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Bridging Nepal's SDG Deficit: Progress Assessment, Bottlenecks, and Strategic Pathways to Agenda 2030

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Abstract

This study is review based structural approach to review Nepal's progress in the SDG implementation of Agenda 2030. The study was focused on evaluate baseline and midterm progress with respect to ultimate target 2030 at the sub-national level. The study used descriptive approach that incorporates quantitative information from national reviews on fiscal and administrative contexts. The results indicate a clear dichotomy in the development path of Nepal. Nepal has made significant improvements in the simple indicators of physical access and ecological conservation such as access to electricity, drinking water and forest cover but is making poor progress in the more complex indicators of economic and institutional development such as industrial value added to GDP and youth employment. This study highlights the systemic challenges that limit progress such as capital expenditure that takes place in the last month of the fiscal year (known as "AsareBikas" or "Asar development"), the lack of technical staff on the ground, weak inter-governmental coordination, and continued use of national average statistics that mask local poverty cycles. The public sustainable development financing gap is huge, about NPR 426 billion in Nepal, which is approximately 13.4 percent of the annual national investment need of NPR 3.023 trillion. In order to deal with this implementation gap by 2030, the study suggests a four-pillar strategic roadmap: Updating the Public Procurement Act and enacting Civil Service Act, creating a shared regional technical human resource pool, digitizing sub-national data system and mobilizing innovative green financing instruments. The findings provide policy guidance that can be used to drive measurable, equitable outcomes to realize Nepal's SDG commitments while upholding the principle of "Leave no one behind".

Keywords: Sustainable development goals, federalism, SDG financing, public financial management, leave no one behind

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Introduction

Development which endangers the wellbeing of the generations to come is not development. Developmental actions that are pursued mostly for immediate financial gains and do not take into account ecological and social fundamentals are bound to affect the interests of future generations. To be complete, each developmental action should be economically viable, socially just and environmentally sustainable, meaning that development should not be at the expense of future generations. The vision of sustainable development is essentially about the balance between economic development and growth, social equality and equity and environmental protection and conservation (World Commission on Environment and Development [WCED] 1987). The Sustainable Development Goals (SDGs), known as Global Goals, are universal calls to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030. They are based on three interlinked dimensions of sustainable development (United Nations Development Programme [UNDP], n.d.). The SDGs are a set of goals that can guide us towards a better and more sustainable future for all.

Structural economic transformation (Sachs et al., 2019) is not a separate agenda inside the SDGs, but rather another aspect of the SDG's. The climate change and external economic shocks are more likely to affect the landlocked developing countries like Nepal. The limited tax collection capacity, compounded by weak administrative systems and fragmented policy implementation, perpetuates the “vulnerability–capacity paradox” in these countries (Pezzey&Toman, 2002; Sapkota, 2024). Recent development literature indicate that achieving the SDGs is likely to be difficult without considering the local political economy dynamics, decentralized budgeting practices, and accessible local data systems (Biermann et al., 2017; Slack, 2014).

Nepal has now received a new thrust in their effort for sustainable development due to major political changes. The armed conflict by the Maoists (1996-2006), and the Second People's Movement (2062/63) that marked the end of the centuries-old autocratic monarchy, led to the dawn of the Comprehensive Peace Agreement (CPA) and the Interim Constitution of 2063 (Ghimire, 2025; Regmi, 2019). These milestones terminate into the promulgation of the Constitution of 2015, which escort a new socio-political landscape of Nepal with a federal structure, a decentralized governance style and three tiers comprising the federal government, seven provincial governments and 753 local governments (Ghimire 2025; Regmi 2019). This federal restructuring has generated new opportunities as well as challenges in the realization of SDGs; this was the empirical focus of this study. Keeping in view this background, this study focuses on how far Nepal's federalism has advanced towards the implementation of Agenda 2030 and what structural, monetary, administrative and statistical challenges need to be overcome to achieve this at the sub-national level.

Objectives and Methodology

The objectives of the study were to assess the mid-term progress on SDG policy implementation in Nepal on three key dimensions: social, economic, and environmental; to identify structural, fiscal, and administrative bottlenecks that obstruct the implementation of SDG policy commitments at the local level within the Nepalese federal system; and to develop an evidence-based strategic roadmap that can accelerate Nepal's progress towards achieving the SDGs by 2030.

