

Some Observations on Foreign Aid and Economic Development in Nepal

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INTRODUCTION

The years following the Second World War witnessed a growing development-mindedness in almost all the countries of Asia, Africa and Latin America, collectively called the Third World. For a large number of newly independent countries, development became the keynote of their post-independence slogans. Development was seen as the only way to preserve their hard-earned political independence on the one hand and to meet the rising expectations of the people on the other. Accelerating the pace of growth and development appeared as the focal concern of all - governments, economists and politicians. Meanwhile, the developed countries demonstrated their interest in the subject by extending financial and technical support to their poor counterparts directly on government-to-government basis or through several international institutions which surfaced up after 1945. Quite understandably, the evolution of foreign aid is an indistinguishable part of the history of development ventures in the Third World.

In Nepal, like in many other developing countries, aspirations for development and needs for foreign aid were almost contemporaneous phenomena. After the political change of 1951, the Kingdom set out on the path of development and modernization with a poor traditional economy. Domestic savings capacity was very low and modern technical know-how almost non-existent. The country did not have workable administrative and managerial cadre either. On many counts, right from the very inception, Nepal's development efforts had to fall back upon foreign aid. In course of time, many friendly countries and international agencies responded positively to the Kingdom's appeal for aid. Thanks to its strategic location and non-aligned foreign policy. And, foreign aid emerged as a very significant aspect of the Nepalese economy. Against this background, the present paper is a modest attempt to state the scenario of foreign aid in Nepal and to show its role in the economic advancement of the country.

EXTENT, NATURE AND SOURCES OF AID

Foreign aid first landed in Nepal some 35 years ago. Beginning with a meagre sum in 1951, the quantum of aid expanded steadily after 1956 and has increased several folds then-after. The annual inflow of aid increased from 22 thousand rupees in the fiscal year 1951-52 to 59 million in 1956-57 and to over 25 hundred million rupees in 1983-84. The amount of aid received in 1984-85 totalled nearly 27 hundred million rupees (Table 1). Between 1956-57, the year Nepal launched its First

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Plan, and 1984-85, the closing year of the Sixth Plan, the volume of aid increased at the rate of over 14 percent per annum. Naturally, aid as percent of GDP has grown from less than 3 percent in the 1960s and early 1970s to over 5 percent in late 1970s and to over 6 percent in 1984-85 (Table 2). The history of foreign aid in Nepal has, indeed, been the "story of a trickle turning into a torrent."¹

Nepal's development plans have utilised a progressively larger magnitude of aid - increasing from Rs. 192.4 million in the First Plan to Rs. 476.0 million in the Second, Rs. 967.8 million in the Third, Rs. 1508.9 million in the Fourth, Rs. 4240.8 million in the Fifth and Rs. 10585.2 million in the recently concluded Sixth Plan (Table 3).

Over the years, the structure of aid has recorded a marked change. The share of loans in the total volume of aid has been increasing sharply since the beginning of the Fourth Plan. It increased from 14 percent of the total aid in 1970-71 to 30 percent in 1975-76 and 66 percent in 1983-84. Loans, which never accounted for 10 percent of aid till the Third Plan, constituted 21 percent, 38 percent, and 54 percent of the total aid in the Fourth, Fifth and the Sixth Plan respectively (see Table 1 and 3). Presently, loans alone account for over 4 percent of GDP.

Foreign aid has embraced all sectors of the Nepalese economy. The share of transport and communication sector which consistently absorbed a large chunk of aid (around 39 percent of the total) till the Fifth Plan, came down to 21 percent in the Sixth Plan. The share of agriculture sector, which was around 20 percent of the total aid earlier, increased to 30 percent of the same in the Sixth Plan. The share of industry and power sector reached its peak of 29 percent in the Sixth Plan. Social services sector has also absorbed a significant portion of aid reaching 18 percent of the total in the Sixth Plan (see Table 4).

