

FACTS ON FOREIGN AID\* TO NEPAL

1952 - 1968

Prepared by:  
Program Office  
USAID/Nepal

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\*excluding detailed US aid

Estimate of Foreign Assistance to Nepal

(Millions of U.S. dollars)

	FY's 1952-1962	Three Year (Second) Plan			Third Plan			Total FY 1952-FY 1968
		FY 1963	FY 1964	FY 1965	FY 1966	FY 1967	FY 1968	
United States Dollars	27,600	3,400	4,100	4,400	1,600 <sup>a/</sup>	3,428	2,903	47,431
P.L. 480 104 (g) Rupees	20,500	15,200	1,300	7,100	8,600	6,447	6,792	65,999
<b>Total</b>	<b>48,100</b>	<b>18,600</b>	<b>5,400</b>	<b>11,500</b>	<b>10,200</b>	<b>9,875</b>	<b>9,695</b>	<b>113,370</b>
India	26,200	6,100	4,488	8,255	12,237	12,816	13,138	83,234
Peoples Republic of China	6,200	400	1,941	1,598	2,132	3,916	6,326	21,913
U.S.S.R.	6,000	5,452 <sup>b/</sup>	5,452 <sup>b/</sup>	.061	.658	.263	.793	18,679
Others	5,200	.900	1,287	.023	.421	.658	.218	8,707
<b>Grand Total</b>	<b>91,700</b>	<b>31,452</b>	<b>18,568</b>	<b>21,437</b>	<b>25,648</b>	<b>26,928</b>	<b>30,170</b>	<b>245,903</b>

a/ The reason for low dollar assistance compared to other years is because of a \$1.1 million loan that was de-obligated in FY 1966.

b/ The large amount of USSR aid in FY 1963 and FY 1964 is due to some large capital projects which the Russians undertook during these two years.

Note: The data for the U.S. is total Net obligations through FY 1966 and total gross obligations for FY 1967 and FY 1968. The data for the other donors does not include the cost of technical advisory services, some commodities and training.

Sources: U.S. Data - U.S. Overseas Loans and Grants and Assistance From International Organizations (Obligations & Loan Authorizations July 1, 1955 - June 30, 1966), Special Report Prepared for the House of Foreign Affairs Committee and Project Budget Submission FY 1969, Nepal.

Other Donor Data - GON Budget Speeches, GON Second Plan and GON Ministry of Economic Planning.

to

## Indian Aid to Nepal

The Indian aid program to Nepal commenced in 1951 with the beginning of the construction of Gaucher Airport. Following its establishment in Kathmandu in 1954, the Indian Aid Mission, which was changed to Indian Cooperation Mission in October, 1966, launched a wide variety of projects.

The Indians have assisted heavily in the development of Tribhuvan University in Kathmandu through the provision of faculty and construction of buildings. They cooperated with the United States in the construction of roads under the RTO program. They have built power plants at Trisuli and Pokhara and have begun two major water development projects, the Koshi and Gandaki, along the southern border of Nepal for joint use by Nepal and India. They have contributed in agriculture to horticulture and animal husbandry. In Kathmandu they have built a central post office. They completed the Sunderjhal water project for Kathmandu. They have helped in the establishment of a Maternity and Child Welfare Center. They are building a 500-foot highway bridge across the Bagmati River linking Kathmandu to Patan. They have given assistance to an engineering school in Kathmandu. They have offered to build a medical college starting with a training hospital. They are helping with the construction of a trunk telephone line from Kathmandu to Birgunj and in improving the telephone exchanges in several Terai towns. They have assisted in forestry by building a forest institute in Hitaura. They have established a fruit laboratory and farm in Kirtipur and an industrial estate in Patan. They have helped with a geological survey of Nepal and through the Colombo Plan have provided numerous scholarships for study in India. The Indians have been involved in a large number of irrigation schemes, many of which have been finished. They are currently building the Dakshinkali road south of Kathmandu and have made the Sunauli-Pokhara road motorable. Now they have started the construction of a major portion of the East-West Highway. As of February 1, 1968 they had completed 100 projects.

### Major Indian Aided Projects

Estimated Cost  
(In Millions of U.S. dollars)

East-West Highway (Janakpur-Jhapa Section)	29.33	1/
Sunauli-Pokhara Road	19.20	1/
Trisuli Hydel Project	18.67	1/
Chatra Canal	13.60	2/
Tribhuvan Rajpath	10.46	2/
Aerial Photography & Mapping	4.21	2/
Kathmandu (Sunderjhal) Water Supply	2.65	2/
Kathmandu-Raxaul Truck Telephone Line	1.45	1/
Kathmandu-Trisuli Road	1.41	2/
Kathmandu (Gaucher) Airport	1.02	2/

1/ Converted at the rate of 7.50 Indian rupees equivalent to one U.S. dollar.

2/ Converted at the rate of 4.76 Indian rupees equivalent to one U.S. dollar.

