

Extreme poverty (defined in notes) rates in Nepal had fallen by around 60% since the early 2000s, but may have increased following the earthquake in 2015. The distribution of income remains unequal, with the poorest 20% of Nepal's population holding 8% of total income.

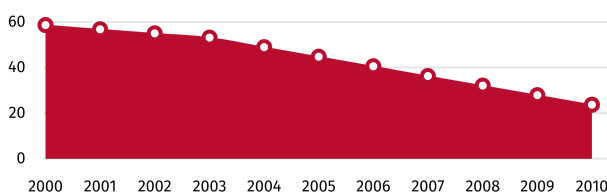
- International resources are significant in Nepal with remittances accounting for 84% of all inflows
- Government spending per person is among the lowest in the world, at \$418 (PPP 2014) per person
- 42% of all aid to Nepal is in the form of grants and most of it goes to three sectors

## Overview



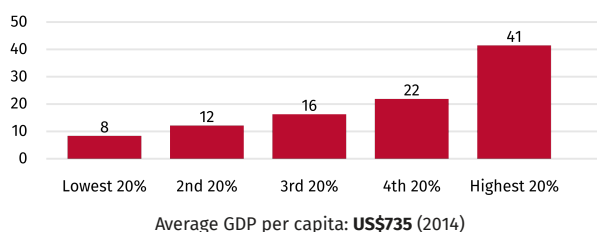
**Poverty fell rapidly from almost 60% in 2000 to 24% at latest estimates in 2010**

2000-2014, % of population living on under \$1.25 per day



**The richest 20% of Nepal's population has five times the income of the poorest 20%**

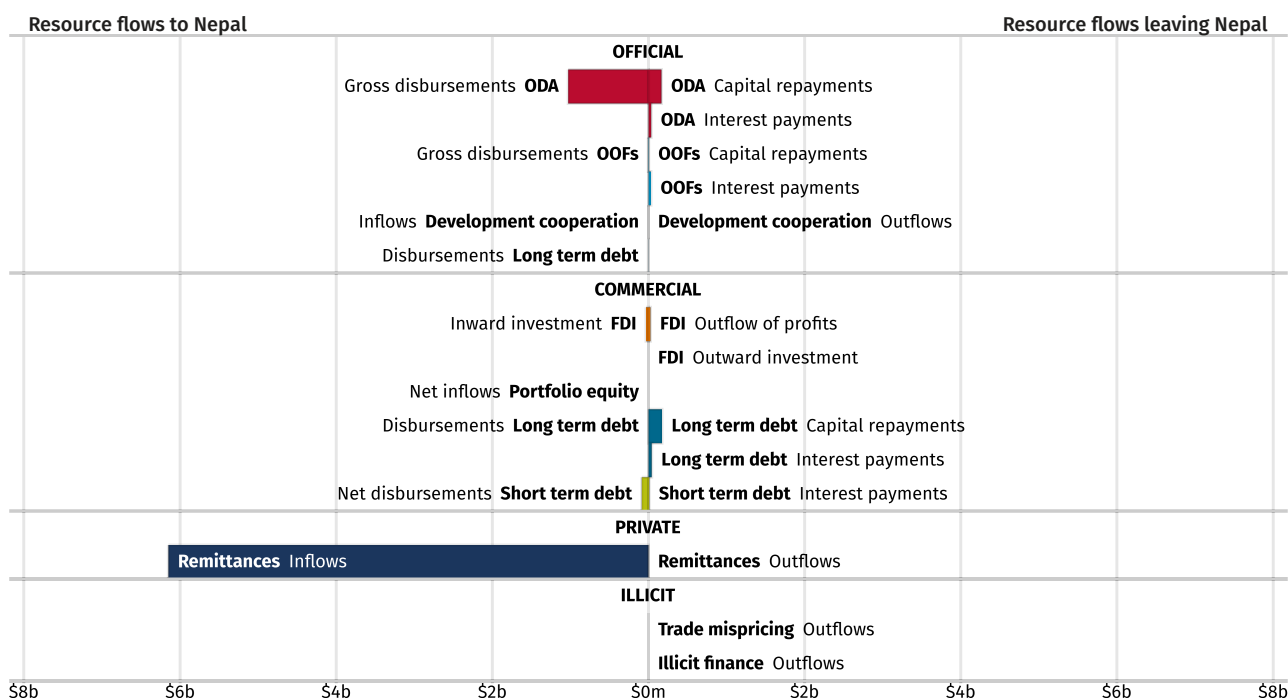
2014, share of income of bottom 20% of population



