

**THIRTY YEARS
OF
AMERICAN ASSISTANCE TO NEPAL**



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EMBASSY OF THE
UNITED STATES OF AMERICA
KATHMANDU, NEPAL

July 4, 1981

Ten years ago at the twentieth anniversary of United States assistance to Nepal I was also serving in Kathmandu with the United States Embassy. It is therefore a very special pleasure for me to participate in this thirtieth year publication. While certainly Nepal's development problems remain large, the strides already made--and particularly in this most recent ten-year span of my experience--have been most impressive. The United States takes pride in its contribution to Nepal's development over these three decades, and takes particular satisfaction from the close cooperation and understanding which this long association represents. The accomplishment has always been Nepal's, but the contribution of the United States has been important. The task of improving the welfare and lives of Nepal's people will go on, and it is my firm hope and expectation that the association of the United States with that great task will also continue.

A handwritten signature in cursive script, appearing to read "Coon".

Carleton S. Coon, Jr.
Ambassador

Acknowledgements:

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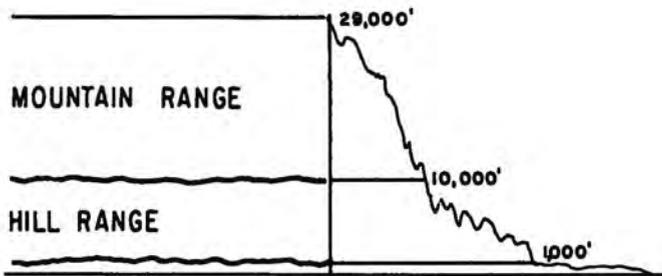
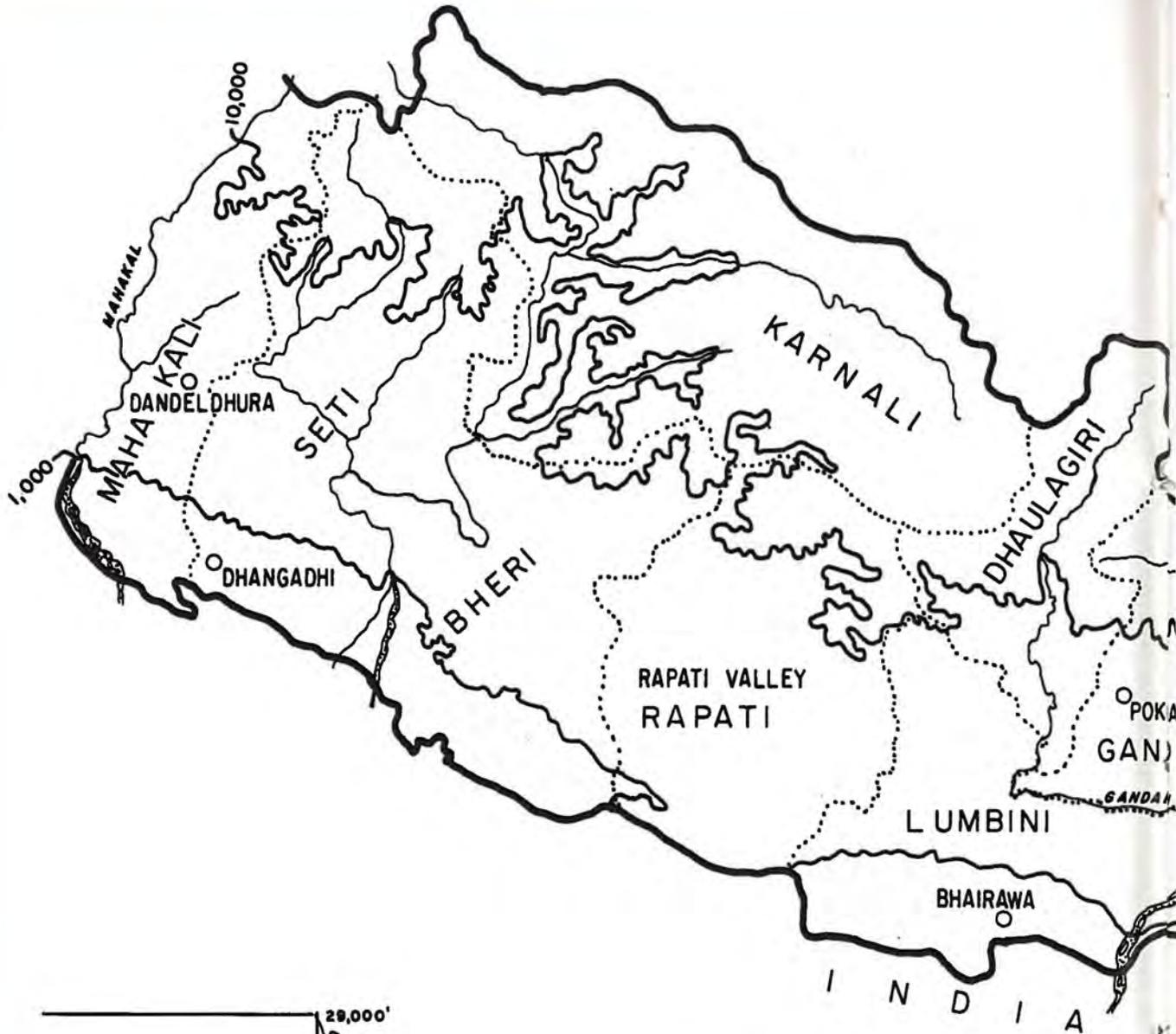
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**THIRTY YEARS OF AMERICAN ASSISTANCE
TO NEPAL**

