

Reimagining Education Financing in Nepal: A Policy and Budget Analysis

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Abstract

Purpose – Education in Nepal is constitutionally guaranteed as a fundamental right and is viewed as central to social transformation and human capital development. This study aims to examine how the Ministry of Education, Science and Technology's (MoEST) budget allocations from FY 2021/22 to FY 2025/26 address the interconnected goals of equity, quality, employability, and governance in education.

Design/methodology/approach - The research employs the Alignment of Resources, Policies, and Outcomes (ARPO) framework, integrating national budget data with policy documents and comparative insights from UNESCO, the World Bank, and the Asian Development Bank. A qualitative policy and budget analysis approach was used, combining fiscal trend analysis with thematic interpretation to assess coherence and alignment with both national objectives and international benchmarks.

Findings and Conclusion - The findings reveal steady growth in MoEST's budget, with significant emphasis on equity-focused interventions such as scholarships, mid-day meals, and free textbooks. However, persistent challenges remain in quality improvement, governance, and labor-market alignment, as reflected in the declining performance of government schools and widening disparities between public and private education. The study concludes that meaningful reform requires systemic improvements in curriculum design, leadership development, accountability, and vocational training, alongside stronger industry-education collaboration.

Implications - The analysis highlights that fiscal investment alone cannot transform Nepal's education sector. Effective reforms can strengthen governance, enhance school leadership, expand vocational pathways, and integrate technology to bridge access and quality gaps. Lessons from international best practices suggest the need for inclusive governance, teacher collaboration, digital readiness, and curriculum contextualization to build a future-ready education system.

Originality/value - This study offers one of the first longitudinal analyses of MoEST's budget allocations post-pandemic within the federal governance structure, applying the ARPO framework to connect fiscal trends with social outcomes. It contributes to the literature by situating Nepal's education financing within global debates on equity, quality, and human capital development, while proposing contextually rooted reforms for sustainable transformation.

Keywords - Education financing, Education policy, Education reform, MoEST budget analysis, Nepal education

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1. Introduction

Education has long been regarded as the cornerstone of human development and a driver of social transformation (Khatriwada, 2024). For a country like Nepal, where historical inequities, economic disparities, and regional divides continue to shape opportunities, education carries the dual burden of correcting injustices of the past while preparing future generations for a global knowledge-driven economy. The Constitution of Nepal (2015) recognizes education as a fundamental rights, obliging the state to provide free and compulsory basic education and progressively expand free secondary and higher education (K.C., 2023). Within this framework, the Ministry of Education, Science and Technology (MoEST) is the central institution tasked with translating these constitutional guarantees into actionable programs, policies, and budgetary commitments.

Over the past decade, Nepal's education system has undergone considerable shifts due to federal restructuring, globalization, the aftermath of conflict, and the disruptions caused by the COVID-19 pandemic (Meinck et al., 2022; Chaudhary et al, 2024). These dynamics have heightened the importance of fiscal policy as both a reflection of national priorities and a mechanism for reform. MoEST has consistently received between 10 and 12 percent of the total national budget, underscoring the government's recognition of education as a cornerstone of human capital development and poverty reduction. However, despite the seemingly large allocation, stark gaps persist between public and private schooling, between low and high socio-economic groups, and between policy intent and practical outcomes.

A close look at the fiscal years 2021/22 to 2025/26 provides a valuable lens to understand how Nepal is attempting to reimagine its education landscape. These five years represent a critical period of recovery and restructuring, encompassing the immediate post-pandemic phase, the institutionalization of federal governance, and an intensified push for skill-oriented and employment-linked education. On one hand, welfare-based interventions such as free textbooks, sanitary pads, scholarships, mid-day meals, and inclusive classroom initiatives have expanded, reflecting the state's intent to ensure access and equity. On the other, reform measures such as teacher performance contracts, school mergers, vocational expansion, university restructuring, and digital learning demonstrate an increasing concern with quality, accountability, and employability (Government of Nepal & Development Partners, 2021).

Yet, the persistent decline in secondary education examination (SEE) pass rates in government schools compared to private schools, the rising preference for foreign study, and the limited capacity of federal, provincial, and local governments to absorb and utilize resources effectively raise pressing questions about the efficacy of these efforts (Pradhananga, 2024). If education is to serve as a true equalizer, why do socio-economic divides continue to reproduce themselves in learning outcomes? Why has the dream of social mobility through education not materialized for many Nepali students? And why does an "education-industrial disconnect" continue to push students abroad while local industries face skill shortages?

