

Nepal's HIV Response at Risk: The Fallout of USAID's Withdrawal

Background

Announced on January 20, 2025 as a 90-day pause for “assessment of programmatic efficiencies and consistency with the United States foreign policy”, the Trump Administration’s aid freeze morphed into a permanent shutdown of USAID on March 10. This move has discontinued 83% of programs supported by the US government, rolling back decades of hard work by development professionals worldwide.

Nepal is heavily affected by USAID’s closure which cut an estimated \$128 million in health-related assistance. Over the last 15 years, NGOs in Nepal have facilitated a 79% reduction in new HIV infections through screening, viral load testing, treatment for people living with HIV (PLHIV), PreP for high-risk populations, and community outreach via peer navigators.

Interviews conducted in February and March 2025 with frontline health workers, NGO leaders, and government stakeholders reveal the profound and multifaceted impact of this policy on Nepal's delivery of HIV services and the broader health system. Emergent themes include the **reduced role of NGOs in HIV prevention**, the **rising risk of new or untreated HIV infections**, and the **heavy burden on the health workforce** in Nepal.

Reduced HIV prevention activities

- Funding was cut for PrEP distribution, condom/lubricant distribution, STI prevention & treatment, HIV education campaigns and tracking of new cases/hotspots.

“Since our clinics are shut, we have lost contact with several of our clients...Our community volunteers have also stopped home delivery of ARTs to those who are unable to visit the clinic. The ART centers run by the government cannot reach them since they do not have outreach workers for such activities. The situation will be worse now on.”

- Reduced HIV screening, peer navigator services and follow-up of HIV+ clients at community level

“We had to shut our clinic and halted all our [HIV] outreach activities [and referrals]... Our primary target population comprises female sex workers and persons living with HIV... PEPFAR has been our sole source of funds and now all of us are forced to stay put at home.”

- Fewer referrals to ART clinics and clients face longer wait times for treatment.

“...a problem may arise soon because the government does not operate at the community level and does not provide awareness to community members. In the past, the lack of awareness led to delayed diagnoses, and such cases may increase after the funding freeze.”

Rising risk of new or untreated HIV infections

- High-risk groups are going unmonitored and hot spots unidentified.

"We cannot identify new 'hot spots' of high-risk population (female sex workers and their clients) and screening for possible positive cases. I am sure the number of HIV+ cases must have increased considerably now. Unfortunately, we do not have contacts with such new cases."

- Interruptions in referral pathways made it more difficult to link clients to treatment.

"After our office closed, 3 [HIV positive] cases have been referred to us, requesting us to link them to the treatment. We could not do that because we were told not to do anything now. So, in this context, if we lose them then there is a high possibility and risk of infection spreading in the community."

- Reduced supply of ARTs

Earlier, we used to provide 3 months' supply of medicine to the clients, but now, we are obliged to provide only a month's supply.

"If we cannot give service, the number of the HIV cases will soar. In our district, only 50% of the HIV survivors seek care regularly by themselves. Those who fail to seek treatment, they fall vulnerable to TB, and other life-threatening diseases which contribute to high mortality rate."

The government of Nepal cannot do everything alone. The donor organizations have been providing support to our work. As soon as they pull out, our system will collapse.

Heavy burden on the health workforce in Nepal

- Many health workers and NGO staff laid off due to closed projects, resulting in mental health crises.

"Everyone is suffering from mental health issues. They are saying things like 'where will we get a job now?' and 'what should we do now?'"

- For those staff who remain employed, workload has increased significantly.

"Due to the shortage of staff, our workload increases, and the clients also have to wait for a longer period of time to receive the services."

- NGOs face financial strain as they struggle to pay office rent and salaries for remaining health providers and outreach workers.

"...organizations cannot function without funds. The freeze has impacted our portfolio and growth. Experts on our staff are likely to seek opportunities elsewhere, which will affect the organization in the long run."

Implications

- Public health setbacks will deepen without rapid mitigation, particularly in HIV, STI, and TB outcomes.
- Progress towards meeting SDG targets risks reversal, with marginalized communities disproportionately affected.
- A sustainable health financing model is urgently needed to reduce dependency on a single donor and future-proof Nepal's health system.

Recommendations

- ✓ Invest in **strengthening a resilient health system**. Scale government capacity for community-based service delivery to reduce dependency on donor-funded NGOs.
- ✓ Support **integration of HIV services** into broader primary health care, maternal health, and sexual and reproductive health systems.
- ✓ **Mobilize diverse funding streams**. Engage bilateral and multilateral partners to fill the gap left by USAID's exit.

For more information, please contact

✉ anand@crehpa.org.np

✉ GHAE@cumc.columbia.edu

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