Nepal presents a brilliant success-case in attracting donors. Practically, every country, which has an international development assistance programme of its own, has shown interest and come forward to support Nepal. Donors, to date, include more than 18 bilateral and 20 multilateral sources. The Nepal Aid Group was formed in 1976 to provide a forum to help coordinate the growing level of aid being extended in line with the development priorities of the Kingdom.² Nepal thus "provides a fascinating example of a recipient who gets economic assistance from diverse sources - communist, non-communist, aligned, non-aligned, developed and underdeveloped."³

Recently, the proportion of aid from multilateral sources has sharply increased - from 5 percent of the total aid in 1970-71 to 57 percent in 1983-84 (see Table 5). Stated plan-wise, multilateral aid, which did not pronounce much till the Third Plan, constituted 16 percent, 40 percent and 54 percent of the total aid in the Fourth, Fifth and the Sixth Plan respectively. Since most aid from multilateral sources is in the form of loans ranging from 65 percent of such aid in the Fourth Plan to 85 percent in the Sixth Plan, the proportion of grants in the aid-structure has fallen drastically (Table 6).

Among the bilateral donors, India, USA and China have traditionally been the major ones collectively accounting for 88 percent, 77 percent, 95 percent and 65 percent of the total aid in the First, Second, Third and the Fourth Plan respectively. The collective share of these three donors, however, declined in the Fifth and the Sixth Plan constituting 29 percent and 20 percent of the total aid respectively. This is partly due to the expansion of the British aid and the emergence of some new important donors as Japan, West Germany and Kuwait in recent years, but mainly due to huge growth of assistance from international agencies. The Soviet Union has never surfaced as a major source except in the Second Plan when it accounted for 16 percent of the total aid (Table 7).

Among the multilateral sources, IDA and ADB are the main sources. IDA accounted for 18 percent of the total aid in the Fifth Plan and 21 percent of the same in the Sixth Plan. ADB contributed 10 percent and 22 percent of the total aid in the Fifth and the Sixth Plan. Other major multilateral donors include the UN group and the OPEC Fund (Table 7).

MAJOR TRENDS

An important trend in the evolution of foreign aid in Nepal is its continued expansion. The aid inflow has increased every year, with few exceptions, and in each successive plan. On the demand side, the ever-widening resource gap and trade deficits have obviously called for more and more of aid. The need for aid is all the more increased by improved absorptive capacity, high maintenance bills and the effects of domestic and international inflation. On the supply side, aid has always been a commodity in plentiful supply. Although the Kingdom has not yet become much aggressive in seeking aid, the supply side has never been a problem. The challenge, indeed, is one of spending the available aid more efficiently and economically.⁴

The changing structure of aid in favour of loans is a significant trend. This obviously shows that the external liability of the Kingdom is on the steady increase. External public debt as percent of GNP has increased from 0.3 percent in 1970 to 14.1 percent in 1983. Debt service ratio has reached 0.3 percent of GNP and 3.0 percent of exports in 1983.⁵ Although Nepal still lags behind many other countries individually or collectively in this case, the growing burden of debt deserves attention particularly in the present context of weakening basis of foreign exchange earnings.

Diversification of sources is also an interesting trend. Prior to 1956, India and USA virtually dominated the aid scenario. Now, the donors include a large number of friendly countries from the North and the South, and the West and the East, and many international donor agencies. The multiplicity of donors has helped the country to raise the level of aid supply.

In recent years, significant shifts have occurred in the sectoral distribution of aid. Much aid has now been attracted to agriculture and power sectors as well - both the mainstays of the Nepalese economy. Encouragingly enough, Nepal has attained certain success in mobilizing aid in line with its needs and priorities. Till some years ago, the donor agencies virtually dictated the allocation and use of aid.⁶ Lots of water have flown under the bridge since then. The utilization of aid now seems to be more in line with the domestic priorities. This is by all standards an encouraging trend.

The improvement in the absorptive capacity as evinced by the growing proportion of disbursements as compared to commitments is an important trend. The volume of aid disbursed as percentage of the volume committed increased from 36 percent in 1975-76 to 82 percent in 1983-84 (Table 8).