The study is a review-based study, and therefore the research design is a mixed methods design which includes both a quantitative, secondary data based synthesis and a qualitative interpretive analysis of governance and fiscal structures. The quantitative indicators are derived mainly from the 2024 Voluntary National Review (National Planning Commission [NPC], 2024a), the Fourth Nepal Living Standards Survey (National Statistics Office [NSO], 2024), the Nepal Demographic and Health Survey (Ministry of Health and Population, 2022), and sectoral reports of relevant government ministries, while the qualitative indicators are drawn from peer-reviewed literature, government policy documents, and institutional assessments (Sapkota, 2024; Office of the Auditor General [OAG], 2023; Regmi, 2019).

Taking a similar approach to SDG localization research (Slack, 2014; Biermann et al., 2017), this study triangulates baseline (2015), mid-term (2022–2024) and 2030 target values across the SDGs to build a matrix of SDG progress, before analyzing it in conjunction with qualitative evidence on PFM, HR capacity, intergovernmental coordination and disaster and climate vulnerabilities to arrive at an understanding of the nature of SDG progress and stagnation.

The Findings: Evolution of SDG Integration in Nepal's Development Planning and Localization

Sustainable development was officially introduced in the national development planning of Nepal in the Eighth five-year Plan which was guided by the Earth Summit in Rio in 1992. This process has continued to gain momentum during the Millennium Development Goals (MDGs) (2000-2015) and, since the introduction of the Agenda 2030, it was further integrated in long-term vision for Nepal: "Prosperous Nepal, Happy Nepali." Since then, Nepal has integrated sustainable development issues into its national development plans, and in the Fourteenth, Fifteenth, and Sixteenth five-year plans (NPC, 2024b) has adopted the SDGs as its national development agenda.

Government of Nepal has institutionalized SDG localization across all 753 local governments, with the support of SDG localization guidelines developed by the National Planning Commission. These efforts have facilitated structural economic transformation from the grassroots, through decentralized planning and budgeting process. Primary health care, basic education, local infrastructure and environmental management are key areas that have been assigned directly to provincial and local authorities (Regmi, 2019; Sapkota, 2024). Despite this institutional decentralization, significant challenges remain in translating these responsibility into effective SDG implementation as the Agenda 2030 is halfway through. This study therefore explores the question of why and how there is variations in SDGs progress in Nepal, and examines structural, financial, administrative and statistical challenges to SDGs implementation through qualitative analysis of structural governance and fiscal deficits at the national, provincial and local levels.

Progress in Basic Access and Ecological Indicators and Persistent Deficits

Voluntary National Review (2024) states that Nepal has made notable progress in the following areas: clean energy expansion (Goal 7), forest conservation (Goal 15), basic infrastructure development (Goal 11) and primary education enrolment (Goal 4). The access to electricity is now covers for over 96 percent of the population and the forest cover in Nepal has increased up to 44.7 percent, which has been realized through the activities of Community Forest User Groups (CFUGs). Nepal has made remarkable progress in wildlife conservation: Bengal tigers are at 355 and the rhino population has increased to 752. The Sectoral data from the Ministry of Health and Population revealed maternal mortality ratio has been reduced to 151 per 100,000 live births (Ministry of Health and Population, 2022), meanwhile, the net enrollment rate in basic schools stood at 96.2 percent as per the data from the Ministry of Education, Science and Technology (MoEST).

However, Nepal continues to face significant implementation challenges at the halfway mark of Agenda 2030. Based on the VNR 2024, Nepal has made around 41 percent progress towards the 2022 midterm targets; made slow positive progress in 35 percent of the indicators; made negative or declining progress in 20 percent of the indicators; and made no progress in 3 percent of indicators (NPC, 2024a). The national poverty rate is estimated to be 20.27 percent on the revised poverty line, poverty rate is higher than 34.16 percent in Sudurpaschim Province where poverty rate is comparatively lower in Gandaki Province at 11.88 percent as per the Fourth Nepal Living Standards Survey (2024) (NSO, 2024) highlighting substantial sub national economic disparities, and poses a challenge on the SDG principle of “Leave No One Behind” (LNOB). Although poverty has been on a downward trend before the COVID-19 pandemic, the pandemic pushed around 4 percent of the population back into extreme poverty. Adding to the difficulties, capital expenditure is rarely as scheduled; over 40 percent of the expenditure is made in the last month of the fiscal year, commonly known as “Asar development.” Local governments also do not have disaggregated data to effectively target vulnerable groups, and this can cause programs to be less effective in practice (OAG, 2023; Sapkota, 2024). The data obtained from the NLSS-IV also shows significant sub-provincial differences, with the poorest rates found in Gharpjhong

