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25th Board Meeting of IBN

IBN'S 25TH MEETING CONCLUDES

KATHMANDU: The 25th meeting of Investment Board Nepal (IBN) was held on January 8 under the chairmanship of Rt. Hon. Prime Minister and chairman of the Board, Pushpa Kamal Dahal 'Prachanda'. The board made host decisions that will move IBN-monitored projects forward. These decisions also helped resolve some contentious issues. The meeting held at IBN Office New Baneshwore, directed to the Office of IBN to initiate the Project Development Agreement (PDA) talks with developers of Kathmandu Valley Integrated Solid Waste Management Project, deferring the provision of 0.2 percent service charge to be levied from developers.

Similarly, the meeting also decided to form a committee headed by a member of National Planning Commission, who oversees the infrastructure sector, to study on issues including Viability Gap Funding (VGF) for developing Metro

MAJOR DECISIONS

- Extend the FC deadline for Upper Karnali and Arun-3 HEP.
- Initiate PDA negotiation of ISWM deferring the provision of 0.2 percent service charge.
- High level committee to study on issues including VGF for development of Metro Rail under PPP approach.
- Finalize the Project Bank after coordination with concerned ministries.

Rail in Kathmandu Valley under Public Private Partnership (PPP) approach.

The panel comprises representatives from the Office of IBN, Ministry of

Physical Infrastructure and Transport Ministry and Rail Department as its members. The team has been mandated to submit its report to the government within three months. The meeting also decided to finalize the proposed 122 projects under Project Bank and Project Idea Note developed by IBN Office, after necessary coordination with concerned ministries before they are made formally public.

Similarly, a decision has been made to extend the deadline for Financial Closure of Upper Karnali Hydropower Project and Arun-3 Hydropower Project to September 18 and September 30, 2017 respectively and directed to the developers of concerned projects to furnish the PDA plans to IBN Office at the earliest for completing the process of Financial Closures during the extended period. The meeting also decided to instruct the Ministry of Forest and Soil Conservation and

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25th Board Meeting of IBN

the Ministry of Land Reform and Management to undertake necessary action in order to provide the technically required government land including forest land to both projects. The meeting also took a decision to give a final shape to the modality for development of 650-MW Tamakoshi-3 project in joint coordination between IBN Office and Ministry of Energy.

Speaking on the occasion, Prime Minister Dahal directed the high-

ranking government officials to not create a situation where the projects get derailed by inaction on the government's part. At the beginning of the meeting, Maha Prasad Adhikari, CEO of IBN, made a presentation on project updates and outstanding issues on implementation of projects under IBN purview. The meeting was attended by Deputy Prime Minister, Finance Minister, and Vice-Chair of the Board Krishna Bahadur Mahara, Minister for Energy Janardan Sharma, Minister

for Local Development and Federal Affairs Hit Raj Pandey, Minister for Industry Nabindra Raj Joshi, Minister for Forest and Soil Conservation Shankar Bhandari, Vice Chairman of National Planning Commission Dr. Min Bahadur Shrestha, Chief Secretary of Nepal Government Dr. Som Lal Subedi, Governor of Nepal Rastra Bank Dr. Chiranjibi Nepal, IBN members from private sector Rajesh Kaji Shrestha and Bal Krishna Sibakoti, secretaries and other senior officials of the Nepal government. ●

ARUN-3 TRIP TO ENERGY JOURNALISTS

SHANKHUWASABA: Office of the Investment Board Nepal (IBN) organized a trip to Arun-3 Hydropower Project site for energy journalists on December 17-20. A total of seven journalists representing leading online, radio, TV and newspapers participated in the four-day tour to Sankhuwasabha, the project host district. The program was conducted for experience sharing purposes on the topic of smooth implementation of land acquisition and compensation



Journalists interviewing the local project affected people in Fasinda, Num, Sankhuwasabha

distribution in the project area. The visit provided energy journalists with the opportunity to interact with representatives of Sutlej-Arun-3

