and 3% (NPR 1 billion) for support services. Out of the support services, NPR 37.5 million is allocated to capacity building programs, whereas NPR 38.9 million and NPR 691.5 million are allocated to MIS/Monitoring and Admin/Management costs.

FEDERAL WASH BUDGET ACROSS WATER AND SANITATION 2023/24 In billion NPR



Out of the total federal budget for WASH (NPR 28.7 billion), NPR 2.9 billion (10%) is allocated for standalone sanitation projects, NPR 13 billion (45%) is for standalone water supply projects, and NPR 11.8 billion (41%) for water supply and sanitation combined projects.

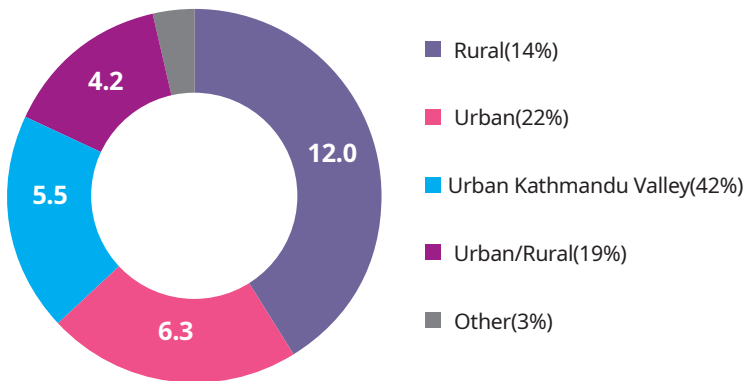
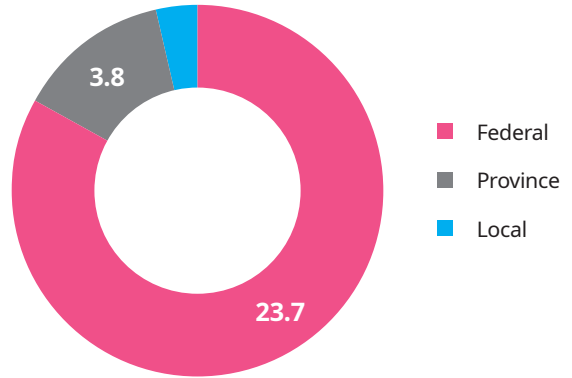


FEDERAL WASH BUDGET BY COST 2023/24 In billion NPR

55% (NPR 16 billion) of the budget allocated to WASH is for capital cost, whereas 9% (NPR 3 billion) for recurrent cost and 35% (NPR 10 billion) for financial management cost.

FEDERAL WASH BUDGET TO THE FEDERAL, PROVINCIAL AND LOCAL GOVERNMENTS 2023/24 - In billion NPR

82% (NPR 23.7 billion) of the WASH budget to be expensed by federal government and 13% (NPR 7.3 billion) to be expensed by provincial governments and 5% (NPR 1.3 billion) to be expensed by local governments under conditional grant.



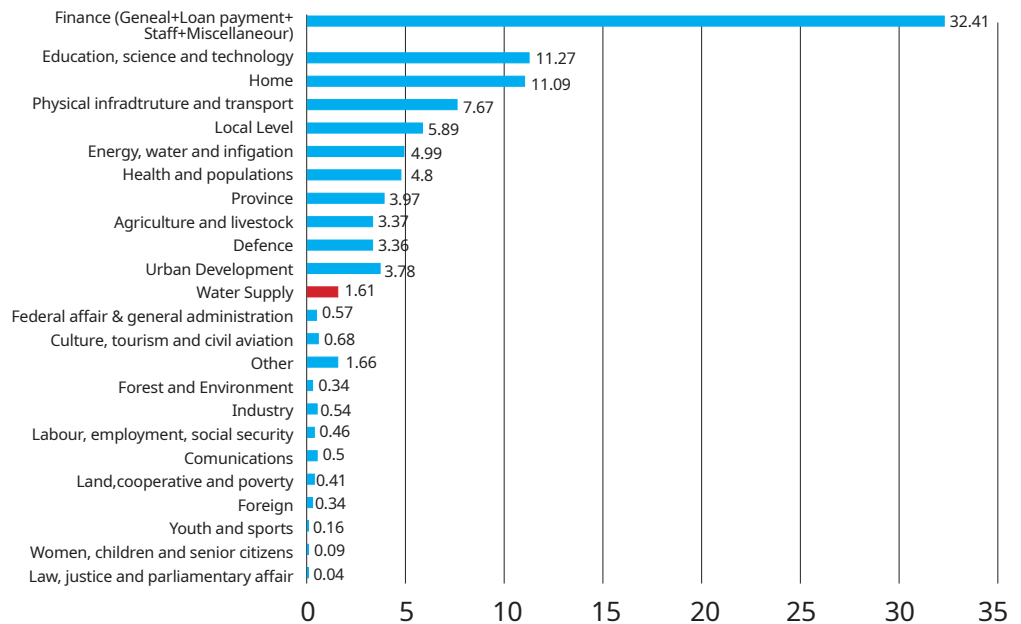
FEDERAL WASH BUDGET BY RURAL AND URBAN SETTINGS 2023/24 - In billion NPR