Finally, in spite of a continued supply for the last three decades and a half, any reduction in Nepal's dependence on aid does not as yet seem to be in the sight. By several standards including the limited prospects of raising the level of domestic resources beyond a certain modest point, it appears that Nepal may not be able to bring down the level of aid in near future, let alone the prospect of dispensing with it.⁷

FOREIGN AID AND ECONOMIC DEVELOPMENT

From the recipient's point of view, the broad goal of seeking aid is to promote economic development. Nepal is no exception. In a nutshell, the emerging concept of development embraces four basic dimensions: growth, distribution, survival and self-reliance.⁸ The role of foreign aid in Nepal's economic development is examined in terms of the said indicators.

In growth-oriented terminology, increase in national income is considered as the best single indicator of economic development. This requires an expansion of productive capacity which is a function of investment. Funds for investment are released by savings - domestic and/or foreign. During the last three decades, foreign aid has constituted a significant proportion of Nepal's plan expenditures - 90 percent of the total expenditures in the First, 80 percent in the Second, 54 percent in the Third, 46 percent in the Fourth, and 48 percent in the Fifth and the Sixth Plan respectively. Aid has ever become an important source of development finances in the 'capital poor' Kingdom recording a steady increase in resource gap. Meanwhile, it has also helped considerably to finance the growing import needs as required by the development process. Needless to say, the technical assistance, in more than one way, helped to bridge the technology gap constraining the planning and execution of development projects. Foreign aid has played a significant role in removing transport and communication bottlenecks, industrial vacuousness, agricultural backwardness and conspicuous lack of social services, benefits and institutions. To be specific, almost all the highways and communication networks, most public industrial enter-

prises, agricultural and rural development projects and development institutions are foreign aid undertakings.

THE DEVELOPMENT RECORDS

Nepal's development performance during the last three decades is a story of achievements and disappointment. In spite of growing volume of investment largely funded by foreign aid, the growth of GDP is very slow. The growth of GDP has barely exceeded the rate of population growth (sometimes even lagged behind as in the Fifth Plan period) and, obviously, the per capita income almost stagnated keeping the common people's income level at a point where it was three decades ago when the country had no development plan at all.⁹ Six periodic plans, which have already been completed, each more ambitious than the preceding one with more foreign aid support, have brought little impact on the overall growth of the economy as they failed to expand the productive sectors and productive capacity to any significant extent. Agriculture is the main stay of the economy. But it is an irony of the fate that measures taken for agricultural development including expansion of irrigation facilities, use of improved seeds, fertilizers and pesticides, expansion of credit and marketing facilities, price support and input subsidy, and land reforms have clearly failed to raise agricultural productivity in general. In the industry sector, most of the stated objectives of import substitution, basic material production and export promotion have not been met to any considerable extent. The structure of the economy has not marked any remarkable change either. The economy is still predominantly agricultural as it was 30 years ago. Nine out of every ten citizens are yet dependent on agriculture for livelihood.

After three decades of development planning and foreign support, Nepal is now one of the least developed countries in the world. The GNP per capita, which is recently estimated at some 170 US dollars (the effect of recent devaluation of Nepalese currency not considered), is just above four countries - Mali, Ethiopia, Bangladesh and Chad.¹⁰ More than 40 percent of the population subsist below the 'poverty line' i.e., two out of every five Nepali citizens are not in a position to meet even such basic needs of survival as food, shelter, clothing, safe drinking water, elementary health care and primary education. Their standard of living, to use McNamara's expression, is "beneath any reasonable definition of human decency."¹¹ The problem of unemployment and underemployment has further worsened the situation.

Ironically, the poor, who are to be the real beneficiaries of aid, have ever been by-passed. Having little access to fruits of development, they receive a very small portion of aid benefits.¹² More often than not, the large beneficiaries of aid include top level bureaucrats, ruling politicians, contractors, real estate owners, agents, researchers, consultants, designers, etc.¹³ By many indications, aid has benefitted the rich and the semi-rich and thus enhanced inequality, and created the basis for the emergence of a sub-economy away from the mainstream of the national economy. This is all against the ethic of development and, therefore, calls for a new national economic order.

