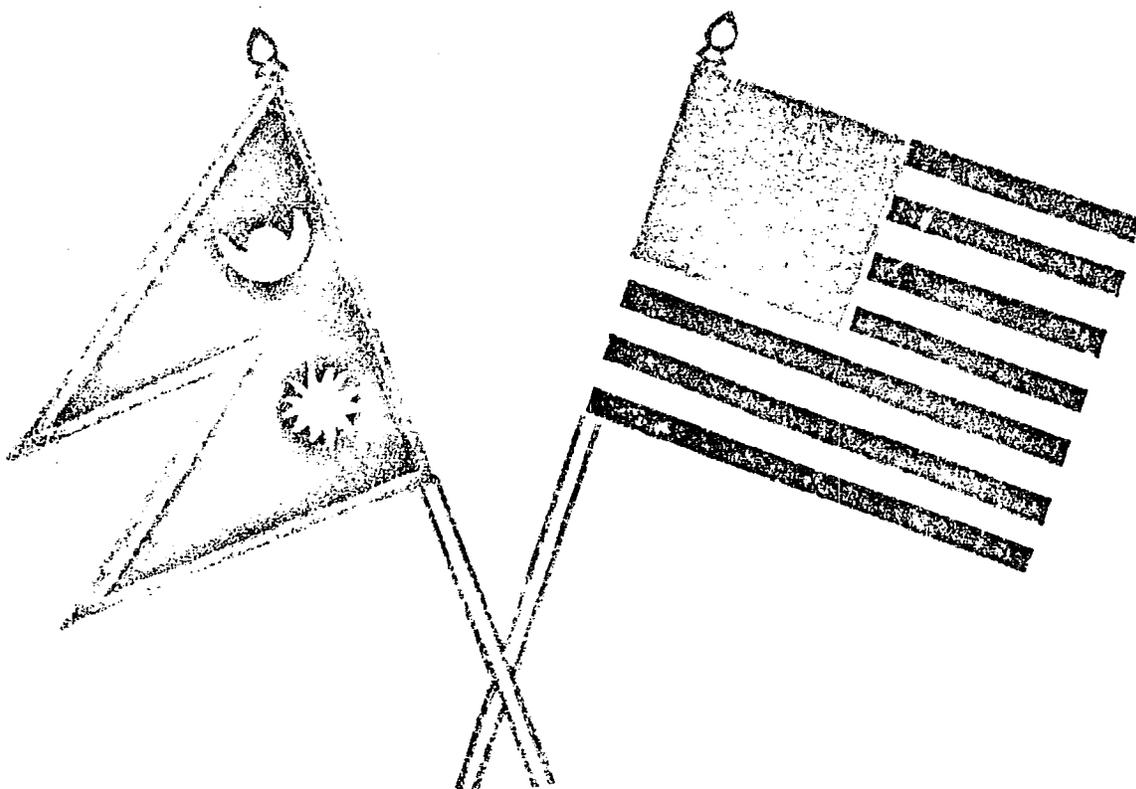


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# 20 YEARS OF NEPALESE--AMERICAN COOPERATION



A Summary of  
American Aid To Nepal

1951 - 1971

20 Years of Nepalese-American Cooperation; a Summary of...

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1. Development Assistance - NP. 2. A.I.D. -  
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# FACTS ABOUT AMERICAN AID TO NEPAL

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OFFICE OF CIA DEVELOPMENT  
SUMMARY OF AMERICAN ECONOMIC AID TO NEPAL

1. Since 1951 the United States has committed approximately \$140,100,000 or Rs 1,14,14,00,000 INR, for Nepal's development.\*
2. Of this amount, \$135,700,000 has been extended in the form of grants and \$4,400,000 in loans.
3. Of the total U.S. obligation, approximately \$7,000,000 has been provided for:
  - Flood relief
  - Emergency medical programs
  - Emergency and other relief food grant programs
4. Over \$54,000,000 of the remainder of this amount has been expended on projects now completed, while \$79,100,000 of funds have been and are being used for continuing activities.
5. Of the total U.S. commitment, about 50% has been in the form of U.S.-owned Indian rupees.

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\*Based on actual net obligations, net loan authorizations, and authorizations for P.L. 480 Title II Shipments as of December 31, 1970. U.S. assistance is financed by both U.S. dollars and U.S.-owned rupees. Overall figures and project figures in this document (except where a project has only one type of financing) are a combined sum of dollars and rupees expressed in terms of either U.S. dollars or Nepalese rupees. Dollars are converted to rupees and rupees to dollars according to the official exchange rate in effect at the time of obligation.

20 YEARS OF AMERICAN AID TO NEPAL

On January 23, 1951, the Governments of Nepal and the United States signed a basic "Technical Cooperation Agreement." Twenty years later Nepal and the United States Agency for International Development are still working towards the objective set at that time: an improved quality of life for the people of Nepal. Since 1951, USAID and its predecessor U.S. agencies have committed approximately \$140,100,000 (Rs 1,14,14,00,000 NC) for Nepal's development.

Progress in Nepal during the past twenty years has been great. There has been growth in the economy and in productivity -- and perhaps even more importantly, there has been a growth in Nepal's capability to achieve self-reliance. This growth has primarily been in the creation of new development-oriented institutions and the building of physical infrastructure such as roads and airfields.

USAID's development strategy has run parallel to the pattern of growth in Nepal. While individual projects have covered a broad spectrum of activities, USAID's basic strategy has consistently concentrated on the creation and strengthening of development institutions and the construction of capital infrastructure.

From its earliest years in Nepal, USAID recognized the need to create a strong institutional base upon which the economy could grow. With American assistance, HMG has established many key development institutions and strengthened the institutional capabilities of many Government departments and divisions. In agriculture, USAID has provided major advisory and financial support to

the Department of Agricultural Education and Research including several agricultural research farms, the Agricultural Extension Service, the Agriculture Supply Corporation, and the Agricultural Development Bank. American Assistance was also provided in the areas of land reform and agricultural cooperatives.

