

IBN DISPATCH

Monthly Newsletter



RAP for UK
to be Finalised by
Second Week of
December

● IDeCK, IBN to Sign Pact on Chemical Fertiliser Plant Study

● IFCC's initiatives to facilitate investment

RAP for UK to be Finalised by Second Week of December

KATHMANDU: GMR Ltd, the developer of the Upper Karnali Hydropower Project, is planning to finalise the Rehabilitation Action Plan (RAP) for project-affected people by the second week of December. The company has been collecting feedback on the draft RAP from local people in the project-affected districts of Surkhet, Dailekh and Achham. The draft RAP was disclosed to members of parliament for the affected districts, officials of line ministries and IBN on 10 September at the office of Investment Board Nepal (IBN) and to local people in project-affected districts from 21-23 September. Disclosure programmes were organised in the presence of IBN representatives in Sattala (near the dam site) and Dailekh bazaar (in Dailekh district), Bhairavsthan (in Achham district), and Salkot (in Surkhet district).

The RAP provides a comprehensive plan to rehabilitate and resettle project-affected people. It includes details of the people who will be affected by the project, their property, the land to be acquired, and the compensation distribution plan, among other things. According to the RAP, a total of 426 households and 217 physical structures in 10 VDCs and 1 municipality will be affected by the 900-MW project in Surkhet, Dailekh and Achham. Of the affected households, 56 are to be moved from their existing location.

GMR is responsible for formulating and implementing the RAP, which has been designed in line with the

provisions of the Project Development Agreement (PDA). The RAP also follows the provisions of the National Policy on Land Acquisition and Resettlement, IFC Performance Standards and Asian Development Bank's Social Safeguard Policy. The RAP is being developed in consultation with IBN, which also monitored the field study conducted by GMR for the RAP in March.

During the RAP disclosure, local people requested a clear plan for resettlement and rehabilitation, as well as details about their share of ownership in the project and the amount of free electricity to be provided to affected people. GMR officials assured the people of the sincere and smooth implementation of the RAP and sought support from local stakeholders in the resettlement and rehabilitation process.

The SJVN-Arun-3 Power Development Company (SAPDC) is also finalising the initial draft of its RAP for the Arun-3 project. •



IDeCK, IBN to Sign Pact on Chemical Fertiliser Plant Study

KATHMANDU: IBN and the Infrastructure Development Corporation (IDeCK), Karnataka, in association with the Institution of Agricultural Technologists (IAT) and Shah Consult International (P) Limited are signing a contract to conduct a feasibility study to establish a chemical fertiliser plant in Nepal. Negotiations between IBN officials and the company on the terms and conditions of the contract were held on 23-24 November.

Padmanabhan Nair, President of IDeCK, and Khagendra Prasad Rijal, Under-Secretary of IBN, led the negotiations. The contract will be effective from the date of signing. The consultant company will complete the detailed feasibility study of the chemical fertiliser plant within 12 months from the date of signing the contract.

IBN had called for expressions of interest from consulting firms to conduct the study on 16 September 2014. A total of five international companies participated in the bidding process. Three firms - Projects and Development India Ltd (PDIL), IDeCK and JACOBS Consultancy - submitted proposals to IBN. Of these, only PDIL and IDeCK submitted financial and technical proposals. A committee led by the CEO of IBN Office, Radhesh Pant, conducted the financial and technical evaluation of the proposals, as per the Public Procurement Act 2063 BS (2006 AD) and Public Procurement Regulations 2063 BS (2007 AD). The committee selected IDeCK, as it had the highest combined score for the technical and financial evaluation. •



Picture: Severnside fertilizer works. This plant is owned by Terra Nitrogen UK Ltd. and manufactures ammonia and ammonium nitrate.
CC Sharon Loxton, WikiMedia

TO ADDRESS THE RISING DEMAND IN FERTILIZER, AND LACK OF DOMESTIC SUPPLY, THE CHEMICAL FERTILIZER PLANT PROJECT ENVISIONS TO SET UP A MODERN UREA PLANT IN NEPAL WITH THE CAPACITY OF AT LEAST 500,000 MT/YEAR FOR IMPORT SUBSTITUTION, WHICH CURRENTLY STANDS AROUND 200,000 MT/YEAR. THE GOVERNMENT CURRENTLY SUBSIDIZES 20% OF FERTILIZER COSTS AMOUNTING TO APPROX. RS 5 BILLION - THE FERTILIZER PLANT WILL REDUCE THIS BURDEN FROM THE GOVERNMENT