## I. Road Construction

1. Tribhuvan Raj Path - This road, started by the Indian Government in 1953 and inaugurated by H.M. King Mahendra in 1958, opened up the Kathmandu Valley to India. It is about 73 miles in length from Thankot to Dhainse. It has helped Nepal's economic development as the only highway connecting Kathmandu with the outside world. The total cost up to August, 1965 amounted to about \$10.46 million equivalent when the road was handed over to the GON.
2. Kakrawah - Lumbini Road - This 5 mile long road, from the Indian border at Kakrawah to Lumbini, the birth place of Lord Budha was constructed at a cost of \$9 thousand dollars equivalent.
3. Trivrenwar - Thankot Road - This project improved and paved an existing road in Kathmandu Valley connecting with the Tribhuvan Raj Path.
4. Kathmandu - Dakshinkali Road - The improvement of an existing fair weather road 12 miles in length, joining Kathmandu with the temple of Dakshinkali in Kathmandu district at a cost of 232 thousand dollars equivalent was the object of this project. Work was started in 1962 and is expected to be completed in 1968.
5. Kathmandu - Trisuli Road - This road was started by the Regional Transportation Organization in 1958 which was sponsored by Nepal, Indian and the U.S. With the collapse of the RTO, the road was taken over by India, which took responsibility for repairing, maintaining and black topping the 43 mile road, which connects Kathmandu with Trisuli, Nawakot district, in Bagmati Zone. Its cost is estimated to be \$1.41 million equivalent.
6. Kathmandu Balaju Road - This is a two mile paved road from near the Royal Palace to the starting point of the Kathmandu-Trisuli road near Mahendra Park at Balaju. It was already completed at a cost of \$39 thousand equivalent.
7. Sunauli - Pokhara Road - This road was also started in 1954 by the RTO but was abandoned in 1962 when the RTO collapsed after constructing 70 miles of jeepable track. The Indian Government took the initiative and an agreement was reached in 1964 between GON and GOI to construct, at a cost of about \$20 million equivalent, the 128 mile long road connecting the districts of Rupandehi and Palpa in Lumbini Zone, and Syanja and Kaski in Gandaki Zone. The road runs north from Sunauli on the Indo-Nepal border to Pokhara. Now it is estimated that the road will be completed by 1969, though it was originally estimated to be completed in 1968.
8. East-West Highway (Dhulikhel to Jorjhar in Eastern Section and Bhairavi to Nepalgunj) - This road is to be constructed by India, with US assistance for the provision of equipment. It is agreed that the eastern sector of 180 miles will be completed before 1974. After that the work on the 230 miles western sector will start. The total estimated cost for the eastern sector is \$29.35 million equivalent. The Construction work has begun on this road.

9. GON and GOI entered into an agreement on May 18, 1956, to construct Hanuman Nagar-Rajbiraj road and Patashwa-Kuzuli Bazar road at a cost of \$1.6 million equivalent which will be provided by GOI. In addition, the 2½ mile Janakpur Airport approach road from the new airport of Janakpur to the railway station through the centre of the town has been constructed at a cost of \$59 thousand equivalent.

### II. Airports

1. Gaucher Airport - The Airport along with Tribhuvan Raj Path, opened up the country to the outside world. Originally constructed by India its cost \$1 million equivalent, including the terminal building and hangar which cost about \$.1 million equivalent.

2. Five Other Airports - Bhairawa, Janakpur, Pokhara, Simra and Biratnagar airports are being improved under Indian Aid. The new all-weather airport in Bhairawa (Lumbini Zone) near the old airport was inaugurated in May, 1957 by HRH the Crown Prince Birendra. Janakpur Airport in Janakpur Zone and Pokhara Airport in Gandaki Zone have been improved. The Simra Airport in Narayani Zone is complete. The work on Biratnagar airport is in progress. Total cost of these five airports is estimated to be \$1.13 million equivalent.

### III. Irrigation Projects

1. Tika Bhaigab Project - This canal, which irrigates about 7,500 acres of land in the southern part of Lalitpur district on the side of Kanti Raj Path, was completed at a cost of \$.09 million equivalent.

2. Mahadev Bhoj - This canal was completed at a cost of \$.02 million equivalent. It irrigates 3,500 acres of land in Bagmati Zone. It was started in FY 1955-56 and completed by FY 1958-59.

3. Budha Hillankha - This is an irrigation project in Kathmandu district which irrigates 2,000 acres of land. It was constructed at a cost of about \$8 thousand equivalent and was completed in FY 1950-51.

4. Lovok Bijayapur - This project lies near the town of Pokhara. It was started in FY 1955-57 and completed by FY 1958-59. It irrigates 7,200 acres of land. I.C.M. made \$0.11 million equivalent expenditure for it.

5. Phewatal Dam - This is a project to utilize the water of famous Phewatal lake to irrigate 7,200 acres of land of Pokhara Valley in Gandaki Zone. I.A.M. expended \$.25 million equivalent on this project.

