

# IBN DISPATCH

*Monthly Newsletter*



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Gopinath Mainali  
Joint Secretary,  
National Planning  
Commission



## IBN UPDATES PROJECT PROGRESS TO PARLIAMENTARY COMMITTEE

**KATHMANDU:** On 5 October (Asoj 18), the Office of the Investment Board Nepal (IBN) updated the Parliament's Agriculture and Water Resources Committee on the implementation of projects under its mandate. At the committee meeting, which was chaired by committee chairman Gagan Thapa, Radhesh Pant, CEO of IBN, gave a presentation on the progress made and challenges faced in the implementation of projects. Pant stated that lack of desired

of hydropower projects such as the Upper Karnali, West Seti and Arun-3.

At the meeting, the parliamentary committee directed IBN to furnish a report explaining the reasons for delays in the execution of hydropower projects. The committee also sought details of possible impacts of the Upper Karnali Project on the Rani Jamara and Kuleriya irrigation projects. Parliamentarians representing project-affected districts asked about the government's policy on the



coordination among line agencies of the government has hindered implementation

distribution of project shares to local project-affected people. They stressed the need to offer shares and other benefits in a judicious

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## IBN UPDATES...

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way, giving priority to the most affected people. IBN has already signed project development agreements (PDAs) for the 900 MW Upper Karnali Hydropower Project and 900 MW Arun-3 Hydropower Project. Negotiations are underway to sign PDAs for implementation of the 650 MW Tamakoshi project, 600 MW Upper Marshyangdi-2 project and 750 MW West Seti project. IBN has sent a proposal to the Cabinet to allocate shares worth NPR 1.6 billion to people affected by the Upper Karnali project. However, the parliamentarians from the project-affected districts have been demanded the allocation of at least 10% of shares to locals.

Updating the West Seti Project status, Pant informed the committee that the developer - CWE Investment

Corporation, a subsidiary of the China Three Gorges Company - had already started setting up camps, improving the access road and conducting a geological study in the project area. Different teams of high-level technicians from the Three Gorges Company have visited the project site frequently since the approval of USD 1.6 billion FDI for the project at the 17th meeting of IBN in April. As per the planned ownership structure, China Three Gorges Company will have 65%, NEA 25% and local people 10% of shares in the project. However, delay in a decision by the Board of the Nepal Electricity Authority (NEA) on its share equity, the process of signing the Joint Development Agreement and the process for establishing a Special Purpose Vehicle have delayed the project. ■

PARLIAMENT'S  
AGRICULTURE AND WATER RESOURCES COMMITTEE



# IBN MEETS WITH DONORS

**KATHMANDU:** IBN organised a joint meeting with its partner donors on 6 October (Asoj 19) to discuss how the partner donors can work in a more coordinated manner. Representatives from USAID, DFID, the World Bank, ADB, NORAD, JICA and the Asia Foundation attended the meeting, which was held at IBN's office at New Baneswor. During the meeting, IBN CEO Radhesh Pant gave a comprehensive presentation on IBN-led projects and highlighted the opportunities and challenges facing development initiatives in Nepal. Pant urged the partner donors, who have been supporting IBN in numerous sectors, to further coordinate among themselves and complement one another in their support of the Board's activities. "We want the donors to coordinate in an organised way to secure the value for their support," Pant said.

