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Narrative Review of Nepal's Health Systems in Federal Context: From Margin to Mainstream

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Abstract
Nepal's health systems face a number of diverse yet intersecting challenges and opportunities to ensure inclusive and equitable health care services for all. Poverty, difficult geography, limited transport facilities, poor health infrastructure, and unavailability of comprehensive health care in the health facilities are hindering people's access to quality health care in rural areas. On the other side, investments in other sectors such as education, agriculture, transport, urban development, environment, water and sanitation are limited in rural areas. In this context, the crucial role of provincial and local governments must be enhanced to effectively implement the national policies, strategies, and related guidelines at local level. Moving forward, participatory and inclusive health planning should be a priority agenda of local governments to ensure no one is left behind. From implementation perspective, there lacks clarity in terms of coordination, authority, transparency and social accountability at all levels. Despite notable progress, the institutional bottlenecks are barriers in driving change for improved health outcomes. Surely, this will continue to have creeping impacts on performance of health sector at large. The voices of the vulnerable groups are not sufficiently heard yet by political leaders, civil society and health service providers.
Keywords: access to health, inclusive health planning, equitable health care, social accountability

Background
Globally, health polices play a pivotal role in determining availability, accessibility, quality and equity of health care services. In many developing countries, health policies are largely guided by global as well as regional strategies to align with national as well as international commitments such as Universal Health Coverage (UHC) and Sustainable Development Goals

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(SDGs). In particular, Nepal's health policy landscape is shaped by the core priorities of 16th periodic plan (2024/25-2028/29).

Globally, the epidemiological and demographic transitions are underway. The health sector reform process is further influenced by rapid political and socio-economic changes. There are mounting challenges of addressing growing communicable and non-communicable diseases causing high morbidity, mortality and disability. While more investments on health systems strengthening are inevitable, effective community engagement is also crucial to ensure no one is left behind from accessing basic health care.

Over the decades, Nepal has made significant progress in health sector. From ancient Ayurvedic traditions, culture and indigenous health practices, Nepal's historical journey to federal health systems of governance, the achievements are stories of resilience, innovation and progress. In the ancient times, people used to rely on traditional medicines, Ayurveda, religious and spiritual practices and local healings. These practices and culture are deeply rooted in Nepali culture today and offer holistic approaches to wellness (Sharma, 2003).

During the Rana regime (1846-1951), rural people's access to health care was very limited. While a few health facilities were only available in urban areas, this necessitated a need for health sector reform after the fall of Rana dynasty in 1951 (Dixit, 2005).

In 1956, Nepal established Department of Health Services (DoHS) to systematize the prevention, curative services including vaccination campaigns, and hospital management (Ministry of Health, 1956). In 1970s, Nepal successfully eradicated smallpox through mass and became first country in South Asia in eradicating the deadly disease (WHO, 1970)

In the post-1990 era, following the restoration of democracy in 1990, Nepal introduced the National Health Policy in 1991. This policy emphasized decentralization, aiming to improve access to healthcare in rural areas and reduce disparities (Government of Nepal, 1991). In 1998, launching of Nepal Safe Motherhood Program was introduced to address maternal mortality through capacity building of skills-birth attendants, encouraging communities for institutional deliveries, and provisions of financial incentives to pregnant women in health facilities (Pathak et al., 2012). Similar achievements were possible for Nepal to eradicate polio after sustained immunization campaigns with the support from UNICEF and WHO (UNICEF, 2014).

During the Maoist insurgency (1996-2006), Nepal's health care system, among others, were severely disrupted, health facilities were destroyed, medical supplies badly halted and access to health care for people was a distant dream. In those challenging times, humanitarian organizations such as Médecins Sans Frontières (MSF) played an important role to maintain essential services (Regmi & van Teijlingen, 2010).

Objectives

The narrative review aims to explore Nepal's health systems in the federal context and identify key challenges for health sector reform in Nepal. The review primarily seeks take stick of the health systems progress in some of the critical areas of health indicators that are of significance in terms of universal health coverage and SDGs.

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Methods

This is a narrative review of literatures related to health policies in Nepal. This includes a desk review of secondary data and reports available. I have searched more than 15 journal articles, reports and publications in health sector. In addition, key informant interviews were conducted with senior officials of the government within health sector and beyond, civil society organizations, development partners including UN agencies, private sector, academia and experts in health sector.

Inclusion criteria for the narrative review includes published papers, reports, journal articles, grey literature as available particularly focusing on Nepal's health systems after federalism.