The poor performance on domestic fronts is well reflected in deteriorating balance of trade and payments position (leading to recent devaluation of the currency). Dependence on foreign aid is on a sharp increase. The ongoing Seventh Plan aims at financing 70.6 percent of its outlays through aid.¹⁴ In view of growing share of foreign resources in development financing, one may, imitating Pilloo Modi's wit, wonder: How many years are needed now to make a Nepalese plan cent percent dependent on aid?¹⁵ And, this may not be much crazy.

To sum up, the development records of the last three decades are not impressive, may it be in terms of growth or distribution or survival or self-reliance.

LESSONS FROM EXPERIENCE

By many indications, Nepal has reached a critical stage in its development, calling for serious attention of planners, policy-makers, politicians and donors alike. The recently published New Economic Programme of HMG, which is the third in the series announced during the last four or five years, has also admitted the critical position of the economy.¹⁶ It is high time that we should objectively assess our experiences in the past and draw lessons for realistic planning in the future. The subject needs much discussion. Few points are raised below simply to provoke the readers to throw their views on searching alternative ways to pull the Nepalese economy out of the perpetuating vicious circles of poverty, stagnation and dependence.

One reason why development efforts in Nepal failed to mark a breakthrough in the level of production and income is the confinement in the field of infrastructure and social overheads in the past, which do not directly add to production in the short run. The first four plans were virtually infrastructure plans, and, in a sense, this looks inevitable also when one recalls the conspicuous lack of such facilities in the past. What is more disappointing is the fact that the infrastructure created failed to exert significant impact on the productive fronts which have direct bearing upon the lives of the people. Although the priorities have shifted towards this line since the Fifth Plan, achievements are far beyond the expectations. It is, therefore, imperative that the totality of the development programme should now focus on production fronts with the fuller use of existing infrastructure.

Development plans in Nepal failed one after another in meeting their respective targets and goals. This is either due to unrealistic statement of goals and targets or poor implementation or a combination of both. Realistic and feasible targets should be fixed instead of going in for catchy slogans or phrases. For effective implementation, administrative and managerial skills and processes should be strengthened. But, it appears that the crux of the problem lies more in deteriorating sincerity, dedication and accountability than in lack of insights and expertise and tiers of the bureaucratic hierarchy be made more accountable through a workable monitoring system and incentive structure.

The prevailing aid-mentality both at national and local levels is not a healthy trend. At the national level, ruling politicians, planners and policy-makers prefer to go in for 'soft option' of seeking more and more of aid, and at the local level, people have become more demanding from the centre or outside than ever before. Development projects are much popular in Nepal because they mean more aid-money, facilities, materials, etc. often for rampant use, and local people, as observed by an outsider, "are very hesitant in doing something for themselves unless aid is given to them."¹⁷ Such a culture of dependence, which is evolving in Nepal, discourages the mobilization of domestic resources and involvement on the one hand and weakens the sustainability of the process of development and change on the other. Given this situation to continue, projects may come and project may go but poverty will stand for ever.

Development, howsoever defined, is basically meant for the people. Any development strategy which bypasses the majority of the people is bound to be bankrupt. Rising living condition of the common people is the only measure of development. The need of the day, as emphasized in the recent directives by His Majesty King Birendra, is to provide the people with such basic services as food, clothing, shelter, education, health and security.¹⁸ In a nutshell, development and aid should directly touch the people. Nepal's development strategy should strictly move along these lines and the donor nations and agencies should respond accordingly. Otherwise, the growing 'aid-fatigue' of the donor and 'aid-disillusionment' of the recipient societies will perpetuate speckling the very philosophy of 'foreign aid for economic development.'

FOOTNOTES

1. Chaitanya Misra and Pitambar Sharma, "Foreign Aid and Social Structure in Nepal: Notes on Intra-State Relationships", The Economic Journal of Nepal, Vol. 7, No. 1, January-March 1984, Kirtipur: Faculty of Economics, Tribhuvan University, p. 32.
2. The Aid Group Comprises Austria, Canada, France, Federal Republic of Germany, Japan, Switzerland, United Kingdom, United States of America, ADB, IDA, IMF and UNDP.
3. Ramakant, "Foreign Aid, Economic Growth and Political Development in Nepal", India Quarterly, Vol. XXIX, No. 3, July-September 1973, p. 251.
4. Bhuchandra P.R. Baidya, Foreign Aid and Economic Development in Nepal: Nepal's Experience with Chinese Aid. (Bhubaneswar: Kanark Publishing House, 1984), p. 96.
5. The World Bank, World Development Report, 1985. (Washington D.C.: 1985), p. 204.