The development of educational institutions in Nepal has also received large-scale support from USAID -- the College of Education and Laboratory School at Kirtipur, the Primary School Teacher Training Centres, the National Vocational Training Centre and multi-purpose high schools, and the Janak Educational Materials Centre.

In health, USAID has supported the development of the Family Planning and Maternal Child Health Organization and the Nepal Malaria Eradication Organization. In earlier years, American advisors also worked to strengthen the public health services of the Ministry of Health and to improve Bir Hospital.

Institutional development is also an important part of industrial development. USAID has placed great emphasis upon the creation and development of the Nepal Industrial Development Corporation, which serves as an industrial banking institution and a technical and management consultant organization. USAID has also assisted several other institutions in this sector: e.g., the Timber Corporation of Nepal, the industrial estates at Balaju and Hetaura, the Nepal Bureau of Mines, the Department of Forests, the Ministry of Water and Electricity, and HMG Medicinal Plant laboratories and nurseries.

Transportation and communications institutions have also received assistance from USAID - e.g., the Department of Civil Aviation, the Roads Department, and the Department of Publicity and Broadcasting, including Radio Nepal.

In more general terms, USAID's public administration program has been specifically directed toward institution building within HMG. American assistance has been particularly important in the creation of the Central Bureau of Statistics and the Panchayat Training Institutes and in the strengthening of HMG operations through training personnel in accounting and budgetary procedures.

Capital assistance has formed the second element of USAID's development strategy. Capital projects have included the Birgunj-Bhainse, Rapti Valley, and Western Hills roads, expansion of the international airport in Kathmandu and improvement of several other airports (future additional expansion is being undertaken for airports at Kathmandu, Simra, Pokhara, Biratnagar and Bhairawa), a modern saw-mill at Hetaura, suspension bridges in the hill areas, the telecommunications network throughout the country, the Kathmandu-Hetaura ropeway, electric power transmission systems, and STOL airfields.

From this broad spectrum of activities, USAID has narrowed its focus in recent years. Population & food resources have become key concepts for USAID's present development efforts in Nepal. If present population growth rates (2.7%) continue, the population will double every 27 years. This naturally implies that food production, educational facilities, and job opportunities must also

double every 27 years. In order to confront the problem of reduced per capita resources before it arises, USAID has been intensifying its assistance to HMG in the fields of agriculture and family planning.

Nepal has limited land resources for agricultural use and human habitation. Nearly all of the potentially cultivatable land is currently under production. Hence, USAID assistance has been primarily devoted to the introduction of new high yield seeds and other inputs, the expansion and extension of adaptive research, and the study of groundwater irrigation resources.

The second prong of this effort is USAID's assistance to HMG's Family Planning and Maternal Child Health Organization. While the goal is to help Nepal reduce its rate of population growth, the aim is not merely to restrict growth in the numbers of people, but to provide a balance between population and resources in order to improve the quality of life of people in Nepal.

However, USAID has not totally confined its present efforts to these two areas. USAID is still providing active support for the improvement of Nepal's educational system; the construction of airfields, roads and bridges, and agricultural facilities such as ware houses; and the improvement of public administration.

How does USAID assist HMG in its development efforts? There are four major tools: (1) The provision of American technical advisors to work on specific technical and economic problems in Nepal's development program,

(2) The provision of advanced training to Nepalese in the U.S. and other countries, (3) The provision of supplies and equipment, and (4) The provision of rupee financing for the budgets of HMG development projects. Rupee support has enabled HMG to finance a broad range of development activities, including several which are jointly sponsored by HMG, USAID, and international organizations. For example, HMG, USAID, and the Asian Development Bank are collaborating in the improvement of airport facilities in Nepal.

American advisers have worked with HMG officials in all of those areas in which USAID has been involved. The present staff of the USAID totals 61 Americans, of whom 18 are contract employees.

Another important tool is the provision of advanced training to Nepalese participants. Human resource development has been an important part of USAID's strategy. This has been done through training and education, and has contributed to improved administrative capabilities in the planning, managing, and implementation of the country's development programs. [Between 1952 and December 31, 1970, 1241 individuals returned to Nepal after receiving training in the U.S. and third countries.] Of these, 666 were trained in the U.S. and 575 in third countries.

A fourth major tool of USAID has been the provision of supplies and equipment. This has included DDT and other materials for the eradication of malaria; books and educational materials; family planning commodities; equipment needed to improve research in agriculture; and capital equipment.

During the past twenty years, progress in Nepal has meant a greater degree of partnership between the two countries. Partially as a result of USAID's concentration on human resource development through its participant program, the level of technical and management skills in Nepal has increased. Lester Pearson's phrase 'partners in development' has year-by-year become more meaningful in Nepal. American advisors and HMG officials are now better able to work as real partners in planning and executing development projects in Nepal. This is an indication of past success -- and an important factor in tomorrow's planning for the future development of Nepal.

Sector Breakdown of U.S. Assistance to Nepal

	<u>FY 1951 - Mid</u>	<u>FY 1971*</u>
	<u>Millions of</u>	<u>Millions of</u>
	<u>U.S. Dollars</u>	<u>or Rupees N.C.</u>
Agriculture	14.2	118.2
Food Assistance and Emergency Relief	7.0	54.8
Family Planning and Public Health	20.1	167.6
Education	20.7	166.4
Industrial and Capital Development	25.7	204.7
Transportation and Communication	30.0	246.1
Panchayat and Public Administration	9.9	78.0
Project Support Costs	12.5	105.6
	<u>140.1</u>	<u>1,141.4</u>
Total	140.1	1,141.4

--\*Actual net obligations thru 12/31/70.

