



## China

**Chinese aid, according to the first White Paper (2011), is a model with its own characteristics and falls under the category of South-South Cooperation. The first “Agreement between China and Nepal on Economic Aid” was signed in October 1956. From the mid-60s, the Chinese Government has been pledging grant assistance to the Government of Nepal under the Economic and Technical Cooperation Program.**

### Bilateral Relations

The history of Nepal-China relations can be traced back to the 5th century; modern day diplomatic relations were established on 1 August 1955. The People's Republic of China opened its residential Embassy in Kathmandu in July 1960 and Nepal opened its residential Embassy in Beijing in September 1961. At present, Ms. Hou Yanqi is the Chinese Ambassador to Nepal.

### Development Cooperation

Nepal-China economic cooperation was initiated with the formalization of bilateral relations in the 1950's. The first “Agreement between China and Nepal on Economic Aid” was signed in October 1956. Since then, China has been providing financial and technical assistance to Nepal, which has greatly contributed to Nepal's economic development. From the mid-60s, the Chinese Government has been pledging grant assistance to the Government of Nepal under the Economic and Technical Cooperation Program.

China has supported the construction of major roads in Nepal, including Araniko Highway, Kathmandu Ring Road, Syaphrubesi-Rasuwegadi Highway. China has supported the Sunkoshi Hydroelectricity Plant, the Sunkoshi-Kathmandu Electricity Transmission line and Upper Trishuli 3A Hydroelectric Project.

The Chinese cooperation in the health sector includes the establishment of B.P. Koirala Memorial Cancer Hospital in Bharatpur, the Civil Service Hospital in Kathmandu and the National Ayurveda Research and Training Centre.

The major on-going projects of Chinese support are: Pokhara Regional International Airport, the Public School Recovery Projects in Rasuwa and in Dolokha, Nine-storied Basantapur Tower Restoration Project at Durbar Square of Kathmandu, etc.

The signing of a Memorandum of Understanding (MoU) on cooperation under the Belt and Road Initiative (BRI) on 12 May 2017 in Kathmandu, has opened up new avenues for bilateral cooperation including upgrading its vital infrastructures, improving cross-border connectivity with China and enhancing people-to-people relations.

### China's Major Support to Nepal by Sector

The five major sectors of China's support to Nepal during the last five-year period are:

1. **Energy development**
2. **Economic and Technical cooperation**
3. **Air transportation**
4. **Reconstruction**
5. **Emergency COVID-19 Support**

In fiscal year 2020/21 the energy sector was the top priority sector of the Chinese support whereas in fiscal year 2019/20 the focus was on air transportation sector.

### Chinese aid disbursement during FY 2016/17 to 2020/21

Over the last five-year period from FY 2016/17 to FY 2020/21 a total of US\$ 380.45 million of aid was disbursed to Nepal by China. The volume of disbursement, was the highest in fiscal year 2018/19 totaling US\$ 150.37 million than the annual average disbursement of the five-year period.

S.N.	Fiscal Year	Aid Disbursement (in US\$) for Different Projects (Grant, Interest-free loan & Concessional loan)
1.	2016/17	41,244,254
2.	2017/18	58,727,078
3.	2018/19	150,370,540

5.	2020/21	37,081,650
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*Source: Consolidation with Embassy of the People's Republic of China)*

### Exim Bank funded projects (FY 2016/17 to FY 20/21)

S.N.	Project Name	Remarks
1	Procurement of Aircrafts from China (1 MA 60 3 Y12E)	Completed
2	Pokhara Regional International Airport	Ongoing
3	Upper Trishuli 3A - Kathmandu 220kV Transmission Line and 132kV Line Bay Extension Works Project	Completed
4	Upper Trishuli 3A Hydroelectric Project	Completed

### Development Cooperation Strategy

Nepal and China signed four separate bilateral Agreements on Economic and Technical Cooperation on 23 December 2016, 15 August 2017, 21 June 2018, 29 April 2019 and 26 March 2022 for providing Chinese grant each year to Nepal for implementing post-disaster reconstruction projects, livelihood projects and other mutually agreed projects. The Chinese financial and technical assistance to Nepal has contributed to Nepal's development efforts in the areas of infrastructure building, industrialization process, human resources development, health, education, water resources and sports etc.

### Updated

### Governance Sector/ IECCD

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