by
Laurie Mailloux

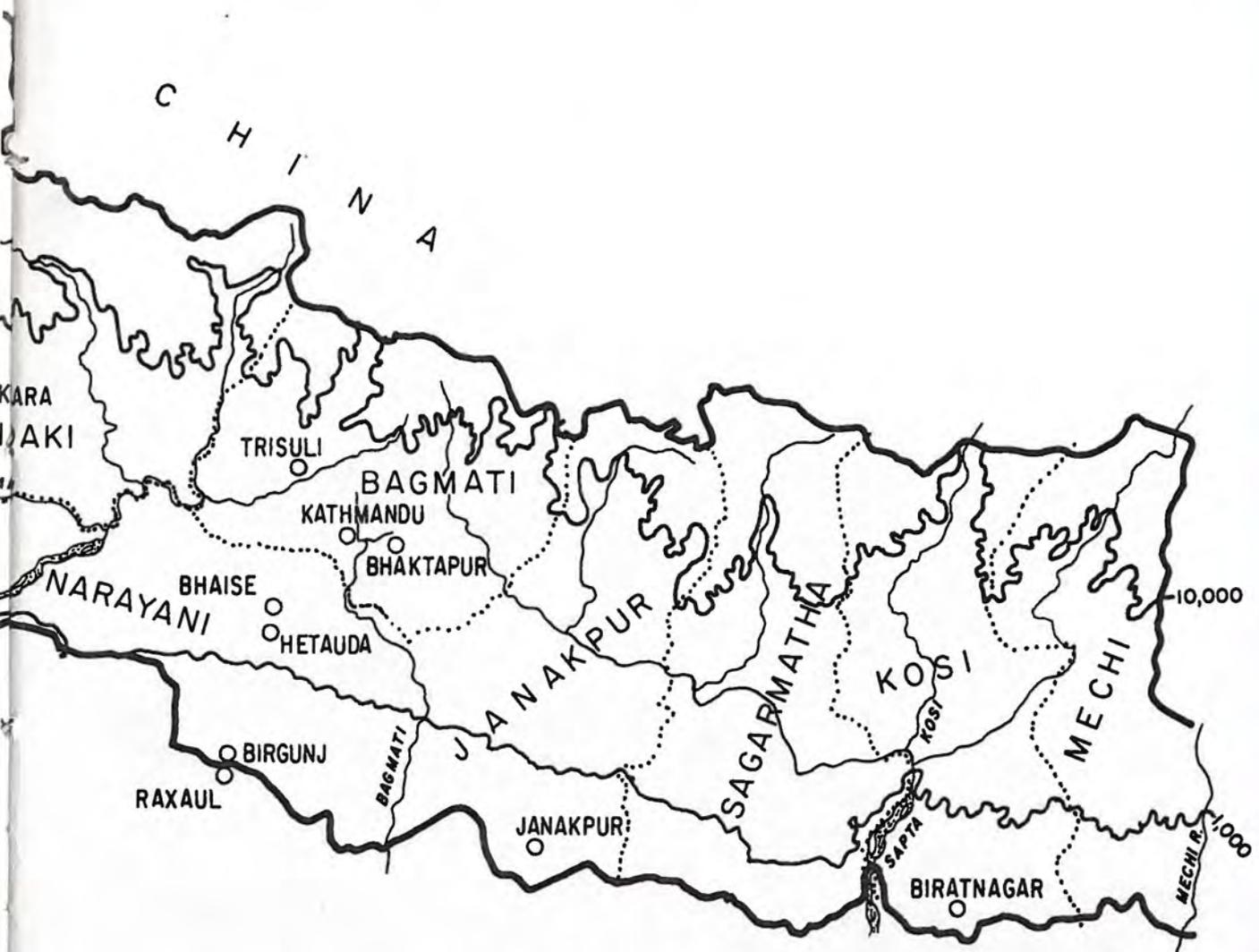
United States AID Mission to Nepal



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Paul Guedet

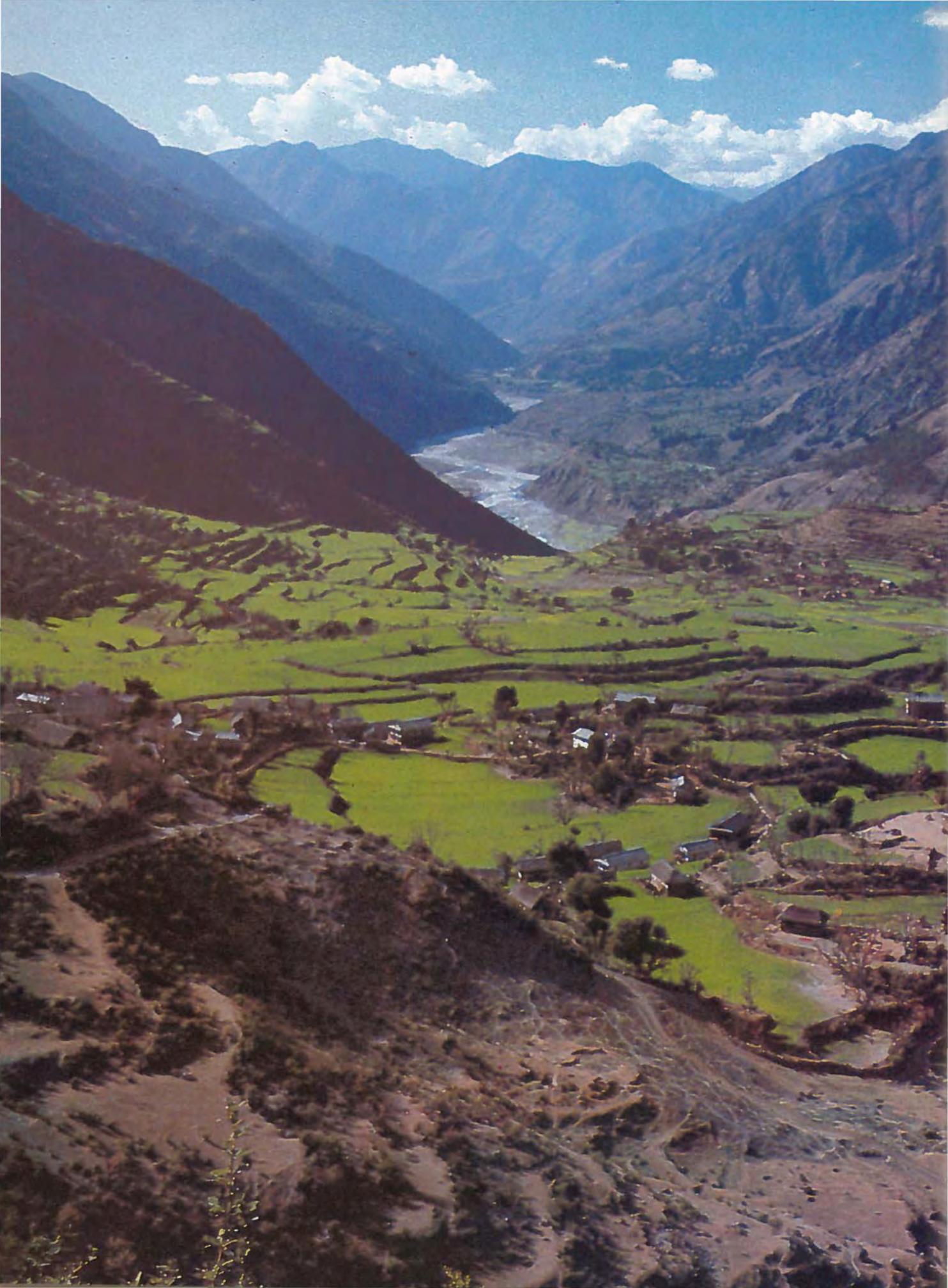
INTRODUCTION

For three decades the United States of America has assisted the Kingdom of Nepal in its economic development. This summary is a tribute to a partnership based on cooperation and understanding, and on a commitment to improve the living standards of Nepal's people.

The Kingdom of Nepal is a land of striking contrasts. The country's 140,000 square kilometers include the Mountains, a largely uninhabitable area of perpetual snow; the Hills, a central region of mountains and terraced hills; and the Terai, an extension of the Indo-Gangetic Plain. Nepal's Hindu and Tibeto-Burman ethnic groups are a cultural mosaic in which each has contributed to the unity which is present-day Nepal, a unity with great diversity in its pattern of peoples. This is further reflected by the country's three major religious traditions -- Hinduism, Buddhism and Islam -- and its over 50 Indo-Aryan and Tibeto-Burman languages.

In poignant contrast to Nepal's scenic beauty and cultural pluralism stands the largely homogeneous reality of poverty. Appropriate to the criteria for the United Nation's category of Least Developed Countries, most of Nepal's people exist at a subsistence level and bear the burdens of malnutrition, lack of medical care and illiteracy.

In 1950 Nepal shed its traditions of isolationism and turned outward to facilitate the development of the country. On January 23, 1951, the United States Government signed an agreement with His Majesty's Government of Nepal, through which the United States Agency for International Development has since contributed more





Laura McPherson

UNITING NEPAL

Nepal's topography makes internal transportation and communications both difficult and expensive.

Topographically, Nepal can be viewed as ascending from the lowlands of the Terai to the heights of the Himalayas. One-third of the Himalayan range is located within Nepal's borders, with three systems -- the Siwaliks, the Mahabharat and the main Himalayas -- running east-west. Between these is a complex of hills and valleys. Nepal's three major rivers, the Karnali, Gandaki and Kosi, with their numerous tributaries, originate in the Tibetan plateau and sweep southward between the mountains and hills. Nepal's alternating highlands and lowlands, divided by its north-south river system, make internal transportation and communications both difficult and expensive. In fact, since the country extends in an east-west direction, access to most areas is easier from India than from other parts of Nepal.

In an effort to neutralize these natural barriers, and to establish a communications and transportation network throughout the country, the United States has assisted Nepal by financing the construction of roads, ropeways and bridges. In the 1950s a road project under the joint auspices of Nepal, the United States and India trained Nepalese in road planning, design and construction, laid 440 miles of track, and built roads in many different parts of the country, including Hetauda to Bharatpur and Raxaul to Bhainse. In later years, the United States assisted in building the 143-kilometer Western Hills Road, which extends from Dhangadhi to Dandeldhura in western Nepal. Geological and climatic conditions frequently mean that road construction in the Himalayas is accompanied by severe soil erosion and landslides. To arrest this on the Western Hills Road, environmental protection measures are now being implemented through a Landslide and Soil Stabilization Project.

Establishment of a basic road network for the entire country is difficult, expensive and time-consuming. Roads, however, are only one component of the transportation infrastructure necessary for agricultural and industrial development and economic growth. Particularly suited to Nepal are ropeways, which can transport goods with relative ease over diverse terrain. The United States contributed to a cable transport system which links Hetauda with Kathmandu



Due to geological and climatic conditions, roads in the Himalayas are subject to soil erosion and landslides.

through 27 miles of cable and serves as an alternate route to the 93-mile road between the two cities. The construction of bridges is also necessary in Nepal's terrain. At this time, for example, the United States and Nepal are cooperating in a project under which 33 trail suspension bridges are being constructed to link key areas which are impassable during the rains.