22% of the WASH budget was allocated to urban types of projects, 19% to both urban and rural types of programs and 14% to rural programs. 42% of the WASH budget is directly targeted to Kathmandu valley. 64% of the WASH budget is allocated solely to urban settings.

BUDGET ALLOCATION IN WASH VS OTHER MINISTRIES 2023/24 Percentage

Federal budget for WASH is NPR 28.7 billion, which is 1.6 % of the overall federal budget and 0.5 % of GDP (2022). Federal WASH budget this year has decreased by NPR 9.4 billion (24.6 %) from last year's budget.

WASH Ministry comes under the rank of 10th highest receiving budget among 21 ministries. Ministries of Finance, Education, Science and Technology, Physical Infrastructure and Transport are amongst the top three highest receiving Ministries.



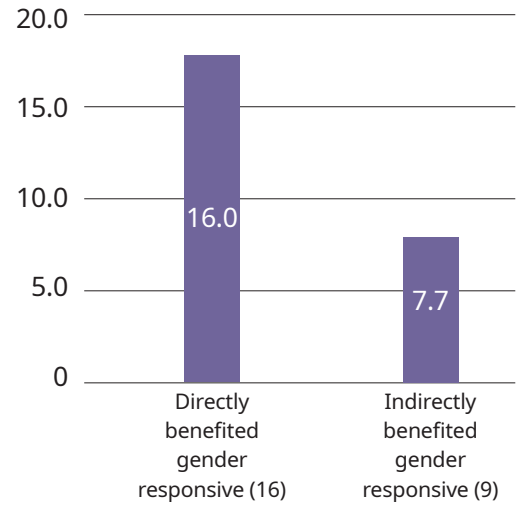
COVID-19 IN WASH BUDGET 2023/24

A total of NPR 329.3 million is allocated for Covid-19 response project this year with support from Japan Fund for Poverty Reduction (JFPR).

GENDER RESPONSIVENESS OF WASH BUDGET 2023/24 - In billion NPR

Out of NPR 23.7 billion budget allocated to twenty five WASH program/projects at the federal level, NPR 16 billion (67.4%) from 16 program/projects is categorized as directly benefited gender responsive budget, whereas NPR 7.7 billion (32.6%) from 9 program/projects is categorized as indirectly benefited gender responsive budget.

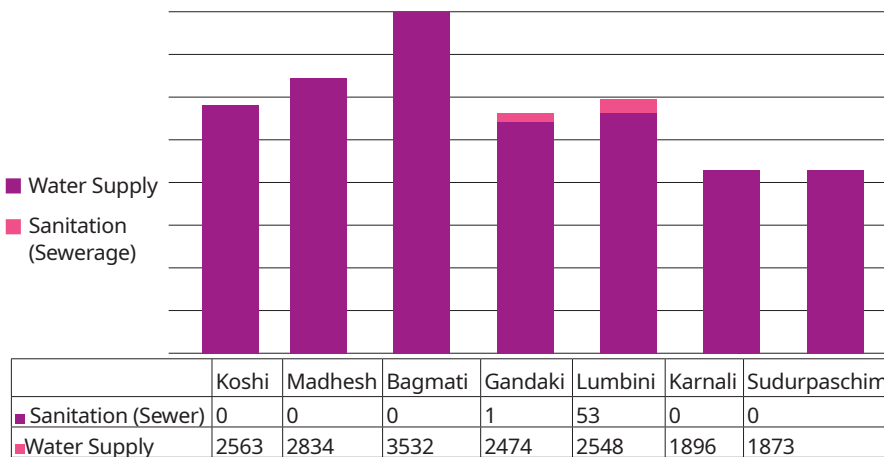
According to the Redbook, a gender responsive budget is categorized based on a. Participation of women in formulation and implementation (20%), b. Capacity development of women (20%), c. Assurance of benefit and control of women (30%), d. Increment in employment and income generation of women (20%), and e. Qualitative improvement in the use of time and decrease in workload of women (10%) of the program/projects. Benefits to women above 50%, between 20% to 50% , and below 20% are categorized as directly benefiting, indirectly benefiting and neutral benefiting gender responsive budgets.



