



Japan International Cooperation Agency

JICA IN NEPAL

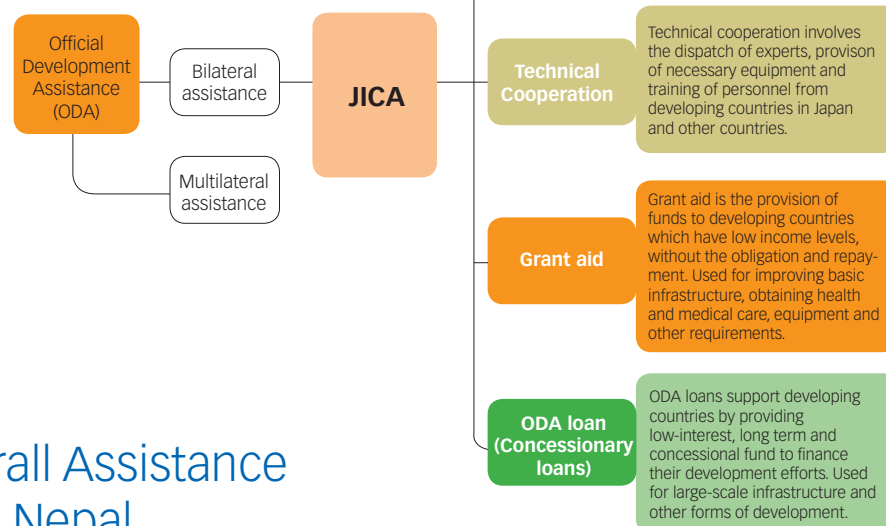
Inclusive and Dynamic Development

JICA, A bridge linking Japan & developing countries

ODA and JICA

To further deepen partnerships with developing countries and contribute to the peace and development of the international community, Japan has provided ODA to developing countries for more than half a century.

As an implementing agency of the Japanese ODA, JICA has helped foster human resources, technology transfer and infrastructure development through technical cooperation. ODA loans and grant aid based on bilateral assistance. JICA, the world's largest bilateral aid agency, works in over 150 countries and regions and has 100 overseas offices.



JICA's Overall Assistance Strategy in Nepal

Basic Strategy: Achieving equitable and sustainable growth

JICA has been an active development partner of Nepal since 1970. It helps Nepali people realize their development issues and address them in a participatory manner through the following overall assistance strategy in Nepal.

Priority areas for assistance	Development issues	JICA Cooperation Programs	Specific areas of assistance
Infrastructure and institutional development for sustainable economic growth	Social and economic infrastructure development	Transport Infrastructure Development	Trunk road development; rural road and regional bridge development; road O&M improvement; transportation improvement in the Kathmandu Valley; and airport development.
		Power Generation, Transmission and Distribution Capacity Improvement	Hydropower development; capacity building for power development planning, implementation and power transmission network development
		Urban Environment Improvement	Urban water supply (Kathmandu Valley, provincial cities); and waste management
	Private sector development	Private Sector Development	Business environment development (SME support; policy and institutional support etc)
Consolidation of peace and steady transition to a democratic state	Establishment of mechanism for a democratic state and society	Democratization Process Support	Establishment of the rule of law; development policy and growth strategy dialogues; support for the media; and support for community mediation
	Public administration improvement	Public Administration Capacity Building	Local administration strengthening; and monitoring & evaluation system development
Rural poverty reduction	Rural living standards improvement	Agricultural and Rural Development	High value-added and diversification of agricultural products: and Food productivity improvements
	Education and health services improvement	EFA: Education for All	Support for school management improvements; and Infrastructure development, including school and classroom construction
		Community Health Situation Improvement	School health



JICA's Priorities in Nepal

Nepal is a Least Developed Country with one of the lowest income levels in South Asia. Being one of the major donors of Nepal, JICA is trying to meet the expectations of Nepali people by working for Nepal's stable development.



PRIORITY AREA 1

Infrastructure and institutional development for sustainable economic development

Infrastructure is the main engine for growth and development. By setting up infrastructures such as transport, power and water supply, a country can move ahead in the path for development and poverty alleviation. In Nepal's case, weak transportation network, power shortages and polluted urban environment have a considerable impact on people's lives and economic development.

Therefore, this area prioritizes development and improvement of social and economic infrastructure like roads, bridges, energy, irrigation, urban environment, including water supply and wastewater, to boost economic opportunities in Nepal.