CARVER

U.S. PARTICIPANT TRAINING PROGRAM

A. Number of Returned Participants 1952 - 12/31/70

Agriculture	268
Public Health & Family Planning	246
Education	250
Public Administration	141
Industrial Development	117
Community Dev. & Panchayat Dev.	115
Engineering	59
Forestry & Mining	<u>45</u>
Total	1,241
U.S. Trained	666
Third Country Trained	575

B. The Trend is Toward Third Country Training:

	<u>Returned Participants by Fiscal Year</u>							
	<u>1952-65</u>	<u>66</u>	<u>67</u>	<u>68</u>	<u>69</u>	<u>70</u>	<u>71 (Dec. 30, 70)</u>	<u>Total</u>
<u>From United States</u>	322	76	62	53	62	66	25	666
<u>From Third Countries</u>	<u>150</u>	<u>21</u>	<u>20</u>	<u>90</u>	<u>90</u>	<u>138</u>	<u>66</u>	<u>575</u>
Total	472	97	82	143	152	204	91	1,241

During the past five years USAID/Nepal has emphasized training in "Third" countries. Many facilities in Asia meet trained manpower requirements as well as, or better than, institutions in the United States. As of October 1970, there are 318 Nepalese participants training in India, including 286 in the Indian Agricultural University Program jointly sponsored by HMG and USAID.

TABLE OF AMERICAN ECONOMIC ASSISTANCE TO NEPAL

(U.S. Fiscal Years - in Millions of Dollars or Dollar equivalent)

AID and Predecessor Agencies' Programs	1951-61	1962	1963	1964	1965	1966	1967	1968	1969	1970	7/1/70 - 12/31/70	1951-70# total
Dollar Loans	.4	-	-	1.0	1.0	- 1.1	-	- .3	- .1	- .5	-	.4
Dollar Grants	30.2	3.7	3.4	3.1	3.4	2.7	2.7	2.2	2.7	2.1	.9	57.1
<u>P.L. 480 Title I, U.S.-owned Local Currency:</u>												
Indian Currency - Loans	1.0	-	-	1.0	-	2.0	-	-	-	-	-	4.0
Indian Currency - Grants	15.7	*	6.2	8.4	7.2	5.2	6.2	4.8	5.0	5.1	9.2	73.0
P.L. 480, Title II Grant												
Food Assistance for Emergency Relief and Economic Development	3.7	-	.1	*	1.0	*	.1	.2	.1	.2	.2	5.6
<u>Total Economic Aid</u>	<u>51.0</u>	<u>3.7</u>	<u>9.7</u>	<u>13.5</u>	<u>12.6</u>	<u>8.8</u>	<u>9.0</u>	<u>6.9</u>	<u>7.7</u>	<u>6.9</u>	<u>10.3</u>	<u>140.1</u>
Loans	1.4	-	-	2.0	1.0	.9	-	- .3	- .1	- .5	-	4.4
Grants	49.6	3.7	9.7	11.5	11.6	7.9	9.0	7.2	7.8	7.4	10.3	135.7

\*Less than \$50,000.

#12/31/70.

THE GOVERNMENT OF NEPAL'S CONTRIBUTION  
To U.S. AID-Assisted Projects

(In \$000 equivalents)

	<u>HMG Domestic Revenue</u>	<u>HMG Contribution To USAID Projects</u>
FY 1961	12,858	375
FY 1962	12,013	439
FY 1963	15,781	414
FY 1964	20,849	1,952
FY 1965	25,392	3,246
FY 1966	28,486	3,406
FY 1967	33,770	4,879
FY 1968	31,643	2,840
FY 1969	40,257	3,184
FY 1970	42,485	3,045
FY 1971 (Estimate)	48,240	3,849

HMG Contribution to  
Development Budget Expenditure  
(Rupees in Millions)

<u>Fiscal Year</u>	(1) <u>Total Development Budget Expenditure</u>	(2) <u>HMG Contribution to Dev. Budget Expenditure</u>	<u>(2) as % of (1)</u>
1956/57	14.712	.300	2.04
1957/58	12.393	Nil	-
1958/59	32.696	Nil	-
1959/60	78.928	.500	0.63
1960/61	75.678	Nil	-
1961/62	110.000	Nil	-
1962/63	118.283	5.300	4.48
1963/64	214.039	40.300	18.83
1964/65	231.910	91.863	39.18
1965/66	280.776	105.476	37.57
1966/67	268.240	126.004	46.98
1967/68	281.183	123.069	43.77
1968/69	377.525	158.327	41.94
1969/70 (Revised Estimate)	516.375	226.046	43.78
1970/71 (Estimate)	633.047	300.291	47.44

AGRICULTURE

Projects	Final Yr. of Oblig.	USAID Contribution	
		\$	= Rs N.C.
<u>ACTIVE PROJECTS</u>			
1) Food Grain Technology	FY 1974	8,804,761	7,43,72,867
2) Agriculture Supply Corporation	FY 1971	555,934	50,30,419
3) Agricultural Development Bank	FY 1973	487,329	50,00,000
<u>TERMINATED PROJECTS</u>			
1) Agricultural Credit & Cooperatives	FY 1970	1,699,989	1,35,52,419
2) Rapti Valley	FY 1958	706,746	53,53,600
3) Technical Agricultural Training	FY 1964	511,014	38,70,934
4) Crop Improvement, Livestock Improvement, and Plant Protection	FY 1962	945,425	71,61,596
5) Resettlement Plowing	FY 1962	170,103	12,88,528
6) Soil Survey	FY 1961	42,039	3,18,448
7) Inland Fisheries	FY 1961	88,136	6,67,629
8) Poultry Development	FY 1962	80,358	6,08,713
9) Other Projects in Agriculture	FY 1961	<u>124,623</u>	<u>9,44,016</u>
	Total	14,216,457	11,81,69,169
<u>FOOD ASSISTANCE AND EMERGENCY RELIEF</u>			
1) Flood Relief	FY 1963	1,457,753	1,10,42,479
2) Title II Food Grants including WFP and UNICEF	Continuing	<u>5,600,000</u>	<u>4,37,67,600</u>
	Total	7,057,753	5,48,10,079

Agriculture has been traditionally, and still is, the most important sector of the Nepalese economy. Recognizing that more than 80% of total households are dependent upon agriculture, USAID has contributed more than \$14 million (Rs118.2million NC) for the development of agriculture. Nepal must grow more food to meet the needs of its increasing population. Increased production will also lead to increased incomes for farmers and to surpluses which can be exported to earn foreign exchange. USAID's efforts have been directed towards the creation of new agricultural institutions, the introduction of new high yield seeds and other inputs, the improvement of existing farming techniques and the introduction of new ones, the training of Nepalese officials working in the agriculture sector, the spread of farming to previously uncultivated areas, and the encouragement of new agricultural industries.