6. Jaj - This is a project in Bara Parsa district in Narayani Zone which irrigates 15,000 acres of land. The construction cost was \$.23 million equivalent. It was completed in four years during 1957-58.

7. Bartung Irrigation Project - This is a project in Dhaulagiri Zone, one of the most backward zones of Nepal. It irrigates 400 acres of land and it was completed during 1959-61.

8. Asakhola - This is an irrigation project in Chautara of Janakpur Zone and irrigates 120 acres of land. It was constructed during 1958-60 at the cost of about \$1 thousand equivalent.

9. Dandura - This is a canal project in Banke district, Bheri Zone, western Nepal. It irrigates 7,200 acres of land. Though the original estimate of cost was \$.11 million equivalent, actually \$.38 million equivalent was expended. It was started in 1960 and completed in 1963.

10. Tinai - This is an irrigation project on the Tinai River in Dotwal, (Rupandehi district) Lumbini Zone. It was started in 1950. The canal irrigates 50,000 acres of land. Though the original cost was estimated to be \$.79 million equivalent, the revised cost estimate is \$.84 million equivalent.

11. Godavari Khola - This project was started in 1961 and was completed in 1965. It is situated in the southern part of Lalitpur district in Bagnati Zone. It irrigates 2,000 acres of land and its actual cost was \$.05 million equivalent.

12. Khotkhola Irrigation Project - This is located in Lalitpur district of Bagnati Zone, it irrigates about 1,800 acres of land and cost about \$.05 million equivalent.

13. Mansumara - It is in Mahottari district of Janakpur Zone and was started in 1961. Though this project was expected to be completed in 1963 it has not yet been finished. When completed it will irrigate 5,376 acres of land and will cost about \$.358 million equivalent.

14. Hardinath - This canal is located in Mahottari district of Janakpur Zone, which irrigates 9,000 acres of land at the cost of Rs.14 lakhs or \$.447 million equivalent. It was started in 1961. This canal is 10 miles long and includes a permanent diversion weir across the Hardinath River near Janakpur.

15. Bosakhola - This canal which irrigates 1500 acres, was constructed at a cost of \$16 thousand equivalent.

16. Chitra Canal - This is a part of the Kosi agreement made between GON and GOI. When completed it will irrigate 1,82,000 acres of land at a construction cost of about \$13.6 million equivalent.

#### IV. Drinking Water Schemes

The Government of India has undertaken 26 projects for drinking water. One of the projects is Surdezajal Water Supply Scheme to provide to the people of Kathmandu about 32 lakh gallons water per day at a cost of \$1.6 million equivalent. There are 24 other minor schemes, including one for installation of 405 hand pumps in the Hills, Terai and Kathmandu Valley. The following projects would give drinking water to about 550 thousand people at a cost of about \$1.7 million equivalent. 1. Fanchayana 2. Bishumati 3. Chhatra Khola

4. Kavai Manthali 5. Sankhu 6. Bulamba 7. Gaochar 8. Ekdamad Bazar 9. Janpremi  
10. Satanku - Darau 11. Deorali 12. Anlekhganj 13. Biratnagar 14. Dhulikhel  
15. Sanga 16. Parauki 17. Bhaktapur 18. Pokhara 19. Birganj 20. Rajbiraj 21.  
Bhairawa 22. Nepalganj 23. Janakpur.

### V. Power

1. Trishuli Hydral Project - India has taken up the construction of Nepal's biggest power project so far, the Trishuli Hydral Project, which will have an installed capacity of 21 thousand K.W. in the third phase at a cost of about \$18.57 million equivalent. At present 9,000 K.W. is being supplied.

2. Pokhara Power Project - This project which now generates 250 k.w. and will produce 1,000 k.w. at the latter stage is being constructed at a cost of about \$0.43 equivalent.

3. Transmission lines from Kosi Power House - This is a plan to stretch the 16 mile transmission line from Kosi Power House to Rajbiraj and 24 miles to Biratnagar. It will cost about \$0.37 million equivalent.

4. Besides the above, India will supply 9,000 k.w. electricity from Kosi and 15,000 k.w. from Gandak under the two mutual benefit projects.

### VI. Horticulture & Veterinary

A program of horticulture development costing about \$0.49 million equivalent has been undertaken with Indian aid. The scheme envisages the establishment of a network of horticulture research stations. One central research station will be in Kirtipur and the other nine in Dhanuota, Pokhara, Daman, Sarmaha, Baitadi, Janakpur, Dhunibesi, Trisuli and Thak.

A program involving about \$0.53 million equivalent has been undertaken up by the Indian Cooperation Mission for the development of veterinary services. It will include the following programs:

1. Dispensaries - Central veterinary hospital at Kathmandu given assistance for modernization; all the 32 hospitals at the old district headquarters have been set up.

2. Laboratory - The laboratory which is located in Tripureswor Kathmandu was inaugurated on January 1967.

3. Training - 33 stock - supervisors and 132 stockmen - required for the veterinary program have been trained.

4. Rinderpest Eradication - The campaign started in 1963-64. A total of 950,000 animals have been vaccinated in the areas of the Terai.