This paper situates Nepal's education budgets within both national realities and global debates. Drawing on MoEST's five-year budget allocations, supplemented by insights from UNESCO, the World Bank, and other international benchmarks (UNESCO, 2022; World Bank, 2022), the study critically evaluates how fiscal priorities align with Nepal's stated goals of equity, quality, and human capital development. At the same time, it introduces the author's reflections on deeper cultural and structural questions: the need to nurture children with values rooted in Nepal's society, culture, and traditions; the importance of designing curricula that are pragmatic, interdisciplinary, and context-specific; and the urgency of moving beyond rote learning to foster creativity, critical thinking, and project-based learning.

In doing so, this paper argues that education reform in Nepal cannot be reduced to mere budgetary increments or welfare schemes. It requires a holistic re-imagination that connects educational attainment, social origin, and social destination, while addressing systemic challenges such as politicization, weak governance, and limited industrial collaboration and investment (Pradhananga, 2024; Ghimire and Adhikari, 2023). Giri and Adhikari (2023) highlighted that in Nepal, investors' rigid beliefs often override rational thinking when making financial decisions. This can be understood why traditional investors hesitate to invest in education, fearing poor outcomes, which is reflected in the low private investment in schools. Ultimately, the goal is to explore how Nepal can build an inclusive, future-ready education system that not only narrows the public-private divide and reduces foreign study dependency but also contributes to national pride, cultural grounding, and global competitiveness. Thus, the objective of this study is to analyze Nepal's education budget allocations from FY 2021/22 to 2025/26 under MoEST, while integrating insights from ADB, UNESCO, and World Bank data to contextualize equity, quality, employability, and sectoral disparities, and to propose reforms that are culturally rooted yet globally relevant.

2. Literature Review

Education is widely recognized as a key driver of human capital development, social mobility, and national progress. Globally, investments in education have been closely linked to economic growth, poverty reduction, and equitable development (Fuller & Stevenson, 2018; Pitman et al., 2012). UNESCO emphasizes that allocating 15 to 20 percent of national budgets to education is critical for achieving inclusive and quality education, as outlined in SDG 4 (Li et al., 2025). Countries that consistently prioritize equitable access, vocational training, and skills alignment demonstrate stronger intergenerational mobility and labor-market integration (OECD, 2019; Williamson et al., 2024).

Global Perspectives on Education and Equity

International research highlights the role of socio-economic background in shaping educational outcomes. Studies on intergenerational mobility show that children from low-income households face persistent barriers to achieving upward mobility, even with access to formal education (Cholli & Durlauf, 2022). Educational attainment alone is insufficient; social origin, labor market conditions, economic inequality, and access to networks and socialization opportunities play decisive roles. Countries with cross-class interaction in schools exhibit higher social mobility, suggesting that integrated schooling is crucial for bridging socio-economic divides. Pokhrel et al. (2022) revealed interesting insights from a contextual and management perspectives in Nepal that organizations can enrich their staffs' lives by creating a bullying-free work environment. This eventually resonate with the schools' system as well.

The education-industry alignment is another critical factor. For instance, the United States' Workforce Innovation and Opportunity Act (2014) emphasizes labor market-driven curricula, ensuring that technical and vocational education programs match employer needs (Bradley, 2015). Countries like Finland and Singapore have successfully integrated project-based and applied learning into their curriculum, promoting critical thinking, creativity, and lifelong learning. These examples highlight the importance of practical, context-sensitive education in preparing students for contemporary workforce demands (Mandavkar, 2024; Deng & Gopinathan, 2016).

Nepalese Context

Nepal has made significant strides in expanding access to education. Programs such as mid-day meals, free textbooks, scholarships for marginalized groups, and digital learning initiatives

reflect a strong focus on equity and inclusion. The National Education Policy emphasizes quality, vocational training, and ICT integration, while federalism has decentralized educational governance to provincial and local levels (Lal et al., 2025). Despite these efforts, systemic challenges persist. Public schools exhibit declining SEE pass rates relative to private schools, highlighting gaps in quality, governance, and resource utilization. Limited government spending, political interference, teacher shortages, and weak infrastructure exacerbate disparities, preventing education from serving as a reliable mechanism for social mobility. Further, there is a big difference between what Nepal's Constitution promises and what happens in real life, even with policies to include everyone, high-caste groups still hold most top government jobs (72%), while Dalits are still mostly left out (Mijar & Giri, 2025). Additionally, Nepal faces a significant education-industrial disconnect, with curricula often failing to align with labor-market requirements, contributing to high rates of youth migration for study and employment abroad (Adhikari & Shrestha, 2024).

