

Commentary

## FOREIGN AID IN NEPAL: NO BANG FOR THE BUCK

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Nepal lived in relative isolation from world trends till the middle of the 20th century, when it abruptly got rid of the Rana oligarchs and decided to join up.<sup>1</sup> Modernisation became part of the national agenda, and terms like *bikās* (development) and *bideśī sahāyatā* (foreign aid) entered the vocabulary. By the end of the First Five Year Plan (1956-1961) Nepal had metamorphosed from "forbidden kingdom" to "developing country".

Since the early 1950s, when Americans arrived to rid malaria from the *tarāī* and the Indians to build the Tribhuvan Highway through to the Kathmandu Valley, Nepal has been in single-minded pursuit of *bikās*, most of it funded from the donors' pockets. Both "modernisation" and "development" were ushered in, and continue to be serviced today, by foreign assistance. King Mahendra, the present monarch's prescient father, used the Cold War and Nepal's geopolitically strategic location to advantage by maximising donor receipts. Before long, Nepal's budget was divided into "regular" and "development" sections, and all of the latter was being supported by foreign money.

Besides encouraging the migration of highlanders to a DDT-sprayed Tarai, back then the Americans also gave Nepal its largest lumber mill, and World War II vintage airplanes to help start Royal Nepal Airlines. The Russians came in with a modern cigarette factory in Janakpur and cut a swath of highway through wildlands between Janakpur and Hetauda. Not

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1 An earlier version of this article was originally commissioned for an issue of *Akzente* which was co-published by the German aid institutions GTZ and KFW. However, the editors of that development magazine were unable to print it due to "conceptual reconsiderations" relating to the "independent position" taken by the writer on foreign aid. They were fearful that, while critical commentary is understood by the readers of the German-language *Akzente*, "the same approach can have quite different consequences in a partner country"—in this case Nepal. Wrote the editors, "Critical texts by independent authors could then be easily misunderstood not as expressions of journalistic freedom but as German Federal Government criticism of our partners." It was then offered to *The Kathmandu Post*, who were willing to publish the article but not the information about its rejection by the German publication. A shortened version of the piece appeared in *The Everest Herald* in November 1996.

to be outdone, the Chinese built road links to Kodari and Pokhara, a brick and a shoe factory in Kathmandu, and donated a trolley bus line. The Swiss trained cheese-makers and motor mechanics; the Germans took over the restoration of Bhaktapur; and the Japanese busied themselves with agricultural development.

Over the decades, one development slogan pursued another, and Nepalis experienced it all as passive participants. The fads were all prepared elsewhere and we were handed one every five years or so—from industrialisation to sustainable development, integrated hill development to structural adjustment, import-substituted to export-led, basic needs to growth-oriented, trickle down to people first, privatisation to poverty alleviation (the slogan currently doing the rounds). When the United Nations and the bilateral aid agencies discovered 'ngos' (non-governmental organisations) as the carriers of donor dollars in the late 1980s, Nepalis immediately conjured them out of the thin air to access the money which began flowing from that particular tap.

The Nepali bureaucracy stood by meekly as the donors decided among themselves who would become the "lead agency" in this sector or that. When the donors proposed that they divide up the country among themselves so that Nepal could develop better, we said fine and allowed the balkanisation of national development. The Canadians chose a chunk of the western Karnali region, the Germans spread their largesse in the central Gandaki zone, and the British concentrated their efforts in the eastern region.

We have seen seven five year plans and a three year plan since the talk of *bikās* began. These have been futile exercises not to be taken seriously by anyone, least of all the donor community which, according to one expert, has rarely followed the plan documents' directives on share allocation to the various sectors, such as social services, industry, agriculture, and transport and communications.

Now the world has changed. Nepal has changed. Democracy has arrived. Socialism has apparently been vanquished by the market. But, unable to do away with a banal exercise which we have committed to rote, we must come up with a plan document every half decade. Even now, the national planning commissioners in Singha Durbar, routinely and ignominiously kicked in and out of office by succeeding parties in government, are putting finishing touches to The Ninth Five Year Plan.