6. Bharat Bahadur Pradhan, "Comments on Bhavani Dhungana's Paper: Foreign Aid - A Free Lunch for Nepal?" presented at CEDA Seminar on Current Issues in Nepalese Development, Kathmandu, 1981, p. 3. (Mimeo.)
7. Baidya, op. cit., No. 4, p. 98.
8. See Denis Goulet, "Obstacles to World Development: An Ethical Reflection", World Development, Vol. 11, No. 7, July 1983; and Bhuchandra P.R. Baidya, "Emerging Concepts of Development Planning", paper presented in the National Training Seminar on Concepts and Methods of Development Planning organized by Nepal Social Science Research Council, September 9-21, 1984. (Mimeo.)
9. Bhuchandra P.R. Baidya, Nepal's Development Performance during the Plan Period: An Analysis of Growth and Change. (Bhaktapur: Tribhuvan University, Institute of Education, 1985), p. 52.
10. The World Bank, op. cit., No. 5, p. 174.
11. Robert S. McNamara, "Foreword", World Development Report 1978. (Washington D.C.: 1978), p. iii.
12. Bhavani Dhungana, "Foreign Aid: A Free Lunch for Nepal" in Govind Ram Agrawal (ed.), Current Issues in Nepalese Development. (Kirtipur: Centre for Economic Development and Administration, 1982), p. 140.
13. Rod Rylander, "Is Foreign Aid Good?" in Ramesh Manandhar and Rod Rylander (eds.), Pokernomics: Essays on Economics Development Self-reliance (Perspectives on Nepal). (Kathmandu: East-West Publishers, 1985), p. 115; and Ludwig F. Stiller, S.J., and Ram Prakash Yadav, Planning for People: A Study of Nepal's Planning Experience. (Kathmandu: Sahayogi Prakashn, 1979), p. 56-57.
14. HMG, National Planning Commission, Seventh Plan (2042-2047): Summary. Part I (in Nepali) (Nepal: 2042), p. 60.
15. In the context of increasing unemployment backlog with every Five Year Plan in India, Piloo Modi is reported to have asked a question in the parliament: How many five year plans are needed to make the whole of India unemployed?
16. The objectives of this programme include (a) reduction in imports, (b) substitution of imports, (c) augmentation of exports; and (d) reduction in government expenditures.
17. Raylander, op. cit., No. 13, p. 114.
18. See His Majesty King Birendra's Royal Address to Central Regional Panchayat Workers' Rally, The Rising Nepal, Kathmandu; January 18, 1986.