## Resource flows to and from Nepal

**Remittances are by far the largest inflow; capital repayments on long-term debt are the largest outflow**

2014, international resource inflows and outflows (US\$ billions, constant 2012 prices)



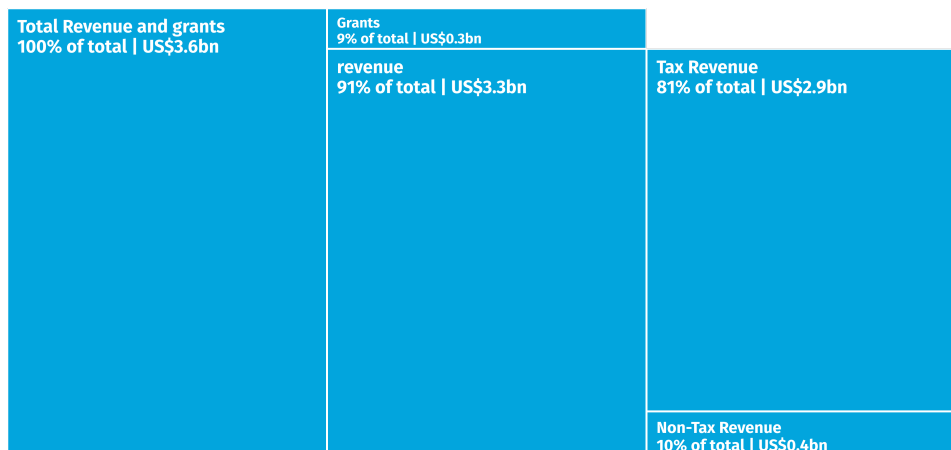
Notes: We define extreme poverty as measured using the \$1.25 (PPP 2005) extreme poverty line. Purchasing power parity (PPP) prices are the rate at which a country's currency would have to be converted into that of another country to buy the same amount of goods and services in each country. PPPs are constructed by comparing the cost of a common basket of goods in different countries. Depth of poverty is a measure of the average gap in incomes for people living below the poverty line spread across the population of the whole country, expressed as a percentage of the \$1.25 a day poverty line. 'Domestic public resources available' refers to the total non-grant revenue either collected or projected to be collected by the government in the financial year 2014. Across countries in South and Central Asia the richest 20% of the population have 5 times the income of the poorest 20% on average.

## Domestic resources

Taxes account for 81% of total government revenue (including grants). Net financing is negative, as repayments were greater than disbursements. One-fifth of expenditure went towards capital spending.

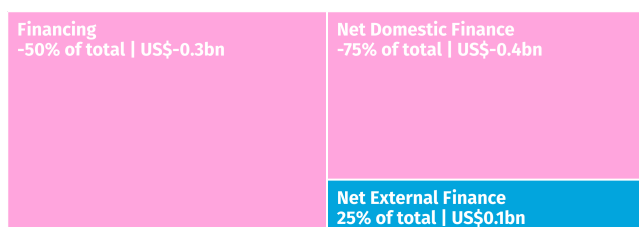
### Grant funding accounts for 9% of total government revenue

2013, latest year of actual revenue (US\$ billions, constant 2012 prices)



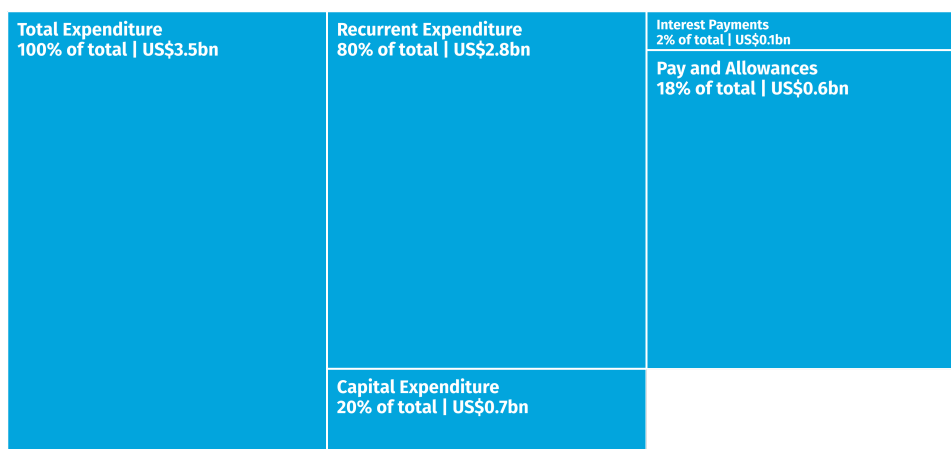
### External financing is almost all sourced from concessional borrowing