Results

After Nepal's new constitution in 2015, the country suffered a political transition from a unitary to a federal system of governance. The constitution has devolved the power and responsibilities to sub-national governments. The constitution mandates basic health as a fundamental right and directs that it be provided free of cost by sub-national governments, particularly local governments are responsible for delivering basic healthcare services, while all tiers of government share responsibility for managing healthcare resources (NHRC 2022).

In the macro-economic context, Nepal is graduating from the least developed country in 2026. While Nepal's health sector receives significant funding from donors, the issues of sustainability in federal health systems and health care delivery are profoundly visible. The federal governance system, which has devolved power and responsibilities to subnational governments, has created an opportunity for increased decision space at the provincial and local level, closer to the community. However, the low share of the health budget and the existence of fragmented schemes create inefficiencies in health financing and result in a heavy reliance on out-of-pocket payments (NHRC 2022).

Nepal's progress is particularly significant in improving maternal and child health conditions. These achievements have been attributed to the role and contributions of Female Community Health Volunteer (FCHV) program, which trained women to deliver basic healthcare services at the grassroots level (Ojha et al., 2019). According to National Housing and Population Census 2021, Nepal's population is 29.2 million. The growth rate has declined steadily from 2.3 per cent in 2001 to 0.9 per cent in 2021. The evidence suggests that there is a declining fertility rate and an increase in migration abroad. Maternal mortality is still high in Nepal. Two women die every day due to pregnancy or child birth related complications. Most of these deaths are preventable. About 56 per cent of deaths occur in health facilities, 26 per cent occur at home, and 17 per cent occur on the way to health facilities.

According to the 2021 census data, maternal mortality rates have substantially reduced, from 281 to 151 maternal deaths per 100,000 live births between 2006 and 2021. Additionally, the use of modern contraceptives increased from 26 percent in 1996 to 43 percent, while adolescent fertility rates decreased from 127 to 71, and the total fertility rate declined from 4.6 to 2.1 between 1996 and 2022.

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Over the years, Nepal has also gained encouraging progress in key nutrition indicators. According to Nepal Demographic Health Survey (NDHS 2022), the stunting and wasting among children of under five years of age are 15 percent and 8 percent respectively. The underweight is still 19 percent. Compared to the past decades, this is a significant decline in stunting and wasting.

Clearly, we also notice significant variations in prevalence of stunting and wasting in the provinces. For example, stunting is 36 per cent in Karnali, which is very high compared to other provinces. Similarly, wasting is 16 per cent in Lumbini. In the urban areas, the prevalence of child overweight is on rise. Unfortunately, the risk is increasing with the emerging trends of high consumption of processed foods at large. And this food culture is spreading to peri-urban and rural areas (NDHS 2022).

Considering the Sustainable Development Goals (SDGs), Nepal aims to achieve universal health coverage by 2030. In particular, the Social Health Insurance Program which was initiated in 2016, aims to empower socially excluded communities for subsidized health care, covering services such as hospital stays, surgeries, and medications (Ministry of Health and Population, 2016).

In a bid to tackle, Non-Communicable Diseases (NCDs) like cardiovascular diseases, diabetes, and cancer are increasing public health risks and challenges. According to the WHO, the NCDs account for nearly 60% of all deaths in Nepal (WHO Nepal, 2020). In this context, Ministry of Health and Population (MoHP) has integrated NCD prevention into primary healthcare and implemented awareness campaigns targeting lifestyle changes.

Similarly, COVID-19 Pandemic Response (2020–2022) particularly focused on resilient health systems to cope the mounting challenges of trained human resources for health, hospital beds, oxygen supplies, and other essential medical logistics to provide diagnostic, treatment and care at the hospitals. However, swift actions—such as setting up quarantine centers, launching vaccination drives, and partnering with international donors—helped mitigate the crisis (Kandel et al., 2021)

Among many others, health is one of the critical sectors for reform in the federal context. Taking a closer look at recent polices and priorities for fiscal year (2025/2026), more coordinated and collaborative efforts are needed to make it a reality. Because ensuring availability, accessibility and affordability of quality health care is still a pressing challenge for the government and other partners in health sector. This truly demands a strong political will and leadership to protect and promote people's health rights.

In essence, the issue is not simply formulating ambitious policies and strategic priorities, but how these are strategically implemented to yield tangible results for improving health outcomes. There needs a sharp focus on critical review of existing policies to draw useful lessons for future. Moreover, institutional analysis from interdisciplinary approach is necessary to better understand the hidden realities of health facilities in terms of challenges and opportunities in the federal context.

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Major problems and persistent issues include the inability of governments to ensure consistent quality health care services as expected by people, to develop public health services and human resources accountable to public health services (MoHP 2019). No doubt that health policy needs to realistically address socio-cultural and geographical diversity. The unequal distribution of resources have creeping impacts on delivery of basic health care services. The socio-political inequalities have been critical barriers in ensuring the UHC and reducing out-of-pocket expenditure. Most often, mainstreaming gender and social inclusion in health policies are overlooked during implementation, periodic review and evaluation.