So much for national plans. Master plans, all of them foreign funded, have been prepared many times over for every major area, from tourism to irrigation. These are opportunities for foreign experts to present the locals

with highly idealistic treatises which are promptly shelved in anticipation of the next master plan "project". At last count, Kathmandu Valley had eight master plans to guide its urban development, all of which have stood sentinel as the Valley converted itself into a toilet bowl.

### **Dollar Intoxication**

It was back in 1951 that foreign aid began in a trickle, when the exchange rate was about NRS 7.6 to the dollar and the country had a population of less than 8 million. It soon achieved the force of a raging torrent and continues to gush today, 45 years later, when the population has nearly tripled to 21 million and a dollar brings 57 Nepali rupees. Back then, Nepal received less than USD 5 million a year, and it was mostly in grants till about 1970. In 1995, Nepal received assistance to the tune of USD 251 million, 60 percent of it in loans. Between 1951 and 1995, Nepal's collection of foreign aid (both grants and credit) totalled USD 3.68 billion. (To put this figure in perspective: Nepal's current annual budget is about USD 800 million, of which about 40 percent is internal revenue).<sup>2</sup>

The question to ask of foreign aid is: has there been a sufficient "bang for the buck", and for whose benefit? Has external assistance acted as a catalyst to upgrade the living standards of the population, something which Nepal might not have been able to achieve otherwise? The answer is, no. Foreign taxpayers' money has been squandered on Nepal, even while the initiative-taking energy of Nepalis has been sapped.

There are always exceptions, of course, and we all know of programmes which have worked quietly, modestly and effectively, to upgrade skills, to ensure that the Nepalis are prepared to tackle the modern world, to ensure that they become capable and self-reliant. But, overwhelmingly, foreign development aid has merely thrown money at the "problem of Nepal".

Foreign assistance has centralised power and privileges in the Kathmandu Valley. It has pampered the old money and Kathmandu's landed, and also helped to create and intoxicate Nepal's *nouveau riche*. It has created a dependency syndrome right from the central secretariat to the village roundtable—as represented in the government's inability to mobilise "domestic resources" (through taxation, incentives,

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<sup>2</sup> I am grateful to economist Bikas Joshi for his first-time compilation of data on foreign assistance received since 1951, which is presented in the accompanying tables, previously published in *Himal South Asia* 10(2): 71.