Research indicates that educational reform in Nepal cannot focus solely on fiscal investment. So, Asian Development Bank (ADB, 2024) reported that curriculum design, cultural grounding, project-based learning, practical skill development, and cross-class integration are essential for meaningful learning outcomes and equitable opportunity. There is also a need for robust monitoring and quality assurance frameworks, particularly in higher education, to ensure that investment translates into improved human capital and socio-economic development (UNESCO, 2025).

3. Research Method

Research Design

This study employs a qualitative policy and budget analysis design to examine Nepal's education financing and reform initiatives, focusing on MoEST budget allocations from FY 2021/22 to FY 2025/26 (Budget Speech | Ministry of Finance). Budgets are treated both as financial commitments and as policy instruments signaling governmental priorities and reform intent. The research integrates two complementary analytical strands: (1) Quantitative trend analysis - examines the magnitude and growth of budget allocations, their proportion of the national budget, and thematic distributions across five fiscal years. This provides a temporal understanding of investment patterns and shifts in policy focus. (2) Qualitative content analysis - involves a detailed review of budget speeches, policy documents, and programmatic commitments to interpret MoEST's priorities and strategies. Emphasis is placed on equity, quality, employability, governance, and human capital development. By combining these two strands under the Alignment of Resources, Policies, and Outcomes (ARPO) framework, the study systematically evaluates how well fiscal allocations align with Nepal's constitutional guarantees, SDG 4 benchmarks, and global best practices.

Sample Documents

Data collection involved systematic retrieval and review of government policy and international documents. A purposive sampling technique was applied to ensure that only relevant and authoritative documents were included. Thus, the scope of this study encompasses all education-related policy and budget documents produced by the Government of Nepal between FY 2021/22 and FY 2025/26. These documents represent the official articulation of fiscal priorities and policy directions in the education sector. A purposive sample was selected to ensure both depth and relevance, consisting of:

- Annual national budget speeches (FY 2021/22-2025/26) issued by the Ministry of Finance,
- MoEST sectoral allocation reports and program commitments,
- National policy frameworks, including the National Education Policy (2019) and the Education Sector Plan (2021-2030),
- Comparative and evaluative reports from UNESCO, the World Bank, and the Asian Development Bank (ADB).

This sampling approach captures the breadth of domestic fiscal and policy commitments while situating them within international standards and comparative perspectives.

Thematic Categorization

Collected data were coded and categorized into five thematic areas for analysis:

- Equity and Inclusion - mid-day meals, scholarships, sanitary pad distribution, free textbooks.
- Quality and Accountability - teacher performance contracts, school mergers, model schools, digital learning, monitoring frameworks.
- Skills and Employability - TVET expansion, entrepreneurship, work-study initiatives, labor-market alignment.
- Higher Education and Research - university restructuring, UGC reforms, and internationalization.
- Governance and Federalism - fiscal federalism, provincial and local allocations, capacity building.

Data Analysis and Analytical Framework

Data analysis was conducted in three stages: (1) Descriptive analysis - documenting allocations, growth trends, and thematic emphasis, (2) Comparative analysis - assessing year-to-year changes, budget continuity, and policy focus shifts, (3) Interpretive analysis - evaluating alignment of fiscal allocations with stated objectives and expected outcomes, while benchmarking against global practices from UNESCO, World Bank, and ADB.

Analytical Framework: the study employs an Alignment of Resources, Policies, and Outcomes (ARPO) Framework, which evaluates how well Nepal's education financing aligns with national goals and global best practices. The framework consists of three interrelated dimensions: (1) Resource Alignment: Assesses whether fiscal allocations are adequate, progressive, and consistent with national needs and international benchmarks, including UNESCO's recommendation of allocating 15 to 20% of the national budget to education, (2) Policy Alignment: Examines whether budgetary priorities reflect stated objectives of equity, inclusion, quality, and employability. This includes attention to programs supporting marginalized populations, teacher professional development, vocational training, and digital education initiatives, (3) Outcome Alignment: Analyze whether allocations are structured to produce measurable improvements in learning outcomes, skill formation, and socio-economic mobility. Outcome alignment incorporates indicators such as SEE pass trends, enrollment disparities, and skills-labor market integration.

The ARPO framework allows for a systematic assessment of both the intent and impact of Nepal's education financing policies, integrating domestic priorities with insights from global organizations such as UNESCO, the World Bank, and ADB.