PROVINCE WISE WASH BUDGET 2023/24 In million NPR

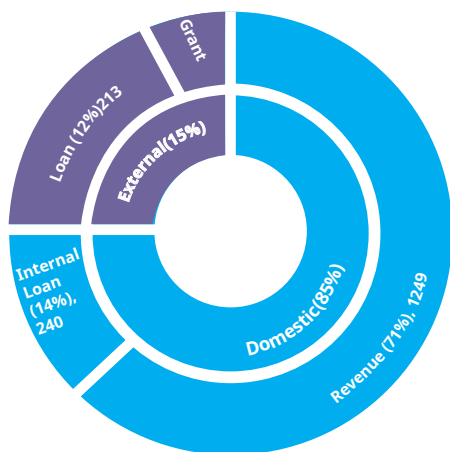
Seven provinces allocated a total of NPR 17.8 billion budget to the WASH Sector in 2023/24. Out of that only NPR 54 million (0.3%) is allocated to sanitation (sewerage management).

Koshi, Madhesh, Bagmati, Gandaki, Lumbini, Karnali and Sudur Paschim provinces allocated NPR 2.6 billion, 2.8 billion, 3.5 billion, 2.5 billion, 1.9 billion and 1.9 billion respectively. Gandaki and Lumbini provinces allocated NPR 1 million and NPR 53 million. Rest of the provinces did not allocate a budget for sanitation services.



OVERALL FEDERAL BUDGET BY SOURCES 2023/24 - In billion NPR

Domestic(85%)
External(15%)

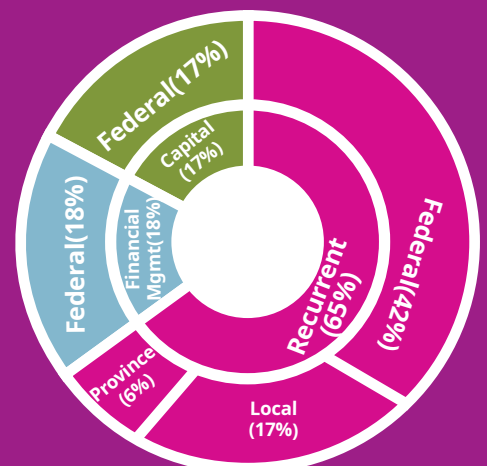


Government allocated a total of NPR 1751 billion budget for this fiscal year. Out of that, NPR 1489 (85%) is from domestic sources (NPR 1249 billion from internal revenue and NPR 240 billion from internal loan) and NPR 353 billion (15%) is from external sources (NPR 50 billion from grant and NPR 213 billion from external loan).

Compared to 2023/22, the overall budget has decreased by 2.6 percent this year.

OVERALL FEDERAL BUDGET BY COST 2023/24 In billion NPR

Recurrent(65%)
Capital(17%)
Financial Mgmt(18%)



Government allocated NPR 1142 billion (65%) for recurrent cost, NPR 302 billion (17%) for capital cost, and NPR 307 billion (18%) for financial management cost.

Out of the total allocated recurrent cost, 65% is for the federal government and 9% and 26% for provincial and local level governments respectively through fiscal transfer from the federal government.