The donor representatives said they were extremely pleased to see the progress on IBN-led projects, and expressed willingness to continue supporting the Board. They also stated that a professional and independent government agency like IBN is crucial to move Nepal's economic development ahead. They also suggested that Nepal must accelerate efforts towards economic prosperity after the earthquake. ■



*Norwegian Ambassador to Nepal, H. E. Mr. Kjell Tormod Pettersen*



*Other Participants of the Meeting*



# IBN PARTICIPATES IN SAARC INVESTMENT FORUM, SRI LANKA

**KATHMANDU:** IBN participated in the SAARC Investment Forum 2015: Turning Point in South Asian Tourism', which was held in Colombo from 30 September to 2 October. The three-day event was jointly organised by the SAARC Chamber of

Communications Officer from IBN, made a presentation on 'Investment Opportunities in the Tourism Sector in SAARC'. Rimal highlighted the areas of cooperation among member countries for the promotion of tourism. He said that trekking, visiting historic places, international conferences, sports,

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Commerce and Industry (SAARC-CCI) and the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL). The event brought together around 200 delegates from member countries including policy makers, business people and experts in various sectors of the economy. The main objective of the event was to explore avenues of cooperation among member countries in promoting tourism in the SAARC region. On the occasion, Saurav Rimal,

mountaineering, pilgrimages, wildlife safaris, desert safaris and adventure sports were among the key attractions in the region. Participants at the meeting underlined the need to simplify visas, for direct air links between capitals of member countries, enhance the role of the private sector, promote cultural and eco-tourism, and strengthen networking with international tourism organisations to promote tourism in the region. ■



# IBN STRESSES THE NEED FOR REGIONAL INTEGRATION FOR PROSPERITY

**KATHMANDU:** IBN took part in the first edition of the South Asia Economic Conclave (SAEC) entitled 'Achieving Inclusive Growth through Deeper Economic Integration' in New Delhi from 28-30 September. The three-day conference was organized by the Confederation of Indian Industry in partnership with the Department of Commerce and Industry and other South Asian associations. A wide range of issues on regional integration were discussed at the Conclave.

IBN was represented at the Conclave by its CEO Radhesh Pant. The aim of the conference was to stimulate informed dialogue between the private sector and government officials to enhance regional integration. Over 300 delegates from all eight South Asian countries took part and ministers, prominent business leaders, policy makers, media persons and experts from diverse fields addressed the gathering. Suresh Prabhu, Indian Railway Minister; Suraj Vaidya, President-Designate, SAARC Chamber of Commerce and Industry, Nepal; Annette Dixon, Vice President-South



Asia, World Bank; Chandrajit Banerjee, Director General, Confederation of Indian Industry; Sunil Kant Munjal, Chairman-Steering Committee, South Asia Economic Conclave, Past President, Confederation of Indian Industry and Chairman, Hero Corporate Services; Diwesh Sharan, Deputy Director General, Asian Development Bank and Radhesh Pant, IBN CEO were among the key speakers at the programme.

Speaking on the occasion, CEO Pant underlined the need for greater regional integration among SAARC member nations to pave the way for enhanced prosperity in the region. Sessions on topics such as 'Trade Integration Experiences from other parts of the World', 'Investment across Borders: The Potential and the Pioneers', 'Role of Media in Economic Integration', 'Doing business in South Asia', 'Expanding Intraregional Trade: Drawing Lessons from the Association of South East Asian Nations (ASEAN) and the North American Free Trade Agreement (NAFTA)', and 'Powering South Asia: Connecting Grids', were organised at the programme. ■



## NRN URGED TO INVEST IN NEPAL

**KATHMANDU:** Giving a presentation at the Seventh International General Assembly and Global Conference of the Non-Resident Nepali Association (NRNA), which was held from 14-17 October in Kathmandu, CEO of IBN, Radhesh Pant, asked non-resident Nepalis (NRNs) to increase their investment in Nepal to capitalize on the potential that exists in various sectors of the Nepalese economy. President Dr Ram Baran Yadav, who inaugurated the four-day conference, urged all NRNs to use their skills and capital for the development of Nepal.

In his presentation on the 16th of October, Pant said that the NRNA and IBN could work together in assessing future needs, facilitating the financing of disaster management, devising contracts for risk sharing between the government and private sector, and utilizing past experience in future projects. He identified the key

challenges in the process of attracting FDI and implementing the new federal system as: maintaining policy coherence and national consensus, making budget reforms in line with the new political realities, introducing a system of efficient risk allocation in projects, the possible emergence of resource conflicts among states, problems in the completion of land acquisition and the scarcity of domestic capital. However, he opined that Nepal would witness legal and institutional reform, as well as improvements in national and state GDP once the federal system is implemented and FDI has increased.