Power Development Company (SAPDC)-the project developer, compensation recipients and the Chief District Officer (CDO) of



'NO ECONOMIC PROSPERITY WITHOUT FDI'

Rabindra Adhikari

Honorable Chairman, Legislature-Parliament's
Development Committee

Rabindra Adhikari is chairman of the Development Committee of the Legislature Parliament. Adhikari has authored a book entitled 'Samriddha Nepal (Prosperous Nepal) dedicated to Nepal's development prospects. The Committee has so far issued more than 200 instructions to government agencies to speed up infrastructure projects including those of national pride projects. Recently, the Committee has identified 41 crucial projects as non-performing or weak performing. **IBN Dispatch** talked to Adhikari about the key challenges in infrastructure development and way out for timely delivery of development projects.

As the chair of the Development Committee of the Legislature Parliament, what is your assessment on infrastructure development process in Nepal?

Development activities, especially infrastructure development have not moved ahead as expected. We have lagged behind other countries in terms of delivery of infrastructure and this is a huge setback to our overall economic development. Had we built sufficient hydropower projects, among other infrastructure projects, strong supply capacity for export and Information Technology within the country, our economic performance would have been at a different level. Our progress on the economic side is far less compared to what we have achieved in social development aspects over the last few years. People, political parties and policy makers are unaware of the significance of infrastructure development in economic prosperity. To keep the pace of other countries, we have still a long way to go in terms of infrastructure delivery. We are lacking capability to spend development budget. We need to enhance our capability to implement development works to achieve desired economic growth.

What are the weaknesses you found responsible behind our performance in infrastructure delivery?

First and foremost thing is that we failed to formulate

a Master Plan and clear roadmap for infrastructure development specifying the time and responsible agencies to implement it. Worse still, whatever plans and policies regarding the infrastructure development were made, could not be implemented.

Lack of political willpower, practice of formulating plans without any necessary home works, political instability and absence of coordination among concerned government agencies are among the key elements that have weakened our capability to timely deliver the infrastructures. Our experience shows that even the private sector is not so competent to develop infrastructure projects.

So what are the challenges of infrastructure development in Nepal?

The government has been making efforts to materialize national pride projects and IBN itself is also facilitating large-scale projects. In addition, different ministries have also identified projects for investment and have conducted studies on them. However, the progress in implementation of the project is very disappointing. Our capital expenditure amount is lowest. A sincere effort is required on the government's part in order to overcome development bottlenecks. Inter-agency coordination and legal reforms are also necessary to facilitate timely implementation of large-scale projects and attract private

investment.

However, we have a pathetic state of affairs: our development projects are delayed citing scarcity of sands and pebbles whereas we are rich in such river products. Similarly, our engineers are unemployed at a time when our development projects could not move ahead due to lack of skilled technical manpower. We can't imagine the democracy function effectively without economic development. So, economic prosperity is a must for democracy to sustain.

But, land acquisition and environment issues seem to be stumbling blocks for infrastructure development. What is your take on it?

The EIA/IEE process has undergone a series of reforms. Concerned parliamentary committees have also directed the concerned ministries to smoothen the process of EIA/IEE and forest clearance to pave the way for fast implementation of development project. However, we need to make the process more flexible as it has been consuming significant amount of time during project implementation.

In recent days, political party leaders and even ministers have been saying that certain infrastructure projects be developed by the government itself. Don't you think that such idea is detrimental for attracting much-needed Foreign Direct Investment (FDI) in the country?

The idea of implementing certain large-scale infrastructure projects, by the government is pitched by different political leaders and sitting ministers and is just for popularity and public consumption. Nepal cannot implement large-scale projects without FDI not because of insufficient financial resources but due to the absence of technological know-how and skilled human resources. Without attracting FDI it will be far cry to achieve economic prosperity through infrastructure development. In a bid to boost investment in large scale projects, IBN was established in 2011. However, the environment has not been created to allow IBN to move in line of its set objectives, due to lack of coordination between government agencies. Until and unless we attract FDI along with technology and encourage the private sector, we cannot narrow down the infrastructure gap. We have to learn the experience of other countries which have achieved prosperity promoting FDI.