OVERALL PROVINCIAL BUDGET BY SOURCES 23/24 - In billion NPR

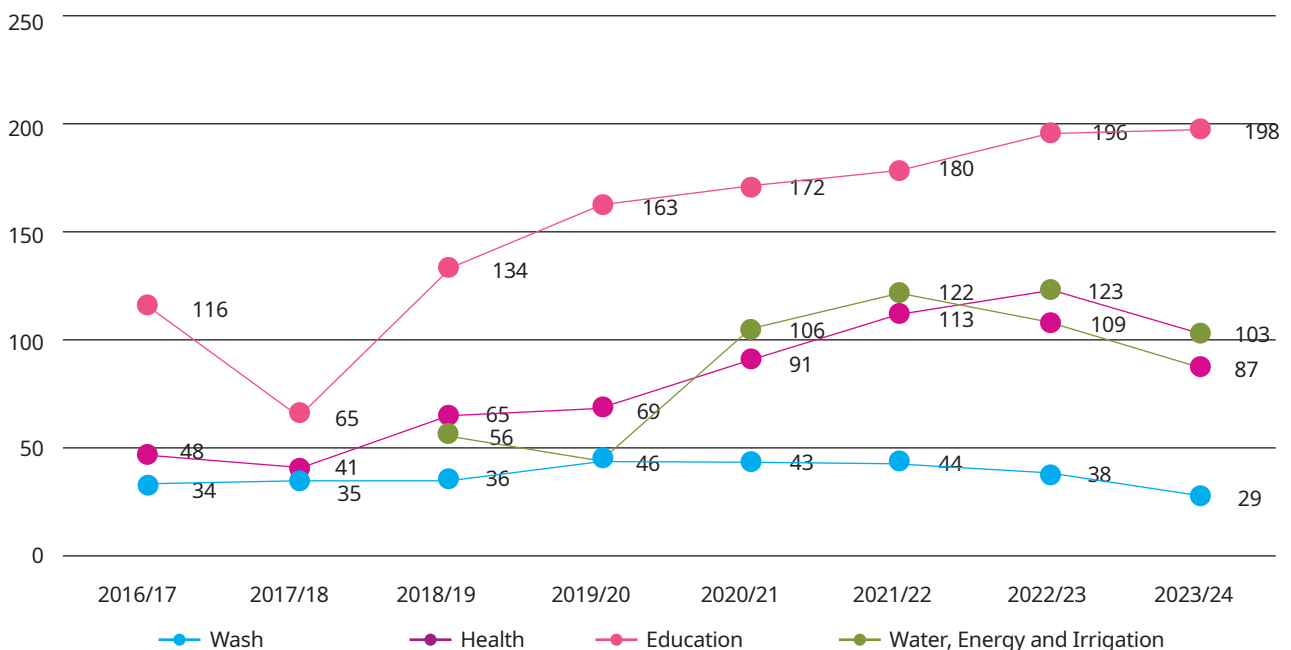
Overall budget of seven provinces is NPR 279.6 billion (decreased by 25.7 billion from 22/23), consisting of federal transfer NPR 107.8 billion (NPR 98 federal grant and NPR 9.8 external grant) and their own sources NPR 171.8 billion.



FEDERAL BUDGET ALLOCATION TREND ACROSS WASH, HEALTH, EDUCATION AND WATER, ENERGY AND IRRIGATION SECTORS 2016/17 TO 2023/24 In billion NPR

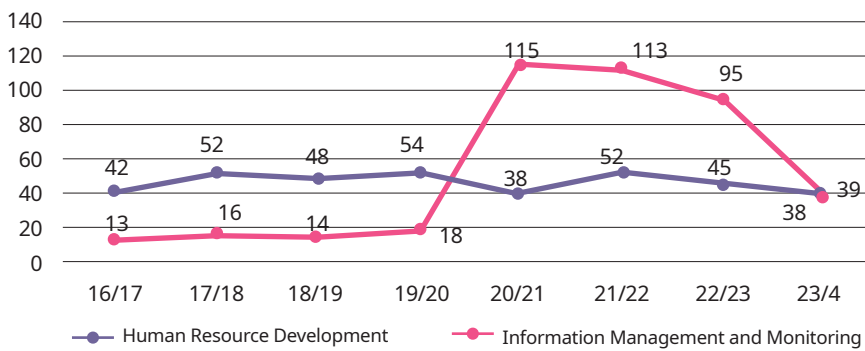
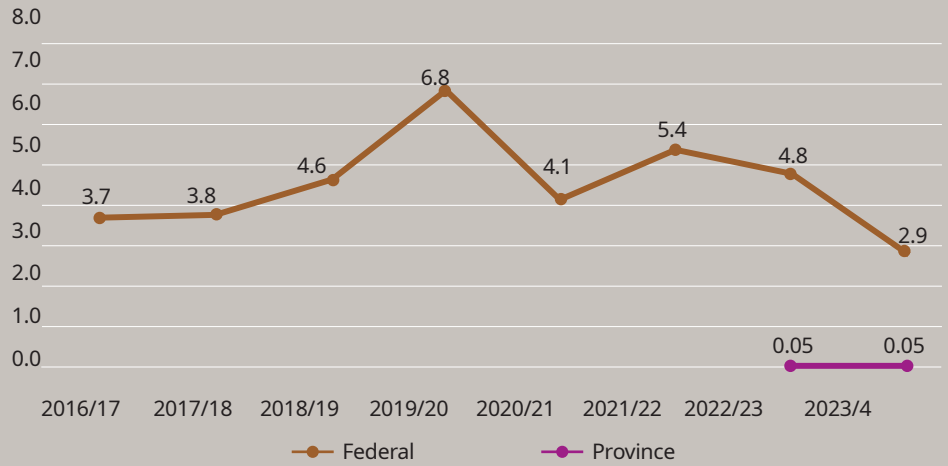
Federal government allocated NPR 29 billion to WASH, NPR 103 billion to Health, NPR 198 billion to Education, and NPR 109 billion to water, energy and irrigation sectors in 2023/24.