Ethical Considerations

The research relies entirely on publicly available reports, policy documents, and scholarly literature. No personal or sensitive data were collected. Academic integrity has been maintained through rigorous citation, transparency, and objective interpretation of findings.

4. Analysis and Findings

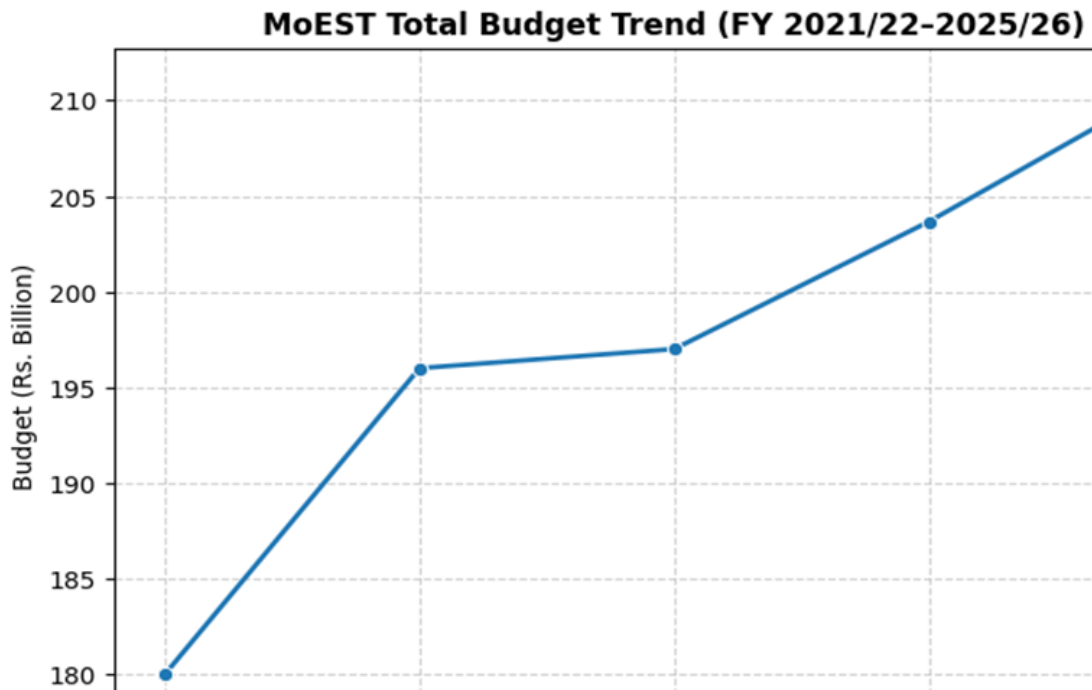
This section presents a detailed examination of Nepal’s education budget allocations from FY 2021/22 to FY 2025/26, highlighting trends in equity, quality, human capital development, governance, and socio-economic outcomes. The analysis integrates domestic fiscal data with global insights from UNESCO, the World Bank, and the Asian Development Bank (ADB) to evaluate the alignment of Nepal’s education financing with both national objectives and international benchmarks.

Overall Budget Trends and Fiscal Priorities

MoEST’s budget increased from NPR 180 billion in FY 2021/22 to NPR 211.17 billion in FY 2025/26, representing a cumulative growth of approximately 17%. Despite this increase, the share of the national budget allocated to education fluctuated between 10% and 12%, remaining below UNESCO’s recommended benchmark between 15% and 20%. This gap underscores the potential for enhanced investment to achieve universal and quality education.