### VII. Forestry

1. Forestry Institute - GOI has provided instructors for this institute since 1958 and all of the expenses since 1961. The program includes construction of an Institute building, student's hostel, and staff quarters in Hetaura. Total project cost will be \$0.45 million.

2. Working Plans - This program includes the survey of Birgunj, Biratnagar and Kanchanpur forest divisions and the preparation of working plans, at a cost of \$0.22 million equivalent. The reports have already been submitted to IMG by ICM.

### VIII. Industry

1. Patan Industrial Estate - I.C.M. helped Nepal to construct the estate in Patan at a cost of about \$0.6 million equivalent. GOI provided \$0.38 million equivalent and the rest was borne by GON. The First phase including 22 workshop sheds, 2 common facility workshops, stores, etc. was completed and sheds allotted for different industrialists. Ten more larger workshops were completed and allotted. The third phase including 6 workshop sheds, 9 stores, bank, post office, etc. along with overhead water storage tank was completed on June, 1966. The estate covering 13 acres was inaugurated by His Majesty on November 28, 1963.

2. Industrial Loan - GOI provided to Nepal a loan of \$2.1 million equivalent in October 1964. The loan has not been utilized yet.

### IX. Health

1. Medical College - GOI has promised to establish a medical college in Nepal at a cost of about \$5.28 million equivalent. The actual work is expected to start before FY 1971.

2. Maternity House and Child Welfare Centre - I.C.M. is helping the Faropakar (orphanage) to build doctors' quarters, nurses' hostel, kitchen block, OPD building, and to equip and furnish it at a cost of \$0.19 million equivalent. Assistance also was given in the form of staff and a contribution towards running expenditure.

### X. Post Office

1. General Post Office - I.C.M. constructed a building for the GPO at one side of the Turdikhal at a cost of about \$0.16 million equivalent. That building was inaugurated by His Majesty King Mahendra on January 25, 1967.

2. Foreign Post Office - I.C.M. has made available \$1.16 million equivalent to construct a modern and fully furnished building along side the General Post Office, to facilitate efficient handling of foreign mail. The construction work is in progress by the side of the GPO.

### XI. Education and Allied Schemes

1. General and technical education - There are 19 professors, readers and lecturers teaching in Tribhuvan University under the Colombo Plan. India is giving additional aid of \$0.42 million equivalent to construct the student's hostel, the chemistry block, library building and four teacher's quarters within the University campus in Kirtipur. India has financed about \$0.16 million equivalent for the construction of Tri-Chandra College Science Block. India has already given assistance amounting about \$0.15 million equivalent to Tribhuvan Adarsha Vidyalaya at Pharping in Kathmandu Valley. Financial and technical assistance has been given to the Engineering School at Jwalakhel.



since 1961. About \$0.22 million equivalent has been expended for this school, excluding support of technical teaching staff.

2. Archives and Archeology - Assistance has been given for the construction of the Archives building in Singha Durbar and for the establishment of a modern archives. The new archives building was inaugurated in October, 1967. Under the Archeological development program, excavation work in different historic places is being done, departmental personnel are being trained in India, books and equipment for the department are being provided and a handbook on monuments is under preparation. The Archives and Archeology development program will cost about \$0.26 million equivalent.

3. Training in India - Over 1,900 nominees of FMG have been deputed for training and study in different institutions in India. About \$2.64 million equivalent has been expended so far on this program.

### XII. Surveys

1. Topographical survey and mapping - Preparation of detailed survey maps of the country is in progress.

2. Geological survey - Eight projects including mapping of Godavari marble deposits, investigation of gas, lignite and ground water in Kathmandu Valley, and copper, cobalt, nickel and gold in various parts of the Kingdom were undertaken and have been completed at a cost of \$0.84 million equivalent.

### XIII. Bagmati Bridge

I.C.M. is giving assistance in the construction of a bridge over the Bagmati river at Thapachali, at a cost of about \$0.4 million equivalent. The actual work has already started and is expected to be completed in 1968.

### XIV. TELEPHONE LINES

#### 1. Kathmandu-Bazmali Trunk Telephone Line

An agreement has been signed between FMG and ICM for setting up a trunk telephone line between Nepal and Patna and Delhi, for the improvement of telephone services with India and other countries. A 300 line automatic exchange for Birgunj is also included in the scheme. It will be also possible to link up places in Nepal along the alignment on the line by telephone. This will cost about \$1.45 million equivalent.

#### 2. Kathmandu-Delhi Radio Telephone Line

Another agreement is still to be signed for a 5 KW tele-link to improve communication facilities between the two stations and between other connected centers at a cost of \$112 thousand equivalent.