There has been steady budget increment in the education sector, but it was reduced in the health and WASH sectors in 2022/23 and 2023/24.



STANDALONE SANITATION BUDGET TREND AT THE FEDERAL AND PROVINCE LEVEL 2016/17 TO 2023/24 In billion NPR

On average, the trend in federal budget allocation to standalone sanitation is in decreasing order for the last four years, which radically reduced by 40 percent in 2023/24 compared to 2022/23.



FEDERAL WASH BUDGET TREND IN HR AND MIS 2023/24 - In million NPR

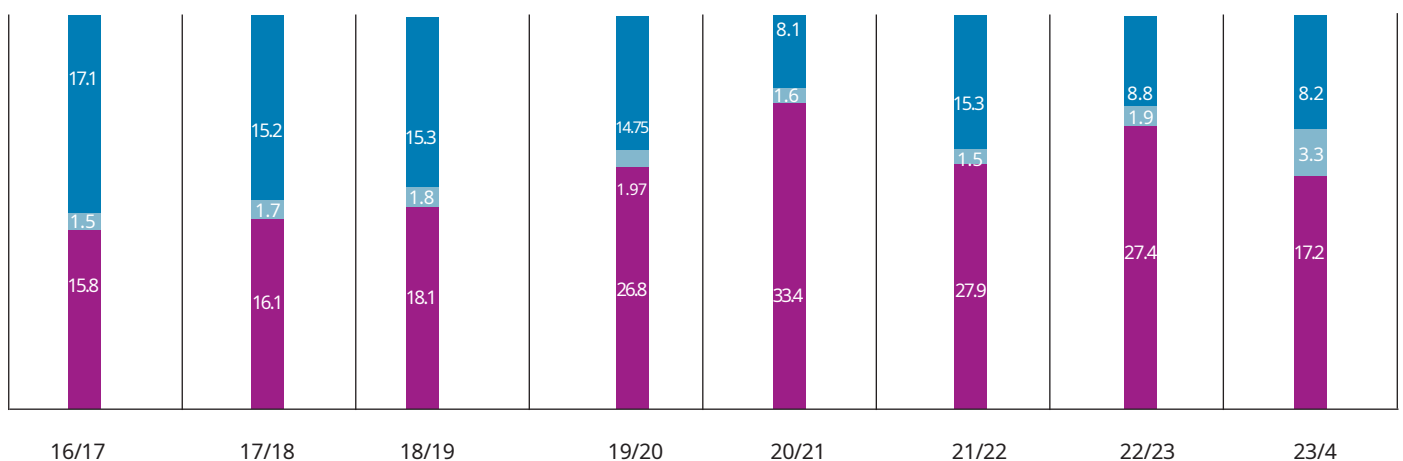
In 2023/24, WASH budget to Human Resource Development Program program is NPR 38 million and National Management of Information Programs is NPR 39 million.

Budget allocation trend in National Management Information Project (NMIP) and Human Resource Development Program is in decreasing trend since 2021/22, with rapid decrease in NMIP by 59% in 2023/24 compared to 2022/23.



TREND IN PROPORTION OF FEDERAL WASH BUDGET BY PUBLIC FUNDING 2016/17 - 23/24 In billion NPR

Internal Source External grant External loan



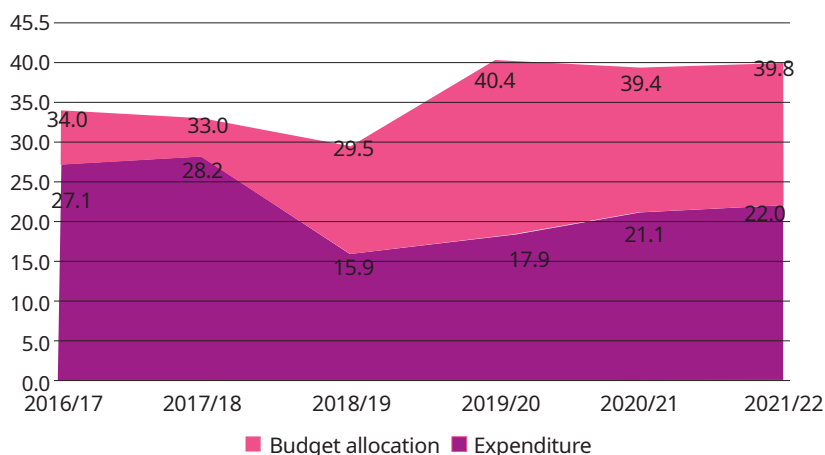
FEDERAL BUDGET BY DEVELOPMENT PARTNERS: 2016/17 TO 2023/24