Source: Pre-feasibility Report

Salient Features of Chemical Fertiliser Plant

Location	To be decided
Project Capacity	500,000 Tons per year (est.)
Estimated Cost	USD 500 Million to 1 Billion
Electricity Required	Depending upon the technology selected, the electricity requirement could range from 50-350 MW
Feasibility Study	Update of JICA Study of 1984 required

Government Releases White Paper on Country's Economic Situation



KATHMANDU: On 24 November, the Government of Nepal issued a White Paper on the current economic situation in Nepal, with a focus on food and energy security in the face of the Indian blockade, which has gripped Nepal for the last three months. Responding to the crisis in essential supplies in the market, the Government has announced a host of measures to ease the life of the general public. These include, speeding up the process of reconstruction and rehabilitation in districts badly affected by the earthquake, construction of new hydropower projects and expansion of transmission lines offering various incentives to investors.

Releasing the White Paper, Finance Minister Bishnu Paudel pledged effective implementation of incentive packages and subsidies to encourage peoples to shift towards alternative energy and said that the Government will promote micro-hydro projects as a tool to ensure energy security. The Government intends to launch a campaign to expand solar plants in urban areas and bio-gas plants in rural areas in the Tarai and

hills. The Government has also committed to expediting the construction of two reservoir hydroelectric projects, the Budhi Gandaki (1,200 MW) and Nalsing Gad (410 MW), to meet the increasing demand for energy in the country.

The White Paper announced a borrowing facility for smallholder farmers to allow for collective guarantees to be provided as collateral for loans and to provide for cash-grants and interest rate subsidies to landless families to cultivate barren land, as well as for contract farming. The Himalayan Times, reporting on the White Paper, said that it paints a bleak picture of the economy, with economic growth estimated at only 2% for the current fiscal year. The sluggish growth is attributed to the prolonged economic blockade and consequent disruption of the supply system. The White Paper has also identified challenges to the country's target to graduate to the league of developing nations by 2022 and to be upgraded to a middle income country by 2030, as the economic stagnation threatens to push more people below the poverty line. •



IFCC's Initiatives to Facilitate Investment

KATHMANDU: The Investment Facilitation Coordination Committee (IFCC) is undertaking different initiatives to facilitate investors interested in investing in Nepal. Since its formation a few months back, the IFCC has already conducted four meetings to discuss ways to ease the processes for conducting Environment Impact Assessments, for foreign project workers to obtain a work permit and for approval for construction of an approach road to plants and mines. IFCC is also looking at ways to provide more fiscal incentives to attract more investment into the country.

Constituted at the 18th meeting of the Investment Board, the IFCC was formed to facilitate investment in different potential sectors by reducing the hassles for investors. The Committee is mandated with ensuring the smooth approval of foreign direct investment, sharing best practices, issues and challenges relating to foreign investment, and recommending policy amendments to simplify procedures for attracting and retaining

investment. It basically works as a contact point for investors and aimed to eventually be a fully-fledged one-stop service delivery mechanism for investors.

The Committee comprises IBN's CEO as coordinator and Under-Secretary as member secretary. Other members of the Committee are representatives from the National Planning Commission, Ministry of Science, Environment and Technology, Nepal Rastra Bank, Department of Industry, Company Registrar Office, Inland Revenue Department and Department of Immigration. Representatives from other ministries can be invited to Committee meetings as needed.

The Committee provides investors with information on opportunities in the various sectors and sub-sectors, the key government stakeholders, relevant policies, laws and rules, and entry and exit processes. Energy, transport, agriculture, tourism, mining and minerals, and services are key sectors identified for foreign investment in Nepal. •

