

US Aid to Nepal Paused for Review, Affecting Key Development Projects

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The recent executive order issued by the US government to pause all foreign assistance funded by or through the State Department and USAID has impacted several key development projects in Nepal.

The order, which aims to re-evaluate and realign US foreign aid, has resulted in a 90-day suspension of funding for four major projects implemented in partnership with USAID, including those focused on health, agriculture, and education. These projects, funded through government-to-government agreements, are crucial for improving health outcomes, boosting food security, and expanding access to quality education for marginalized communities.

The pause in funding will also affect numerous NGOs, consultancies, and non-profit organizations that receive funding from USAID, impacting a wide range of development programs across the country.

While this review is conducted, the US government has assured that the Millennium Challenge Corporation (MCC) projects will not be affected. The MCC, an independent funding vehicle, has already invested \$500 million in Nepal, with an additional \$50 million recently approved by the MCC board.

The US government's decision to pause foreign aid has raised concerns among Nepali officials and development partners. However, the government remains committed to strengthening its partnership with the United States and exploring avenues for continued cooperation on areas of mutual interest.