(Mustast) at 1.18 percent and the highest level of poverty found in Junichande Rural Municipality at 77.89 percent.

In addition to poverty, Nepal faces significant challenges food security (Goal 2), economic productivity (Goal 8) and industrial growth (Goal 9). There is a high level of child malnutrition under-five (31.5 per cent) as well as anemia among women of reproductive age (43 per cent) (Ministry of Health and Population, 2022). Concurrently, various economic indicators are not meeting expectations either: the informal sector employs more than 80.8 percent of the total labor force in Nepal while the manufacturing sector contributes less than 5 percent of GDP. Yet, due to the absence of domestic employment opportunities, more than 750,000 youths annually are compelled to apply for foreign employment permits, resulting in a heavy dependence on remittance inflows, which contribute about 26 percent to GDP (MoLESS, 2024).

Overall SDG Progress Assessment

Government of Nepal has incorporated SDG priorities into the Sixteenth Periodic Plan, and aligns with the vision of “good governance, social justice and prosperity” (NPC, 2024b). However, persistent fiscal deficits and implementation limitations at the local level suggest that Nepal is unlikely to meet its 2030 commitments. Nepal has made moderate strides on basic social indicators, clean energy access, and primary education, but continued slow progress on key economic and structural indicators, implementation challenges, and a widening fiscal gap remain major impediments. Overall, Nepal's SDG journey suggests a disconnect between the macroeconomic policy commitments and implementation capacity (Table 1).

Table 1. Nepal's Mid-Term SDG Progress against Baseline and 2030 Targets

SDG Goal & Representative Indicator	**Baseline 2015(%)**	**Latest Status 2022–2024 (%)**	**2030 Target (%)**	**Progress Assessment & Key**
SDG 1: No Poverty	78.1	54.1	78.6	Slow Progress
Indicator: Population below poverty line	21.6	20.27	<5.0	Monetary poverty declined, but post-COVID vulnerability and regional traps persist.
SDG 2: Zero Hunger	68.3	44.9	71.5	Off-Track
Indicator: Stunting in children (<5 yrs)	35.8	31.5	15	Stunting decreased slowly; child wasting and maternal anemia worsened.

SDG Goal & Representative Indicator	**Baseline 2015(%)**	**Latest Status 2022–2024 (%)**	**2030 Target (%)**	**Progress Assessment & Key**
SDG 3: Good Health & Well-being	48.7	41.5	56.8	Moderate Progress
Indicator: Maternal Mortality Ratio (MMR)	239/100k	151/100k	70/100k	Maternal health and institutional delivery improved; non-communicable diseases rising.
SDG 4: Quality Education	66.1	43.9	71.1	Near Target
Indicator: Primary net enrollment rate	89.4	96.2	99.5	Enrollment rates remain high; secondary retention and learning outcomes lag.
SDG 5: Gender Equality	57.9	38	58.1	Moderate Progress
Indicator: Female political leadership	29.5	33.1	40	Representation targets met at local levels; unpaid care work burden persists.
SDG 6: Clean Water & Sanitation	63.5	36.3	57.8	Mixed Progress
Indicator: Access to basic water services	87	95	99	Basic coverage high; safely managed piped drinking water is only ~26%.
SDG 7: Affordable & Clean Energy	63.5	39.5	70.1	On Track / Exceeded
Indicator: Population with electricity access	67	96	99	Grid expansion progressed rapidly; clean cooking fuel transition lags behind.
SDG 8: Decent Work & Economic Growth	31.5	19.7	34.7	Regressive / Off-Track
Indicator: Youth NEET rate	30	35.7	10	Informal employment exceeds 80%; slow formal job creation drives foreign migration.