## CHINESE AID TO NEPAL

The People's Republic of China (hereafter referred to as China) has expended roughly 14.5 million dollars in assistance to Nepal and has promised over three times this amount. The first assistance from the Chinese came in 1956 most of which was not expended until 1960. In all, they have achieved notable success in actually finishing projects rapidly and on time. The Chinese voluntarily dropped their plans for two out of three factories originally proposed in 1960, a paper mill and a cement factory. Although after considerable investigation and exploration of the country these two factories were abandoned, work did go ahead on the third, a shoe and leather factory. The Chinese have made funds available for a road from Kathmandu to Pokhara and a hydro-electric project on the SunKoshi river near its intersection with the Kathmandu-Kodari Highway.

### Major Chinese Aided Projects

<u>Project</u>	<u>Estimated Cost*</u> <u>(In millions of dollars)</u>
Kathmandu-Pokhara Road	17.11
Sunkoshi Hydro Electric Plant	9.21
Kathmandu-Kodari Highway	9.7
Basbari Leather and Shoe Factory	1.32
Warehouse Constructions (Kathmandu and Birgunj)	1.32
Brick and Tile Factory	0.66

Under the agreement of 1956, China agreed to provide to Nepal \$7.89 million equivalent N.C. out of which \$2.63 million was provided in the same year for non-project aid. Under the agreement of March 21, 1960, China agreed to provide another \$13.6 million equivalent in cash and \$5.27 million equivalent worth of commodities to Nepal. The flow of cash was to be given in installments beginning in 1963 and the commodities were to be given year by year according to the needs of the Chinese-aided projects. Later, on October 15, 1961, another agreement was signed to provide an additional \$9.7 million equivalent to build the Arniko (Kathmandu-Kodari) Highway. The 110 mile long Prithvi (Kathmandu-Pokhara) Highway will be constructed at an estimated cost of \$17.11 million out of the old grant.

During HRH Prince Birendra's recent visit to China, China announced its intention to give Nepal grant aid of \$19.7 million. On December 21, 1966 an agreement was signed between HRH and Communist China under which China will provide \$19.7 million equivalent cash and commodity aid to Nepal for the construction of a hydro-electric plant in east No. 1 district near the Kathmandu-Kodari Highway, and other economic development projects. This grant is to be utilized by December 1, 1970. China is to provide \$2.0 million equivalent in cash from January 1, 1967 to December 31, 1968 and \$3.6 million equivalent in the form of commodities in yearly installments out of the above grant of \$19.7 million equivalent, to meet the local currency expenses and transportation charges for equipment and materials to be supplied by China.

\*All the cost of the above projects are born or is to be borne by China, with the exception of expenses for the purchase of land.

Amrits (Kathmandu-Kodari) Highway - During His Majesty's visit to China in 1961, China and Nepal entered into an agreement to construct the Kathmandu-Kodari road, which now connects Kathmandu with Itaha. China agreed to provide 39.7 million equivalent for this road to cover the cost of technicians, experts, and necessary machines and materials for the construction of the highway and for assistance in the training of technicians and skilled workers. Actual work for the construction of the 65 mile highway started in May, 1963, with a projected completion date of 1967.

The road is presently useable under all weather conditions. The portion from Bhaktapur to Dharabise is already metalled. It was inaugurated on May 26, 1967.

Eastern Leather and Shoe Factory - This is the only project which has been completed by China under the agreement of March 21, 1960.

Construction of this factory was started in July, 1963, and it was inaugurated by His Majesty King Mahendra on June 2, 1965. It has the capacity to produce 20,000 pieces of leather and 30,000 pairs of shoes per year. The cost including construction, training, and operation during the construction period totalled about \$0.64 million equivalent. Out of this, \$0.31 million equivalent worth of construction material and equipment was received from China. About 200 Nepalese are employed in this factory 12 of whom were trained in China in leather working. It has been converted to a Private Corporation Ltd., making possible eventual private stock purchase with an authorized capital of \$1.32 million equivalent.

Brick and Tile Factory - This project was chosen by the Chinese after they abandoned their proposed cement and paper factories, agreed to on March 21, 1960. About 33 acres of land were acquired at Hari Siddhi in Lalitpur district for this project. The actual work was started in 1965 and it is expected that the Brick and Tile Factory will commence production after some months, with a capacity of 20 million bricks and a half million tiles annually. The construction work is almost complete.

Godowns or Warehouses - Godowns and warehouses have been constructed in Kathmandu and Birgunj with Chinese aid. The work on the godown in Kalimati was completed at a cost of \$0.66 million equivalent.

His Majesty King Mahendra inaugurated the Birgunj warehouse on March 27, 1967. The warehouse, which extends over 75 acres of land, has five units plus an office, retail shop, guest house, garage, five reservoirs and a water tower. It was constructed at the cost of \$0.66 million equivalent.

Prithvi (Kathmandu-Pokhara) Road - During the visit of the Nepalese Foreign Minister, Mr. K.N. Bista, to China in September, 1965, China agreed to construct a road connecting Pokhara with Kathmandu entirely at Chinese expense. The construction of the road has been included in the agreement of March 21, 1967.