In billion NPR

Funding Institution	2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23		2023/24	
	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total	%
Fed. Gov	15.90	46.00	16.10	50.0	18.10	50.8	26.8	61.7	33.4	77.40	27.4	61.99	27.43	71.90	17.22	59.89
Donor/DP	18.57	54.00	17.28	50.0	17.15	48.2	16.7	38.5	9.7	22.60	16.8	38.01	10.7	28.10	11.53	40.11
UNICEF	0.10	0.40	0.16	0.5	0.11	0.3	0.02	0.03	0.01	0.02	0.01	0.02	0.003	0.01	0.01	0.04
IDA	5.60	16.00	1.95	6.0	2.15	6.0	1.89	4.34	0.99	2.30			0.353	0.92	0.32	1.11
OFID							0.66	1.52	0.30	0.70	0.36	0.80	0.207	0.54	0.05	0.18
ADB	11.30	33.00	14.46	42.0	13.60	38.2	12.90	29.68	7.19	16.68	12.92	29.19	8.288	21.72	7.38	25.66
Finland	0.50	2.00	0.66	2.0							0.18	0.40	0.240	0.63	0.00	0.00
Helvetas	0.05	0.10	0.03	0.1												
UN-Habitat	0.01	0.02	0.01	0.0												
WHO	0.00	0.01	0.01	0.0												
EU	0.01	0.03														
JICA	1.00	3.00			1.30	3.7	1.25	2.88	1.25	2.90	1.25	2.83	1.400	3.67	1.90	6.61
IMF/ECF											2.00	4.52		0.00		
JFPR											0.11	0.24	0.230	0.61	0.30	1.06
USAID															0.24	0.83
Other donor															1.33	4.62
Total	34.472	100	34.5	100	35.6	100	43.46	100	43.10	100	44.25	100	38.15	100	28.76	100

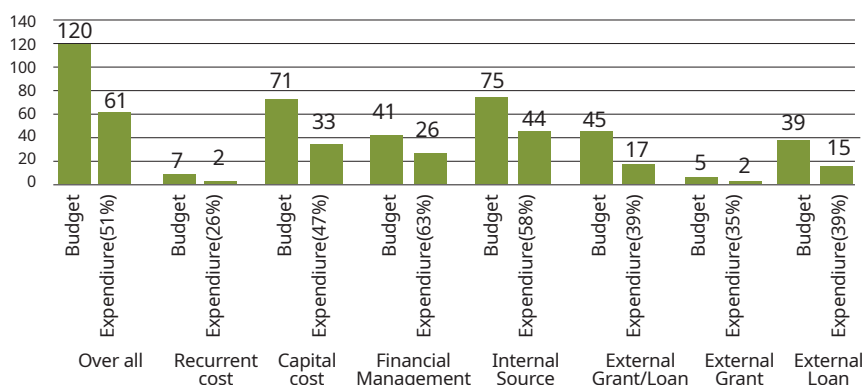
BUDGET UTILIZATION TREND OF THE WASH SECTOR AT THE FEDERAL LEVEL 2016/17 TO 2021/22 In billion NPR

In the past five years of SDG period from 2016/17 to 2021/22, WASH sector at the federal level utilized only 1% of the budget to be expensed under their jurisdiction. Compared to 82 % average fund at the federal level utilized during the period '2016/17-2017/18', it could utilize only 2 % in '2018/19-2021/22'.