Table 1: Foreign Aid (Grant and Loans), 1951-1995

Year	E-rate (Rs/s)	Grant (Rs million)	Grant (\$ million)	Loan (Rs million)	Loan (\$ million)	Total (Rs million)	Total (\$ million)	Grant as % of Total	Loan as % of Total
1951-56	7.6	95	12.50	0	0.00	95	12.50	100.00	0.00
1956-57	7.6	27.3	27.3	0	0.00	27.3	27.3	100.00	0.00
1957-58	7.6	58.1	7.64	0	0.00	58.1	7.64	100.00	0.00
1958-59	7.6	35.1	4.62	0	0.00	35.1	4.62	100.00	0.00
1959-60	7.6	125.3	16.49	0	0.00	125.3	16.49	100.00	0.00
1960-61	7.6	125.1	16.46	0	0.00	125.1	16.46	100.00	0.00
1961-62	7.6	181.6	23.89	1	0.13	182.6	24.03	99.45	0.55
1962-63	7.6	76.5	10.07	11.6	1.53	88.1	11.59	86.83	13.17
1963-64	7.6	165.9	21.83	11.4	1.50	177.3	19.33	93.57	6.43
1964-65	7.6	141	18.55	5.9	0.78	146.9	19.33	95.98	4.02
1965-66	7.6	175.3	23.07	3.3	0.43	178.6	23.50	98.15	1.85
1966-67	7.6	142.2	18.71	3.7	0.49	145.9	19.20	97.46	2.54
1967-68	7.6	158.1	20.80	0	0.00	158.1	20.80	100.00	0.00
1968-69	10.1	185.9	18.41	0	0.00	185.9	24.88	96.98	3.02
1969-70	10.1	243.7	24.13	7.6	0.75	251.3	30.02	89.28	10.72
1970-71	10.1	270.7	26.80	32.5	3.22	303.2	37.82	86.16	13.84
1971-72	10.1	242.1	23.97	38.9	3.85	281	22.53	79.17	20.83
1972-73	10.1	180.2	17.84	47.4	4.69	227.6	28.31	12.31	87.69
1973-74	10.5	222.6	21.20	87.9	8.37	310.5	36.83	73.13	26.87
1974-75	10.5	282.8	26.93	103.9	9.90	386.7	48.15	12.44	87.56
1975-76	10.5	359.7	34.26	145.9	13.90	505.6	66.14	13.08	86.92
1976-77	12.45	392.5	31.53	164.4	13.20	556.9	73.13	13.14	86.86
1977-78	12.45	466.6	37.48	381.8	30.67	848.4	112.65	13.28	86.72
1978-79	11.9	599.3	50.36	390.1	32.78	989.4	134.50	13.49	86.51
1979-80	11.9	805.6	67.70	534.9	44.95	1340.5	156.22	11.65	88.35
1980-81	11.9	868.9	73.02	693.3	58.26	1622.2	181.48	11.26	88.74
1981-82	11.9	993.3	83.47	729.9	61.34	1723.2	144.81	8.38	91.62
1982-83	13.1	1090.1	83.21	985.8	75.25	2075.9	158.47	7.64	92.36
1983-84	14.4	876.6	60.88	1670.9	116.03	2547.5	176.91	52.51	47.49
1984-85	16.3	923.4	56.65	1753	107.55	2676.4	164.20	34.50	65.50
1985-86	17.6	1120.6	63.67	2370.9	134.71	3491.5	198.38	32.10	67.90
1986-87	21.1	1078.3	51.10	2236.1	105.98	3314.4	157.08	32.53	67.47
1987-88	21.8	1984.2	91.02	3094.3	141.94	5078.5	232.96	39.07	60.93
1988-89	23.5	1478.2	62.90	4188.7	178.24	5666.9	241.14	26.08	73.92
1989-90	27.4	1798.8	65.65	4628.3	168.92	6427.1	234.57	27.99	72.01
1990-91	29.1	1630	56.01	4360	149.83	5990	205.84	27.21	72.79
1991-92	42.7	1531	35.85	6269.4	146.82	7800.4	182.68	19.63	80.37
1992-93	42.6	3273.9	76.85	5961.7	139.95	9235.6	216.80	35.45	64.55
1993-94	49	2393.6	48.85	9163.6	187.01	11557.2	235.86	20.71	79.29
1994-95	49.11	4998.7	101.79	7312.2	148.89	12310.9	250.68	40.60	59.40
Total 1951 to 1994/95		31797.8	1589.75	57390.3	2091.85	89188.1	3681.61	35.65	64.35

Exchange rates: Nepal and the World: A Statistical Profile, FNCCI, 1995, p. 125  
 Loan/Grant, until 1975/76: S.R. Poudyal, Foreign Trade Aid and Development in Nepal, 1988, New Delhi, Commonwealth Publishers, p. 176.  
 Since 1975/76: Economic Survey 1995/96, His Majesty's Government of Nepal, 1996, p. 90