- This road is expected to be completed within the third economic plan of Nepal at cost of about \$17.11 million equivalent. The survey of this road has been completed and construction started in 1967. This road will connect Khanikola (Tribhuvan Rajpath) with Pokhara, a distance of about 176 k.m. (110 miles).

According to the agreement of December 21, 1966, China is to construct a hydro-electric plant on the Sankoshi river near the Arniko Highway. Some preliminary work is being initiated in this project.

RUSSIAN AID TO NEPAL

The 13 million dollar investment the Russians have made in Nepal has been concentrated on prestige projects and assistance to state industry. King Mahendra returned from a visit to Moscow in 1958 with a gift of aircraft that became part of the Royal Flight and a 7½ million dollar aid package which included the Panauti hydro-electric project, the thousand-ton-a-day sugar mill just north of Birgunj, the cigarette factory at Janakpur and an offer to survey the East-West Highway. At the same time the Russians committed over a hundred thousand dollars to the construction and equipping of the Kanti Hospital.

<u>Major Projects</u>	<u>Total cost*</u> <u>(In millions of US Dollars)</u>
East-West Highway, Janakpur-Simra section	15.84
Birgunj Sugar Mill	8.58
Janakpur Cigarette Factory	5.50
Panauti Hydel Project	3.30
Agriculture Tools Factory	1.32
Kanti Hospital	0.28

\*The above costs include local costs borne by the GOV. The USSR extended assistance to Nepal totalling 9.95 million roubles as grants and loans, out of which 7.45 million roubles were provided as economic and technical grants, and 2.5 million roubles were given in credit to be made available after factory projects started production. Later in mid-1964 the USSR agreed to give goods on credit to Nepal up to an amount of 5.8 million roubles to meet the local expenses of Soviet aided projects. The 9.95 million roubles grant and credit aid does not include the cost of the agriculture tool factory nor the Janakpur-Simra Highway which will be completely financed by USSR.

Birgunj Sugar Mill - This mill, the foundation of which was laid on October 25, 1962, was inaugurated on January 31, 1965. The construction cost was \$5.61 million equivalent. Total operational capital of \$2.20 million equivalent was provided. Its cost inclusive of foreign technical services totalled about \$8.53 million equivalent. The Russian Government provided \$5.50 million equivalent as grant and \$1.55 million equivalent as loan to this factory. GON investment has not been more than \$25 thousand equivalent. Now the factory has been changed into a Private Co. Ltd with authorized capital \$10.56 million equivalent. Its crushing capacity is 1,000 tons of sugar-cane per day. The Mill has its own machine workshop assisted by SITA at Bhojpin where repair parts can be made. Total electric generating capacity is 3,000 k.w.

The mill was designed to: (1) encourage greater investment in sugarcane production; (2) help diversification of agriculture; (3) provide employment opportunity; (4) increase revenues from excise duties by \$0.05 million equivalent per year; (5) save foreign exchange worth \$1.32 million equivalent per year; (6) train Nepalese (200 Nepalis have been trained to date). Sugarcane was cultivated on 3,000 bighas in 1964 and on 5,000 bighas in 1965. About \$0.05 million equivalent was given to the sugarcane farmers in the form of loans and assistance. Russian Ambassador Zabrodin stressed at the inauguration of the factory that it would allow Nepal to develop her own independent national economy.

Jazakpur Cigarette Factory - This factory, which took two years to construct, now produces 200 million cigarettes yearly. Its primary value to Nepal is in the production of an import substitute. The cigarette factory has been generally well received and represents one of the two largest industrial enterprises built under the Three Year Plan. Machinery and technical assistance totals about \$1.68 million equivalent. \$2.49 million equivalent was spent on construction and working capital of \$1.53 million equivalent was provided. The USSR provided a loan of \$0.2 million equivalent and a grant of \$5.5 million equivalent. GON investment for the local cost, including purchase of land, has not been more than \$20 thousand equivalent.

Panauti Hydel Plant - This plant is located in Panauti, Kavre-Palanchok District. A preliminary survey was conducted in 1957 and construction began on December, 1962, and was completed on July 15, 1965. This project produces 2,400 k.w. of electricity in the rainy season but only 500 k.w. in the dry season. The project faced transport difficulties in the rainy season of 1964 and 1965. There were many other problems due to lack of technicians. Thirty Soviet specialists worked on this project. Its final cost came to \$3.30 million equivalent, out of which about \$1.98 million equivalent was loaned by the GON. The electricity produced from this plant is distributed in Bhaktapur and its neighbourhood.

During the construction of Panauti Hydel Plant a total of 390 specialists in the following categories were trained: 99 steel erectors, 81 scaffold workers, 72 concrete workers, 57 concrete erectors, 26 operators, 17 builders, 14 electricians, 10 boring machine operators, 4 filter operators, and 6 turbine operators.