Figure 1

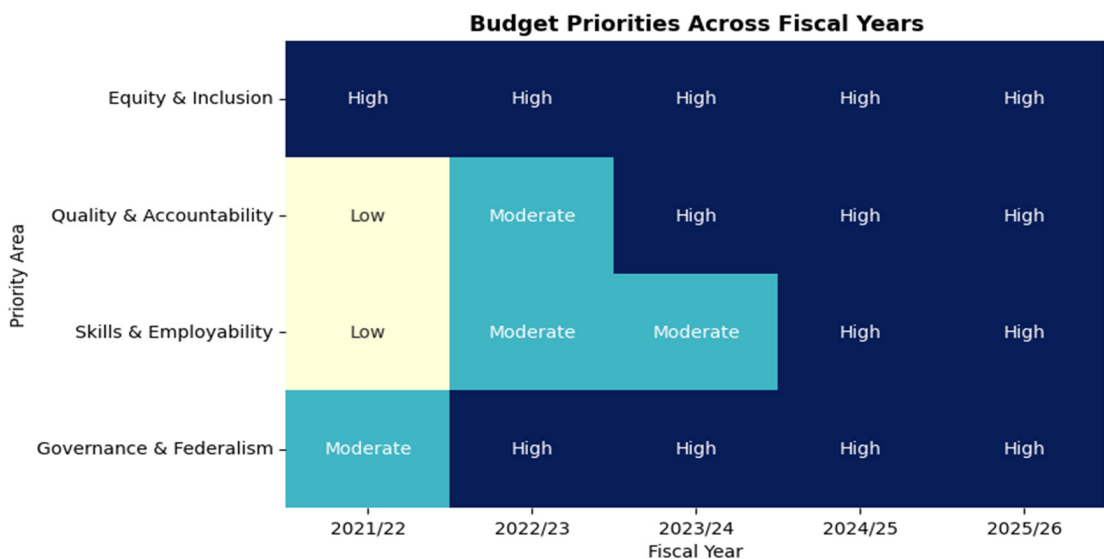
MoEST Total Budget Trend



Budget allocations reveal a consistent prioritization of equity-focused interventions, including mid-day meals, scholarships, free textbooks, and sanitary pad distribution. These programs have been crucial in enhancing school participation, particularly among girls, Dalit, Janajati, and students from remote regions. From FY 2023/24 onwards, allocations for quality and accountability reforms such as teacher performance contracts, model schools, school mergers, and digital learning initiatives show a growing emphasis on improving educational standards. By FY 2024/25, resources directed toward skills development and employability increased substantially, reflecting the government's intent to align education with labor market requirements through Technical and Vocational Education and Training (TVET) expansion, entrepreneurship programs, and work-study initiatives.

Figure 2

Budget Priorities Across Fiscal Years



Equity and Access

Equity-focused programs have expanded enrollment, especially among marginalized communities. Scholarships for Dalit, disabled, and remote students increased steadily, while mid-day meal programs reached over NPR 10 billion by FY 2025/26. Despite these achievements, socio-economic disparities persist, as rural students and those from low-income households continue to experience limited learning outcomes (Mijar & Giri, 2025). This mirrors global findings from the World Bank, which emphasize that equitable access alone does not guarantee upward mobility. Access must be coupled with quality, skills development, and supportive learning environments.

Quality and Accountability

Efforts to improve quality through teacher performance contracts, digital learning, and school mergers have faced resistance from unions and local communities, resulting in uneven implementation. Digital infrastructure gaps in rural schools exacerbate inequities, limiting the reach of technology-based pedagogy. UNESCO's global report highlights the importance of

trained school leaders and peer collaboration in improving institutional performance; Nepal's current leadership training programs remain limited, particularly in rural areas, underscoring a critical gap in governance and quality assurance.

Human Capital Development and Employability

From FY 2022/23, MoEST's budget increasingly emphasized skills development and labor-market alignment. Expansion of Technical and Vocational Education and Training (TVET) programs, entrepreneurship initiatives, work-while-study program, and the declaration of Science and Technology Decade (2024-2034), reflects an orientation toward employability and innovation. However, challenges persist, including mismatches between training programs and local labor demands, limited private-sector collaboration, and insufficient mechanisms to monitor graduate outcomes. ADB's 2024 report reinforces the need for integrating climate-resilient vocational training and foundational literacy programs to ensure skills development translates into tangible economic opportunities.