Roads, ropeways and bridges are more than just structures. They are critical to the increase of communications and trade, to generation of employment, and to providing farmers with agricultural innovations and a link to markets. Transport infrastructure similarly provides increased access to health and education facilities and acts to offset unequal regional development.

The uniting of Nepal has also hinged on establishment of air transport. The United States has assisted Nepal in the construction of STOL (Short Take-Off and Landing) airfields in the outlying districts. Assistance was provided to extend the runways at Biratnagar, Bhairahawa, and Kathmandu's Tribhuvan International Airport. The United States provided three DC-3 aircraft and two Pilatus Porter planes to the Royal Nepal Airlines Corporation. Airfield buildings were constructed and training was provided for air traffic controllers.

The United States and India further assisted Nepal in establishing an internal telecommunications system. Radio stations were built, an automatic telephone exchange system installed, and international radio circuits established to link Kathmandu with New Delhi and Calcutta.

Courtesy of ICA



Roads provide farmers with a link to markets.

AGRICULTURE

Similar to many Least Developed Countries, Nepal's economy is primarily based on agriculture, which accounts for over 90 percent of the male/female labor force, 67 percent of the Gross Domestic Product and 80 percent of export earnings. The mountainous beauty of the country, however, provides eloquent testimony to the limits on agricultural potential; only 21 percent of the total land area is arable. The Hills, which support over 60 percent of Nepal's 14 million people, have the weakest resource base with cultivable holdings averaging only 0.4 hectares. The Terai, breadbasket of the country, has the greatest potential for food production with semi-commercialized farming practiced on holdings averaging 1.7 hectares.

Since 1952 the United States has provided \$33.2 million in financial assistance to Nepal's agricultural sector with projects for both the Hills and Terai. The United States has collaborated with Nepal in programs designed to reinforce the development of both areas. Administrative support was provided to the Ministry of Agriculture, innovations were developed and transmitted to Nepalese farmers, incentives were provided and an agricultural support system instituted.

Development of a strong administrative foundation in the Ministry of Agriculture was critical for the effective support of agricultural development. United States support helped Nepal improve personnel training, establish office facilities, improve the accounting system and procedures for budget preparation, and provide advanced training for agricultural administrators in the United States and other countries.

Since 1952 continual efforts have been made to develop appropriate agricultural innovations and transmit this knowledge to Nepalese farmers. Projects have encouraged crop improvements, testing of new varieties, introduction of new breeds of livestock, improvement of poultry and establishment of fisheries. A number of important agricultural research stations have been built. Nearly a decade of



The Terai is the breadbasket of the country.

financial and technical support has been channeled to the Institute of Agriculture and Animal Sciences. This project has financed the construction of campus facilities and designed curricula for agricultural extension workers and secondary-level vocational agriculture teachers. To spread this knowledge to hundreds of thousands of Nepalese farmers scattered throughout the country, United States assistance has also helped to support demonstration farms and extension services.

To change agricultural practices to reflect new innovations, farmers need sufficient incentives to accept the risks of such changes. Of the many possible incentives, often among the most important is establishment of a land tenure system to allow the

Rice is the main agricultural staple in Nepal.



farmer to reap the benefits of his or her own labor. To create this inducement, Nepal's Second Five-Year Plan (1962-1965) stressed the need for fundamental changes in land tenure. United States assistance in a cadastral survey project facilitated ownership registration and title classification for more than 525,000 hectares of surveyed land, and compiled permanent land records for 80,000 additional hectares. Other approaches to induce farmers to acquire new technology were Nepal/United States-supported village cooperative projects, such as the 1956 Rapati Valley Project and the 1964 Bhaktapur Project. These were based on the assumption that the economics of marketing, supply of knowledge, and access to capital needed for agricultural supplies could be stimulated through the institution of cooperatives.

Finally, Nepalese farmers' efforts to achieve progress in agriculture are linked to the availability of money and agricultural supplies. Nepalese farmers are poor by any standard, with 55 percent



Buffalo milk is a primary source of cash income for farm families.

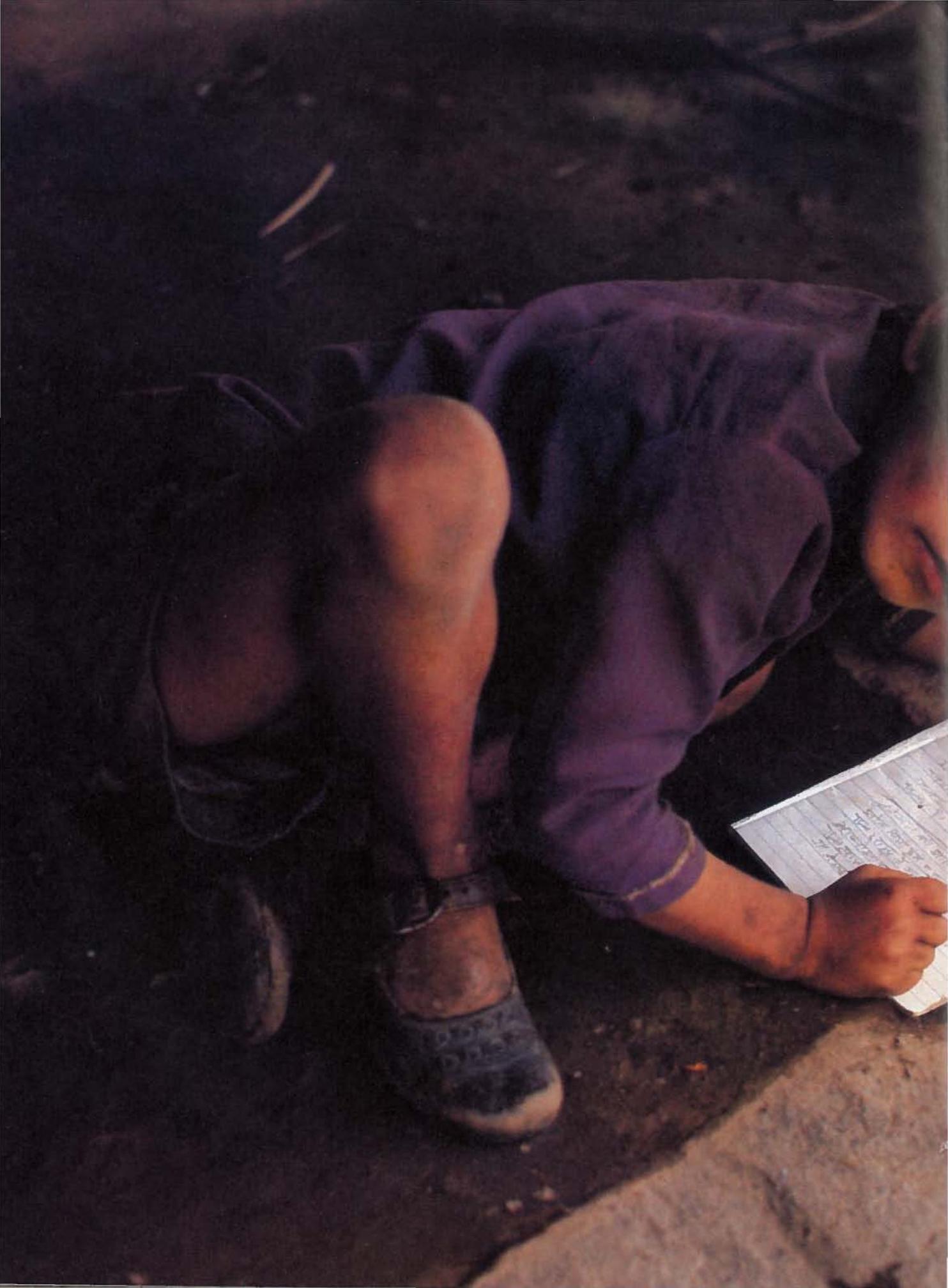
living below minimum subsistence of \$60 per capita. To support Government programs that encourage these farmers with little or no capital to invest in the future, the United States made large contributions to agricultural credit institutions such as the Co-operative Bank. Also, United States support for the Agricultural Development Bank has enabled farmers, co-operatives and agrobusiness enterprises to purchase fertilizers, high-yielding varieties of seed, plant protection materials and farm tools. Availability of such supplies on a timely basis is essential for farmers to participate in and reap the benefits of development.