BUDGET UTILIZATION AT THE FEDERAL LEVEL BY COST AND SOURCES 2019/20 TO 2021/22 - In billion NPR

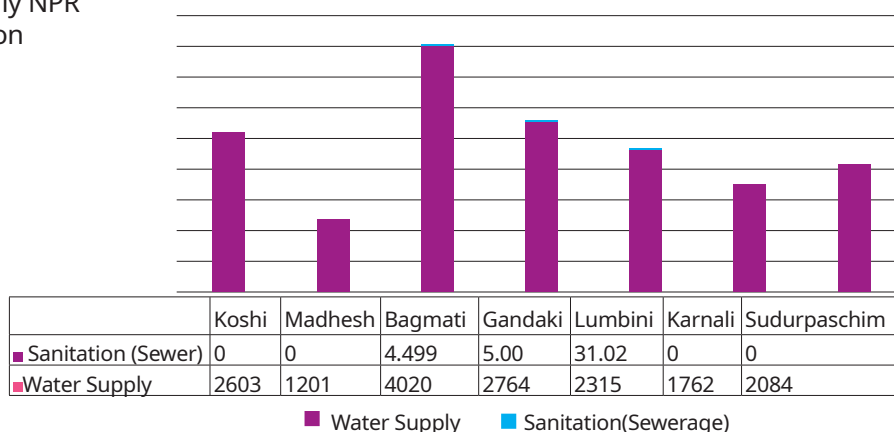
In the period from 2019/20 to 2021/22, WASH sector utilized 26% recurrent cost, 47% capital cost, and 63% financial management cost. Similarly, it utilized 58% of the internal source (domestic), 39% of the external source (grant/loan), 35% of the external grant and 39% of the external loan.



PROVINCE WISE WASH EXPENDITURE 2022/23 - In million NPR

Seven provinces spent a total of NPR 16.8 billion on WASH Sector in 2022/23. Out of that only NPR 41 million (0.2%) was expensed to sanitation (sewerage management).

Koshi, Madhesh, Bagmati, Gandaki, Lumbini, Karnali and Sudur Paschim provinces spent NPR 2.6 billion, 1.2 billion, 4 billion, 2.8 billion, 2.3 billion and 1.8 billion, and NPR 2 billion respectively. Bagmati, Gandaki and Lumbini provinces spent NPR 4.5 million, NPR 5 million, and NPR 31 million on sanitation (Sewerage Management) respectively. Rest of the provinces did not allocate/spend on sanitation services.



WASH EXPENDITURE AGAINST BUDGET HEADS UNDER THE MINISTRY OF WATER SUPPLY 2022/23 - In million NPR

Program/Project (Budget heads)	Actual Budget			Expenditure			Expenditure (%)			Development Partner
	Recurrent	Capital	Total	Recurrent	Capital	Total	Recurrent	Capital	Total	
Ministry of Water Supply	95	5	100	68	3	71	72	63	71	
Melamchi Water Supply Project	78	800	878	61	521	582	79	65	66	
Kathmandu Valley Bulk Water Transmission Project (Second)	0	1605	1605	0	119	119	-	7	7	
Department of Water Supply and Sewerage Management	70	61	130	53	27	80	76	45	62	
Human Resource Development Program	34	10	44	18	3	21	53	31	49	
Federal Water Supply and and Sewerage Management Program	274	32	306	232	19	252	85	60	82	
National Information Management and Monitoring Program	59	6	65	5	2	7	9	30	11	
Water Service Extension and Rehabilitation Program	6	3157	3163	4	2603	2607	65	82	82	
Water Quality improvement Program	15	650	665	9	491	500	61	75	75	
Climate Resilient Large Water Supply Project	42	3434	3475	36	3224	3259	86	94	94	
Sewer Construction and Treatment Program	23	1147	1170	15	1004	1019	67	87	87	
Water Supply and Sanitation Cofinancing Program	42	2112	2154	37	1638	1676	88	78	78	
Urban Water Supply and Sanitation (Sector) Project	145	3705	3850	96	2328	2423	66	63	63	ADB
Central Water Supply Project	12	3513	3524	9	3274	3283	75	93	93	
Integrated Water Supply and Sewerage Managemen Project	11	154	165	8	145	152	72	94	92	
Covie 19 Response Program	7	250	257	5	236	241	71	94	94	JFPR
Sustainable Sanitation Project	0	300	300	0	155	155	0	52	52	Finland
Water Supply Governance and Infrastructure Promotion Project	18	370	388	7	12	18	38	3	5	IDA
Rural Water Supply and Sanitation Fund	13	0	13	10	0	10	79	-	79	
Kathmandu Valley Sewerage Management Project			1928			1016			53	
Kathmandu Valley Water Supply Improvement Project			2817			1959			70	
Total	943	21310	26997	673	15802	19450	71	74	72	

Red color is to indicate absorption capacity below 60%
 Amber color is to indicate absorption capacity between 60 to 80 Percent
 Green color is to indicate absorptio capacity above 80%

