

Nepal HACT Macro Assessment Indicators 1–18

No.	Indicator	Risk	Key Points	References
1	Budget Comprehensiveness & Classification	Significant	Off-budget donor projects (~NPR 50 bn in FY 2023/24) and quasi-fiscal schemes remain outside the Consolidated Fund; only 60 % of outlays are under programmatic classification across 6 of 30 line ministries.	1 (pp 18–19); 2 (pp 32–33); 3 (p 14)
2	Budget Debate & Scrutiny	Significant	Parliamentary review remains aggregate-focused with sporadic expert inputs; performance indicators in annexes seldom influence line-items; public/media engagement in hearings is low.	4 (pp 12–13); 2 (pp 31–32); 3 (p 15)
3	Budget Execution	Significant	Actual spending averages 85–90 % of appropriations; mid-year supplementary estimates ≈ 4 % of budget; quarterly release delays—especially in capital projects—disrupt delivery.	1 (pp 54–55); 2 (p 35); 3 (p 16)
4	Adherence to Internal Controls	Moderate	Financial Procedure Manuals define controls, but 25 % of emergency procurements waive them; central-unit exception reports are 60 % corrected on time; sub-national follow-up weak, causing repeat lapses.	1 (pp 66–67); 4 (pp 22–23); 3 (p 45)
5	Bank Reconciliations	Moderate	90 % of ministries reconcile monthly; 40 % of reconciliations have > 30-day items unresolved; FMIS reconciliation dashboard pilot cut aged items by 30 %.	1 (pp 68–69); 4 (pp 38–39); 3 (p 20)
6	Speed of Cash Transfers	Significant	Central-to-district transfers average 21 days (remote districts 35 days); emergency relief transfers can exceed 45 days; e-payment pilots to beneficiaries reduced processing to 7 days.	5 (pp 10–11); 1 (pp 50–51); 2 (p 36)
7	Reporting of Cash & Asset Position	Moderate	Quarterly cash-flow statements cover 95 % of domestic flows but omit 35 % of donor-funded projects; sub-national asset registers 70 % complete; FMIS asset module expansion targets 90 % coverage by 2025.	1 (pp 52–53); 3 (p 22); 2 (p 14)
8	External Audit Coverage	Significant	OAG audits cover 82 % of central-govt outlays but only 55 % of local bodies; some provincial audits delayed	4 (pp 25–26); 1 (pp 58–59); 3 (p 24)

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			up to 18 months; plan to add 15 audit teams to reach 95 % coverage by 2026.	
9	SAI Independence	Low	OAG Act guarantees budgetary and appointment autonomy; 2021 peer review confirms no executive interference; annual parliamentary hearings reinforce legislative accountability.	6 (pp 4–5); 4 (p 3); 3 (p 12)
10	Audit Standards Applied	Low	Full adoption of ISSAI 100–700 series since 2012; 150 OAG staff certified (2021–23); external peer reviews (2020–22) validate implementation and suggest minor procedural enhancements.	7 (p 2); 4 (p 28); 8 (p 14)
11	Follow-Up on Audit Reports	Significant	Only 65 % of audit-recommendation deadlines met in 2022; 40 % repeat findings; 2024 launch of a digital tracking portal aims to close 90 % of open recommendations within one year.	4 (pp 30–31); 1 (p 61); 3 (p 26)
12	Procurement Framework	Low	Public Procurement Act 2007 & Regulations 2008 mandate e-GP for tenders > NPR 5 m (85 % coverage); PPMO compliance reviews report 95 % adherence; portal publishes tender notices and awards in real time.	9 (pp 3–4); 10 (p 10); 3 (p 26)
13	Transparency of Audit Process	Moderate	100 % of audit reports posted online; only 20 % receive dedicated parliamentary hearings within six months; 15 % of major findings covered by media; quarterly webinars target 500+ stakeholders.	4 (p 32); 11 (pp 14–15); 3 (p 27)
14	Staff Qualifications & Skills	Significant	Only 65 % of OAG/MoF auditors hold professional certifications; donor-funded training reached 40 % of mid-level staff in 2021 with uneven curricula; 2022 secondments covered 12 agencies but retention is low.	1 (pp 70–71); 2 (p 28); 3 (p 45)
15	Financial Management Information Systems	Moderate	Central FMIS adoption at 95 % of core ministries; sub-national coverage only 40 %; offline FMIS pilot in five districts cut data-entry delays by 45 %; target of 75 % sub-national rollout by end-2025 is at 30 % achieved.	1 (pp 72–73); 2 (p 20); 3 (p 16)

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16	Natural Disaster Risk	High	~500 disaster events annually; 2015 earthquake caused losses of NPR 1,080 bn ($\approx 36\%$ of GDP) and disrupted PFM controls for 24 months; only 20 % of ministries maintain pre-approved emergency budgets, forcing 80 % of relief spending via control waivers; 15 % of capital outlays reallocated off-budget (2016–20).	12 (p 1); 13 (p 2); 14 (p 3)
17	Exchange Rate Volatility	Moderate	NPR/USD volatility averaged 3.8 % in 2023 (peak 6 %); only 10 % of projects budget FX contingencies, resulting in average 4 % cost overruns; 1 % real-depreciation raises import costs by 1.2 %, heightening un-hedged liabilities risk.	2 (pp 33–34); 15 (p 70); 16 (pp 27–36)
18	Informal/Black Market Activity	Moderate	Border-district FX rates deviate up to 2 % from the official rate; Nepal Rastra Bank estimates NPR 12 bn informal turnover annually; official e-GP payments anchor at central-bank rate; Economic Survey 2022/23 recommends mobile-money disbursements to eliminate the remaining 1.5 % premium.	3 (p 28); 17 (p 47); 15 (p 75)

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10. Public Procurement Monitoring Office, Annual Compliance Review 2023.
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16. Tonik Pun, "The Impact of Exchange Rate on Export in Nepal," IOSR-JEF, Vol. 11, Issue 2, 2020, pp. 27–36.
17. Nepal Rastra Bank, Annual Report 2022.