How can we move forward in infrastructure delivery when government agencies are defying instructions issued by different Committees of the legislature-parliament?



Parliamentary Committees have been giving instructions to government agencies time to time to shore up development budgets and speed up infrastructure development process. Latest in a series of such moves, the Development Committee has presented a report on non-performing development projects at its meeting today. The Committee has identified that 41 crucial development projects were not implemented or failed to perform as expected. It will be discussed in the full house of parliament also. It is very depressing that priority projects are showing such dismal result despite over 200 instructions to implementing agencies by the Committee in different times. However, we will leave no stone unturned to make necessary efforts as a parliamentary committee to put pressure on the government agencies for effective delivery of development works.

What should we do to speed up development activities in the country?

Over a couple of decade, we saw impressive social awareness in our country. However, development awareness is very weak. We need to raise awareness among policy-makers, political parties and general public about the significance of infrastructure development.

What are your suggestions to ensure timely delivery of infrastructures in the country?

First of all we have to showcase our potential projects to investors properly. Then, we need to identify the procedural bottlenecks in implementation of large-scale projects and initiate process to overcome such obstacles through legal and administrative reforms. We also need to promote our country as an ideal destination for investment by informing investors about the incentives, benefits and opportunities. We can learn more from Laos- a land-locked country like ours- on how to attract, facilitate and encourage FDI. Proper coordination among government agencies, political stability and political commitment to mobilize and facilitate private sector investment are also necessary for investment promotion.

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Sankhuwasabha, who heads the Compensation Determination Committee (CDC). The journalists also got a chance to learn about the technical, geographical, social and economic aspects of the project, which affects six VDCs (Yaphu, Diding, Pathibhara, Num, Makalu and Pawakhola) of Sankhuwasabha district.

Those participating in the trip were Bikash Thapa (Annapurna Post Daily), Bhim Gautam (Karobar Daily), Rudra Pangei (Republica Daily), Ramesh Lamsal (RSS), Anil Pariyar (Radio Kantipur), Baburam Khadka (baahrakhari.com) and Nabaraj Dahal (NTV). Prabhakar Ghimire and Netra Bahadur Raut from the IBN Office, had accompanied the journalist during the tour.

The team travelled to the proposed dam site at Faksinda of Num VDC and interviewed compensation recipients, CDO Khum Kanta Acharya and SAPDC's consultant Madhukar Khadka in order to acquire information regarding the process of compensation determination and distribution. CDO Acharya talked about how the compensation was fixed, without any major dispute with project affected people. Acharya also informed the journalists that compensation determination



Team of energy journalists at the proposed dam site on Arun-3 HEP.

process was smooth due to the series of consultations between project affected people and project proponents. The CDC had held more than 50 rounds of meeting with representatives of affected people in the presence of IBN representatives for smooth sailing of compensation determination process.

The land acquisition process in Arun-3 Hydropower Project has set a successful example: it has completed the task smoothly without any incident of protest and dissatisfaction from affected people. Joint efforts of Office of the Investment Board Nepal (IBN), District Administration Office of Sankhuwasabha and project developer SAPDC made the land acquisition process free of disputes. Unlike in other projects, a series of consultations with local people by Compensation Determination Committee (CDC) led by Chief District Officer of the project district greatly helped to gain the confidence

and cooperation of local people. The experience in completing land acquisition process in Arun-3 should be a case to be replicated in upcoming large-scale projects.

The developer has completed distribution of compensation to more than 95 percent of total 269 affected people of Num, Pawakhola, Pathibhara and Yaphu VDCs. The owners of 24 plots of total 391 plots of land are still to receive compensation due to lack of clarity of ownership on them. The project has acquired total 49 hectare of private land from private owners.