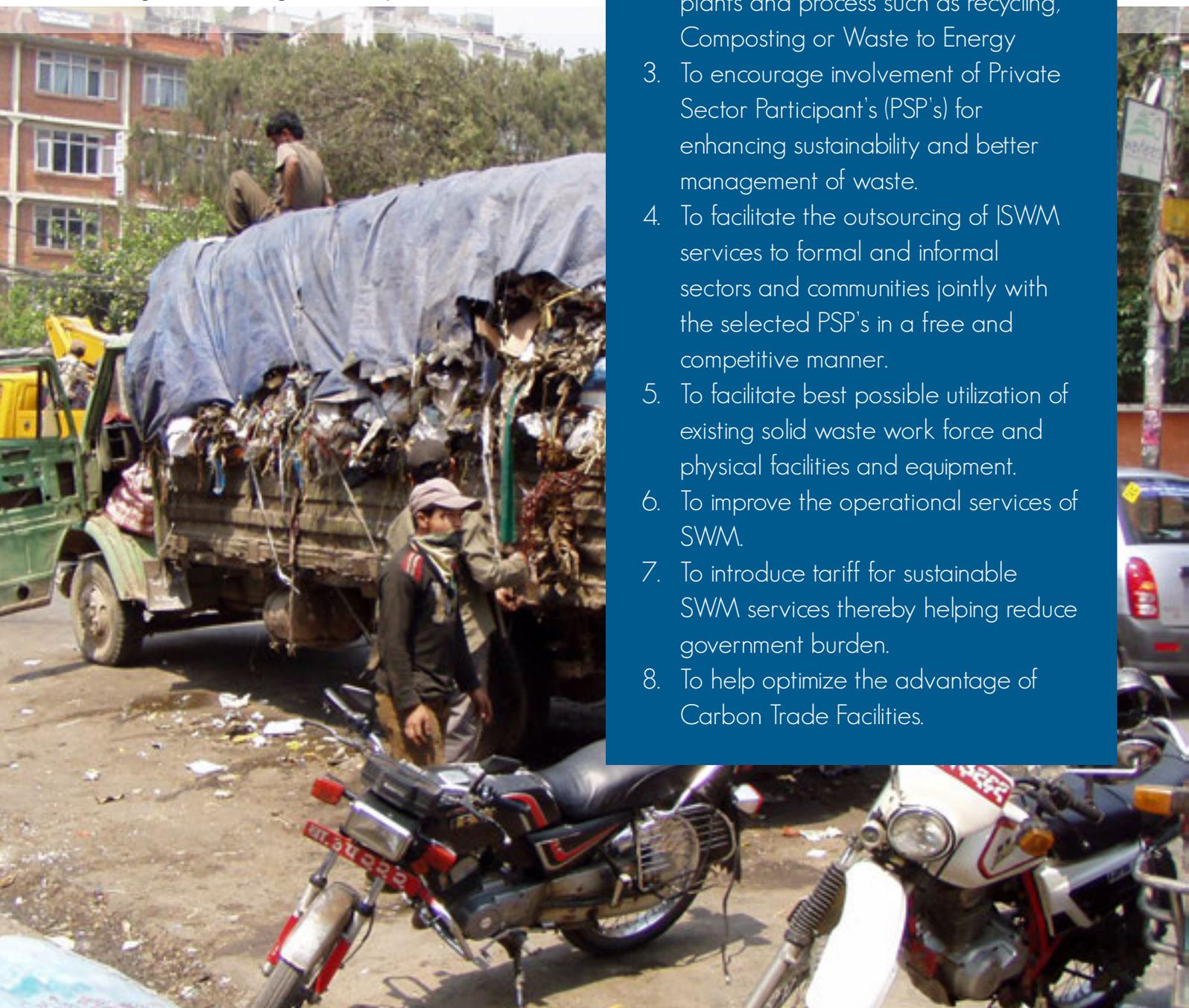
Solid Waste Management Project

NepWaste Submits Draft DPR

KATHMANDU: Nepwaste, JV of Communication Oy (Finland) and The Organic Village (Nepal) has submitted its draft Detailed Project Report (DPR) for Package 1 of the Integrated Solid Waste Management Project. If the DPR is feasible, IBN will begin the process of negotiating a Project Development Agreement (PDA) with the bidder in close coordination with the Kathmandu Municipality and the Ministry of Local Development. The work order of the DPR was issued on 11 February 2015, as per the decision of the 16th IBN Board meeting. The due date for submitting the final report is 11 January 2016. Meanwhile, the selected bidder for Packages 2 & 3, Clean Valley Company Pvt Ltd, is in the final stages of submitting its draft report. •

Objectives of Kathmandu Valley Integrated Solid Waste Management Project

1. To manage waste in an environment - friendly manner.
2. To establish and implement innovative and sustainable waste treatment plants and process such as recycling, Composting or Waste to Energy
3. To encourage involvement of Private Sector Participant's (PSP's) for enhancing sustainability and better management of waste.
4. To facilitate the outsourcing of ISWM services to formal and informal sectors and communities jointly with the selected PSP's in a free and competitive manner.
5. To facilitate best possible utilization of existing solid waste work force and physical facilities and equipment.
6. To improve the operational services of SWM.
7. To introduce tariff for sustainable SWM services thereby helping reduce government burden.
8. To help optimize the advantage of Carbon Trade Facilities.