Table 2: Per Capita Foreign Aid, 1951-1995

Year	Total aid (Rs million)	Total aid (\$ million)	Population (in million)	Per capita aid (in Rs)	Per capita aid (in \$)	Note
1951-56	95	12.5	8,011	11.86	1.56	average over period
1956-57	27.3	3.59	8,508	3.21	0.42	assumed constant
1957-58	58.1	7.64	8,682	6.69	0.88	growth rate between
1958-59	35.1	4.62	8,859	3.96	0.52	1941 and 1961
1959-60	125.3	16.49	9,040	13.86	1.82	(CBS Data)
1960-61	125.1	16.46	9,225	13.56	1.78	
1961-62	182.6	24.03	9,413	19.40	2.55	Presumes
1962-63	88.1	11.59	9,608	9.17	1.21	2.07% average
1963-64	177.3	23.33	9,807	18.08	2.38	annual growth
1964-65	146.9	19.33	10,010	14.68	1.93	rate between
1965-66	178.6	23.50	10,217	17.48	2.30	1961-1971
1966-67	145.9	19.20	10,428	13.99	1.84	(Given in CBS Data)
1967-68	158.1	20.80	10,644	14.85	1.95	
1968-69	185.9	18.41	10,865	17.11	1.69	
1969-70	251.3	24.88	11,090	22.66	2.24	
1970-71	303.2	30.12	11,319	26.79	2.65	Presumes
1971-72	281	27.82	11,556	24.32	2.41	2.66% average
1972-73	227.6	22.53	11,863	19.19	1.90	annual growth
1973-74	310.5	29.57	12,179	25.49	2.43	rate between
1974-75	386.7	36.83	12,503	30.93	2.95	1971-1981
1975-76	505.6	48.15	12,835	39.39	3.75	(Given in CBS Data)
1976-77	556.9	44.73	13,177	42.26	3.39	
1977-78	848.4	68.14	13,527	62.72	5.04	
1978-79	989.4	83.14	13,887	71.25	5.99	
1979-80	1340.5	112.65	14,257	94.03	7.90	
1980-81	1562.2	131.28	14,636	106.74	8.97	Presumes
1981-82	1723.2	144.81	15,023	114.70	9.64	2.08% average
1982-83	2075.9	158.47	15,335	135.37	10.33	annual growth
1983-84	2547.5	176.91	15,654	162.73	11.30	rate between
1984-85	2676.4	164.20	15,980	167.48	10.28	
1985-86	3491.5	198.38	16,312	214.04	12.16	1981-1991
1986-87	3314.4	157.08	16,652	199.04	9.43	(Given in CBS Data)
1987-88	5078.5	232.96	16,998	298.77	13.70	
1988-89	5666.9	241.14	17,352	326.59	13.90	
1989-90	6427.1	234.57	17,713	362.85	13.24	
1990-91	5990	205.84	18,081	331.29	11.38	
1991-92	7800.4	182.68	18,491	421.85	9.88	Assumed population
1992-93	9235.6	216.80	18,876	489.29	11.49	continued to grow
1993-94	11557.2	235.86	19,268	599.81	12.24	at 2.08 average
1994-95	12310.9	250.68	19,669	625.90	12.74	annual growth rate

Sources:  
For aid: S.R. Poudyal, p. 176  
For population: Central Bureau of  
Statistics, Statistical (and growth rates)  
Pocket Book Nepal, 1994, HMG, NPC  
Secretariat, p.34

Average aid receipt per capita (annual) USD 6.98  
Average total aid receipt per capita (for the period) USD 279.15

Population: 13.19 million  
Total population: 527.55 million

Total aid (1951-1994/95) USD 3681.61 million  
Annual average for the period USD 92.04 million

philanthropy, etc.), as well as the loss of cooperative spirit among villagers. Whereas earlier, the rural peasantry would come together to build a suspension bridge or maintain a *cautārā* (trailrest), the overwhelming tendency now is to wait for the "project appraisal team" of government agency, ingo, ngo.

Much of the USD 3.7 billion worth of foreign aid of the last 45 years has gone to raise the per capita income, not of Nepalis, but of foreign experts and consultants in the aid bureaucracy, as well as local kickback merchants. Conditionalities are tagged on to supposedly altruistic assistance, jacking up the cost of goods and services. The dollar amount of aid disbursed might seem large, but the benefit as often as not goes to prop up mortgages in Brittany or Baltimore, while the donor governments get to flaunt beatific philanthropic halos.