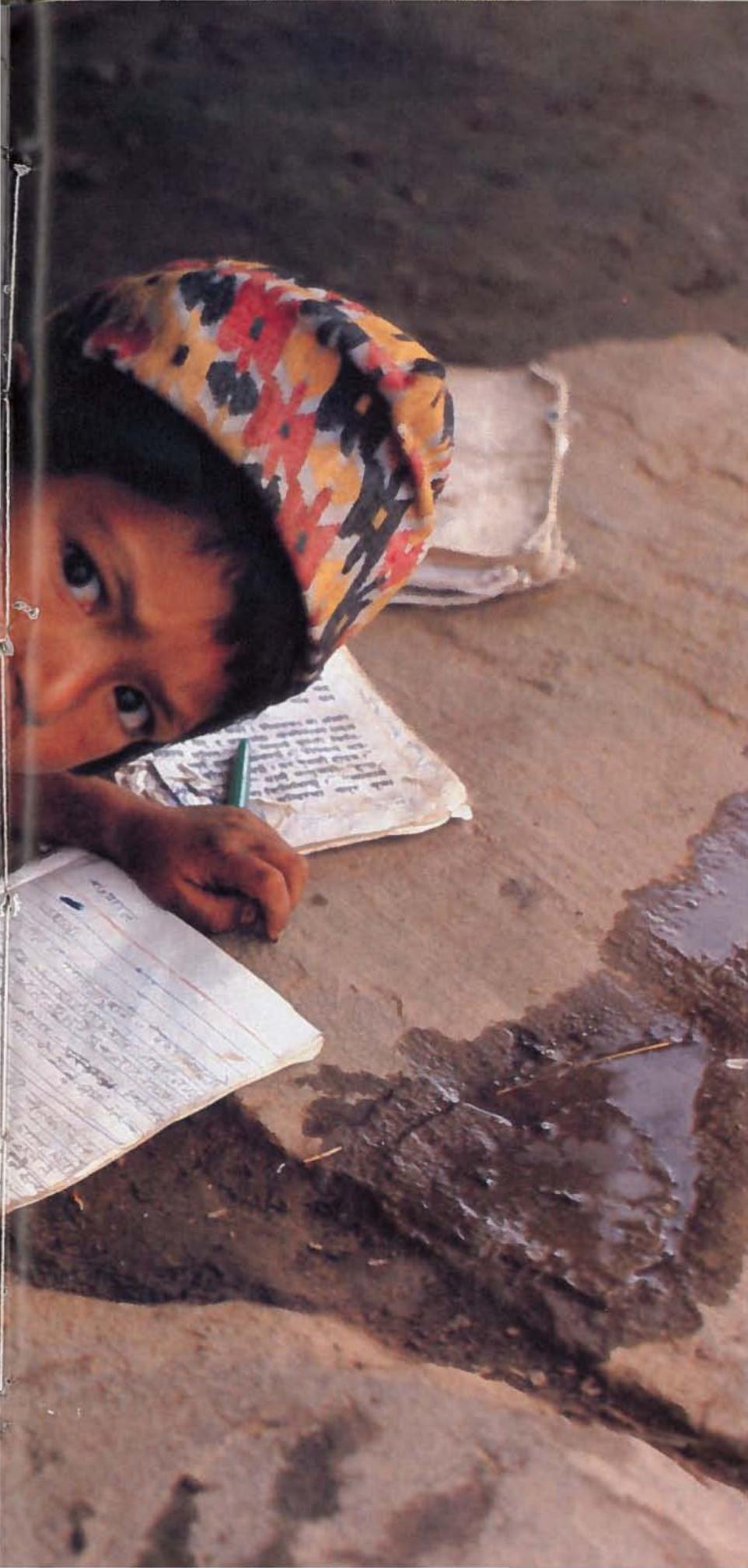
Through joint Nepal/United States sponsoring

of the Seed Production and Input Storage Project, systems will be established for producing, multiplying, storing and distributing seeds of vegetable and major food crops. In addition, to ensure that Nepal will have the long-term capacity to generate and disseminate improved agricultural production technology, particularly in the Hills, the United States is channeling funds to the Integrated Cereals Project.



In the 1950s Nepal, with assistance from the United States, established fisheries in the country.





Paul Guedet

EDUCATION

Education is not a building.

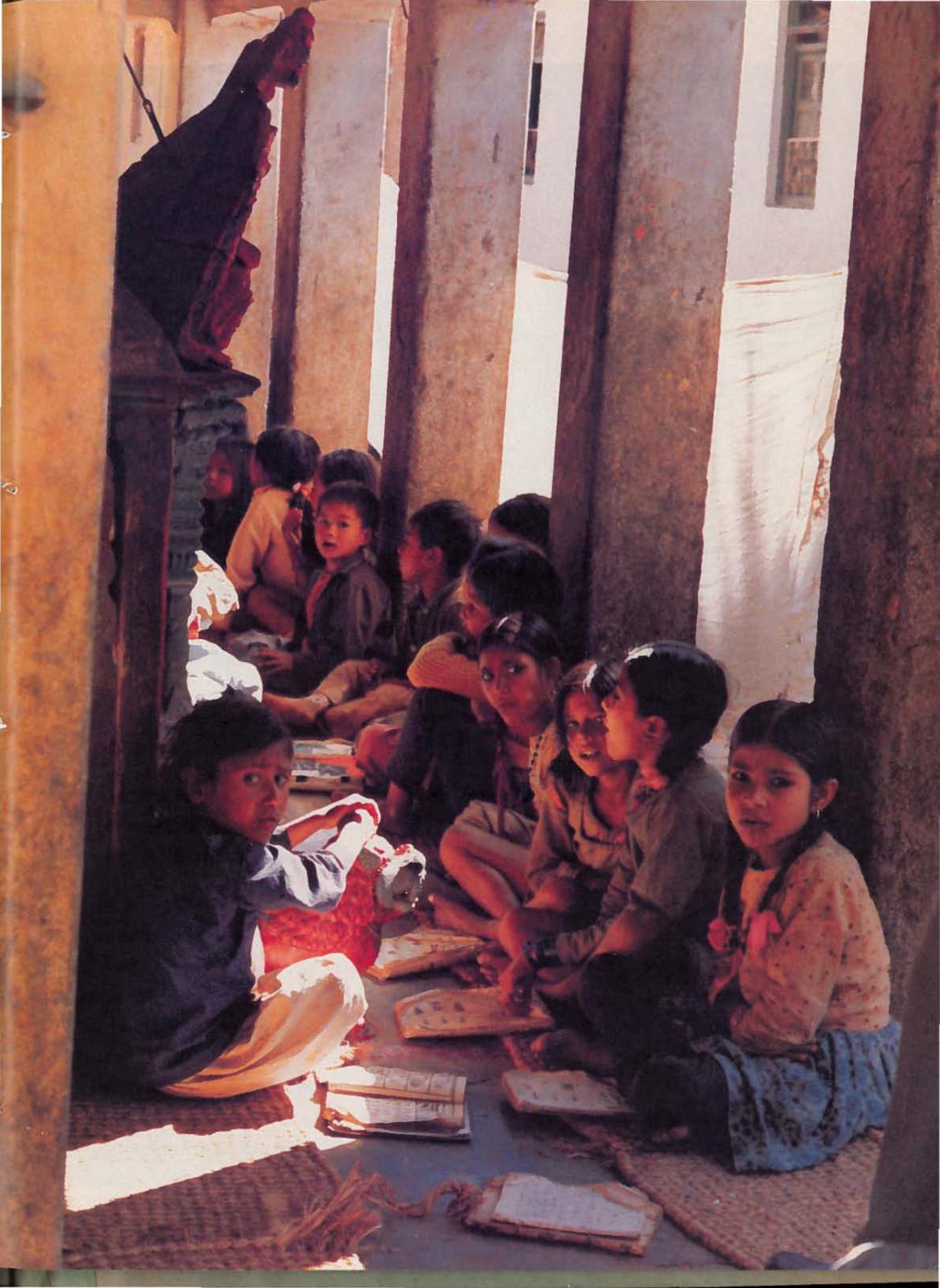
In 1951 formal education in Nepal was embryonic; there were 8,505 students enrolled in 321 primary schools. From the first grant in education in the 1950s to the present, the United States has contributed \$22.1 million to this sector. As of 1979 Nepal, aided by the United States and other countries, has expanded the number of primary schools to 9,404 with an enrollment of 875,494.