CEO Pant Bereaved

KATHMANDU: Rama Devi Pant, mother of IBN's CEO Radhesh Pant, passed away on Thursday 3 December while being treated at a hospital in Kathmandu. She was 85. She was cremated at Pashupati Aryaghat on the same day. Spouse of former Finance Minister late Dr Yadav Prasad Pant, Rama Devi was admitted to Norvic Hospital, Thapathali on Monday after she complained of heart and respiratory problems. She is survived by three sons and a daughter.

Rama Devi was born in 1988 BS in Pyukha, Kathmandu, the second child of Sardar Rudraraj Pandey and Chet Kumari Pandey. During her life she made a commendable contribution to the development of society, education, literature and religion in Nepal. IBN prays for the eternal peace of her departed soul and extends its heartfelt condolence to her bereaved family. •



Late Rama Devi Pant
(1988-03-05 BS- 2072-08-17 BS)

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'BRT Appropriate for Mass Transit in the Capital'

Dr. Chandra Shrestha,
Transport Management Expert



Dr Chandra Shrestha is an expert on transport management with a PhD on transport planning from the Asian Institute of Technology (AIT). Shrestha has worked with the World Bank and DFID as an infrastructure advisor. He currently works with the Office of the Millennium Challenge Corporation Nepal as a Transport Sector Specialist. **IBN Dispatch** caught up with him to discuss some of the major challenges in Nepal's transport sector and ways to fix the problems.

How do you assess the current transport situation in Nepal?

We have seen some progress in transport development in Nepal. The transport network has expanded across the country and extends to all but two Himalayan districts. We have developed a total of 60,000 km of roads - both strategic and rural roads. In the capital, the Ring Road and other roads are being widened. However, out of all of the roads in the country only 25,000 km are motorable. Responsibility rests with the Government to improve the road network.

What are the obstacles in urban transport in Nepal, especially in the Kathmandu Valley?

Absence of a mass transit system, poor quality roads, an excessive rise in the number of small vehicles and poor management of traffic are key obstacles in the transport system in urban areas, especially the Kathmandu Valley. Over the last couple of decades, we shifted from mass transit systems such as the Sajha Yatayat and trolley bus to a small vehicle-based transit system. Until we develop a mass transit system in Kathmandu, we will not see an improvement in the transport system. In Nepal, we have been spending 2-3% of gross domestic product, or around 8% of the total annual budget, on transport development. We need to increase the investment in roads to at least 5% of GDP or 15% of the total annual budget.

What aspects of the transport system need to be improved?

The attention of the government is shifting towards expressways and the fast-track highway. However, existing

government structures and human resources are not able to shoulder the responsibility. So we need to establish a special body that will have sufficient authority and resources for the task. Attracting foreign direct investment in the transport sector should be promoted by offering incentives and better security for investors.

Most rural roads are constructed according to political interests, rather than necessity. Even, project managers are selected based on their political affiliation, not their competence. This nexus between politics and project managers should be broken to pave the way for the recruitment of capable people in projects. Reform of the infrastructure development system with national commitment is necessary to upgrade our road network to be on par with other Asian nations.

What are your suggestions to resolve the problems in urban transport? Any road map?

Urban development and the transport system are inter-related. We have to choose a transport system in line with the plan for city development. While formulating the plan for urban development, we have to take into consideration the federal structure of the country, pace of population growth and opportunities that may emerge in cities after a few years. If we create opportunities in other cities, population growth in the capital can be tamed or even reversed. Every city should have its own identity and infrastructure should also be developed accordingly. We can also develop non-motorised transport by promoting bicycles. In the short term, Bus-Rapid Transit (BRT) and non-motorised modes of transport are appropriate ways of reducing the congestion in the capital.

For full interview/video, please log on to: www.ibn.gov.np