Despite notable efforts of coordination and collaboration with a range of partners and other sectors, the progress is still minimal. The worrying scenario is that the ambitious policies and strategic areas often suffer from limited financial and human resources. External support from development partners is also shrinking. Moreover, it is likely that government's budget allocation in health will not substantially increase further. Therefore, available resources from development partners must be appropriately harnessed to complement the resource needs for continuity and sustainability (Bhandari, J. 2025)

Additionally, local governments need adequate technical support from federal and provincial governments for effective implementation of national health plans and programmes. In some cases, there are still concerns of observable inefficiency in planning, implementation, monitoring and evaluation of health interventions. Low absorption of available financial resources and significant delay in implementation of annual health plans reveal slow progress in meeting the targets. Promoting a culture of systems thinking is crucial to identify transformative pathways for driving change and achieving results.

Discussion

Appreciating social, cultural and political domains of health, the central tenet of health policies is to provide overarching strategic guidance in ensuring the health care needs of those who are poor, socio-culturally and politically marginalized populations. In particular, migrants, sexual and gender minorities, disabled, ethnic and indigenous populations face several barriers in accessing health and other social services. Unfortunately, they are not fully mainstreamed in local health governance as they still lack effective representation, participation and meaningful engagement in local health polices and services.

Seen from the lenses of marginality, inclusivity and diversity, reframing health policy landscape must offer wider opportunities to promote people-centred as well as culturally appropriate narratives of health equity and social justice. Undoubtedly, this demands a sustained focus on concerns and voices of socially excluded populations that have remained under-represented for years.

A revealing account of historical processes of health policy formulation perhaps gives some new thoughts about reframing policies in a changing political landscape. Political stability is both a necessary and desired condition for effective implementation of health policy and strategic plan. Lack of political stability often causes frequent changes in leadership positions who have less time and attention to address the competing health priorities.

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Health policy must address people's hope for easy access to quality health care. In response to the unmet needs of health care of many poor and vulnerable populations, reframing health policy need major emphasis on strengthening community and health systems at large. Moving forward, new strategic approaches to address global issues such as climate change, air pollution, pandemics, disasters, increasing trend of non-communicable diseases and planetary health need to be locally contextualized and culturally constructed within health domain and beyond (Bhandari, J. 2025).

People are left behind when they experience exclusion or bias in laws, policies, access to public services and social practices due to their identity, gender, age, income, ethnicity, caste, religion, disability, sexual orientation, nationality. Discrimination towards populations on the basis of one or more such identities may cause a person to be left behind due to stigma, shame, discriminatory actions or other human rights violations.

Health sector reform is largely a political process governed by health policies, strategic priorities and institutional arrangements to generate public trust and confidence that people's aspirations for health for all are truly enlarged and empowered for their overall social well-being. While health is a fundamental human right, health sector reform is a high priority agenda in the larger socio-cultural, political and economic contexts of Sustainable Development Goals (SDGs), national development plans, health policies and programmes (Bhandari, J. 2025).

More importantly, the government institutions are responsible for the financing, regulation, purchasing and provision of health care. The reform processes are highly diverse and complex. The gender and social inclusion approach to expand coverage has yielded minimal progress. Low involvement of civil society and private sectors is another deepening concern for ensuring equitable and efficient health care. There are inadequate efforts to review how local governments can and should allocate public resources for health, what should be the level of public and private expenditure, and how private resources can be mobilised for public health expenditure.

In Nepal, despite significant efforts of the government and development partners, health sector reform has no sustained progress yet. The performance of the health sector needs to be improved as there are still institutional bottlenecks in the governance, sustainable financing, provision of effective implementation of basic health care services, and universal health coverage.

One worrying scenario is that people's hope for equity, efficiency, quality, financing and sustainability in the provision of health care is still elusive. Nepal's culture of reforming institutions for effective policy implementation and service delivery needs to be transformed from the conventional mindsets and dominant views of technocrats towards innovations and solutions.

For next few decades, the widening health inequities will be major barriers to ensure access to basic health care for all. This means attaining universal goal of health for all will be a distant dream and the issues of equity, solidarity and social justice in health can not be realistically addressed. Historically, there are crucial challenges of ensuring quality health care at all health

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facilities. Because, regulatory, monitoring and quality control mechanisms have been weak for decades.