SDG Goal & Representative Indicator	**Baseline 2015(%)**	**Latest Status 2022–2024 (%)**	**2030 Target (%)**	**Progress Assessment & Key**
SDG 9: Industry & Infrastructure	41	30.4	42	Off-Track
Indicator: Manufacturing value added (% GDP)	5.2	4.8	15	Road networks expanded, but industrial contribution to GDP declined.
SDG 10: Reduced Inequalities	72.5	44.8	72.3	Slow Progress
Indicator: Consumption Gini coefficient	0.32	0.30	0.22	Income Gini improved slightly; provincial wealth and infrastructure gaps remain.
SDG 11: Sustainable Cities	97.2	76.1	89	Slow / Unplanned
Indicator: Population in declared municipalities	38.3	66.2	80%	High administrative urbanization, but municipal waste and housing infrastructure lag.
SDG 12: Responsible Consumption	38.6	29.5	43.1	Slow Progress
Indicator: Total carbon sink in forest area (million tons)	2276	2707	3200	Forest carbon sequestration is improving, but progress remains insufficient to meet the 2030 target.
SDG 13: Climate Action	55.3	43.4	53.9	Moderate Progress
Indicator: Local adaptation plans prepared (no. of local levels)	4	36	60	Sub-national execution accelerating but remains far below the 2030 target.
SDG 15: Life on Land	69.3	59.9	67.5	On-Track / Achieved
Indicator: Total forest cover (% of land)	40.5	44.7	45	Forest cover target achieved; major milestones in tiger and rhino conservation.

SDG Goal & Representative Indicator	**Baseline 2015(%)**	**Latest Status 2022–2024 (%)**	**2030 Target (%)**	**Progress Assessment & Key**
SDG 16: Peace, Justice & Institutions	57.4	35.8	55.1	Slow / Stagnant
Indicator: Birth registration (<5 yrs)	80	77.2	100	Local service delivery expanded; delays in completing transitional justice mechanisms.
SDG 17: Partnerships for the Goals	34.9	22.3	37.7	Off-Track
Indicator: Tax-to-GDP ratio	18	17.5	30	Revenue-to-GDP ratio flat; annual SDG public financing gap stands at NPR 426 billion.
Overall SDG Implementation	—	58.6 (vs 2022 targets) / 41 (vs 2030 targets)	100	Off Track – current trends indicate that only about 60% of the SDG targets are likely to be achieved by 2030.

Note. Data are from the 2024 Voluntary National Review (National Planning Commission, 2024a), the Fourth Nepal Living Standards Survey (National Statistics Office, 2024) and the Nepal Demographic and Health Survey (Ministry of Health and Population, 2022). SDG 14 (Life below Water) is not monitored, Nepal being a landlocked country.

Table 1 lists some illustrative “macro-proxies” as indicators of the systemic health and vitality of the national policy framework; they were selected to represent the national policy framework as systemically as possible using a minimal number of indicators from the full 479 indicators of the SDGs monitored nationally. The findings show that, based on the National Planning Commission's mid-term monitoring framework, there are substantial variations across SDGs for all 17 SDGs. The national average progress in the 2024 VNR is 58.6 percent on the 2022 mid-term targets and 41.7 percent on the 2030 long-term targets: 41 percent of the track able indicators have achieved their 2022 mid-term targets, 35 percent have made progress, 20 percent have taken steps in reverse direction, and 3 percent have remained unchanged. Without substantial structural reforms, Nepal will only realize to achieve around 60 per cent of its SDG targets by 2030 based on the implementation trajectory from 2016 to 2022.

Local-Level Achievements and Federal Constraints

Local governments, with their limited resources, authority and personnel, have made meaningful progress, in areas that are under their unique jurisdiction. This has led to access to education (SDG 4) at 96.2 per cent, with door-to-door campaigns and education promotion in local mother tongues; access to basic water (SDG 6) at 95.0 per cent (small-scale drinking water projects and municipalities' local water committee partnerships); and the country's total forest cover has reached 44.7 per cent (partnership between local communities and municipalities). The outcomes show that locally, there is potential to make significant and impactful contributions to achieve results with the SDGs at an appropriate level for local capacities. In spite of this promise, though, local governments have not fully realized their potential, mainly due to the slow pace at which enabling legislation has been passed at the federal level.