The project developer has offered a compensation in the range of Rs 825,000- Rs 1.2 million per Ropani depending on nature of land acquired. According to Madhukar Khadka, consultant of SAPDC the affected people received compensation as much as Rs 27,000 to Rs 37.1 million for their property lost to the project.●

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NEPAL INVESTMENT SUMMIT 2017

Harnessing Investment Opportunities in Nepal

KATHMANDU: The Ministry of Industry (MOI) jointly with Investment Board of Nepal (IBN) is organizing the Nepal Investment Summit 2017 with a theme “Harnessing Investment Opportunities in Nepal” on 2nd and 3rd March 2017 in Kathmandu in collaboration with other government agencies as well as leading private sector organisations of Nepal. The Summit is set to be a marquee event, which aims to promote Nepal as the attractive investment destination for the next decade.

The Summit is expected to be used as a platform to showcase Nepal’s investment opportunities, especially to large scale investors looking to explore opportunities in new destinations. The Summit is expected to be attended by over 300 national and international delegates. Senior political leaders, high level decision making authorities of the

government, prominent business personalities and crucial development partners will also address the Summit on various themes by sharing their experience and enlightening the audience on the way forward.

In an effort to make the summit really effective, the government is also working on amendments of some crucial Acts such as Company Act, SEZ Act, Industrial Enterprises Act, Mines and Minerals Regulation, New Foreign Investment Policy, Integrated Intellectual Property Rights policy and Mines and Minerals policy.

The key priority sectors identified for the Summit are energy, infrastructure, information communication & technology (ICT), agriculture, financial sector, mines and minerals, health, education, and tourism.

The Summit also aims at informing international community about the ongoing legal and administrative reforms carried out by the

government in order to make the country an attractive investment destination. Announcements on the intent to do business in Nepal, signing of agreements at business level and between countries to create better business climate, promulgation/amendment of business related laws in Nepal are some of the outcomes that are expected to be achieved during the Summit.

A high-level National Steering Committee led by Hon’ble Minister for Industry Nabindra Raj Joshi, with representatives from both the public and private sector has been formed. Similarly, a Working Level Committee led by Yam Kumari Khatiwada, Joint-Secretary at the Ministry of Industry, has been formed. The Office of the Investment Board has been designated as the Summit’s Secretariat. ●



INVESTMENT SUMMIT WEBSITE LIVE NOW

KATHMANDU: The government has introduced a website: www.investmentsummitnepal.com for offering live updates about the upcoming Nepal Investment Summit 2017. ●

Screenshot of the official website of Nepal Investment Summit 2017.

IBN BIDS FAREWELL TO BHATTARAI, BHETUWAL NEW JOINT SECRETARY



*New Joint Secretary of IBN
Madhu Prasad Bhetuwal*

KATHMANDU: Office of the Investment Board Nepal (IBN) has received Madhu Prasad Bhetuwal as new Joint Secretary. Bhetuwal assumed responsibility of technical Joint Secretary at IBN office from December 18. He was Deputy Director General of Department of Electricity Development (DoED) before he was transferred to IBN office.

Similarly, IBN Office organized a farewell program to Joint Secretary Ravi Bhattarai on December 4, who has been transferred to the Ministry of Commerce. Bhattarai had joined IBN in May 2016.

Speaking on the occasion, IBN CEO Maha Prasad Adhikari, appreciated Bhattarai's role in the functioning of IBN during latter's stint and expressed hope that Bhattarai would



*Outgoing Joint Secretary of IBN
Ravi Bhattarai*

play a significant role in attracting foreign investment in coming days.

In his farewell words, Bhattarai stressed the need to make IBN more powerful to strengthen IBN's role as one-stop service provider to the investors. On the occasion, other IBN officials and consulting staffs were also present. ●



The proposed dam site of Arun-3 Hydropower Project in Fyaksinda Dobhan, Num, Sankhuwasbha. The houses there will be completely migrated.