Table 1
Nepal: Annual Inflows of Foreign Aid

(In Million Rupees)^a

Year(s)	Grants	Loans	Total
1951-52 to 1955-56 ^b	95.0 (100.0)	-	95.0 (100.0)
1956-57	59.4 (100.0)	-	59.4 (100.0)
1957-58	58.1 (100.0)	-	58.1 (100.0)
1958-59	35.1 (100.0)	-	35.1 (100.0)
1959-60	93.2 (100.0)	-	93.2 (100.0)
1960-61	137.1 (100.0)	-	137.1 (100.0)
1961-62	186.4 (100.0)	-	186.4 (100.0)
1962-63	83.7 (85.8)	13.8 (14.2)	97.5 (100.0)
1963-64	165.9 (92.2)	14.1 (7.8)	180.0 (100.0)
1964-65	182.8 (92.1)	15.7 (7.9)	198.5 (100.0)
1965-66	175.3 (96.9)	5.7 (3.1)	181.0 (100.0)
1966-67	142.2 (93.6)	9.7 (6.4)	151.9 (100.0)
1967-68	158.1 (97.3)	4.4 (2.7)	162.5 (100.0)
1968-69	219.2 (99.1)	2.0 (0.9)	221.2 (100.0)
1969-70	243.7 (97.0)	7.5 (3.0)	251.2 (100.0)
1970-71	270.7 (89.3)	32.5 (10.7)	303.2 (100.0)
1971-72	242.1 (86.2)	38.9 (13.8)	281.0 (100.0)
1972-73	177.1 (77.8)	50.5 (22.2)	227.6 (100.0)
1973-74	222.5 (71.7)	87.9 (28.3)	310.4 (100.0)
1974-75	282.8 (73.1)	103.9 (26.9)	386.7 (100.0)
1975-76	359.7 (71.1)	145.9 (28.9)	505.6 (100.0)
1976-77	392.5 (70.5)	164.4 (29.5)	556.9 (100.0)
1977-78	466.6 (55.0)	381.8 (45.0)	848.4 (100.0)
1978-79	599.3 (60.6)	390.1 (39.4)	989.4 (100.0)
1979-80	805.6 (60.1)	534.9 (39.9)	1340.5 (100.0)
1980-81	868.9 (55.6)	693.3 (44.4)	1562.2 (100.0)
1981-82	993.3 (57.6)	729.9 (42.4)	1723.2 (100.0)
1982-83	1090.1 (52.5)	985.8 (47.5)	2075.9 (100.0)
1983-84	876.6 (34.4)	1670.9 (65.6)	2547.5 (100.0)
1984-85	923.4 (34.5)	1753.0 (65.5)	2676.4 (100.0)

Notes: a) All figures are reported in Nepalese Rupees.

b) Annual breakdowns are not available.

c) Figures in the brackets show percentage shares.

Source: Ministry of Finance, Budget Speeches and Economic Survey Reports (various issues).

Table 2.
Nepal: Foreign Aid as Percentage of GDP

<u>Year</u>	<u>Grants</u>	<u>Loans</u>	<u>Total</u>
1964-65	3.3	0.3	3.6
1965-66	2.5	0.1	2.6
1966-67	2.2	0.2	2.4
1967-68	2.2	0.1	2.3
1968-69	2.7	-	2.7
1969-70	2.8	0.1	2.9
1970-71	3.0	0.4	3.4
1971-72	2.3	0.4	2.7
1972-73	1.8	0.5	2.3
1973-74	1.7	0.7	2.4
1974-75	1.7	0.6	2.3
1975-76	2.1	0.8	2.9
1976-77	2.3	1.0	3.3
1977-78	2.4	1.7	4.1
1978-79	2.7	1.8	4.5
1979-80	3.4	2.3	5.7
1980-81	3.2	2.5	5.7
1981-82	3.3	2.4	5.7
1982-83	3.2	2.9	6.1
1983-84	2.3	4.4	6.7
1984-85	2.2	4.2	6.4

Table 3
Nepal: Inflow of Foreign Aid in Nepal

(In Million Rupees)

<u>Period</u>	<u>Grants</u>	<u>Loans</u>	<u>Total</u>
Pre-plan period (1951/52 - 1955/56)	95.0 (100.0)	-	95.0 (100.0)
First Plan period (1956/57 - 1960/61)	382.9 (100.0)		382.9 (100.0)
Plan Gap Year (1961/62)	186.4 (100.0)		186.4 (100.0)
Second Plan period (1962/63 - 1964/65)	432.4 (90.8)	43.6 (9.2)	476.0 (100.0)
Third Plan period (1965/66 - 1969/70)	938.5 (97.0)	29.3 (3.0)	967.8 (100.0)
Fourth Plan period (1970/71 - 1974/75)	1195.2 (79.2)	313.7 (20.8)	1508.9 (100.0)
Fifth Plan period (1975/76 - 1979/80)	2623.7 (61.9)	1617.1 (38.1)	4240.8 (100.0)
Sixth Plan period (1980/81 - 1984/85)	4759.3 (44.9)	5832.9 (55.1)	10585.2 (100.0)

(Figures inside the brackets indicate percentage shares)

See Table 1.