Constitution has shifted considerable power down to the local level but at the same time a significant proportion of national revenue is retained by the federal government. Local governments are still financially dependent because the federal and provincial governments keep imposing programs on them with conditional grants while not adequately and fairly funding local governments with fiscal equalization grants. Local governments have also not been adequately assisted technically by federal and provincial governments in improving their internal revenue generation and resource mobilization. Consequently, the vast majority of local governments remain heavily dependent on intergovernmental fiscal transfers. While there is an obvious lack of money, the shortage of key personnel, including engineers, sectoral planners, financial analysts and health experts, is a constraint on using the development budgets. Local levels are not able to independently implement permanent recruitment because of legal issues and lack of resources, and the frequent transfer of federally-deployed staff has affected the development of ‘project banks' and long-term development plans.

Social–Economic Disconnect and Causes of the Implementation Deficit

A review of these indicators shows that social achievements are not directly reflected in economic productivity and value addition in industry. The positive social indicators and negative economic and industrial indicators indicate that the Nepalese development process has become structurally imbalanced, with consumption oriented growth instead of production process oriented development. While some governance dimensions are successful in achieving rapid results such as accessing electricity and forest conservation (where planning and implementation mostly involve resource allocation and physical infrastructure), others are not and require multi-agency coordination, legal reform and technical capacity, such as ICT access, with progress remaining stagnant. The above ‘execution deficit'(implementation deficit) is not a sudden, unplanned event, but is instead caused by structural bottlenecks within the administrative and financial processes of the federal, provincial and local levels. A cause-and-effect analysis (Table

2) helps explain the systemic drivers, operational challenges, and development consequences of Nepal's SDG implementation deficit.

Table 2. Root Causes and Development Impacts of Nepal's SDG Implementation Deficit

Root Cause (Systemic Driver)	**Direct Operational Challenges**	**Development Consequences**
Weak public finance and procurement management	Development expenditure concentrated in the final quarter; delayed budget execution; prolonged procurement processes; weak contract management.	Delayed project delivery, cost overruns, inefficient use of public capital, reduced service quality and sustainability, diminished public confidence, and slower progress toward SDG achievement.
Limited fiscal capacity and human resources of local government	Heavy reliance on federal fiscal transfers (70–80%); shortage of technical personnel (e.g., civil engineers, agriculture technicians, health professionals) at the local level.	Supply-based, inefficient, and unbalanced resource allocation; planning and implementation challenges; degraded public service delivery; low human development progress; widening regional disparities; slower SDG achievement.
Coordination challenges	Policy fragmentation; duplication and repetition of programs; unclear ties among stakeholders implementing related activities; weak inter-governmental and inter-sectoral coordination.	Fragmented service delivery, inefficient resource utilization, duplication of investments, reduced policy coherence, limited synergies among sectors, slower implementation of integrated development programs, and delayed SDG progress.
Climate change, pandemics, and external shocks	Recurrent floods, landslides, disease outbreaks, and global economic shocks disrupt supply chains, damage infrastructure, reduce agricultural productivity, and divert development resources toward emergency response and recovery.	Increased poverty and food insecurity, disruption of essential public services, infrastructure losses, reduced economic productivity, disproportionate harm to marginalized communities, and slower SDG progress.

Root Cause (Systemic Driver)	Direct Operational Challenges	Development Consequences
Lack of local disaggregated data	Municipality-level planning relies on national averages rather than data disaggregated by income, caste, ethnicity, gender, disability, and geographic location.	Vulnerable populations overlooked, increased inequality, marginalized groups excluded from development benefits, weaker evidence-based planning, widening local disparities, and slower progress toward the “Leave No One Behind” principle and SDG targets.

Institutional and Governance Case Illustrations

Political and institutional challenges related to development governance have created significant barriers to effective development implementation in Nepal. The experience on cost overruns, construction delays and decreased returns on public expenditure in national pride projects like Melamchi Water Supply Project and Chameliya Hydropower Project provide learning points. Currently, Nepal's public procurement system is inefficient, with policy favoring the lowest bids, which is incentivizing lower bids, but not higher quality performances, causing sustainability concerns in the long run.