On the occasion, a report was released on NRN investment in nine districts of Nepal (Kathmandu, Lalitpur, Bhaktapur, Baglung, Makawanpur, Kaski, Gorkha, Chitwan and Siraha). The report, which was prepared by the Society of Economic Journalists-Nepal (SEJON), shows that NRNs invested a total of NPR 29.85 billion in Nepal in 2014. ■



"एन.आर.एन.ए. - पुनर्निर्माणको सच्चा साथीदार"  
"NRNA : A True Partner to Rebuild Nepal"



### 7<sup>TH</sup> NRNA INTERNATIONAL GENERAL ASSEMBLY & GLOBAL CONFERENCE

14-17 October 2015, Kathmandu, Nepal





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# "NEW POLICY CAN RESOLVE MOST OF THE PROBLEMS IN LAND ACQUISITION"

Gopi Nath Mainali is the Joint Secretary of the National Planning Commission (NPC), which is an apex policy-making body of the Government of Nepal. The government has recently approved the 'Land Acquisition, Resettlement and Rehabilitation Policy for Infrastructure Development Projects 2071 BS' with the main objective of making the process of land acquisition for development projects smooth and scientific. Mainali is knowledgeable about the existing problems facing infrastructure projects and was directly involved in drafting the policy. IBN Dispatch caught up with Mainali to discuss various aspects of land acquisition in Nepal.

## How is land acquisition done in Nepal?

Development projects in Nepal are on the increase. However, the availability of land to implement them is limited and even decreasing. In this context, the timely acquisition of land without affecting the livelihoods of local people is challenging. Many projects are facing delays in implementation due to complications with the land acquisition process. Land transactions have been taking place in different ways for different purposes. Some are personal dealings, some are based on government-set rates and some are for banking purposes. Political influence can dominate land transactions. Some brokers are in active collision with political party leaders to manipulate and inflate land prices. Such brokers lure landowners with the promise of better land prices, motivated by the chance of receiving commission from the transaction.

## Could you elaborate on the major problems with land acquisition?

There are many factors that hinder the acquisition of land in Nepal. The Thankot-Chapagaun Transmission Line, Kaligandaki Corridor, and Mid-hill Highway are some examples of projects where land acquisition has been complicated. Delays in land acquisition have pushed up project costs. Lack of clear criteria for fixing the price of land to be acquired for a particular project has complicated the process of land acquisition. Our existing Land Acquisition Act of 2034 BS says that the land price must be based on the prevailing market price. However, this does not provide much practical guidance because it is very difficult to identify the prevailing market price of land in any particular place.

## How will new Policy resolve problems in land acquisition?

We have taken into consideration international practices, international credit and investment agreements, and some other international rules, as well as the Land Acquisition Act 2034 BS, while formulating the newly introduced 'Land Acquisition, Resettlement and Rehabilitation Policy for Infrastructure Development Projects'. This policy is expected to resolve most of the problems pertaining to land acquisition for infrastructure projects. It was formulated at the initiation of the NPC at a time when a host of the infrastructure projects were facing problems associated with land acquisition.

## How is the policy more progressive than the Act?

In the current Act, the land acquisition process is completed using an iron fist; the Act envisages that land can be acquired by the government without the consent of the land owner. However, the newly introduced policy has given high priority to negotiating with landowners. The new policy encourages landowners to voluntarily sell land with direct negotiation between developers and landowners, as an alternative way of acquiring land. Unlike the Act, the policy discourages the forceful acquisition of land for a project without conducting proper negotiations with affected people. The policy follows international standards and considers internal needs. ■

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