The programs under this area are:

1 DEVELOPING TRANSPORT INFRASTRUCTURE

Nepal has one of the shortest per person road density in South Asia. Although a lot of rural roads have been constructed, most of them are of sub-standard and not operable all year round. Construction of all-year round ply-able rural roads is one of the challenging issues. Existing roads are also vulnerable against disaster as Nepal is a mountainous country. Only one reliable land route links Kathmandu with the Terai. Out of the total of 75 districts, 3 districts still lack a motorable road.

In Kathmandu Valley, chronic traffic jam is a perennial problem. Even though air route is one of the important transports in Nepal, air transport infrastructure is not sufficient to ensure safer air travel. Without the reliable roads and dependable airport and transport infrastructure the economic progress will be hindered. The objective of JICA's assistance is to develop transport network and accelerate economic development.

Major projects:

- Project for the Improvement of Transportation Capacity (GA)
- Project for Modernization of Tribhuvan International Airport (GA)
- Project for Improvement of Intersection in Kathmandu (GA)
- Project for the Construction of Sindhuli Road (GA)
- Project for the Countermeasure Construction for Landslides on Sindhuli Road (GA)
- Project for the Operation and Maintenance of Sindhuli Road (TC)
- Project for the Improvement of Community Access (GA)
- Project for the Improvement of Kathmandu-Bhaktapur Road (GA)
- The Study on Kathmandu Valley Urban Road Development (TC)

The four-lane Kathmandu-Bhaktapur road (9.1 km) and the Sindhuli Road (160 km) have been helped in easing traffic congestion in the Valley and linking the Capital city with the Eastern Region, respectively



2 POWER GENERATION AND TRANSMISSION CAPACITY IMPROVEMENT

Nepal has an abundance of water resources. According to estimates, the country has 42,000 MW of viable hydropower potential. The peak generation capacity of electricity at the present is only about 718 MW. Since around 86% of electricity in Nepal is being generated by run-off river type hydroelectric power facilities, electricity generation capacity decreases considerably in the dry season when the water flow of river is low. As a result, people face acute load shedding that extended up to 16 hours per day in the past. Moreover, Nepal is experiencing load-shedding even in the rainy season. This indicates a huge gap in the demand and supply of electricity. Since the demand for electricity is expected to increase continuously in the coming years, the electricity supply-demand gap is bound to further go up.

Construction of electric power facilities needs to be promoted to reduce the gap between power demand and supply. Furthermore, development of storage type hydropower generation is necessary for improving the present electricity situation and reducing the seasonal balance of electricity generation capacity. One-third of the total electricity generated in Nepal is produced with Japan's support.

Major projects:

- Project for Extension and Reinforcement of Power Transmission and Distribution System in Kathmandu Valley (GA)
- Nationwide Master Plan Study on the Storage Type Hydroelectric Power Development in Nepal (TC)
- Kali Gandaki 'A' Hydropower Project (LA)
- Kulekhani Hydropower Projects (LA)
- Project for the Construction of New Kwasoti Substation (GA)



3 URBAN ENVIRONMENT IMPROVEMENT

Program under urban environment focuses management of rapid urbanization of Kathmandu Valley and provincial cities of the country. Assistance includes improvement of water supply facilities, waste water and solid waste management as such. Access to safe and durable water has been major focus of JICA's assistance. It supports construction of new waterworks facilities as well as improvement of water supply services by building technical capacity of water supply entities. Expertise and experience of Japan in constructing and managing such facilities are utilized through dispatch of technology and experts.

In addition, JICA supports other environment and climate change related activities. Construction of solar energy plants, projects on watershed management, and water induced disaster and risk mitigation are some of few major interventions in this regard.



Major projects:

- Kathmandu Water Supply Facility Improvement Project (GA)
- The Project for Improvement of Kathmandu Water Supply Facilities (GA)
- The Project for Water Supplies to Urban and Semi-Urban Centers (GA)
- The Project for the Improvement of Water Supply Facilities in Urban and Semi-Urban Areas (GA)
- Project for Capacity Development on Water Supply in Semi-Urban Areas (TC)
- Melamchi Water Supply Project (LA)
- Project for the Introduction of Clean Energy by Solar Electricity Generation System (GA)

Japan's grant aid contributed to the construction of 15 water treatment plants in the country. In terms of treatment capacity, they make up about 52% of the capacity within the Kathmandu Valley



4 PRIVATE SECTOR DEVELOPMENT

Private sector development has been included as a new entry in JICA's new country assistance strategy, as it poses another important challenge to driving economic growth. Specifically, it aims to improve the business environment for the growth of local enterprises in secondary and tertiary industries, as well as the promotion of direct inward investment, through (small and medium-sized) enterprises development, deregulation, improvements in industrial relations, streamlining of customs procedures, and human resources development for industries. Currently, a preparatory study is ongoing to develop future programs.