Without a coherent development plan, a lack of technical resources, poor disaggregated data, and financial reliance on the Federal government, local governments tend to rely on short-term, ad hoc development approaches known as the so-called “dozer development,” approach which involve unplanned road expansions and piecemeal projects as opposed to meaningful investment in the long term. The need to spend a considerable portion of the budget on rural road construction without environmental impact assessments further reflects questions of the sustainability of such development. The multi-sectoral nature of the SDGs is inherent and requires effective coordination among ministries, levels of government and stakeholders; lack of policy coordination, and weak coordination among institutions has prevented some multi-sectoral programs from achieving their anticipated impact. The Multi-Sectoral Nutrition Plan (MSNP III) represents such a challenge, as the plan has not been effectively implemented because there is limited coordination between the health, agriculture and education sectors and the local governments. At the same time, the impact of the floods and landslides on strategic highways and hydropower infrastructure in 2024 shows how easily development progress in a climate-sensitive nation can be undone by an external shock like these events in Nepal.

In reality, the SDG principle of 'Leave No One Behind' is not been effectively operationalized, with local governments' still using national data rather than disaggregated data. Planning based on national averages become less effective when they do not reflect the nature of poverty, multidimensional deprivation and inequality at the local level, as is clearly demonstrated by the impact of the COVID-19 pandemic on bringing about severe poverty for some 4 per cent of Nepal's population.

SDG Financing Gap

The overall findings suggest that strengthening the development governance, institutional capacity, intergovernmental coordination, climate resilience, and evidence-based planning systems is essential for the successful implementation of Nepal's SDG agenda. The analysis indicate that under the current budgeting and administrative framework the overall SDG achievement by 2030 will only be about 60 percent, Furthermore, the annual financing gap for sustainable development in the country is estimated at NPR 755 billion. Nepal's domestic resource mobilization capacity remains insufficient to finance the SDGs. Moreover, level of cooperation needed to close this gap will require all three pillars of government to work towards a strategic vision that will avoid a contraction of the economy while still maintaining the progress already made in basic social access and ecological conservation.

Table 3. Estimated Annual SDG Financing Requirement by Sector and Financing Partner

Sector / Partner	**Sub-Breakdown**	**Share within Public Investment (%)**	**Contribution to Total Investment (%)**	**Annual Investment (NPR TN)**
Public Sector	Federation	70	40.25	1.217
	Province	9	5.17	0.156
	Local level	21	12.08	0.365
Private Sector	businesses, manufacturing industries, hydropower, infrastructure investment	-	34.35	1.038
Non-Governmental & Cooperative Sector	CSOs / NGOs / Cooperatives	-	4.18	0.126

Sector / Partner	Sub-Breakdown	Share within Public Investment (%)	Contribution to Total Investment (%)	Annual Investment (NPR TN)
Private Households	Household-level contribution	-	3.95	0.119
Total Requirement		-	100.00	3.023

Table 3 illustrates the estimated average annual investment needed to achieve these targets in the remaining time frame at NPR 3.023 trillion (approximately USD 22.8 billion) per year.

Discussions of Findings

Addressing Nepal's SDG implementation deficit requires comprehensive legal and procedural reforms to tackle the systemic causes of delays in capital expenditure and poor infrastructure quality. The allocation of funds should be restricted to projects which have undergone a detailed feasibility study and environmental impact assessment and all environmental impact assessments should be prioritized in the Medium-Term Expenditure Framework (MTEF). The Public Procurement Act should be revised to incorporate principles such as Quality and Cost-Based Selection (QCBS) and life-cycle costing, replacing the current emphasis on lowest-bid-price selection. Also the National Planning Commission should be strict about ‘Project Bank’ criteria. Simple legal rules are also needed to clear the administrative red tape and complexities that currently impede large strategic projects.