Governance and Federalism

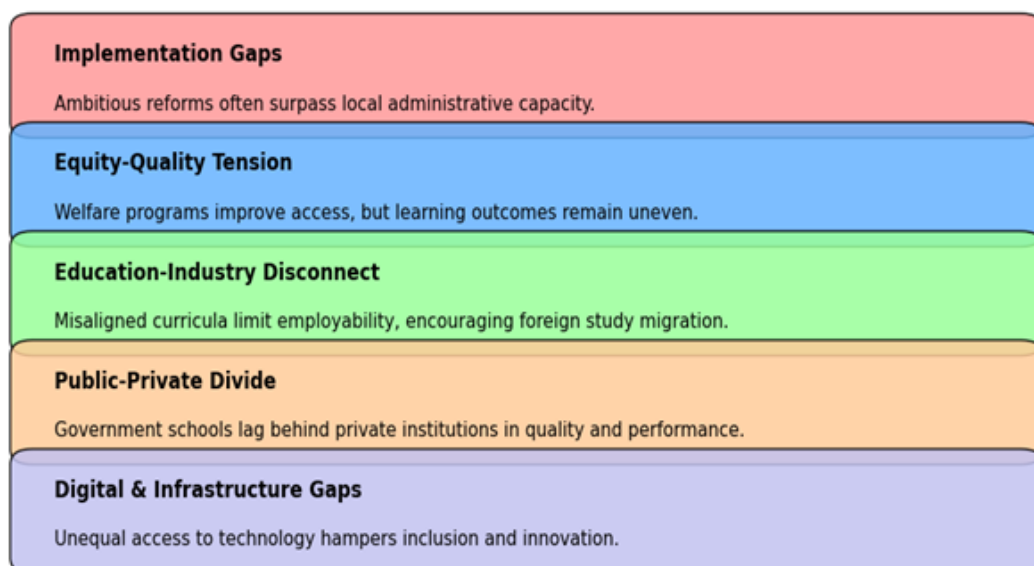
The transition toward fiscal federalism has shifted significant education funding to provinces and local governments. While decentralization enables context-sensitive planning, technical and managerial capacity gaps limit the effective utilization of resources. UGC restructuring and federal education reforms aim to strengthen governance, yet implementation inconsistencies remain a barrier to equitable outcomes. Comparative insights from UNESCO suggest that stable leadership, teacher collaboration, and structured accountability mechanisms are essential to bridging governance gaps, especially in decentralized systems.

Public vs. Private School Performance

Analysis of SEE pass rates of last few years also reveals a widening gap between government and private schools. Government schools, particularly in rural and low-income areas, show declining pass rates, while private schools maintain higher and steadily improving outcomes. This disparity highlights the persistent influence of socio-economic background, school quality, and access to supplementary resources. International evidence underscores that without high-standard public education, social mobility remains limited, perpetuating inequality across generations.

Integration of Global Insights

Insights from the World Bank Yearbook (2024) emphasize digitalization, AI integration, and adaptive learning as critical drivers of future education systems. For Nepal, these trends highlight the opportunity to leverage technology to expand access in remote areas while mitigating the risk of digital inequity due to infrastructure gaps. UNESCO's emphasis on leadership training, gender equity, and inclusive governance aligns with Nepal's need to strengthen principal certification programs, reform School Management Committees (SMCs), and embed teacher collaboration. ADB's findings reinforce the importance of foundational literacy, vocational training, and climate-resilient infrastructure to enhance equity and employability. Collectively, these international insights provide a benchmark for Nepal to align its budget priorities with globally recognized best practices.

Figure 3*Key Patterns and Challenges in Education*

Over the five-year period, Nepal's education budget demonstrates a clear trajectory: equity-focused interventions dominate, quality and governance reforms are emerging, and alignment with human capital and employability is increasing. Yet, systemic challenges: public-private disparities, socio-economic inequities, governance limitations, and digital divides; continue to limit the effectiveness of these allocations. Integration of global insights underscores the necessity of leadership development, curriculum reform, technology adoption, and vocational alignment to realize education as a true vehicle for social mobility and national development.

5. Discussion

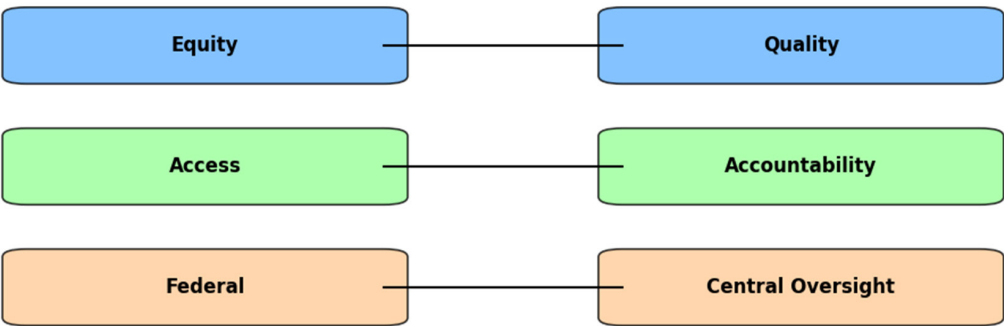
The analysis of Nepal's education budgets highlights a trajectory of incremental growth, equity-driven policies, and an emergent focus on quality, skills, and employability. While fiscal allocations indicate the government's commitment to education as a driver of human capital development and social mobility, several structural, socio-economic, and pedagogical challenges continue to shape outcomes. By contextualizing Nepal's experience within global trends and insights from UNESCO, the World Bank, and the Asian Development Bank (ADB), this discussion elucidates key implications for policy, curriculum reform, and system-wide improvements.