PRIORITY AREA 2

Consolidation of Peace & Steady Transition to Democracy

Nepal's development has been moving at a snail's pace due to the internal conflict. As a prerequisite for sustainable economic growth, it is crucial to build a mechanism to reinforce state governance functions in the transition period. This sector prioritizes efforts to accomplish "establishment of mechanism for a democratic state and society" by promoting a democratic process

that constitutes the foundation of a new state and society building, including support for the establishment of a new constitution, of a federal system, of elections and of basic laws. Such mechanism building for a democratic state and society also requires "public administration improvement" both at the central and local levels.

The programs under this area are:

1. DEMOCRATIZATION PROCESS SUPPORT

Nepal's development has been moving at a snail's pace due to the internal conflict. As a prerequisite for sustainable economic growth, it is crucial to build a mechanism to reinforce state governance functions in the transition period. This sector prioritizes efforts to accomplish "establishment of mechanism for a democratic state and society" by promoting a democratic process that constitutes the foundation of a new state and society building, including support for the establishment of a new constitution, of a federal system, of elections and of basic laws.

Such mechanism building for a democratic state and society also requires "public administration improvement" both at the central and local levels.

Major projects:

- Nepal's State Building: Development and Growth Strategy (TC)
- Strengthening Community Mediation Capacity for Peaceful and Harmonious Society (TC)
- Support to Election Commission, Nepal (TC)
- Project for Promoting Peace Building and Democratization through the Capacity Development of Media Sector in Nepal (TC)



2. PUBLIC ADMINISTRATION CAPACITY BUILDING

JICA is assisting in Nepal's state building process by strengthening governance at the central and the local level. It works for capacity building at the central level as well as local governments, primarily on project planning, implementation, and monitoring & evaluation.

The main strategy is to develop awareness of the central

government on ownership and to reinforce planning and implementation capacity, policies and systems for effective development programs as well as improving government institutions.

Similarly, JICA's assistance focuses on maximum utilization of local resources and expertise to make local people more accountable and responsible for their own development.

Major projects:

- Strengthening Community Mediation Capacity for Peaceful and Harmonious Society (TC)
- Strengthening the Monitoring and Evaluation System in Nepal (TC)
- Gender Mainstreaming and Social Inclusion Project (TC)
- Participatory Watershed Management and Local Governance Project (TC)
- Support Civil Code and related Laws (TC)



PRIORITY AREA 3

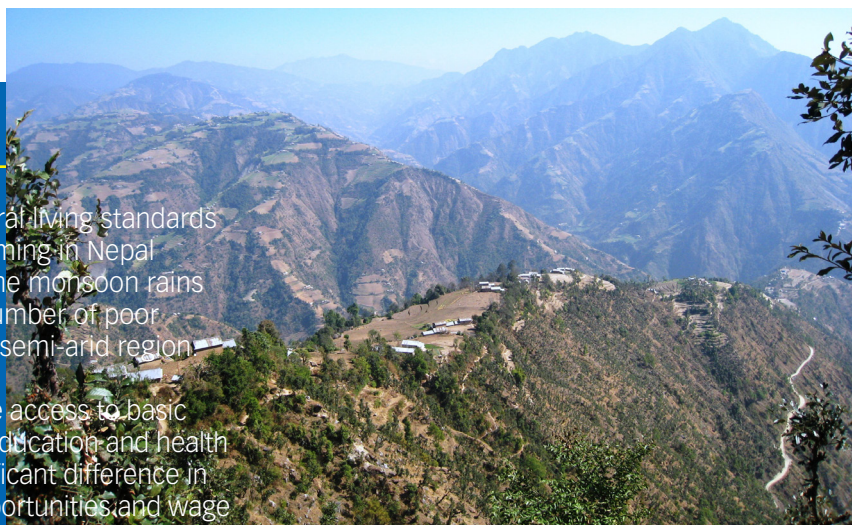
Rural Poverty Reduction

Poverty remains a chronic problem in rural Nepal, impeding the transformation of agriculture. The rural-urban disparity triggered by poverty is widening. Socially vulnerable people who are facing regional, ethnic, caste and gender inequalities live in vast swathes of rural areas and the economic gap, stemming from inequality, has been taking shape. This may lead to social instability and hence may affect sustainable economic growth. To achieve growth, direct assistance

to improve rural living standards is a must. Farming in Nepal depends on the monsoon rains and a large number of poor people live in semi-arid region.