At present, USAID is assisting HMG with one major agriculture project, Food Grain Technology, which covers a broad spectrum of activities. This multi-faceted project involves education and research, extension, economic analysis and planning, food grain testing, and on-farm storage. While each sub-project has its own specific goals, the overall objective is to strengthen the basic institutions essential to the achievement of increased agricultural production, particularly the functions of adaptive research and extension.

These research and extension activities have been an important factor in Nepal's increased agricultural production. USAID has supported HMG in the testing of imported varieties of seeds under Nepalese conditions. Those varieties which prove to be disease and insect-resistant and show high yields are then recommended for farmers' use by the Extension Department.

Notable successes have been achieved with new rice, wheat, and maize strains. Nepalese technicians have also developed their own successful breeds, such as Khumaltar Yellow Maize. Because of the importance of research and extension, USAID is continuing its assistance to HMG for construction/research facilities capable of conducting high quality adaptive research. This assistance includes the construction of buildings, land preparation, and installation of irrigation facilities at the research farms at Bhairawa, Biratnagar, Parwanipur, Rampur, Janakpur, Khumaltar, Nepalgunj, and Doti. District agriculture office buildings are also being built in order to improve the extension facilities.

Two additional institutions are also receiving assistance from USAID: the Agriculture Supply Corporation and the Agricultural Development Bank. By providing local currency support for commodity purchases and for godown construction and by financing American technical advisors and the training of ASC staff in the U.S. and third countries, USAID has been helping the ASC make available fertilizer, high-yield seeds, and farm tools to farmers.

Similarly, American assistance has been provided to the Agricultural Development Bank. The ADB provides loans to cooperative societies, individual farmers, and agricultural businesses. During the formative years of the Bank, USAID supplied technical assistance. Continuing financial and training assistance are being made available.

Some of USAID's earliest efforts were devoted to assisting HMG in the spread of agriculture to previously uncultivated areas and the introduction of new agricultural inputs. After successfully controlling malaria in the region, the Rapti Valley Project opened up an important part of the country

for settlement and cultivation. The project emphasized those activities necessary to make the Valley habitable: land preparation, health, and education. A resettlement plowing project helped to clear land by establishing, operating, and maintaining a fleet of heavy duty tractors and auxillary equipment. USAID also assisted HMG in the preparation of land-use surveys -- in one case a soils laboratory was established and more than 45,000 acres in the Rapti Valley have had a reconnaissance-type soil survey.

USAID also helped HMG establish a cooperative system. Through cooperatives and other credit facilities, funds have been made available for the purchase of agricultural inputs such as seeds, fertilizers, pesticides, plowing services, irrigation water, plows and tools, and draft animals. Early projects also assisted with agricultural engineering and technical agricultural training. These projects assisted research and testing of small tools and equipment, raised the standard and maintenance of vehicles, tractors, and mechanical equipment, helped to establish grain storage facilities, and helped to improve the technical competence of the Department of Agriculture and laboratories.

In its early years in Nepal, the U.S. also worked on crop improvement, livestock improvement, and plant protection with HMG officials. These early efforts introduced and tested hundreds of varieties of important new crops, introduced new breeds of cattle, sheep, and swine, and provided technical assistance in the establishment of a plant protection organization capable of identifying the causes of disease and insect damage to plants.

Poultry and fisheries development were also encouraged by USAID.

In the late 1950's a small poultry project was started at Birgunj. However, in early 1960, a larger project was initiated at the Parwanipur Agricultural Station. Since that time, poultry facilities have been founded in Biratnagar, Pokhara, and Kathmandu to increase and improve nation-wide poultry production. In order to increase the economic importance of fishing, USAID assisted HMG in the establishment of fish farms for breeding operations and the distribution of fingerlings to village ponds. Facilities were developed at Godavari, Janakpur, Kathmandu, and Pokhara Valley.

One additional activity of USAID has been the provision of emergency food assistance to the people of Nepal. Combining flood relief, cholera assistance, and Title II food grants (including WFP and UNICEF), USAID has contributed \$7.1 million (Rs 54.8 million NC) for emergency relief. While not agricultural assistance, these funds do reflect the need for continued work in the agricultural sector so that food surpluses might in the future help to cover emergency needs.

FAMILY PLANNING AND PUBLIC HEALTH

Projects	Final Yr. of Oblig.	USAID Contribution	
		\$	= Rs N.C.
<u>ACTIVE PROJECTS</u>			
1) Family Planning	FY 1973	2,481,285	2,52,97,819
2) Malaria Eradication	FY 1973	13,485,691	11,11,55,398
<u>TERMINATED PROJECTS</u>			
1) Assistance to Public Health Service	FY 1963	1,088,505	82,45,427
2) Bir Hospital Assistance	FY 1963	55,670	64,66,570
3) Water Supply Development	FY 1963	374,639	28,37,893
4) Nurses and Paramedical Workers Training	FY 1966	705,935	53,47,460
5) Public Health Administration	FY 1967	675,277	51,16,219
6) Health Education	FY 1965	406,468	30,78,994
	Total	20,072,473	16,75,45,780

During the past twenty years, USAID has devoted a large part of its effort to the improvement of health facilities in Nepal. During this twenty year period, USAID contributed \$20.1 million (or Rs 167.6 million NC) for health programs. At present, this effort is a dual one: Malaria Eradication and Family Planning. The simultaneous assistance to both of these projects is essential for Nepal's development. The control of malaria and other health hazards has helped to reduce mortality rates in Nepal, thereby contributing to a higher rate of population growth. By opening up vast areas of the Terai for agricultural uses, the control of malaria has altered the pattern of population distribution. While the movement has been away from the heavily populated hill areas, the problem of population growth has not been solved--as can be seen by the large emigrant labor force from Nepal. In order to keep population growth and essential resources in balance, there must be some control over the rate of population increase. Hence, the need for a family planning program in Nepal.