When a hydropower plant is built, donor nations divide up the supply pie—you take the turbines, I take the transmission lines, he gets the headworks. The cost of the project is pushed higher than a high dam, while the Nepali public is sold on the generosity of the benefactor. Conditionalities, or tied aid, has Nepal's development in knots.

The project cycle, which tends to be determined by the tour-of-duty time-frames of aid agency staff, has meant that short-term projects take the place of long-term programming. It is so much more comfortable to build a series of highly visible bridges in and around Kathmandu city than to spend on education or public health, where the results are hard to reproduce photographically in full-colour brochures.

Those who come to help Nepal develop do not have enough of a stake in the long-term future of its people, and the whims and fancies of individual ambassadors or aid agency chiefs can create a mish-mash of national priorities. One agency chief pushes for participatory irrigation projects, while his successor feels for gender-issues and turns all programming on its head. By and large, foreign aid remains the extension of donor country foreign offices, and the sensibility required to bring wholesome modernisation and grassroots change to a society is not there at the top of such pyramids.

It does not help that the donor ("expat") brigade in Kathmandu is insular and inbred. Other than the exceptional volunteer who comes back as an aid staffer, it is a challenge for the aid personnel to get a feel for the nation's pulse. And Nepal is a complex society going through an excruciating and complex phase of transition marked by, among other things, a rise in ethnic assertiveness, a conservative tide ready to lash back, inroads of market forces on an unprepared and unsuspecting

population, and sociological and demographic changes brought about by transport, communications and media.

The average expat expert or administrator has no time, in the few years he or she has to spend in Nepal, to try and understand these processes. So they opt instead for pop anthropology to explain Nepali society in easy bites, and learn to fit the developmentalese mantra to Nepal's situation. And so, if micro-credit is the rousing cry of the moment, try it out in Nepal. As they ferry themselves between Nagarkot, the supermarket, and the swimming pool, there is little time to interact with Nepalis other than in a myriad of patron-client relationships in the workplace, government offices, and the mushrooming consultancies.

The automatic subservience of Nepalis towards the Westerner, and the expat's inability to speak fluent Nepali or another national language, erect a barrier that is hard to overcome, even for the many anthropologists and sociologists who have joined the development set. As English is quite alien to the average Nepali even today—it is less used here than in any other South Asian country—there is quite a wide chasm between Nepali and expatriate.

In fact, easy English among Nepalis often indicates an upper-upper class background and elite interest far removed from grassroots change-making. It could be said that Kathmandu's English-speaking rich are even further removed from the population's needs than the expatriates. Partying among Kathmandu's rich and famous, therefore, is not very sensitising. In any case, Kathmandu's donor/diplomatic community mostly socialises within itself.

The lack of mutually respectful one-on-one interaction between Nepali and foreigner is, therefore, one reason why foreign-aided development has failed to deliver. This is also one reason why assistance programmes tend to neglect many issues which are crucial to Nepal's future.

### **The Fault Is In Us**

While the donors may be taken to task for foreign aid's failure, there is no evading the fact that it is the Nepali "counterparts" who are most to blame—those very national-level politicians, secretaries in government, project chiefs and university scholars whose job it is to look out for the country's interests.

Unfortunately, this category of Nepali "counterpart" today is least able to demand accountability from the development aid superstructure. For a while in the 1960's and through the mid-1970's, Nepal did have a bureaucracy and intelligentsia with the exposure and education to "lead"

the country, but since then the quality of our academia, bureaucracy and diplomacy has dipped critically. The lack of thoughtful and aware individuals at the top is a major debilitating factor in Nepal's effort to develop. This reads like an across-the-board indictment of an entire national intelligentsia—and it is.

Members of the intelligentsia and rulers of the day are products of Nepal's own abysmally poor education system (rather than the products of education and exposure in British India, as was the case with leaders of the previous generation). This means that donors are confronted with Nepali colleagues and co-workers who overwhelmingly lack self-confidence in their own subjects as well as in dealing with the West. This explains the increasing lack of oversight of the external assistance industry, which therefore goes its merry way based on international fads and the whims of agency heads.