Conclusion and recommendations

Strengthening local governance for health is a matter of priority for federal government. However, limited efforts are not making tangible progress in this regard. Social contracting services, social health insurance, social security and cost-sharing schemes, and other community-led financing mechanisms to protect poor families suffer from delays in implementation. In addition, hospital management is a relatively neglected area in many rural hospitals. There is little focus on increasing efficiency of the hospitals in providing quality health care.

Government's high priority for health insurance is not gaining progress as there are so many practical issues for effective implementation. There are growing criticisms that popular health schemes are only the political slogans, and they are hardly translated into actions. Moreover, scare resources are inefficiently used. Majority of the health projects aimed at strengthening health sector reform are supported by external development partners. Such support eventually lacks continuity and sustainability as funding from the partners will decrease or come to an end soon.

As way forward, capacity building of the governments is one of the significant priorities for institutional development in health sector at all levels. The challenges still remain in the context of strengthening national capacity for managing health sector within the framework using sector-wide approaches in health policy and programme development.

Given the complexities of federal health governance, more focus is needed to enhance the institutional capacity of local governments and socially excluded communities for inclusive health policies. There is no specific blueprint for health sector reform in the country. However, the institutional reform is particularly needed to achieve the policy objectives of improved efficiency, equity, more responsive services and better health outcomes.

In times of climate crisis and socio-political tensions, there is a growing concern of global health security around the world. Developing countries are particularly struggling to regain the lost progress after facing COVID-19 pandemic, conflict, natural disasters and other crises. Unfortunately, vast majority of poor, socially excluded and vulnerable communities have limited access to essential health care within and across societies.

Forecasting healthy future is a challenging priority in many developing countries. In this context, defining issues of federal health governance in Nepal are inherently multidisciplinary. Of course, connecting a range of stakeholders for a purposeful partnership is a challenging yet inevitable political process towards building resilient, equitable and sustainable health systems. Still, social inclusion and equity are key concerns to ensure easy access to quality health care for all.

While Nepal's legacy of health sector is historically distinct, there are stories of both successes and failures that need to be told for public awareness, advocacy and community actions. The interweaving of voices of poor and socially excluded groups such as indigenous communities,

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disabled, elderly, sexual and gender-minorities are crucial to address a wide range of socio-cultural, economic and political inequalities that are consistently hindering equitable access to essential health services across provinces.

More notably, universal health coverage is possible with inclusive health policies and strategic actions to reach out poor and vulnerable communities in rural and urban areas. However, Nepal's federal health system still faces institutional bottlenecks and systemic barriers to ensure equitable access to quality health care at local level. The aim of harnessing a healthier and compassionate future for humanity is largely constrained by social, political, cultural, economic and environmental determinants of health in an increasingly connected world.

Notably, national health policy, 2019 and strategic plan (2023-2030) have a sharp focus on good governance, multi-sectoral approach, equity and social justice in the federal context. The strategic plan has envisioned health systems reform to improve efficiency and effectiveness in health care delivery. Moreover, gender equality and social inclusion strategy seeks to enhance equitable access of poor, disabled, elderly and other socially excluded groups in health services by empowering them to demand their rights to health (MoHP 2019).

In remote areas, local governments' institutional capacity is further constrained by political instability, limited human resources, poor health infrastructure, inadequate financing, poor monitoring, recording and reporting system for years. Despite constrained health financing, there is limited supportive supervision and monitoring from provincial and federal governments to facilitate the implementation of inclusive health policies, plans and community-based interventions at local level.

Like many other countries, Nepal continues to experience global health threats such as COVID-19 pandemic, climate change, air pollution, disease outbreaks, communicable and non-communicable diseases including post-disaster community recovery. In order to improve health status of entire populations, we need to reshape sustainable health care models that are locally owned, innovative, more resilient and sustainable.

Moreover, partnership with a range of stakeholders is vital in addressing persistent challenges of emerging health threats to co-create a more equitable society together. The inherent interconnectedness of health and environment reveals that planetary health needs to be harnessed for better health outcomes. Unfortunately, coordination and partnership within and beyond health sector is still overlooked for years. This is a deepening concern, but it is easier said than done.

We often talk about the relevance of transparency and social accountability in health sector. This is more compelling in the federal context. The established views and narratives of health sector reform need to be critically debated and reframed for transformative changes in federal health systems. It is crucial to explore how local governments identify their health priorities, allocate resources and create an enabling environment for multi-sectoral engagement and partnerships.

Undoubtedly, community engagement in health care plays a major part in people's everyday activities. Anthropological perspective in health systems can be more helpful in understanding how local health facilities operate and are organised, how they communicate with public, and

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how health care is delivered within and across communities. Equally important is to understand how different communities organise their social life, make sense of their health experiences, and how local narratives of health and illness are produced and reproduced.

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