For thirteen years, efforts have been made to reduce the incidence of malaria in Nepal. Many of the areas in the Central and East Zones have reached the consolidation stage, while most of the rest of the malarious areas of Nepal are in the attack phase. This program benefits the 6.2 million people of Nepal who had previously been subject to the rampages of this disease. Specifically, USAID has provided a team of advisors, DDT and other drugs and sprayers required, overseas training of participants, and local currency support for the Nepal Malaria Eradication Organization.

More recently, USAID began its assistance to a Family Planning and Maternal and Child Health Program. With USAID assistance, HMG is expanding family planning services throughout Nepal. The U.S. procures IUCD's (Intrauterine Contraceptive Devices--Loops), pills, and condoms, vehicles, and audio-visual equipment for use in the family planning program. USAID is also providing technical advisors, local currency support for HMG's Family Planning budget, and funds for the advanced training of staff members within Nepal, as well as in the United States and Third Countries. USAID's basic strategy is to help HMG develop a strong central organization and infrastructure to conduct its own family planning program and to provide other health benefits to the mothers and children of Nepal.

Past USAID health projects have covered a much broader range of activities: from administrative management assistance to hospital construction. U.S. technical advice, participant training, hospital equipment and drugs, and local currency support for hospitals, health centers, clinics, and training institutions were provided by the various individual joint-projects.

More specifically, local currency assistance for the construction of facilities, as well as American advisors, advanced participant training, and commodities, were provided for Bir Hospital. The new Surgical Wing of the hospital, built and equipped with USAID assistance, was dedicated in December 1968.

Health Education has also been an important part of USAID's strategy-- health education training was provided to teachers, nurses, assistant nurse - midwives, and auxiliary health workers.

Cooperative HMG-USAID efforts in Public Health Administration have also been made in order to improve the organization, management and operation of health services throughout Nepal by training health personnel and establishing zonal, district, and local level health facilities.

Additional efforts to improve sanitation and to alleviate the causes of illness were made. Most important in this effort was the Water Supply Development project which provided safe water to large areas of Kathmandu and the Valley.

EDUCATION

Projects	Final Yr. of Oblig.	USAID Contribution	
		\$	= Rs N.C.
<u>ACTIVE PROJECTS</u>			
1) Teacher & Technical Education	FY 1971	6,809,741	5,72,90,442
2) Vocational Education	FY 1974	284,480	26,57,843
3) Teacher Education	FY 1974	1,795,066	1,45,94,263
4) Secondary Education & Multipurpose Ed.	FY 1974	599,448	55,31,435
5) Science Education Center & STEP	FY 1974	25,355*	2,60,147*
6) Primary Education	FY 1970	1,813,025	1,48,16,123
7) Education Materials	FY 1970	1,791,458	1,36,78,561
<u>TERMINATED PROJECTS</u>			
1) Education Development	FY 1961	2,191,998	1,66,04,387
2) Education Administration	FY 1964	319,798	24,22,468
3) Adult Education	FY 1965	302,767	22,93,459
4) Library Development	FY 1963	90,498	6,85,522
5) Higher Education	FY 1965	2,541,780	1,92,53,985
6) Primary Education & Teacher Training	FY 1965	2,151,092	1,62,94,523
	Total	20,716,506	16,63,83,158

\*Obligated for FY 1971.

Since 1951, USAID has placed great emphasis on the importance of education in the development of Nepal. The American aid program has contributed \$20.7 million (Rs 166.4 million NC) to its various education projects. During these years USAID has helped Nepal develop a national program of education -- with Nepalese educators in the administrative role and American educators in the advisory role. Major efforts have been made on all levels of education: from primary schools to higher education and adult literacy programs. In the early years, USAID worked greatly with construction and the development of the necessary basic educational institutions. Now USAID is assisting HMG with the refinement of these institutions -- present major activities involve curriculum development and implementation, teacher training and supervision, educational materials development and utilization, construction and renovation of physical facilities, the expansion of vocational education, and advanced training for teachers and administrators. One measure of the progress achieved by HMG-USAID cooperation is the increased percentage of primary aged children attending school: from 2% in 1954 to nearly 40% in 1970.

Vocational education is presently receiving a great deal of attention from USAID and HMG. In order to help meet Nepal's need for skilled workers and supervisory personnel, USAID is supporting HMG's program for the National Vocational Training Center (NVTC) at Sano Thini. In May 1968, NVTC began two-year diploma courses in agriculture, secretarial science, home science, and trades and industry. NVTC also provides training for multipurpose high schools by supporting the establishment of the Demonstration Multipurpose School at Sano Thini, as well as by working with teachers and administrators

to improve the quality of teaching and the curriculum in the multipurpose school system.

In the early years of its assistance to education in Nepal, USAID helped HMG found the College of Education, the Laboratory School at Kirtipur, and the five Primary School Teacher Training Centers (PSTTC's) under the jurisdiction of the College of Education. Now, USAID's assistance to these institutions is to improve their quality and effectiveness -- through the upgrading of instructional programs, improvement in curriculum, the upgrading of student teacher supervision, and the construction of new facilities.

The development of educational materials has been an additional important interest of USAID. In order to provide teachers and students with badly needed textbooks and teaching materials, USAID has helped the Government of Nepal to found a complete textbook publishing operation, The Janak Education Materials Centre at Sano Thimi. At present, USAID is still providing advisors to JEMC -- advisors to assist with writing and production.

USAID is also assisting Nepal in the development of two new experimental secondary curricula: the Science Teaching Enrichment Program (STEP) which is also being assisted by the Peace Corps and UNESCO and the Program for Revision and Improvement of Mathematics Education (PRIME) which is also being assisted by the Peace Corps. They both emphasize a new innovative approach to teaching.