Table 4
Nepal: Sectoral Distribution of Aid

(in percent)

Sector	1951/52 to the end of Third Plan	Fourth Plan	Fifth Plan	Sixth Plan
Transport and Communication	39.1	38.6	38.2	21.5
Industry and Power	17.2	22.8	28.3	29.2
Agriculture	19.6	19.5	19.3	30.1
Social Services	16.2	14.9	13.7	18.5
Others	7.9	4.2	-	0.7
Total	100.0	100.0	100.0	100.0

Table 5
Nepal: Sources of Aid

(in percent)

<u>Year</u>	<u>Bilateral</u>	<u>Multilateral</u>	<u>Total</u>
1970-71	94.7	5.3	100.0
1971-72	91.2	8.8	100.0
1972-73	84.6	15.4	100.0
1973-74	79.7	20.3	100.0
1974-75	71.5	28.5	100.0
1975-76	65.4	34.6	100.0
1976-77	66.6	33.4	100.0
1977-78	53.8	46.2	100.0
1978-79	54.5	45.5	100.0
1979-80	63.1	36.9	100.0
1980-81	54.9	45.1	100.0
1981-82	52.8	47.2	100.0
1982-83	45.6	54.4	100.0
1983-84	38.6	61.4	100.0
1984-85	43.2	56.8	100.0

Table 6
Nepal: Composition of Bilateral and Multilateral Aid

(in percent)

<u>Period</u>	<u>Bilateral Aid</u>			<u>Multilateral Aid</u>		
	<u>Grants</u>	<u>Loans</u>	<u>Total</u>	<u>Grants</u>	<u>Loans</u>	<u>Total</u>
First Plan	100.0	-	100.0	-	-	-
Second Plan	90.8	9.2	100.0	-	-	-
Third Plan	97.0	3.0	100.0	-	-	-
Fourth Plan	87.9	12.1	100.0	35.1	64.9	100.0
Fifth Plan	85.7	14.3	100.0	26.2	73.8	100.0
Sixth Plan	80.6	19.4		14.7	85.3	100.0

Table 7
Nepal: Major Sources of Aid

(Shares in Percent)

	<u>First Plan</u>	<u>Second Plan</u>	<u>Third Plan</u>	<u>Fourth Plan</u>	<u>Fifth Plan</u>	<u>Sixth Plan</u>
<u>Bilateral:</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>83.5</u>	<u>60.0</u>	<u>44.7</u>
India	21.4	23.1	56.9	37.4	15.2	9.9
USA	58.1	44.7	22.7	14.0	6.6	5.5
China	8.4	9.4	15.8	14.0	7.3	4.4
UK	1.0	1.7	1.2	9.7	10.4	4.6
Japan	-	-	-	..	5.7	9.4
West Germany	-	-	-	-	4.1	2.9
Kuwait	-	-	-	-	3.6	1.5
USSR	2.2	16.1	1.9	0.5
<u>Multilateral</u>	<u>..</u>	<u>..</u>	<u>..</u>	<u>16.5</u>	<u>40.0</u>	<u>55.3</u>
IDA	-	-	-	-	17.7	21.0
ADB	-	-	-	1.8	10.0	21.6
UN Group	1.7	9.2	6.5
OPEC Fund	-	-	-	-	1.6	1.4
<u>Total</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

Source: Ministry of Finance.

Table 8
Nepal: Foreign Aid (Commitments and Disbursements)

(In Million Rupees)

<u>Year</u> (1)	<u>Commitments</u> (2)	<u>Disbursements</u> (3)	<u>3 as percent of 2</u> (4)
1975-76	1415.8	505.6	35.7
1976-77	1911.2	556.9	29.1
1977-78	1956.2	848.4	43.4
1978-79	2417.3	989.4	40.9
1979-80	1911.6	1340.5	70.1
1980-81	4019.6	1562.2	38.9
1981-82	2886.1	1723.2	59.7
1982-83	2959.2	2075.9	70.2
1983-84	3099.6	2547.5	82.2
1984-85	5991.4	2676.4	44.7

See Table 1.