Similarly, since access to basic services like education and health makes a significant difference in economic opportunities and wage levels, it is therefore important to work on education and health services improvement.

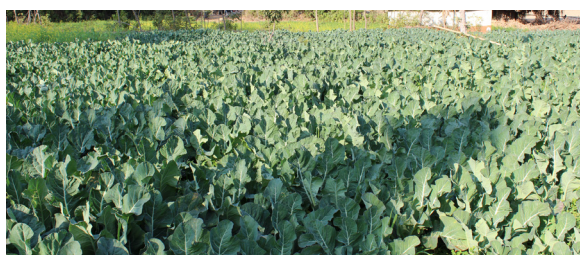
The programs under this area are:



JICA believes that poverty (25.6% at present) can be reduced to a great extent through some initiatives like 'One Village, One Product'

1. AGRICULTURE AND RURAL DEVELOPMENT

Nepal's agriculture sector, backbone of economy (65% of GDP), is at subsistence level but is gradually shifting towards market-led agriculture. Challenges such as low productivity, inadequate service delivery mechanism, less infrastructural facilities envelop this sector. In order to alleviate poverty (25.6%), agriculture and rural development are vital for socio-economic development. The increasing flow of migration has decreased farm labors, further worsening the situation with cyclical effects on agricultural productivity and growing disparity between rural and urban areas.



JICA considers agriculture the engine for poverty reduction and economic growth. Thus JICA aims to promote high value agricultural commodities that help augment people's income. Farmers' better life standard means high chances of importing high value agriculture commodities. Making Nepali farmers self-reliant in food production through some initiatives such as 'One Village, One Product' is another main activity of JICA. Necessary infrastructures can boost production, processing and marketing so that farmers and consumers can reap benefits.

Major projects:

- Project for the Master Plan Study on High Value Agriculture Extension and Promotion in Sindhuli Road Corridor (TC)
- Grant Assistance for the Underprivileged Farmers (GA)
- The Horticulture Development Project (TC)
- Janakpur Zone Agriculture Development Project (TC)

2. EDUCATION FOR ALL

JICA's cooperation in the education sector focuses on enabling Nepal to achieve the goals of Education for All (EFA). Different programs/projects are being implemented to improve access to education, quality education and school management.

The current and future programs are designed in line with the overall framework of EFA aiming to contribute towards achieving the goals of School Sector Reform Plan (SSRP) and MDG. SSRP introduces new reforms characterized by strategic interventions such as the restructuring of school education, improvement in quality of education, and institutionalization of performance accountability.

Aiming to achieve the MDGs, including enrollment ratio and school dropout rate, JICA is assisting in improving primary education. In future cooperation, JICA aims to allocate maximum resources to: strengthening management capacity of school through technical cooperation projects and improving access and learning environment through school construction.

Major projects:

- Support for Improvement of Primary School Management (GA)
- Promoting Quality Education through Community based School Management (TC)
- The Project for Basic Education Improvement in Support of the School Sector Reform in Nepal (TC)

3. COMMUNITY HEALTH

Japan has been providing a long-term assistance to the health sector by constructing hospitals and adopting measures against tuberculosis. Since the Government of Nepal and donors are actively



The SISM project has brought about positive changes in the school level such as increased awareness, simplified and implementable plans, resource mobilization, formation of child clubs and mother's groups



working in the health sector, JICA assists in improving school health, addressing improvement of malnutrition with in partnership with the Nepal government. The aim of JICA's support in the health sector is to improve access to basic health services of school children, disease prevention, and to improve parents and community though school children.

JICA's assistance to this program is mainly grass-root cooperation through the dispatch of Japanese volunteers and by implementing several projects in cooperation with Japanese NGOs and local NGOs.

Major projects:

- School Health and Nutrition Project (TC)

Other health sector projects:

- Establishment of Tribhuvan University Teaching College (GA)
- Establishment of Tribhuvan University Teaching Hospital (GA)
- Construction of the National Tuberculosis Centre (GA)
- Project for the Expansion of Tribhuvan University, Institute of Medicine and the Teaching Hospital (GA)
- Project for Expansion of Kanti Children's Hospital (GA)