The challenge of technical and skilled human resources in local governments is a key challenge to effectively localize the SDGs. Priority should be given to enacting the Civil Service Act to clarify administrative responsibilities and enable the permanent recruitment of local government personnel. Federal and provincial governments should create a common technical staff pool per region, based on clear operational rules, to provide readily available technical staff in the short term until a longer-term regional workforce development policy is in place. In addition, local governments should set up a categorized household registration system and an updated household database in order to put into practice the principle of ‘Leave No One Behind' in the budget-making process. Local development planning should take environmental protection and climate risk reduction into account as an integral part of the process. Rural road construction, of an unscientific nature (So called ‘dozer development), should be rigorously regulated and bio-engineering, slope stabilization and Bio Engineering Plans (BEPs), Local Adaptation Plans for Action (LAPA) should be mandatory. Households vulnerable to disaster should be connected to early warning mechanisms and a ‘shock responsive social protection' approach should be adopted in parallel with an improved emergency preparedness approach. The social security allowance system should be used to speed up the support of the population affected by external shocks into poverty.

In addition to mobilizing non-budgetary sources of capital, the public–private partnership framework needs to be modernized to meet the annual national investment target of NPR 3.023 trillion. A new legal structure to unlock domestic institutional investors' and international capital markets' resources and an extended framework on Public–Private Partnerships (PPP) with facilities for hedging and risk sharing should be developed in order to encourage private investment in renewable energy, urban sanitation and waste management. Nepal should also be proactive in tapping into global climate finance mechanisms, including the Loss and Damage Fund, Article 6 carbon trading markets and the Green Climate Fund (GCF).These findings indicate that Nepal is at a pivotal stage for the adoption of the SDGs. Despite notable progress in localizing the SDGs, expanding basic social services, improving access to clean energy, and strengthening environmental conservation, Nepal continues to face significant challenges in structural economic transformation, industrial value addition, and domestic employment generation due to persistent policy, institutional, and implementation gaps. The ‘execution deficit' identified halfway through Agenda 2030 is not an issue of vision or goal setting, but rather a mismatch between objectives at the macro level and the administrative, technical and financial means or capacity of provincial and local governments to execute.

Conclusion and Implications

The purpose of this study was to evaluate Nepal's progress towards achieving the SDGs, identify the structural impediments that are facing SDG implementation, and propose a strategic pathway to address the gaps in SDG financing and implementation in Nepal by 2030. The findings reveal, the Nepalese development pattern: progress in indicators related to basic physical access and ecological conservation, while others related to complex economic change, industrial power and the involvement of different agencies have remained stagnant. This gap is not due to the absence of policy ambition, rather it is a structural gap between macroeconomic pledges and the administrative, fiscal and technical competences of provincial and local governments in Nepal.

The findings have several important policy implications. To close the public financing gap of around NPR 426 billion in a total annual investment requirement of NPR 3.023 trillion, apart from increasing domestic revenue mobilization, it is important to change the approach of public procurement from traditional to quality and outcome based. Second, the shortage of technical human resources at the local level, which is a major cause of the delays of implementation in almost all sectors, and this could not be overcome without a Federal Civil Service Act and an interim shared regional technical staff pool. Third, the continued use of national average statistics hides the localized poverty traps which exist in certain areas like Junichande Rural Municipality, and there is a need for a digitized sub-national data system that is disaggregated, and is in line with the Leave No One Behind principle. Fourth, Nepal's climate-related shocks exposure necessitates the innovative and blended green financing mechanisms, such as access to the Green Climate Fund, Loss and Damage Fund and Article 6 carbon markets as a fundamental part of SDG financing and not an add-on. The four-pillar roadmap proposed in this study procurement and civil service reform, shared regional technical human resource pool, digitized sub-national data system and innovative green financing is a viable path towards achieving measurable and equitable development outcomes in Nepal, based on Nepal's policy commitments. This will take time, require a strong political commitment, and a clear shift from short-term allocation-based development to long-term capacity and quality-based implementation. Future research should be expanded by primary, sub-national fieldwork, to capture implementation dynamics at ward and municipality level, extending the review-based assessment, and by following-up budget execution over time as the reforms proposed here are implemented, to analyses how the reforms are impacting on implementation outcomes. Turning these strategic commitments into action is the only way for Nepal to break through its operational challenges, safeguard its most vulnerable communities, and create a just, resilient and sustainable future for current and future generations.

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