As previously mentioned, the early years of USAID assistance to education in Nepal were devoted to institution-building. Present activities

are primarily an extension of earlier efforts. However, there were several projects completed during the twenty year period:

- (1) Education Administration which provided advice and funding of operational costs for the Ministry of Education and the 14 Zonal education offices;
- (2) Adult Education which aimed to improve the adult education organization, to coordinate the curricula, and to assist teachers at 17 adult education centers; and
- (3) Library Development which helped establish a library at Tribhuwan University.

PANCHAYAT AND PUBLIC ADMINISTRATION

Projects	Final Yr. of Oblig.	USAID Contribution	
		\$	= Rs N.C.
<u>ACTIVE PROJECTS</u>			
1) Management Improvement & Training	FY 1972	1,037,661	85,42,870
2) Statistics Development	FY 1971	1,103,406	85,72,012
3) Panchayat Development	FY 1970	3,788,891	3,08,34,715
4) CEDA Construction Activities	FY 1973	63,019	6,46,574
<u>TERMINATED PROJECTS</u>			
1) Village Development	FY 1962	2,007,822	1,52,09,251
2) Government Budgeting & Accounting System Development and Fiscal Administration	FY 1966	718,957	54,46,104
3) Cadastral Survey	FY 1965	1,020,681	77,31,661
4) Public Safety	FY 1966	134,205	10,16,603
	Total	9,874,642	7,79,99,790

During the past twenty years, both HMG and USAID have devoted a large part of their efforts to Government institution building. This has meant a contribution by USAID of more than \$9 million for public administration and panchayat development.

Panchayat Development has been the single most important project in this sector. After adoption of the panchayat system in Nepal, USAID began to assist HMG's efforts to establish effective local government. To quote from the original HMG-USAID Project Agreement, "Though the goals of this project activity center upon the training of local leaders and the support of self-help community development projects of a non-technical nature, [the objective is the creation of progressive, self-reliant local government bodies... to participate positively in the development of Nepal." USAID's assistance has been concentrated on the Panchayat Training Institutes which provide training for appointed and elected officials at the local level. Participant training has also been important. [more than one hundred Nepalis received training in panchayat and community development in the U.S. and third countries. American aid to panchayat development has now entered its final phase--i.e., the institution has been built and USAID is now limiting its aid to the provision of funds for the construction of additional physical facilities at the three Training Institutes: Jhapa, Rampur, and Nepalgunj.

✓ In the general field of public administration USAID is currently involved in two projects: Management Improvement and Training and Statistics Development. With regard to the former project, [USAID has cooperated with HMG to (1) improve the Government's ability to review and analyze administrative organizations and implement changes which will modernize government operations and (2) develop a capacity in HMG for pre-service and in-service training for managers,

administrators, and supporting staff. At present, one American advisor is working with HMG officials in several major areas: improvement of the personnel system, improvement of the quality of district administration, and development of an O & M (organization and methods) capability.

✓ Since 1960, USAID has been helping HMG develop the Central Bureau of Statistics' capability to collect information for the Government's economic and social development programs. [ U.S. assistance has included advisory services, participant training overseas, provision of office machinery, local currency support for operating expenses, construction of a new office building for CBS, and staff training programs for the CBS. At present, an American advisor is working on the development of a mechanized data processing capability in Nepal.

Working with HMG and the Ford Foundation, USAID is also providing financial support to the Centre for Economic Development Administration for the construction of its new facilities at Tribhuvan University.

Even before its assistance to panchayat development, USAID participated in community development work through its Village Development Project. These efforts were concentrated in the Rapti Valley. A village development cooperative service was formed and its staff trained in rural development work. This project assisted rural people in improving agriculture and animal husbandry, education, health, and sanitation.

USAID also had an early involvement in public administration. American technicians assisted HMG with the improvement of government accounting, budgetary administration, and internal audit procedures throughout the country.

[ By 1967, six thousand Nepalese were trained at the local level in budgeting and government accounting. In addition, a substantial number of Nepalese participated in training abroad. Local currency was also provided to assist in improving the operations of the Ministry of Finance and the Post Office Department. Twenty-six public buildings were constructed in the districts, and training was provided in office machine repair. American assistance was also provided in support of the Nepalese public safety program.

In 1965, USAID completed its support for a cadastral survey. Under this project, the U.S. furnished local currency support for the survey to collect data on land ownership and tiller's rights, as well as to assess value classifications over a large portion of Nepal's arable land.

INDUSTRIAL & CAPITAL DEVELOPMENT

Projects	Final Yr. of Oblig.	USAID Contribution	
		\$	= Rs N.C.
<u>ACTIVE PROJECTS</u>			
1) Groundwater Investigation	FY 1973	1,122,772	1,15,19,647
2) Nepal Industrial Development Corporation	FY 1970	8,217,948	6,68,40,498
3) Power Development	FY 1973	7,487,187	5,91,43,989
<u>TERMINATED PROJECTS</u>			
1) Forest Inventory	FY 1971	2,890,652	2,21,16,617
2) Forest Products Development	FY 1967	2,028,415	1,53,65,237
3) Tourism	FY 1962	65,211	4,93,973
4) Hydrologic Investigations	FY 1968	651,744	49,48,055
5) Karnali River Hydrologic Investigation	FY 1965	126,526	9,58,431
6) Mineral Resources Development	FY 1963	888,405	67,29,666
7) Technical Institute	FY 1964	72,238	5,47,200
8) Industrial Pre-Management Training	FY 1962	4,900	37,118
9) Industrial Districts	FY 1966	504,991	38,25,308
10) Medicinal Plants	FY 1966	484,388	36,69,236
11) Cottage and Small Industries Craft Training	FY 1964	1,097,211	83,11,370
12) Basic Survey	FY 1962	31,505	2,38,652
	Total	25,674,093	20,47,44,997

While Nepal is predominantly an agricultural country, it needs to diversify and develop industries if economic growth is to be sustained. Recognizing this, USAID has contributed \$25.7 million (or Rs204.7 million NC) for industrial and capital development (excluding transportation) in Nepal during the past twenty years. The projects have ranged from assistance to private cottage industries to groundwater surveys.