Policy Vision and Fiscal Priorities

Nepal's successive budgets reveal a dual emphasis on equity and human capital development. Welfare-oriented interventions such as mid-day meals, scholarships, free textbooks, and sanitary pad distribution reflect a strong commitment to inclusivity and constitutional guarantees of education as a fundamental right. Concurrently, emerging allocations for TVET expansion, work-study initiatives, and higher education reforms indicate a shift toward skill-based education aligned with labor market needs. Despite these efforts, tensions in policy implementation are evident:

Figure 4

Tensions in Policy Implementation



Equity versus Quality – Welfare programs expand access but do not consistently improve learning outcomes. Teacher performance contracts, digital learning initiatives, and model schools aim to enhance quality; however, uneven implementation, resistance from unions, and limited administrative capacity constrain effectiveness. UNESCO’s global analysis underscores the importance of leadership training, peer collaboration, and structured accountability frameworks, suggesting that Nepal’s equity initiatives should be complemented by systemic quality measures.

Access versus Accountability – Expanding free services has increased participation, but monitoring and evaluation mechanisms remain insufficient. As a result, financial investment does not always translate into measurable educational improvements, particularly in rural and marginalized areas.

Federal versus Central Oversight – Fiscal federalism empowers provinces and local governments but exposes gaps in managerial and technical capacity. While decentralization allows context-specific decision-making, inadequate capacity has led to uneven resource utilization, which mirrors findings from the ADB’s 2024 report emphasizing the importance of capacity-building and decentralized governance for effective education delivery.

Public-Private Divide and Socio-Economic Mobility

Analyzing the previous SEE results demonstrates a widening gap between government and private schools. Private schools consistently outperform government institutions, benefiting from better resources, teacher quality, and socio-economic backgrounds. This disparity highlights that educational attainment alone is insufficient to ensure upward social mobility.

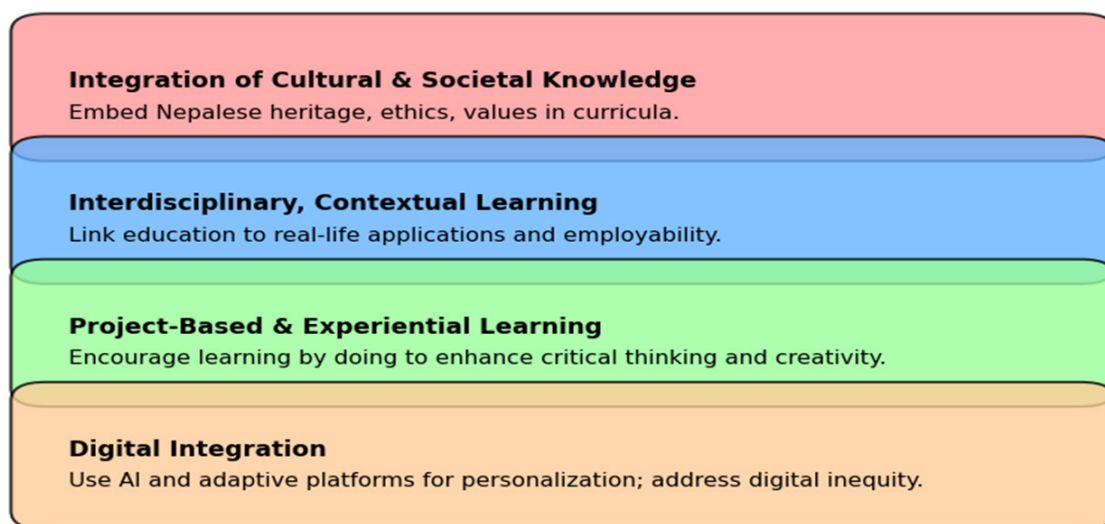
Drawing on the World Bank’s intergenerational mobility research, social origin, labor market conditions, and access to networks are decisive factors in shaping outcomes. Public schools could function as social integrators, promoting cross-class interaction and reducing inequality; however, this requires investments in quality, curriculum reform, and teacher capacity. Schools could make efforts to create a positive workplace environment to improve teachers’ attachment toward institutions leading to teachers’ commitment which maximize teachers influence on student learning (Maharjan et al., 2024; Al-Mahdy et al., 2022). Global comparisons suggest that integrated schooling and high-standard public institutions are essential to promote social mobility, an insight that aligns with Nepal’s objectives to bridge socio-economic gaps.