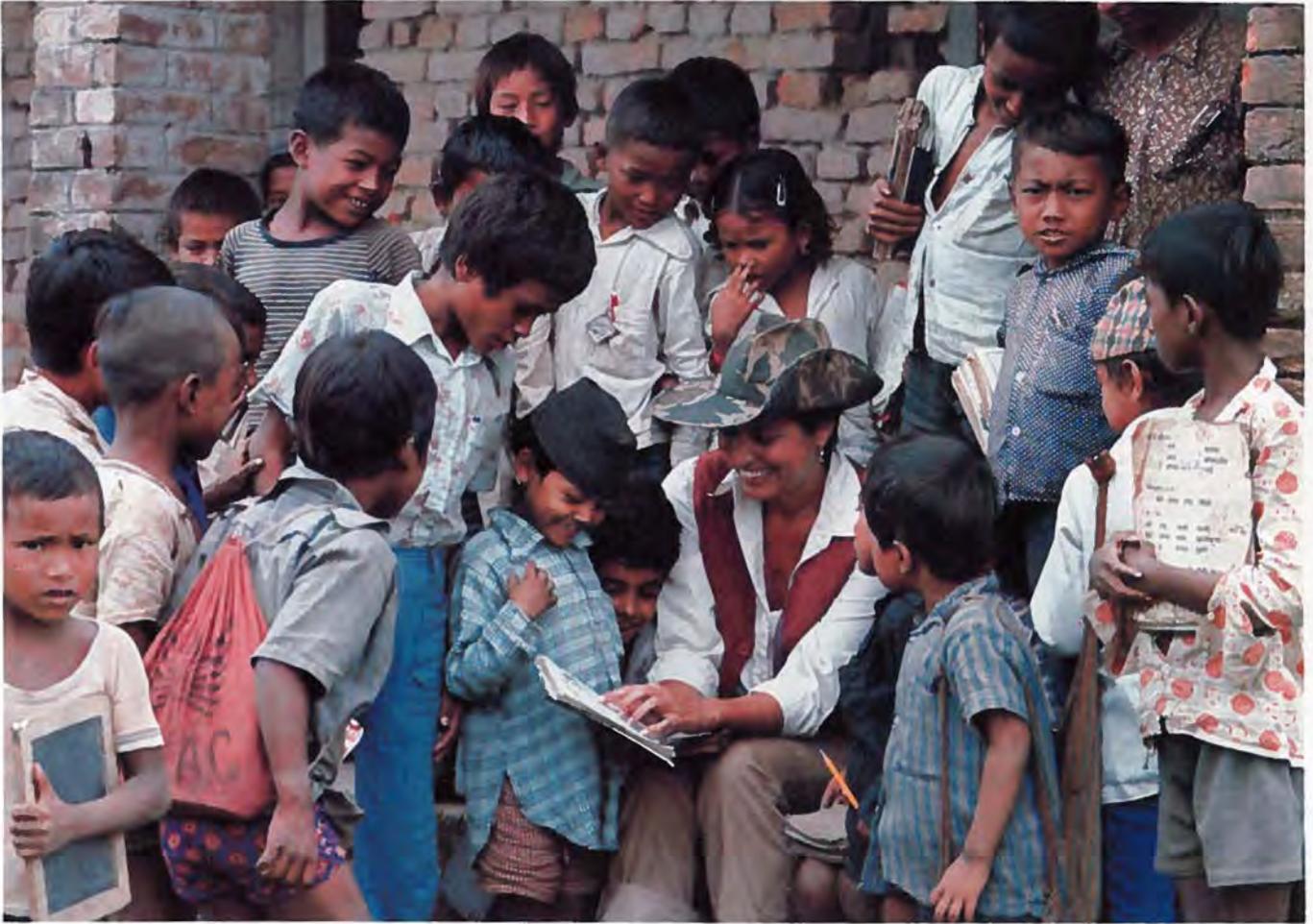
In the early 1950s, in response to Nepal's decision that literacy must be expanded throughout the country, United States assistance was directed to primary education and teacher training. The United States helped establish the first school for training primary schoolteachers. Mobile units were formed to carry teacher training to isolated areas of the country. These teams later evolved into permanent teacher-training facilities. In addition, the United States supported adult literacy projects. Nepal's secondary school system also received extensive financial support through training programs, provision of advisors and commodities, and construction and renovation of schools throughout the country.

In a developing country such as Nepal, it is important that education suit the needs of the country, and that those skills be emphasized that address the different tasks of economic development. Specific vocational education programs sponsored by Nepal and the United States were directed to create well-trained skilled workers with a grasp of modern industrial and agricultural techniques. Other vocational efforts concentrated on cottage industry and craft training.

On a different level, the United States assisted in training public servants. The economic transformation of society requires the solution of complex problems. Training of competent public servants is essential. To help Nepal in this area, the United States channeled funds to train local leaders in community development and public administration, and to provide technical and financial assistance for budgeting, accounting and auditing systems. Partial funding for construction of the Center for Economic Development and Administration was also contributed by the United States.

In 1951 there were 321 primary schools in Nepal.
By 1979, the number had expanded to 9,404.





The Radio Education Teacher Training Project will improve primary education through non-traditional methods.

Many requisite skills, particularly those at the advanced technical or professional level, were acquired in the United States or other countries. More than 3,000 Nepalese have been trained abroad with United States support.

Finally, education in a country as mountainous as Nepal requires non-traditional approaches. The Government of Nepal, with United States assistance, is presently sponsoring a Radio Education Teacher Training Project. This project is providing in-service training to over 2,500 primary schoolteachers scattered throughout Nepal. Radio broadcasts include a core curriculum of mathematics, Nepali and social studies, supplemented by broadcasts on health, nutrition, sanitation, family planning, rural development, reforestation and agricultural innovations.

The task of economic development in most countries is simultaneously a reflection of social and political unity. Nepal's population is linguistically and culturally heterogeneous. Through the development of an education system, the Government has been able to expand the use of Nepali, the national language, and to confirm the sense of social cohesion throughout the country. Through educational materials and curricula content, the Government of Nepal has educated the adults of tomorrow on pressing national issues, including agricultural productivity, environmental decline and population pressure.

Since 1971 Nepal has supported free education through the third grade, and in 1980 began adding grades four and five.



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HEALTH AND FAMILY PLANNING

In 1952 Nepal's population of 8,700,000 was serviced by 33 hospitals and 12 physicians. Malaria, smallpox, tuberculosis, leprosy, and gastro-enteritis were the more common diseases in the country.

Since the 1950s the United States has contributed a total of \$47 million to Nepal's health and family planning needs. This range of activities, jointly sponsored by Nepal and the United States, includes: malaria control; training programs for nurses, health administrators and village-level health workers; construction and budget support for health centers, clinics, hospitals, health worker schools, and family planning buildings; health management and planning; and community support.