As such, ad hocism is the rule among the myriad of competing agencies which are here to develop the country. There is no government here to ensure continuity and consistency. Under such circumstances, there is no one to decline an offer of external assistance, howsoever small or removed from national priorities, from an offer to plant saplings to one to build a mighty dam.

For a country that runs on the fuel of foreign assistance, there is no discussion and debate of the subject, and certainly no time to consider what academics and development specialists call "the alternative development paradigm"—an attempt to get away from the externally funded, top-down model of socio-economic transformation we are locked into. The last time a major conference was organised on external aid in Nepal was back in 1983 (resulting in the book *Foreign Aid and Development in Nepal*, edited by Devendra Raj Pandey). Fifteen years have passed without another attempt at such discussion.

The *ṭikā* of success of a government in the democratic era since 1990 has been its ability to maximise aid commitments. The fact that we are mortgaging our future by receiving as much as 80 percent of our foreign aid in the form of loans (as happened in 1994) is not a matter of concern for present-day ministers and parliamentarians, whose view of "long-term" does not go beyond the next change in the cabinet.

### **Government and Non-Government**

We are all engaged in a parliamentary democracy which has been misused by myopic individuals who put self and party (in that order) before the people. The country has, by now, tried out both the major

political parties in power, as well as a centre-right and (at the time of writing) left-right coalition. In all permutations and combinations, the party-led governments have shown little philosophical commitment to the ideals of development, and every unprincipled commitment to remaining in or trying to achieve power.

Handlers of the old Panchayat system parroted *ad nauseum* lines about its dedication to development, but because it restricted political freedom the Panchayat failed to usher in change for the better. During the six years of democracy, the party politicians have learned to mouth "developmentalese" with the ease of the erstwhile *Panchas* and, all too quickly, the commitment has evaporated from their words. Development-wise, Nepal's government is leaderless, and yet it is government which necessarily decides the development agenda.

If not government (the political class and bureaucracy), then maybe one can pin some hope on the non-governmental sector? Unfortunately, when it comes to grassroots activism, the cart is before the horse in Nepal. By and large, ngos are created to access funds which become available. In time, the grain will separate from the chaff, and good non-governmental groups will emerge as serious adversaries and partners of government. That time is still remote, however.

Media and academia, the two mainstays of any society when it comes to critiquing modernisation and development, and to suggesting remedies and alternatives, are not where we would want them to be. Academics have not fulfilled the first commitment towards monitoring and critiquing development objectively and diligently. Nepal has more Masters level graduates in economics than it knows what to do with, but search for a good economist in Kathmandu and you will come up empty. There is a dearth of upright scholars who can upbraid governments and stand up and challenge the aid agencies.

Most scholars come from the same incestuous classes which also produce Nepal's bureaucrats, journalists and lawyers. They have little courage and conviction to speak their minds, even if they know differently. It does not help that the moment a young Nepali scholar begins to make a mark in the public sphere, s/he is immediately "bought up" by the aid agencies—as consultant, expert or report-writer. Many members of the intelligentsia who might have emerged as fine development economists were long ago diverted and co-opted by the agencies and today purr contentedly as well-fed consultants. As far as the country is concerned, however, they have been muzzled. As we all know,

it is the extremely rare consultant who will report something other than what the funding agency wants to hear.

If such is the case with academia, it is somewhat worse with media, which is the other custodian of the public interest. Because foreign-aided development is such an overwhelmingly important part of Nepali society, with potentially far reaching impact on the country, it constitutes an important area for reflection and reportage. Unfortunately, Nepal's incipient media sector is little interested, nor presently capable, to do justice to reporting on development. When there is massive corruption in irrigation, when the educational sector goes into an extended tailspin, when aid agencies make one major blunder after another, when government shows its inability to set a direction, there is no journalist around to cover the story.