Kanti Hospital - An agreement was signed between USSR and GON on April 24, 1959, to construct and equip a 50-bed hospital in Maharajgunj, Kathmandu. Construction cost of the hospital building was about \$0.119 million equivalent, out of which \$0.106 million equivalent was given by the Soviet Government and \$0.013 million equivalent borne by the GON. A further cost of \$0.03 million equivalent was borne by GON for the electric installations, furniture, linens, utensils and land. USSR provided on a loan basis medicines and surgical necessities for the first year at a cost of \$0.02 million equivalent.

At the time of inauguration, 8 medical specialists and 2 interpreters (Russians) were working there. It has a surgical department, 20-bed childrens ward and 30-bed adult department, X-ray department, laboratory and dispensary.

Agricultural Tools Factory - An agreement to establish the factory was signed on August 8, 1965. The USSR is to give about \$1.32 million equivalent for the project. "The factory for simple agricultural tools will contribute to the development of the productive forces of Nepal, the increase of its national wealth; it will serve the cause of progress and prosperity of the friendly Nepalese people", proclaimed Soviet Ambassador G.N. Dzijoubenko on the 22nd of October, 1965. Ten bighas of land were purchased for the Agricultural Tools Factory near Birgunj Sugar Factory in Parsa. The factory construction started in 1965, will produce 1,500 tons of hoes, plows, shovels, etc. every year. Construction of the building is almost complete and production should begin by June 1968.

Simra-Janakpur Section of Mahendra Highway - According to an agreement signed on April 8, 1964, the cost of the Simra-Janakpur Highway will be completely borne by the Soviet Government. Some Soviet technicians and Nepalese are presently working on this 116.5 k.m. highway which will be completed within the current five year plan. The estimated cost of this project is Rs.120 million.

The Russians have made good use of the National Trading Ltd. for marketing goods such as motorcycles and automobiles for rupees and on easy credit terms.

In 1967 the Simra-Janakpur portion of the Mahendra Highway and Agricultural Tools Factory remain the only unfinished projects of the USSR in Nepal. Related work is expected to continue for another four or five years.

#### UNITED KINGDOM AID TO NEPAL

Britain's assistance to Nepal began in 1960 when it offered a grant of \$1 million for the period during 1961-66. This grant was utilized for valley electricity development, training of a large number of Nepali youths in malaria eradication, providing road materials, survey of the Lumbini road, the purchase of a 100 k.w. radio transmitter for Radio Nepal, the Dharan drinking water project, the Royal Drug Research Laboratory, survey of the 75 mile long Butwal-Narayangan section of Mahendra Highway, HMG press development and Sunderijai model school.

A loan agreement for £ 525 thousands was signed on November, 1962 for the expansion of power. A similar loan of £ 275 thousands was provided to Nepal by the British Government in 1955.

The British Government is expected to provide a cash grant of £ 1.2 million and a loan of £ 1.2 million over the next five years. \$ 200,000 will be given to Sanderjal Model School out of Midgway grants.

The British are to construct the 75 mile long Manayagadh-Batal Section of the Mahendra Highway and have surveyed the road. The estimated cost for the road construction is \$ 5.3 million. The British also have a number of technicians working in Nepal under the Colombo Plan.

#### WEST GERMAN AID TO NEPAL

West German assistance to Nepal has emphasized economic development through assistance to the private sector. A loan to the NIDC of 2 million DM (all of which has been spent), another loan of additional 2 million DM to NIDC which is already approved but not released, and 125 thousand dollars through Krupp for a workshop in Hilsara has been provided.

An agreement of 7 December, 1962 pledged \$750,000 for equipment and instructors for a technical institute to train telecommunication technicians, electricians, motor vehicle mechanics and plumbers.

President Lübke of the Federal Republic of Germany (FRG) paid an official State visit to Nepal from March 11 to 15, 1967. During the visit he inaugurated the West German aided Technical Training Institute at Thapathali. The cost of construction of the building was \$394 thousand equivalent of which the U.S. Government contributed \$72 thousand equivalent and the rest by HMG. The German Government bore the expense of equipment and German experts.

Mr. Haas - Jürgen Wischniewski, West German Minister for economic cooperation, announced during the visit that FRG has offered to Nepal a capital loan of 5 million DM. He also disclosed that a team of 7 experts will come to Nepal to help implement a multipurpose agricultural project in Gendahi Zone with German assistance estimated at about 2 million DM in the initial phase. He indicated the possibility of providing fertilizers for the agricultural development of Nepal and a willingness to send more volunteers at the request of HMG. There are presently 17 German Volunteers working in Nepal.

Switzerland - Tom Hagen, Swiss Geologist and explorer, listed the three things that most needed doing in rural Nepal as (1) suspension bridges, (2) hospitals and doctors, and (3) schools. The Swiss have built two bridges on the Marsyandi River. They have worked in agriculture, education, and health at Jiri. SITA has entered into an agreement with HMG on July 23, 1967 to extend the work in Jiri until 1970. They have a metal workshop and training school at the Balaju Industrial Estate and have put considerable energy into the establishment and development of the dairy products and cheese factory in Kathmandu. They are working in Dhorpatan Resettlement Project and have had helped to establish and run the handicraft centres in Jamalakhola, Chitlisa and Hymaja (Pokhara). They also are providing 2-4 scholarships every year. Swiss aid to Nepal totalled 4,226 million francs (1986 thousands) at the end of FY 1967.