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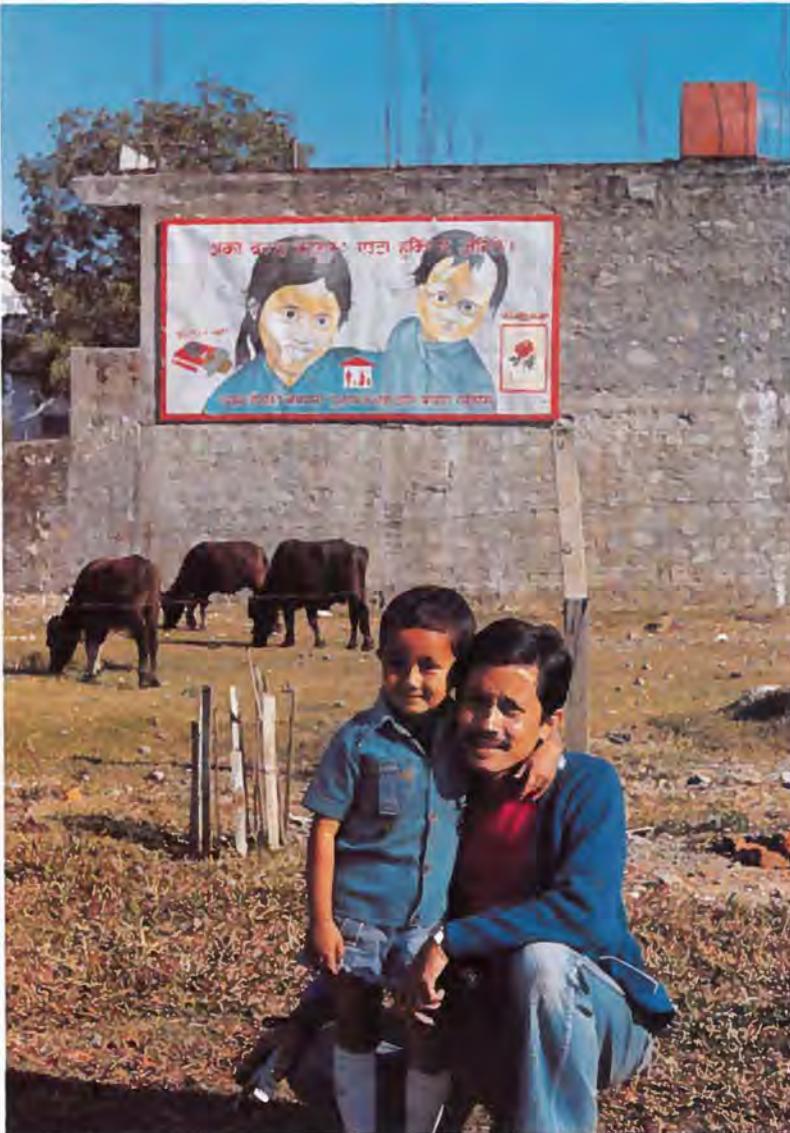
Less than 10 percent of Nepal's population has access to safe water.

Generations develop a country.

Reduction of death rates, through direct or indirect measures, has always been an objective of Nepal/United States programs. Some of the more direct efforts have been channeled into malaria control. The high annual death rates alone made this assistance imperative, but the menace of malaria also lies in the chronic invalidism it occasions. An insidious disease rather than a dramatic one, it has serious repercussions in agriculture, commerce and industry. Many potentially fertile areas in the country were not cultivated or developed through fear of malaria.

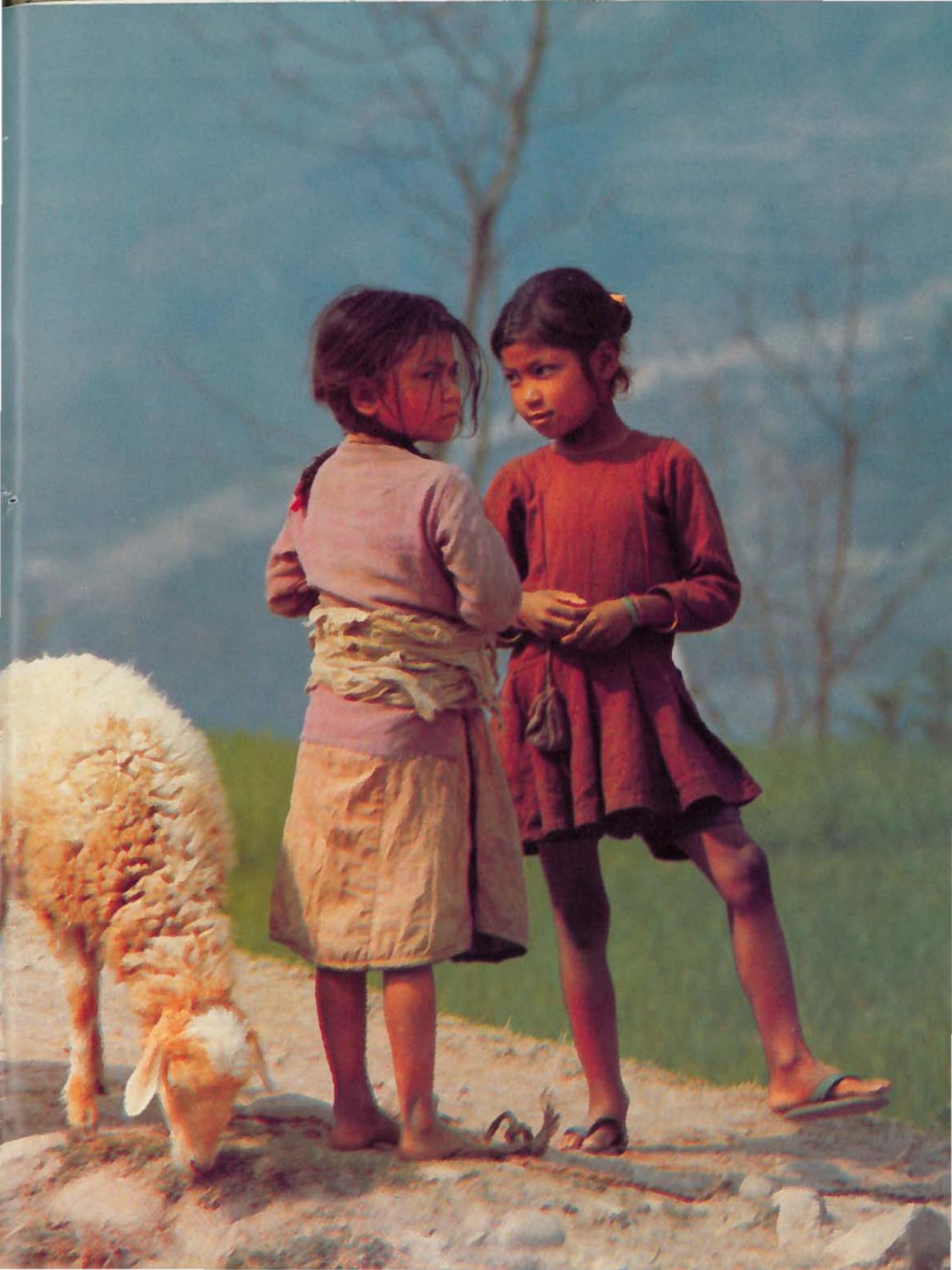
In the early 1950s malaria was considered one of Nepal's most serious health problems. Through the efforts of Nepal, the United States and the World Health Organization, a malaria eradication program was implemented that scored a technical and logistical triumph. Support to the Nepal Malaria Eradication Organization has effectively decreased the number of annual cases of malaria from 2,000,000 in the 1950s to 13,898 in 1978. This increased control of malaria has augmented the usable land in Nepal. Large sections of the Terai, previously notorious fever areas, have been opened for cultivation and resettlement.

James Messick



Family Planning.

Life expectancy at birth was 37 years in 1960. Today it is still only 45 years.



Through institution building and technology transfer, the United States has supported a broad range of Nepal's health programs. Public health projects have concentrated on improved management and personal administration. Training within as well as outside Nepal has been advanced in all fields of public health.

Population growth is an accurate barometer of a serious or potentially serious development obstacle. Nepal's Third Development Plan (1965-70) recognized the implications of population growth in the country. In 1967 the United States directed support to Nepal's family planning and maternal child health program. This program has now been implemented in 52 of Nepal's 75 districts. The integrated community health program, also supported by the United States, provides health and family planning services in the other 23 districts.