### **Free For All**

Without oversight of bureaucracy, academia or media, therefore, aid agencies have felt free to take the steps that they see proper. This is why foreign-aided development, while it has cast its net wide over the last four decades and touched practically every aspect of Nepali life, has tended to neglect the very subject areas that matter most to Nepalis.

No one single factor indicts the entire foreign assistance edifice of Nepal—from UNICEF to UNDP to USAID—as much as the neglect of the education of Nepal's young. Both the government schools as well as the private "boardings" (read "English-medium", but only just) scrape the bottom, even by South Asia's low, low standards. Tribhuvan University churns out unexposed, unaware, unalert graduates. The system as a whole prepares students for life as "political consumers" who read and absorb what others say but cannot think for themselves.

Despite the devastation which the education "system" has wrought upon the country, the world of learning does not today form the priority area for any donor agency as they busy themselves with hydropower plants, highways, "democratisation" and "institution-building".

This system-wide neglect of education started somewhere in the early 1970s, ironically, with the introduction of the much-ballyhooed New Education System Plan. In attempting to "modernize" the system, Nepal lost even the little quality that had existed in the classroom previously. Meanwhile, the National Development Service (NDS), whose establishment was the most important step ever taken for development by the Nepali state, was killed in 1980 for fear of democracy (there was a referendum on, and the autocrats decided that college students doing

volunteer service in the villages would be inimical to the interests of the Panchayat). The aid agencies did not stand up for the NDS. Similarly, the Panchayat regime of that time forced the closure of the UNESCO-supported Seti Project in the southwest midhills, which sought to bring child-centered education and a creative curriculum to the hinterland. Nary a whimper from the aid agencies.

Presently, there is the single-point agenda to achieve structural adjustment and privatisation, using economic models that just will not transplant wholly in a still largely non-monetised rural society. What a liberalised economy requires is strong monitoring and oversight capability in government, otherwise the rapacious market will make mincemeat of the public interest. The powerful aid-givers, all strong believers in the trickle-down theory, are of the belief that when the dust settles the public as a whole will benefit. More likely, we will have a revolt on our hands, but by then of course the aid agencies will be on to the fad of the next half decade—which will in all probability be, and not at all incongruously, the rediscovery of the role of government in national development!

As with education, the aid agencies have failed to spark "participatory development" long after they played along with the government and destroyed what participation there was earlier. In promoting development of the hinterland, they have turned a blind eye to the fact that development invariably makes enemies—for the very concept of "change" means a rearrangement of entrenched interests. A project which does not raise a wave of opposition is doing something wrong. Unfortunately, the bulk of the foreign aided projects have come, disbursed, and departed without raising ripples, let alone waves. This is true even in the foreign-funded non-governmental sector which, in theory, should be turning society on its head with intrepid activism.

Much of the time of foreign experts and administrators is spent in funding and overseeing pre-feasibility reports, feasibility reports, evaluation reports, and so on, mostly by consultants who arrive and depart on flying visits. In order to draft our constitution, plan a national park, bring "quality tourism", study river pollution, plan a highway, we are provided overseas consultants. Their pay packets, needless to say, would shock the average Nepali into paralysis, if s/he only knew.

Foreign assistance continues to help Nepal build highways to answer the clamour from the hill villages, even when we know now that roads, rather than develop, can lead to the impoverishment of rural communities, economically and culturally. Even though one trolley bus service and one

ropeway line have been functioning for decades, and it is obvious that we should have more of these, the aid-givers have not used their clout to push the government away from the trucking monopolies.

One of the severest forms of dislocation being faced by village Nepal is the sudden advent of the market. Plastics replace locally produced household items, the young flee to the roadheads, chemical fertiliser comes blessed by government, pesticides invade the formerly "organic" countryside. The public is unprepared for massive modern intervention, but the belief of government, the urban and village elites, and the aid community, is that this is a natural phenomenon associated with development. No one is tabulating the human cost.

