

Outline of Japan's ODA to Nepal

Ministry of Foreign Affairs of
Japan
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1. Introduction

Diplomatic relations were established in 1956. Since then, friendly and cooperative relations between Japan and Nepal have existed for many decades. After the restoration of democracy in 1990, Nepal has been striving for socio-economic development as well as a stable democratic process and economic liberalization. Though the Government of Nepal and the Maoist had been in conflict since 1996, the comprehensive peace agreement was concluded in November 2006. The Assembly election was conducted in April 2008 and then the new constitute Government was inaugurated in August 2008. Japan started its economic cooperation with a commodity loan (ODA loan) to Nepal in 1969. Currently, Japan intends to support with the focus on the poverty reduction in rural areas, democratization and peace building. Nepal has become a cool earth partner of Japan in March 2009.

(Note: Main Economic Data) Population :28.1 Million,
GNI/Capita: US\$350, Economic Growth Rate:3.2% (2007):WB,WDI
GON Budget (2009-2010,planned):285.93Billion Rupees
(R.1 = ¥ 1.16 as of Jan. 2009)

2. Japan's ODA Policy

Nepal is the one of the Least Developed Countries of South Asia with the lowest per capita income. Striving for socio-economic development, the country needs the assistance due to its harsh location. The stable development in the country which is the buffer state against China and India contributes to the regional stability. Japan has assisted Nepal to accelerate the country's democratization and peace building.

3. Priority Areas

On the basis of Nepal's national development plan(Interim Three Years Plan) and others, Japan mainly focuses on the poverty reduction in rural area, democratization / peace building and socio-economic, Infrastructure considering the priority and concentration.

4. ODA Loan

ODA Loan assistance has been extended mainly for the power sector(Kaligandaki 'A' Hydroelectric Project, Kulekhani Hydropower Station), Disaster Prevention Project. However, no new Loans has been extended in FY 2001. (Note) Cumulative Loan Assistance till FY 2008:63,889 billion yen

5. Grant Aid

Grant Aid started with food aid in 1970 and mainly focused on the basic social sectors of health/medical services, education, as well as development of basic infrastructure in the transport and power sectors. In FY 2008, grant aid was provided for improved traffic condition and effective transportation(Project for the Improvement of Kathmandu-Baktapur Road), for improvement of primary education environment(Project for Construction of Primary Schools in Support of Education for All(Phase II)), for stimulation of rural economy (Project for Construction of Shindhuri Road (section 3) (D/D)) , Food Aid and Grassroots Human Security Grant Aid and so on.

(Note) Total amount in FY2008:2.389 billion Yen(E/N basis)

Cumulative grant aid till FY 2008: 177.23billion Yen(E/N basis)

6. Technical Cooperation

In FY 2008, Japan provided approx.1.371 billion Yen for technical cooperation including development study to Nepal. The Cumulative amount of Japan's technical cooperation to Nepal is 56.748 billion Yen till the end of FY2008. Up to FY 2008, total number of counterparts trained in Japan: 4,057, expert dispatched: 1,632, JOCVs: 958

Japan's ODA to Nepal (past 5 years)

(100 million yen)

FY	ODA Loan	Grant Aid	Technical Cooperation
2004	-	41.29	17.70
2005	-	23.96	14.18
2006	-	44.36	13.69
2007	-	24.09	10.90
2008	-	23.89	13.71
Cumulated Total	638.89	1,772.30	567.48

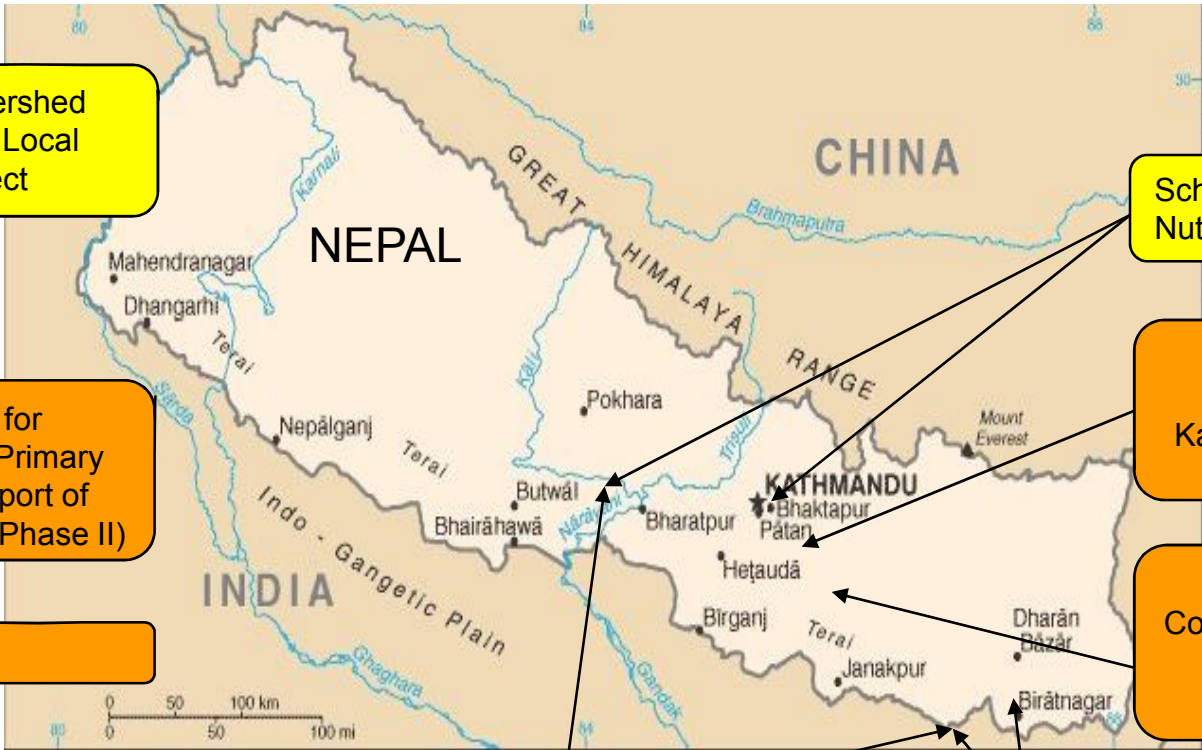
Note: Yen Loan and Grant aid is on E/N basis, Technical Cooperation is JICA disbursement basis

Japan's main ODA projects in FY 2008

Participatory Watershed Management and Local Governance Project

The Project for Construction of Primary Schools in Support of Education for All (Phase II)

Food Aid



School Health and Nutrition Project

The Project for the Improvement of Kathmandu-Bhaktapur Road

The Project for Construction of Sindhuri Road (Section III) (Detailed Design)

Gender Mainstreaming and Social Inclusion Project

Capacity Development on Water Supply in Semi-urban Area

Grant Aid
 Technical Cooperation