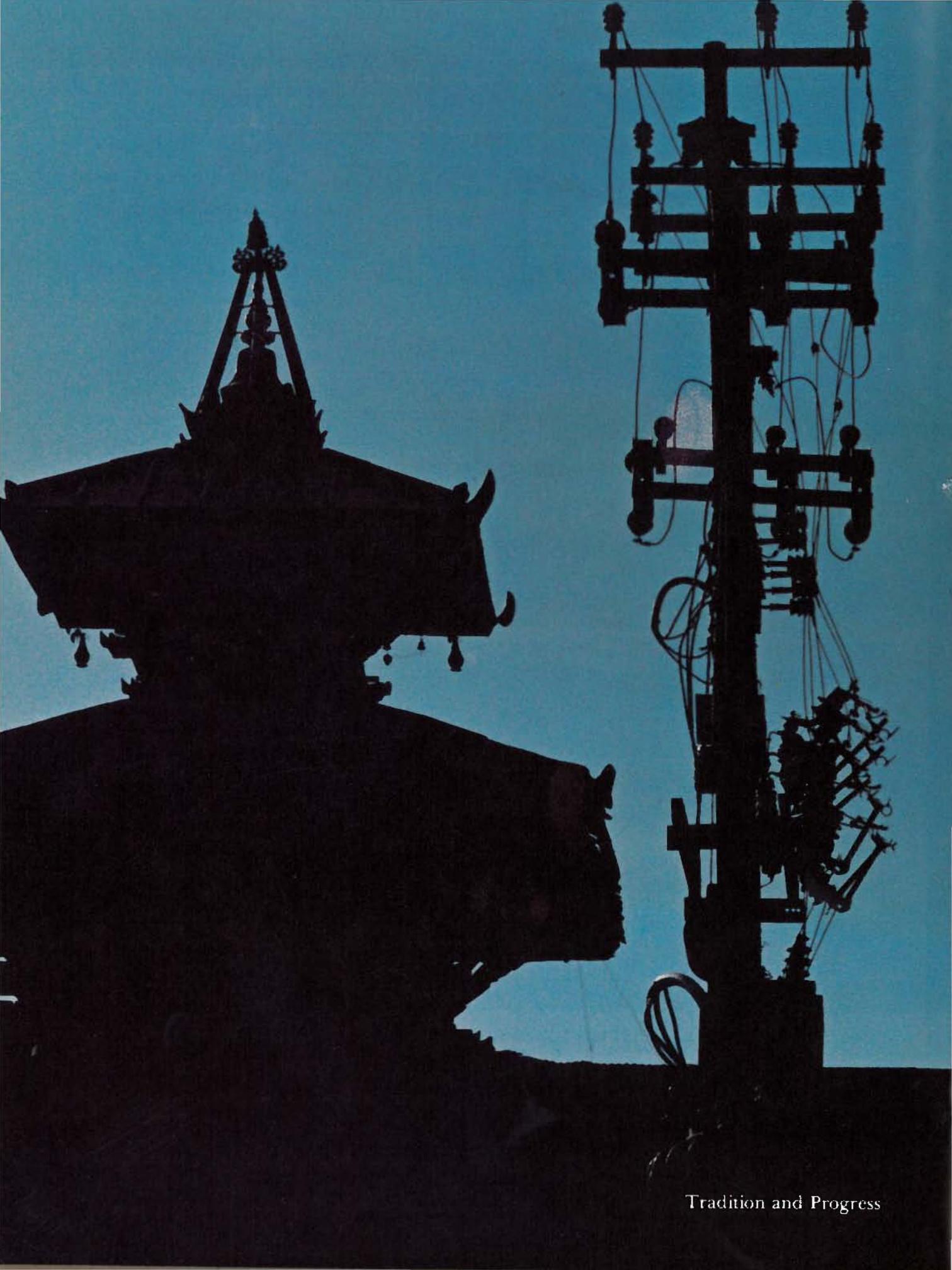


Adult of tomorrow.

INDUSTRY

A purely agrarian society cannot emulate a developed country. To achieve balanced growth, advances must be made in different sectors of the economy. Early United States efforts to this purpose were addressed to Nepal's industrial development. Financing was initially directed to building an infrastructure to stimulate industrial development in the country. In the late 1950s, technical assistance, training and finance were provided by the United States for the Nepal Industrial Development Corporation (NIDC). Functioning as a national credit agency for new enterprises, NIDC has since provided loans for hotel construction and other tourism-related activities, rice and flour mills, auto repair shops, and power and transportation companies.

With the purpose of using domestic raw materials as resources for industrial development, the United States supported Nepal in the investigation, collection and production of indigenous medicinal plants. Pharmaceutical processing plants were established, the Royal Drug Research Laboratory constructed and school graduates trained in pharmacy.



Tradition and Progress

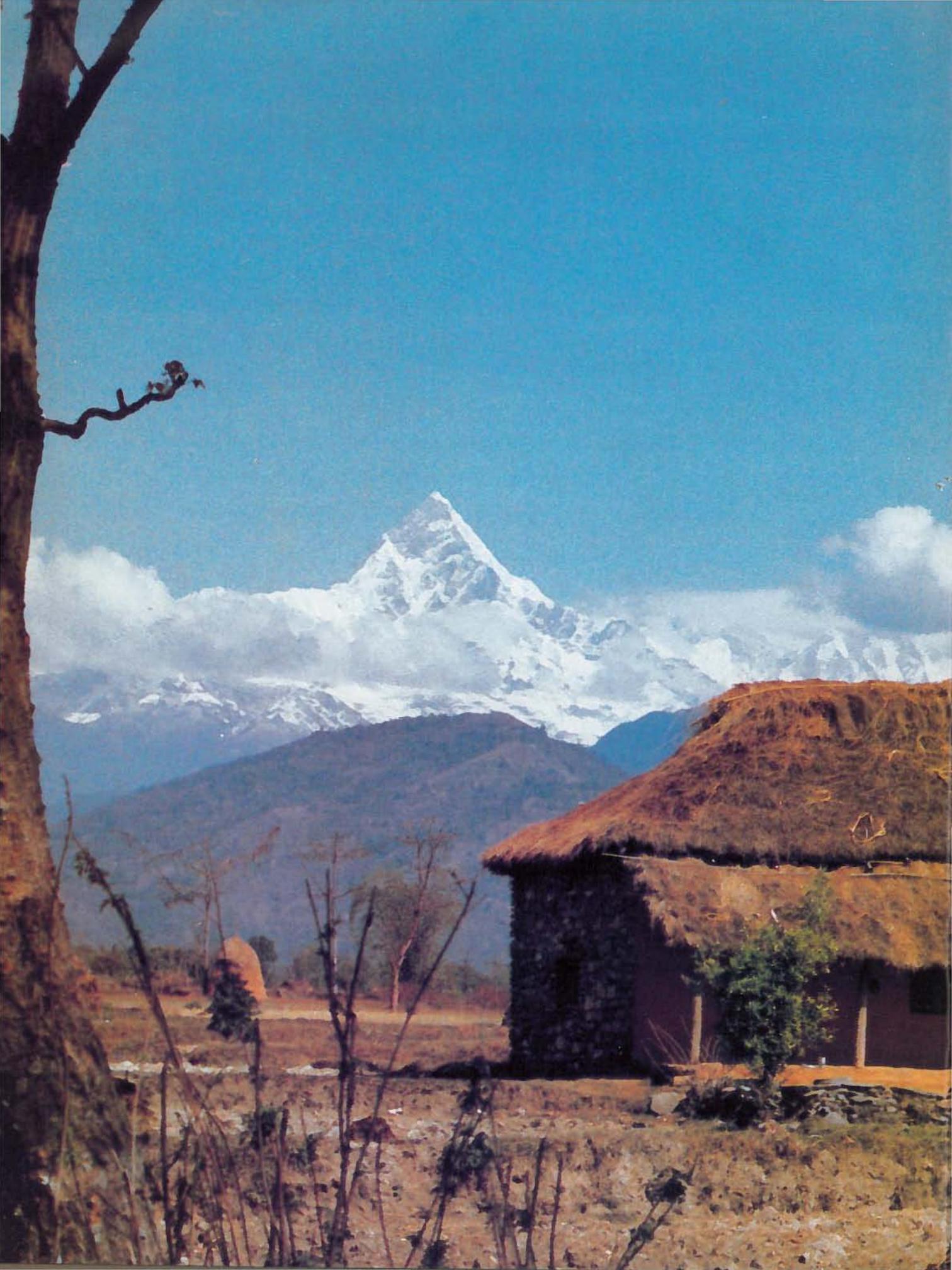
Beginning in 1960 and spanning a decade, the United States supplied Nepal with technical and financial support for electric power development. Electrification of potential economic centers in Nepal has proved to be a catalyst accelerating the country's efforts to monetize its economy. Electricity has acted as a stimulus to industry, trade and the expansion of commercial enterprise. The United States assisted power projects in Kathmandu, Pokhara, Hetauda, Birgunj, Janakpur and Bhairahawa; areas that have since developed economically and expanded as trade centers. Important social ramifications also accompanied electrification. Education, health and improved living standards were all positively influenced by power expansion.