At present, USAID is actively involved in three projects in this sector. In January 1969, HMG and USAID signed an agreement to begin a survey of the groundwater potential of the Western Terai area. The study involves an inventory of existing wells, exploratory drilling, and pumping tests on newly drilled and existing tube wells. This report will provide a sound basis for the systematic development of groundwater necessary to increase food production. When the investigation phase is complete, it will be possible to provide detailed information on production well construction, yield, chemical quality, well spacing, and cost of water production. Such information reduces the risk of production well drilling to an absolute minimum. U.S. assistance has provided a three man advisory team from the U.S. Geological Survey, well drilling and scientific equipment, participant training abroad for Nepali technicians, and local currency support for the joint HMG-USAID project budget.

The U.S. has provided over \$8 million via loans and grants to the Nepal Industrial Development Corporation (NIDC) -- disbursements are still being made on one loan. NIDC was created in 1958 in order to meet Nepal's need for a long-term industrial banking institution and a technical and management consultant organization. Between 1960 and 1966, USAID provided a three man advisory team to NIDC. Also, a large number of NIDC staff members, private

businessmen, and HMG officials have received training in the U.S. under the NIDC project. Local currency for the expansion of NIDC's equity base and the financing of non-banking activities have been provided along with dollar and U.S.-owned Indian rupee loans for NIDC's lending activities. This varied assistance from USAID has helped NIDC assist over 100 industrial enterprises in Nepal.

The development of electric power resources has received continuing support from USAID. American assistance has helped to finance construction of electric power transmission and distribution systems in the Kathmandu Valley and those parts of the Terai which are potential centers of industry. The major emphasis of USAID's support in power development has been distribution, rather than generation. To fully utilize its new electric power generating capacity, Nepal requires an effective and efficient distribution system. Besides the system within Kathmandu Valley, a 66 KV transmission line connecting Kathmandu and Birgunj has been completed. A number of diesel generator plants in Kathmandu, Hetaura, and Birgunj have also been built. USAID's present assistance is primarily financial, although from 1965-1967, an American power advisor was working with HMG. Participant training has also been provided for Nepali engineers and technicians. During FY 1971, USAID will provide financial support for the joint project which will include the following activities: completion of construction of 5 sub-stations at Hetaura, Simra, Amlekhgunj, Parwanipur, and Birgunj; construction of transmission lines for Bharatpur-Narayangarh; rehabilitation and expansion of electrical lines in Kathmandu Valley; completion of electrification work at Janakpur; completion of 50% of the Dharan sub-station; extension of electrification in Pokhara; expansion of electrification in Nepalgunj; completion of the Dhankuta Micro-

hydro Plant; and the undertaking of several surveys to study potential sites for electrification and irrigation.

Recognizing the potential of Nepal's forest resources for industrial development, USAID has assisted HMG in the survey of forest land and the promotion of processing of forest products. A forest inventory was conducted which provided forest cover maps and statistical tables showing location and extent of forest cover by species and tree condition for much of the wooded area of Nepal. U.S. advisors also assisted in drafting and implementing forest management plans to provide for the efficient utilization of forest resources on a sustained yield basis. The forest products industry also received assistance from USAID. Using two diesel powered saw mills provided by USAID in 1956, the Timber Corporation of Nepal was founded in Hetaura. A third all-electric modern saw mill was built using USAID financed equipment and is now in operation. Crews for operating and maintaining the mills and logging crews have also been trained by the American advisors.

Hydrological work is not a new activity for USAID in Nepal. In the early 1960's, the U.S. contributed local currency support for the United Nations Special Fund project which provided Nepal with a preliminary hydrologic survey of the Karnali River and its main tributary. The U.S. has also assisted in the development of a continuous nation-wide surface water hydrologic data collection system with a centralized computation and record office. This information is proving useful in the **planning** of additional power and irrigation projects.

USAID's early industrial assistance to Nepal was primarily in the establishment of new institutions to meet the demands of industrialization. The Industrial Development Center, a predecessor to the NIDC, served as a focal point for USAID assistance for tourism, basic natural resource surveys, and the Technical Institute. For tourism, the U.S. helped to finance the printing of brochures and other advertising. USAID also provided local currency support for the construction of tourist centers outside of Kathmandu Valley: in Pokhara, Kakani, Daman, Bhaktapur, and Nagarkot. American local currency aid was also used for construction and the purchase of equipment for the German-sponsored Technical Institute in Kathmandu.

The establishment of industrial districts at Balaju and Hetaura also received support from USAID. Recognizing the importance of private investment in industry and industrial parks, the U.S. provided local currency support for construction, advice on construction and operation, as well as limited commodity assistance.

USAID, in conjunction with the Ford Foundation, provided early support for cottage industries. The program provided training for craftsmen in skills required for the establishment of private cottage industries, as well as management training, credit, and hire-purchase of hand tools for small entrepreneurs.

With regard to specific industries, USAID did provide local currency support to the Ministry of Forests to expand the investigation, collection, and production of Nepal's medicinal herbs and plants in order to increase foreign exchange through the export of these plants. USAID also assisted the

Nepal Bureau of Mines in its efforts to develop a sound organization capable of locating mineral deposits and determining the extent and quality of the deposits. A new building, equipped with a laboratory, was constructed for the Bureau. U.S. advisors helped to carry-out the preliminary mineral surveys. Participant training in the U.S. was also provided for twelve Nepalis.

TRANSPORTATION & COMMUNICATION

Projects	Final Yr. of Oblig.	USAID Contribution	
		\$	= Rs N.C.
<u>ACTIVE PROJECTS</u>			
1) Western Hill Road	FY 1974	2,360,009	2,42,13,691
2) Suspension Bridges	FY 1974	711,359	57,82,844
3) Airport Development	FY 1971	4,500,000*	4,61,70,000*
4) STOL Airfields	FY 1973	86,772	8,90,283
<u>TERMINATED PROJECTS</u>			
1) Regional Transportation Facilities and Road Development	FY 1966	10,084,392	7,63,89,269
2) Ropeway	FY 1966	4,891,302	3,70,51,614
3) Aviation Development	FY 1967	4,147,410	3,14,16,627
4) Nepal-India Telecommunications	FY 1964	2,897,775	2,19,50,643
5) Communications Media	FY 1964	300,513	22,76,384
	Total	29,979,532	24,61,41,355

\*For Life-of-Project expected to run thru FY 1974.