Curriculum Reform and Pragmatic Learning

Nepal's current curricula emphasize rote learning and standardized testing, often disconnecting students from practical skills, labor-market relevance, and cultural grounding. Findings from UNESCO and the World Bank stress the importance of experiential, learner-centered, and project-based pedagogy, alongside culturally contextual content.

Figure 5

Key Recommendations for Curriculum Reform



Such reforms could reduce reliance on foreign education, strengthen local human capital, and align educational outcomes with national development goals.

Governance, Leadership, and Institutional Capacity

Effective governance and strong institutional leadership are critical determinants of educational outcomes. UNESCO's findings on principal training and leadership development emphasize the need for structured induction, continuous professional development, and inclusive decision-making processes. In Nepal, the frequent reshuffling of education ministers and limited leadership training for principals undermines policy continuity and reform implementation. Strengthening federal and local governance capacity is therefore essential to ensure that fiscal investments translate into equitable and quality learning outcomes.

Alignment with Global Benchmarks

Global insights provide strategic guidance for Nepal's education reforms. UNESCO emphasizes leadership, gender equity, and inclusive governance; the World Bank highlights digital transformation and socio-economic integration; ADB stresses vocational training, foundational literacy, and climate-resilient infrastructure. Integrating these recommendations into Nepal's education policy can improve alignment with international best practices, enhance employability, and strengthen pathways for social mobility.

6. Conclusion and Implications

This study analyzed Nepal's education financing and policy priorities between FY 2021/22 and FY 2025/26 using the Alignment of Resources, Policies, and Outcomes (ARPO) framework. The findings revealed steady fiscal growth and strong equity-oriented interventions, including scholarships, mid-day meals, and free textbooks, which have expanded access for marginalized groups. However, persistent gaps in quality improvement, governance, and labor-market alignment limit the transformative potential of these investments. The widening public-private divide, declining performance of government schools, and rising dependence on foreign education highlight systemic weaknesses. Integrating lessons from UNESCO, the World Bank, and the Asian Development Bank, the study concludes that sustainable reform requires not only increased investment but also systemic improvements in curriculum design, teacher training, institutional leadership, and industry collaboration. A holistic, culturally grounded, and globally relevant education system is essential to ensure that education serves as a true driver of equity, human capital development, and national progress. Based on the findings, the following policy recommendations are proposed:

Figure 6

Policy Implication

Strengthen Public School Quality: Invest in teacher training, digital infrastructure, and classroom resources to ensure equitable access to high-quality education, bridging the public-private divide.	Curriculum Innovation: Develop a pragmatic, culturally grounded, interdisciplinary curriculum emphasizing project-based learning, critical thinking, and employability skills.
Labor-Market Alignment: Establish mechanisms for continuous consultation with industries, integrating vocational and higher education programs with current and future labor market needs.	Digital Inclusion and Literacy: Leverage AI and adaptive learning platforms to expand access, while addressing infrastructure gaps, digital inequity, and data sovereignty concerns.
Public-Private Partnerships: Engage private sector expertise and resources in vocational training, infrastructure development, and higher education innovation.	Sustainability and Climate Resilience: Integrate climate-conscious designs in school infrastructure and include climate-smart education in vocational and general curricula, as recommended by ADB.
Cross-Class Integration: Ensure public schools meet high standards to foster interaction among students from diverse socio-economic backgrounds, promoting upward mobility and social cohesion.	Leadership and Governance Enhancement: Implement national principal certification programs, restructure School Management Committees to include marginalized voices, and build technical capacity at provincial and local levels for effective decentralized governance.

7. Limitations and Directions for Future Research

This study relied primarily on publicly available budget documents, policy frameworks, and reports from multilateral organizations. As such, it captures intended allocations and policy directions but does not examine actual expenditure patterns or on-the-ground implementation at provincial and local levels. The analysis was also limited to five fiscal years, which, while significant, may not fully reflect long-term structural trends. Furthermore, the reliance on secondary data restricted opportunities to capture perspectives of students, teachers, and administrators directly affected by these policies.

Future research could extend this work in several directions. First, micro-level analyses of schools and communities would provide valuable insights into how budget allocations translate into classroom realities, teacher performance, and student outcomes. Second, longitudinal tracking of student cohorts could help assess the long-term impact of education financing on social mobility, employability, and labor-market integration. Third, studies should examine the role of digital education, AI-enabled learning, and climate-resilient infrastructure in shaping equitable and future-ready education systems. Finally, comparative research with other South Asian or federal contexts would offer broader lessons for Nepal, situating its education reforms within regional and global frameworks.

Conflict of Interest

Author declares no conflict of interest with any party while preparing this article

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