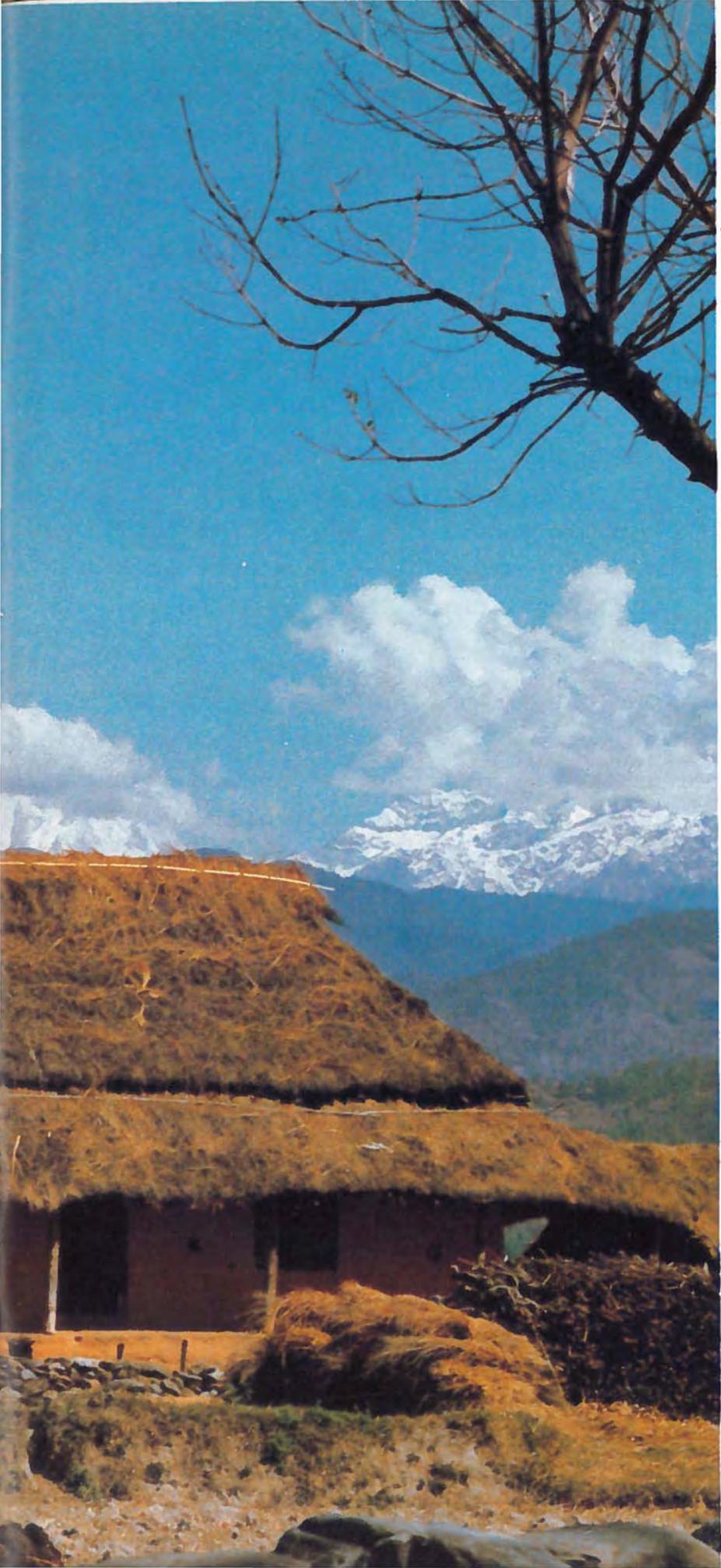
In 1960 the United States joined Nepal to support industrial district projects. Assistance was channeled to the Balaju and Hetauda Industrial Estates to encourage private enterprise investment. With Nepal's continuing migration and urbanization, these industrial areas have also provided additional and needed sources of employment.



In the 1980s urban employment will be particularly important for Nepal.

Julia Brennan





Margrit Treboux ©

NEPAL

IN THE 1980s

Latent social and economic problems of past years are now surfacing to challenge Nepal in the 1980s. The most sobering of these is population growth which is expanding at 2.6 percent per annum. This rate of expansion has impeded Government efforts to raise per capita food production and extend services. In diminishing the returns on development efforts, population expansion has become a major obstacle to economic growth.

While high rates of mortality and morbidity have decreased over the past 30 years, they remain among the highest in the world. Life expectancy at birth is still estimated at only 45 years, and infant mortality at 150 per thousand. Even though from 1960 these have improved from 37 years and 200 per thousand, respectively, much is yet to be done. Diphtheria, tetanus, whooping cough, tuberculosis and leprosy are still present in the population. With less than 10 percent of the population having regular access to safe water, gastro-enteritis, including amoebic dysentery, remains the largest infant killer.

To address these problems the United States is continuing to support Nepal's activities in rural health and family planning. Whereas previous Nepal/United States-supported projects focused primarily on developing the capacity of the Ministry of Health, the United States is now providing \$34 million over a five-year period for actual delivery of rural health and family planning services. Rural health facilities will be constructed, drugs procured, logistical management supported, immunization programs expanded, and village-level health workers trained. Family planning services will be improved and supplemented through commodity support, an increase in services to all districts of Nepal and the continued training of local people.

Another challenge to Nepal, tied to the population increase and natural ecology, is an impending environmental crisis that threatens Nepal's future. The relatively young geologic age of the Himalayas, steepness of the terrain, and annual monsoon all contribute to the natural erodibility of the slopes. As the population has expanded in the Hills, however, the forests that are



Severe deforestation in the Hills forces people to travel long distances for firewood.

used for energy supply and fodder have been depleted. The water-retaining capacity of natural vegetation has been reduced and runoff has increased in both quantity and speed. A negative spiral has developed in which deforestation and use of limited agricultural techniques on unsuitable land have led to increased soil erosion and ultimately to the loss of cultivable land.

Drawn into this environmental crisis are the majority of Nepalese who still live in the Hills and are dependent on this environment to meet their food and energy needs. While the natural weathering process of the Hills cannot be changed, the human interaction with the environment, which has accelerated the natural processes to such a negative extent, can be altered. Nepal and



the United States are cooperating through the Resource Conservation and Utilization Project to halt this rapid environmental destruction. The United States is contributing \$27.5 million over a five-year period in support of activities such as watershed management, improved sources for drinking water, reforestation, better range management, development of alternative sources of energy, and improvement of agricultural techniques.

The impact of this project on environmental degradation will not occur immediately. It takes years to develop a forest where none existed. Furthermore, money alone will not be able to achieve success. People throughout Nepal, but especially the people of the Hills, will have to change. This means more than ending the patterns of the past; it means villagers will have to be reoriented to ecologically sound land-use practices.

Finally, Nepal in the 1980s continues to be faced with an agricultural sector unable to feed its expanding population. In response, villagers are migrating from rural areas in search of employment. In an effort to stimulate agricultural production and rural employment, the United States is assisting Nepal with a \$26.7 million contribution to a Rural Area Development Project in the Rapati Zone. This integrated effort will improve the subsistence and living standards of villagers. The five interrelated components of the project include: farming systems, renewable resource management, employment development, rural works and institutional development.

Every piece of arable land has to be used.



CONCLUSION

As Nepal and the United States reach their thirtieth anniversary of economic cooperation, it is apparent these past three decades have resulted in many accomplishments. There remain, however, complex, unresolved problems. It is clear also that Nepal's entry into the world community embraces concerns beyond economic issues and continues to be an entry into a new era in the experience of its people.

The assistance the United States has provided Nepal has made an important contribution to Nepal's own work of development. Even with such aid, however, and with the continued assistance of others, Nepal will still face difficult odds. They are not, however, insuperable. With its national vision and commitment, Nepal has the ability to advance and will certainly do so. It is the hope and expectation of the United States to continue to share in that great task of improving the lives of the people of Nepal.



Julia Brennan

A look to the future.

Back Cover photo by Laura McPherson