Recognizing the importance of developing the necessary transportation and communication infrastructure in Nepal, USAID has contributed \$30.0 million (Rs 246.1 million NC) to this sector during the past twenty years. Because the difficulties with transportation and communication affect national integration, as well as the economy, physical infrastructure must play a focal part in any development strategy. Therefore, USAID continues its support in this field. However, the task is a mammoth one and must be attacked on several fronts: roads, tracks, and suspension bridges to link individual villages in the hills with each other; air services to complement the prospective road system in order to unite the far corners of the country; and improved telecommunications within Nepal and to international points.

While a great deal of work remains in this sector, progress has been made since 1951. Basic road and air facilities have been built (or are in the process of being built)--as a consequence, one can travel with greater ease within Nepal. Telephone and telecommunications networks have also helped to reduce the level of isolation within the country.

At present, USAID is assisting with the construction of the Western Hills Road (Dhangarhi-Dandeldhura), the financing of suspension bridges, and the further development of airfield facilities.

The Western Hills Road Project was begun in FY 1969 in order to reduce transportation costs in the region, thereby stimulating development. The project is also designed to provide greater integration between the hill region and the Terai. USAID provides rupee support for construction by the Roads Department with the Department's own technical and managerial resources. USAID also provides engineering advisory assistance.

In order to facilitate transportation in the hill areas and to speed the flow of trade and Government services to remote areas, HMG has built metal suspension bridges over major streams. These bridges enable men and animals to cross streams previously impossible to ford during the monsoon. Since 1960, USAID has helped to finance thirteen of these bridges and is presently involved with the final construction stages of two bridges and the planning of two new bridges (Dhaneghat and Jhapre Bagar).

The development of air transportation is also continuing. An agreement for airport development, signed in FY 1971, encompasses the efforts of HMG, the Asian Development Bank, and USAID. USAID will provide part of the local currency financing for the civil works of the project. The project calls for extension of Tribhuvan Airport facilities in order to enable operations by a range of medium jet aircraft; construction of new facilities at Simra to enable operations by all domestic aircraft, with provisions for extension and upgrading to allow Simra to serve as an alternative landing site for Kathmandu; construction of new facilities at Pokhara Airport to allow all domestic aircraft to land there; and extension and reinforcement of existing runways at Biratnagar and Bhairawa Airports. The completion of this project will be important not only for the improved transportation it will provide, but also for the potential advantages to the tourist industry and the acquisition of foreign exchange.

Also, since FY 1969, USAID has been helping HMG establish aircraft services to areas of the country that can best be served by short take-off and landing (STOL) aircraft. HMG plans to commence STOL services in the future.

These services should assist in speeding the delivery of mail and commodities, and in maintaining contact with remote areas. With USAID assistance, the Department of Civil Aviation will provide the necessary engineering services for the construction of STOL airfields. The airfield at Lamidanda has been completed, while construction is still proceeding with fields at Sufe Bagar (Achham) and Doti.

During these past twenty years, several completed USAID-HMG projects have contributed to greatly improved transportation and communication facilities within Nepal. USAID's earliest efforts were part of a larger tri-partite (HMG-ICM-USAID) regional transportation program which began in 1958. The three parties constructed a truckable road between Kathmandu and Trisuli, constructed a graveled full-width road from Raxaul on the Indian border to Bhainse, and constructed 330 miles of two feet wide track, 110 miles of 10 feet wide track, and 124 miles of full width road. In this effort, USAID furnished engineers, heavy equipment, and local currency support. The Rapti Valley Road was also built with USAID assistance.

Also, in the years before 1966, USAID directed its attention toward institution building in the transportation sector. The Road Development Project aimed to provide Nepal with a smoothly functioning Highway Division capable of adequate administration and road maintenance, as well as to help with road and bridge construction and improvement. Primary U.S. attention was devoted to the Western Terai Division.

USAID's assistance to air transportation has also been long-term. In the early years, this project, too, emphasized institution-building by

strengthening the Department of Civil Aviation, as well as helping to construct new airport facilities and providing miscellaneous aircraft. Under its early aviation development project, USAID provided three DC-3 aircraft, two STOL aircraft and communications and navigation equipment for the Kathmandu Airport and for six DC-3 fields around the country. Local currency was also provided to finance improvements at nine airfields. Forty-three participants received training at the ICAO Centre in Bangkok in various aspects of civil aviation. However, the major activity under this project was the construction of a 6600 foot runway and ancillary facilities at Kathmandu International Airport.

Another major project in this sector was the Hetaura-Kathmandu Ropeway. The completion of the aerial ropeway made it possible to transport cargo in all weather and under all conditions -- a fact which was proven during the 1970 monsoon when the Raj Path was temporarily closed due to landslides. It has since been handed over to His Majesty's Government and is being operated by the Nepalese Ropeway Corporation. The total U.S. contribution to this project was nearly \$5 million, with FY 1966 being the final year of obligation.

The improvement of communication also played an important role in USAID's early assistance. Working together on the Nepal-India Telecommunications Project, Nepal, India, and the United States have developed an internal radio communication network in Nepal. The system consists of seven area stations, each having five to nine satellite stations. There are a total of fifty-eight stations, each with a single side-band radio and generator. The network provides communication linkages between Kathmandu and most of the country.

A one thousand line telephone system for Kathmandu was also installed. The U.S., in cooperation with the Government of India, also assisted with the installation of a radio teletype connecting Kathmandu and New Delhi and a radio telephone connecting Kathmandu and Calcutta.

The U.S. also provided a Communications Media specialist, participant training, commodities, and local currency support to HMG's Department of Publicity and Broadcasting. Radio Nepal also received support from USAID during its formative years -- assistance ranging from the provision of necessary equipment to participant training.