FEDERAL WASH SECTOR PROGRAM/PROJECTS 2023/24

In hundred thousand NPR

Program/Projects	Total	Domestic (cash)	External	
Ministry of Water Supply	5,855	3455	2,400	Support - Policy
Melamchi Water Supply Project	5,083	5,083	-	Large Network -Urban
Kathmandu Valley Bulk Water Transmission Project (2nd)	12,943	4943	8,000	Large Network -Urban
Department of Water Supply and Sewerage Management	1,059	986	73	Support - Adm & Mgmt/ Consulting
Human Resource Development Program	377	347	30	Support - Capacity building
National Management Information Project	389	389	-	Support - MIS/Monitoring
Water Service Extension and Rehabilitation Program	3,343	3,343	-	Basic - Rural /Rehab
Water Quality Improvement Program	4,731	4,731	-	Large Network - Urban
Climate Resilient Large Water Supply Project	20,497	20,497	-	Large Network - Rural
Sewerage Construction and Treatment Program	10,751	10,751	-	Large Network -Urban
Water Supply and Sanitation Co Financing Program	12,594	12,594	-	Large Network - Urban
Urban Water Supply and Sanitation (Sector) Project	28,424	6,506	21,918	Large Network - Urban
Central Drinking Water Project	17,648	17,648	-	Large Network - Rural
Integrated Water Supply and Sewerage Management Project	3,554	3,554	-	Large Network - Urban (proposed)
Covid-19 Response Project	3,293	254	3,039	Capacity Building
Sustainable Sanitation Project	21	21	-	Basic - Rural
Nepal Water Governance and Infrastructure Promotion Project	3,868	679	3,189	Large Network - Rural/Urban
Town Development Fund _ Water Supply Sector (TDF)	6,000	1,620	4,380	Large Network- Urban
Water Supply Augmentation Program (NWSC)	4,760	4,760	-	Large Network- Urban
Water Supply and Sewerage Program (NWSC)	21,980	2,980	19,000	Large Network- Urban
Kathmandu Valley Water Supply Management Board	10,325	10,325	-	Large Network- Urban
Sewerage Treatment Centre (KUKL)	500	500	-	Large Network- Urban
Kathmandu Valley Water Supply Improvement Project (PID)	22,385	12,355	10,030	Large Network- Urban
Kathmandu Valley Sewerage Management Project (PID)	17,635	4,028	13,607	Large Network- Urban
Kathmandu Valley Water Supply Improvement Project (Second) - (PID)	18,492	2,130	16,362	Large Network- Urban
Total Federal (A)	236,507	134,479	102,028	-
Total federal conditional grant to provincial governments (B)	37,752	37,752		
Koshi	5,810	5,810		Basic - RuralUrban
Madhesh	5,605	5,605		Basic - RuralUrban
Bagmati	5,762	5,762		Basic - RuralUrban
Gandaki	4,952	4,952		Basic - RuralUrban
Lumbini	7,006	7,006		Basic - RuralUrban
Karnali	3,425	3,425		Basic - RuralUrban
Sudur Paschim	5,192	5,192		Basic - RuralUrban
Federal Fiscal Transfer to local governments (C)	13,296	-	13,296	Basic - RuralUrban
Grant Total (A + B + C)	287,555	172,231	115,324	

ACKNOWLEDGEMENT

WaterAid Nepal extends gratitude to all those who contributed to and supported this endeavor. To **Mr. Govind B. Shrestha**, Senior WASH Policy Advisor, for leading this initiative overall, preparing the content and analysis to produce this factsheet, **Mr. Madhu Timilsina**, Senior Divisional Engineer, Ministry of Water Supply for providing and verification of data and analysis.

This analysis covers only the budget allocated by the federal and province levels reflected in the respective Redbooks and Line Ministry Budget Information System. It does not cover the budget allocated by local levels and cost contribution by the users.

Sources: WaterAid Nepal calculations are based on the information from

- Redbooks of federal government 2016/17 to 2023/24, Ministry of Finance
- Redbooks of seven provinces 2022/23 and 2023/24, Ministry of Finance
- Line Ministry Budget Information System 2022/23
- Programs/projects of federal, provincial and local levels, Ministry of Water Supply, 2023/24 (2080/81)
- Integrated Financial Details (Federal, Provincial and Local Governments), Fiscal Year 2022/23, Auditor General Controllor Office, Ministry of Finance
- WASH Financing Factsheets 2018/19, 2019/20, 2020/21, 2021/22, 2022/23, WaterAid Nepal