2013, latest year of actual financing (US\$ billions, constant 2012 prices)



### 20% of expenditure is capital spending, and interest payments make up 2%

2013, latest year of actual expenditure (US\$ billions, constant 2012 prices)



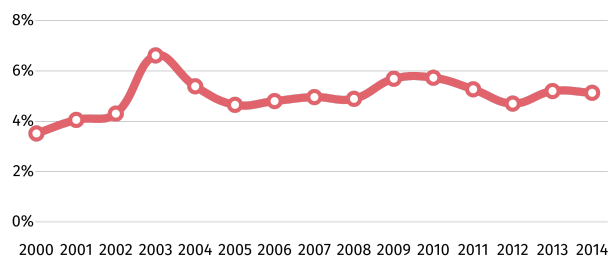
Notes: Year of data refers to the 2015 fiscal year running from July 2014 to June 2015. The pink boxes represent negative values, typically showing repayments of loans under financing. Some labels have been omitted from these visualisations; please refer to the online country profile page on the Development Data Hub for more details.

## ODA

Over the past 15 years, ODA disbursements to Nepal have remained relatively stable in volume; in 2014, ODA totalled US\$1 billion. ODA as a percentage of national income has also remained relatively constant since 2000, while ODA per poor person has been steadily increasing. Over 40% of all aid to Nepal is in grants. The UK, IDA and the ADB provide the most aid, the UK mostly as grants and IDA and the ADB mainly as loans and equity. Just over half of aid goes to the infrastructure, health and education sectors and cash dominates as delivery channel for each of these. The top three donors combined provide at least half the aid to all sectors.