ISRAELI AID TO NEPAL

Israel has contributed funds for the training of Nepalese students in Israel, the establishment and advance contribution to the National Construction Company of Nepal (NCCN) in 1961, the local training of overseers and foreman. They are providing aid for training the parochulists in Nepal. They have sponsored the resettlement of Nepalese at Lalapuz, Chitwan, and Nepalgunj.

AUSTRALIAN AID TO NEPAL

The Australians have given Nepal more than a hundred thousand dollars to cover the cost of large pipes for the Sundarjal drinking water project in Kathmandu, road building equipment, X-ray and radio equipment. Their total economic and technical assistance through the end of FY 1966 was about \$1,223,000.

NEW ZEALAND AID TO NEPAL - New Zealand has helped the Swiss with the Central Dairy, have sponsored a sheep farm at Poldhara and have constructed a couple of bridges on the Kanti Raj Path. Through the end of FY 1967 New Zealand had contributed over \$315,000 for technical and economic assistance.

FRENCH AID TO NEPAL

France had supplied the services of Mr. Le Brec, an advisor on tourism and is also providing some scholarships to Nepali students.

PAKISTANI AID TO NEPAL

Pakistan has sought friendly relations with the Nepalese through trade agreements, the training of pilots, and an agreement to construct a series of relay stations across Nepal linking the two wings of Pakistan and Kathmandu to Dacca.

CANADIAN AID TO NEPAL

Canada in 1959-60 contributed \$149,000 worth of wheat to Nepal when a food shortage threatened. They have provided a small amount of technical assistance and some Nepaleschave been trained in Canada.

JAPANESE AID TO NEPAL

The Japanese have provided a hydroelectric study of the Kali Gandaki and there is now a Japanese farmer under a private program on a five year contract demonstrating Japanese techniques in the Rapti Valley. A few years ago a Japanese technician reportedly helped in the design of simple agricultural instruments. A one million dollar loan has been offered to Nepal. The head of the Japanese assistance program visited Nepal in the late spring of 1966. In November, 1967 Mr. Nobushe Kishi, former Prime-Minister of Japan, confirmed that the \$ one million loan had been finalised.

A feasibility survey for a paper factory is now being conducted by Japanese specialists in eastern Nepal. Japan is very interested in providing aid to Nepal for establishing a paper factory and hydro-electric plants.



Yugoslavia - Special trade agreements were worked out with Yugoslavia in 1955 to further mutual cooperation. A 51 million loan offered at that time by Yugoslavia to Nepal has not yet utilized.

Poland - There have been trade talks with Poland and a few Nepalese are studying in Poland.

The United Nations and its Specialized Agencies, including the UN. Technical Assistance, UN Special Fund, World Health Organization (WHO), Food and Agriculture Organization (FAO), International Labor Organization (ILO), UNESCO, UN High Commissioner Refugee, World Meteorological Organization (WMO), International Civil Aviation Organization (ICAO) are aiding Nepal. The UN has a sizeable group in Nepal with 26 persons providing technical assistance in civil aviation, land administration, malaria eradication, and other fields.

A major project was signed on July 14, 1966 under which the UN Special Fund will provide about \$700,000 for a four year pilot study of the irrigation and forestry potential of the Trisuli watershed.

Two agreements were signed in Kathmandu on March 3, 1967, between His Majesty's Government and U.N. World Food Program on the Khajura rehabilitation project and the other on commercial fish farming.

Under the first agreement the World Food Program will provide for the rehabilitation project in Khajura a food aid of Rs.2,326,292. His Majesty's Government will contribute Rs.1,512,192 for local costs.

Under the second program the World Food Program will provide food amounting to Rs.764,928 for the fish farms in the Papti Valley. His Majesty's Government will contribute Rs.1,075,200 for local costs. FAO has also helped in dairy development, construction of approach roads to dairy centres and mixed feed for cattle project.

An agreement for the Irrigation Development of the Sunkoshi was signed on March 23, 1957 between HMG and UN Development Program (Special Fund). Its purpose is to complete the feasibility and preinvestment studies on the development of irrigation in this area. This project will have a three year and half duration with a total outlay of 16.1 million rupees of which 13 million is to be contributed by UNDP and 3.1 millions by HMG. Before this, UNDP financed a preliminary survey of Sunkoshi and a detailed survey of Karnali area.

A survey of the Trisuli watershed is currently being undertaken by ten member team of UN and Nepalese experts. The project, which is expected to take 4 years, includes the construction of a watershed at an estimated cost of 8.4 million rupees, of which 21 percent will be borne by HMG and the remaining 79 percent by the UN Special Fund.

Other non-governmental donors include the Ford Foundation, which furnishes economic advisors to the GOV Ministry of Economic Planning, and the Doolay Foundation, which has completed a health survey.