Foreign aid has also kept philanthropy at bay in Nepal. On the one hand, the government receives a pittance from tax collection, and on the other, Nepal's insular "old money" and the unexposed *nouveau riche* have never been confronted with the need to be philanthropic. While historical philanthropy is seen in the thousands of *cautārās*, *pāṭīs*, *dhārās* and *dharmaśālās* that dot the countryside, in the modern era foreign aid has stifled the urge or the tendency among Nepal's moneyed to pay significant sums for 'development'.

### **No Third World Without It**

Has foreign aid been catalytic? Overwhelmingly, no.

What, then, has it achieved? It has helped Nepal make contact with the rest of the world since mid-century. It has taken thousands of Nepalis abroad on study trips and given them exposure; it has brought foreigners to Nepal as volunteers, consultants and experts, which has helped villagers and city-folk alike understand the modern world which they would all like to emulate. Foreign aid has spurred tourism, it has helped Kathmandu urbanise, it has brought some infrastructure to the hinterland. It has helped rid the country of smallpox, introduced condoms, brought roadways, insisted with moderate success that girls go to school, and propagated oral rehydration salts.

Since there is no "third world" without "foreign aid", it is hard to say, but many of these advances would probably have been achieved without foreign aid. The demand to 'develop' is there, and would have been fulfilled anyway to a great extent. And if foreign assistance means *money*, there has been money aplenty in Nepali pockets (see the millions being spent over the years by Kathmandu's upper classes to send children to India to study rather than help build good schools in Nepal—or the beer guzzled in restaurants and at picnics.) The only additional value that foreign aid

gives, besides money, is expertise, which we have not really used to advantage as we might have, for reasons already discussed.

So, as we like to say, what to do? The fact of the matter is that Nepal has enough manpower and expertise to manage itself. All that is required is for our denuded national politics to allow meritocracy to resurface and sprout. We will then find, with some surprise, that there are enough capable Nepali bureaucrats, diplomats, scholars and experts to turn this ship of state around. Once such individuals come to power, they would decide what is good for the country, and refuse to conform to "emphasis areas" laid down by the donors, or to comply with edicts emanating from New York, Rome or Washington DC. This will require new, improved national politics, and as the country is already on a fast-forward learning curve, hopefully we will get there before the country disappears under weight of pollution and poverty.

Looking ahead at the medium-term, there is only one thing to do with foreign aid—and that is to call a moratorium on all kinds of external funding for an initial five-year period, except that which deals directly or indirectly with education, from pre-school to the university level. We should refuse to take grants and loans for any other development activity, and channel every available resource into "human resource development". We must demand that any and all development assistance be directed to improve the skills of our teachers, the exposure of our academics, the equipping of vocational training institutions, and re-education of our professional bureaucracy.

We must put money into education—primary, secondary, graduate, post-graduate, adult, and vocational. We must make up for the devastation wrought on our education system more than twenty years ago. We must act on the heart-stopping realisation that six full years into democracy there is no meaningful effort today to set things right in university or school education, which means that our immediate-next generation of the "educated" will be as ill-prepared to lead the country as the present one.

There is really nothing to live for if we cannot guarantee proper education at all levels, for only then will Nepal's tomorrow be better than its today. Without opening up to the world of learning, our politics, business, bureaucracy, diplomacy and economics will never rise above today's sorry level. We will slip further back as an "under-developing" country, becoming more impoverished by the day even as the foreign aid receipts and concomitant debt mount.

There is no sense in staying on the dole if all it does is reinforce the dependency syndrome. There is no pride in being a country of beggars, which takes anything and everything that is offered by anybody.

Whose fault is it that we have come to such a sorry pass? It is the fault of Nepal's educated, of our history, of our educational system, of our unpreparedness to meet the modern world, and, above all, the fault of those who have presumed to lead us these last 40 years.

To use foreign assistance properly—refusing all that money so willingly given except for education—will require superhuman courage and willpower. History and fate have so far cheated us of the kind of visionary leaders who could do it. Such people have to be born, and then educated. They cannot be bought off the shelf with donor funding.