### ODA has fluctuated between 5% and 6% of GDP since the mid 2000s

Gross ODA % of GDP

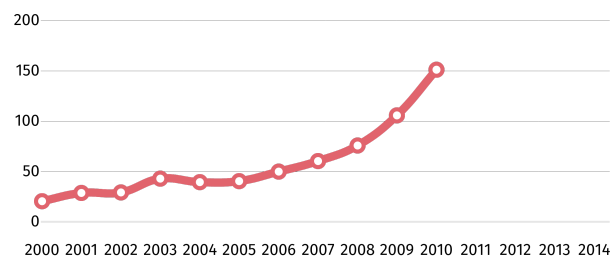


■ Total ODA as a % of GDP

■ Total ODA (excl-non-transfer) % of GDP

### Nepal has seen a sharp increase in ODA per poor person since 2007

ODA per person living under \$1.25 a day

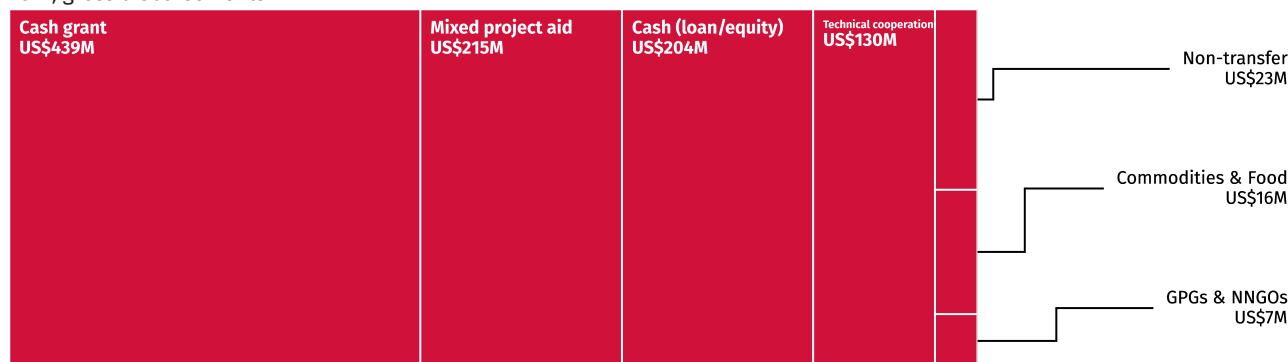


■ Total ODA as a % of GDP

■ Total ODA (excl-non-transfer) % of GDP

### Almost half of the aid going to Nepal is in the form of cash grants

2014, gross disbursements

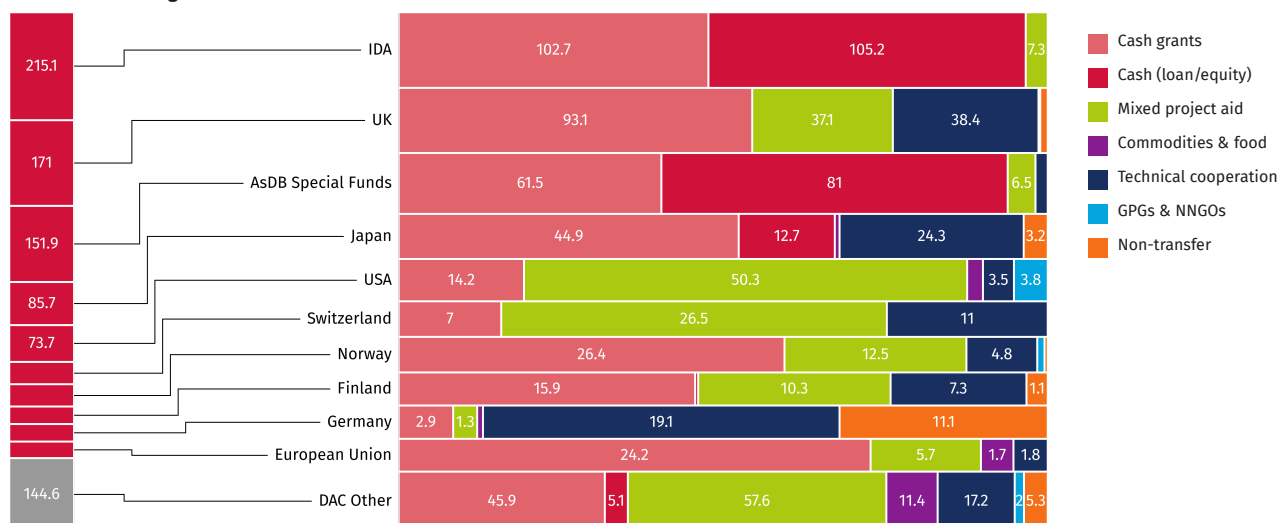


Note: GPGs, global public goods; NGOs, Northern non-governmental organisations.

### IDA provides 97% of its aid in cash – both grants and loans/equity; aid from the UK is mostly in grants

2014, US\$ millions, gross disbursements

#### Aid from the ten largest donors



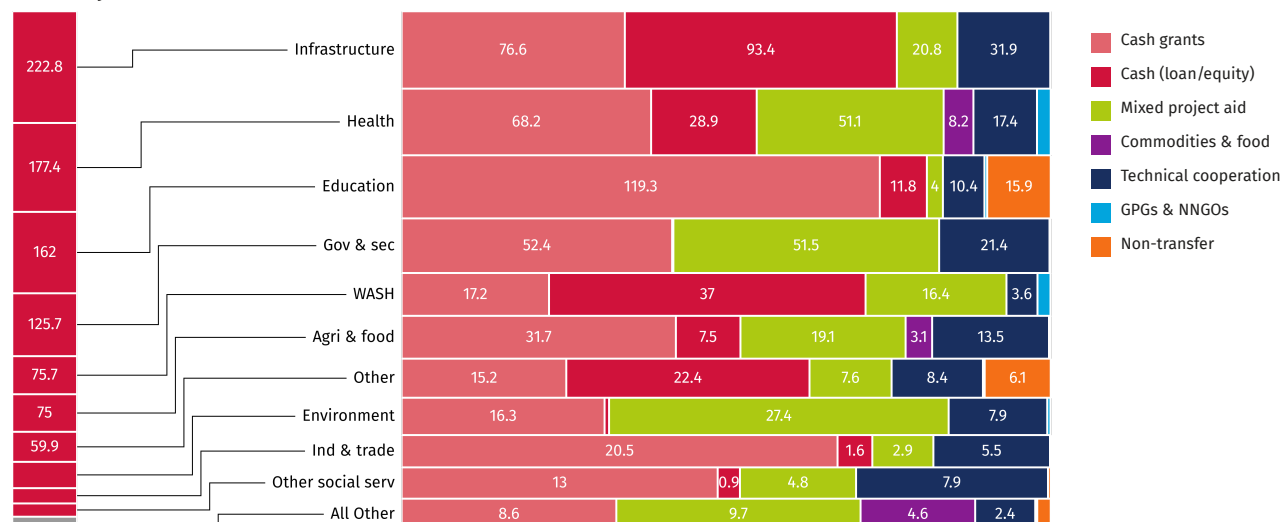
Note: ODA is equivalent to 0.64% of GDP in all developing countries and 0.8% in South and Central Asia in 2014. Acronyms: ADB: Asian Development Bank; GDP: gross domestic product; IDA: International Development Association; ODA: official development assistance.

## What is aid spent on?

### Infrastructure, health and education receive over half of all aid; cash dominates as mode of delivery

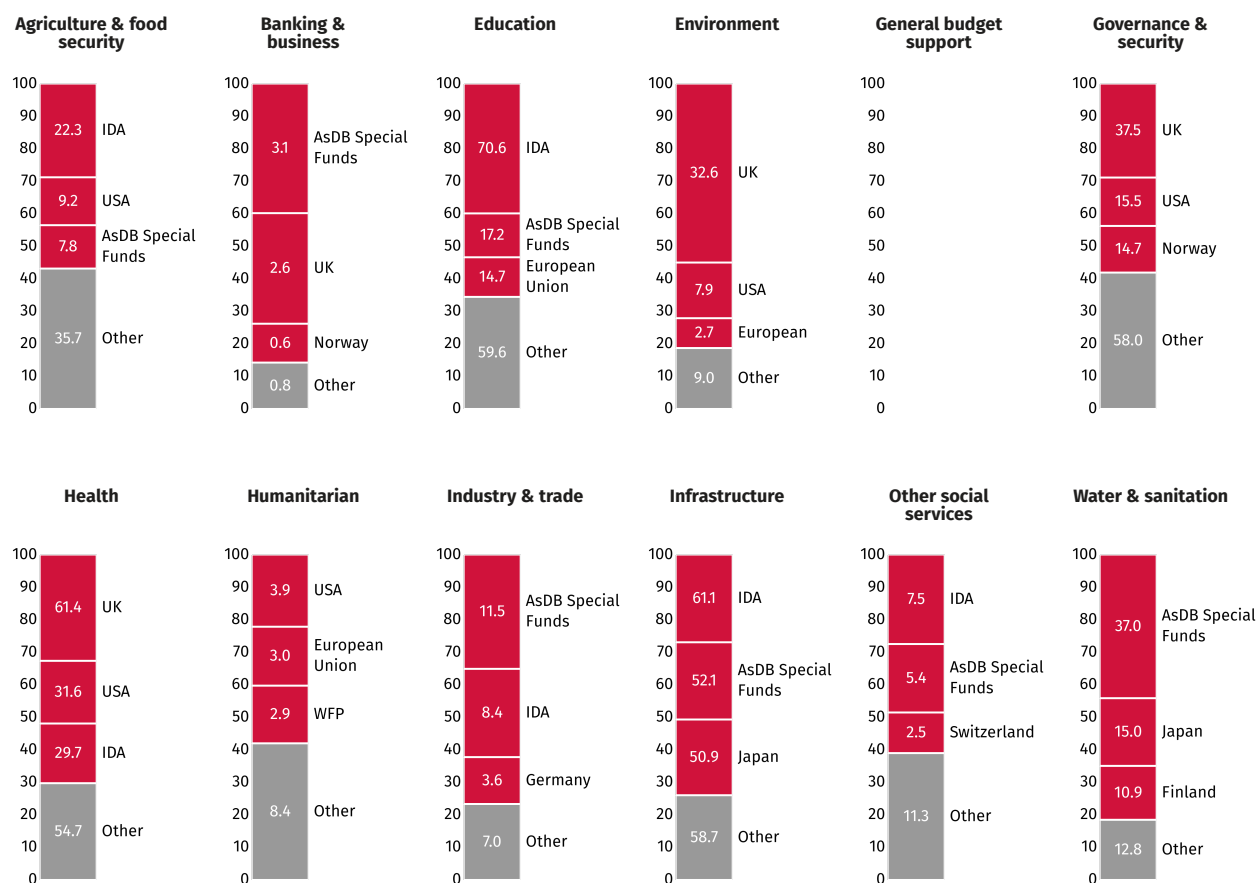
2014, US\$ millions, gross disbursements

#### Total aid by sector



### The UK provides over 60% of all environment aid; the ADB is in the top three donors in six other sectors

2014, gross ODA, % of total (US\$ disbursements in columns)



Notes: Data is from the OECD Development Assistance Committee (ODA and other official flows data), the World Bank (long-term debt, remittances, gross national income (GNI) and poverty), the United Nations Conference on Trade and Development (FDI), IMF article IV publications (domestic revenue and expenditure), Global Financial Integrity (illicit financing and trade mispricing). Other official flows (OOFs) are typically loans that are either not sufficiently concessional to count as ODA, or are mainly in support of commercial objectives, such as donor exports. All data in US\$ is in 2012 prices. 'Other' sector aid includes multisector ODA, administrative costs, support for refugees in the donor country and unallocated or unspecified ODA. Acronyms: FDI: foreign direct investment; IMF: International Monetary Fund; OECD: Organisation for Economic Co-operation and Development; OOFs: other official flows.