



IBN DISPATCH

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28TH MEETING OF IBN CONCLUDES



KATHMANDU: The 28th meeting of Investment Board Nepal (IBN) held under the chairmanship of Right Honorable Prime Minister Sher Bahadur Deuba and chairman of IBN on November 13. The meeting held in the Sigh Durbar decided to extend deadline for developers of Arun-3 and Upper Karnali hydropower projects by six months and one year. Developers of both projects (Sutlej-Arun 3 Power Development Company (SAPDC developer of Arun-3 and GMR Upper Karnali Hydropower Ltd of Upper Karnali) had sought extension of deadline for FC citing delay from Nepal government’s part to provide private land and forest land for the projects. As per the extended deadline, Arun-3 developer and Upper Karnali developers have to complete financial closure by March 30 and September 18, 2018.

The initial two-year deadline given to GMR had expired

on September 18 and SAPDC on November 24, 2016. The meeting also directed IBN Office to conduct Detailed Feasibility Study (DFS) and Detailed Project Report (DPR) for Route No. 2 (Nagdhunga-Kalanki-Koteswor-Dhulikhel) of Kathmandu Valley Metrorail Project based a designated committee headed by a National Planning Commission.

IBN BOARD MEETING

On the occasion, Maha Prasad Adhikari, CEO of IBN updated the Board about the project being overseen by IBN. On the occasion, Deputy Prime Minister and Energy Minister Kamal Thapa, Finance Minister and Vice-chair of IBN Gyanendra Bahadur Karki, NPC Vice-chair Dr Swarnim Wagle, Chief Secretary Lok Darshan Regmi, Nepal Rastra Bank Governor Dr Chiranjibi Nepal, board members from private sector Hari Bhakta Sharma, Rajesh Kaji Shrestha and Bal Krishna Sibakoti and high ranking officials of Nepal government were also present. ♦

IBN CONDUCTS FINANCIAL AWARENESS PROGRAMME FOR PROJECT BENEFICIARIES



KATHMANDU: The Office of the Investment Board Nepal (IBN) organized a financial awareness programme in Dab, Dailekh district for beneficiaries of the Upper Karnali Hydropower Project. The five-day programme, which was supported by the Upper Karnali Hydropower Project and the various project concern committees, was targeted at those who have recently received, or are going to receive, compensation from the 900-MW project. The project is acquiring 49 hectares of private land and 273 hectares of government land for the project. Many people from Upper and Lower Baldev, Asaraghat, and Lode (in Turmaphant Rural Municipality) and Sigaudi and Sattala (in Aathbish Municipality) have lost their land and other property to the project. Of the total impacted households, 57 are to be resettled. The project developer is distributing NPR 900 million in compensation to project-affected people.

Around 400 people from the 426 beneficiary households listed in the Rehabilitation and Resettlement Action Plan (RAP) participated in the programme. The participants learnt techniques for saving, the importance of saving, and how to do a household budget. They were also taught about different investment opportunities in their area and the project benefits available to local people. The trainers included the project Section Officer together with Bishal Sapkota from IBN, IBN consultants Hari Krishna Upreti, Prabhakar Ghimire, Srijana Bhattarai and Ganesh Acharya, and local bankers, including Krishna Raj Joshi. The presidents of the Bhairabsthan, Sattala

and Sigaudi project concern committees also participated in the programme. Bom Bahadur BC (president of the Bhairabsthan Project Concern Committee), Sher Bahadur Shahi (president of the Sigaudi Project Concern Committee) and Bhakta Bahadur Thapa (president of the Sattala Project Concern Committee) urged recipients to use the compensation money wisely to secure a better livelihood for themselves and their families.

The programme gave project-affected people an opportunity to ask questions. They inquired about how project shares will be granted to local people, the responsibility of the project for community development, and employment opportunities for locals. They also stressed the need for the speedy distribution of compensation to affected people to avoid conflict. ♦



IBN ORGANIZES VISIT TO HONGSHI SHIVAM, SEZ



KATHMANDU: A high-level team led by CEO of Office of the Investment Board Nepal (IBN) visited the site of Hongshi-Shivam Cement Pvt. Ltd on 7-9 November to observe project implementation progress and resolve outstanding issues.

The visit was also aimed at facilitating project developer on local and national-level issues; particularly on access to road, electricity and others and supporting to build warm relationship between the project developers, local communities and local-level government authorities. The six-member team comprises IBN CEO Maha Prasad Adhikari, IBN Joint Secretary Uttam Bhakta Wagle, Under Secretary of the Ministry of Industry Bhim Prasad Bhattarai, IBN Section Office Ratnesh Shashi and its

consultants Ghanashyam Ojha and Suvechha Nepal.

The company with capacity to roll out 6,000 tons of cement per day in the first phase, is planning to commence production from February 2018. Investment Board, Nepal (IBN) has been handholding the company since July 2015 after its 18th Board Meeting approved Foreign Direct Investment (FDI) for the company. The IBN team observed the plant site, held separate interactions with the project developers, district-level government authorities, common citizens and others during the visit.

The team also separately visited Special Economic Zone (SEZ) at Bhairahawa during the period. ♦



CTGC BOARD APPROVES JVA

KATHMANDU: The China Three Gorges Corporation (CTGC); developer of West Seti Hydropower Project, and Nepal Electricity Authority are signing Joint Venture Agreement (JVA) on November 16, Kathmandu. The board approved the JVA between CTGC and the Nepal Electricity Authority (NEA) to develop the 750-MW West Seti Hydropower Project.

The developer and NEA had signed the JVA on 16 January in Kathmandu and it had been approved by

the NEA at its board meeting on 18 January 2017. The approval of the JVA by the boards of both parties paves the way for the establishment of a joint venture company in Nepal to undertake the implementation of the project. In August 2012, IBN and CWE Investment Corporation, a subsidiary of CTGC, signed a Memorandum of Understanding to construct the West Seti Hydropower Project. ♦



File Photo: JVA Initial signing between CTGI and NEA.

INTERACTION WITH SEJON



KATHMANDU: IBN interacted with the newly-appointed office bearers of the Society of Economic Journalists-Nepal (SEJON) on September 25. Felicitating the new Executive Committee members, IBN’s CEO Maha Prasad Adhikari asked SEJON office bearers and other economic journalists to support the promotion of foreign direct investment in Nepal.

in promoting investment in the country. Participants included IBN Joint Secretary Madhu Prasad Bhetuwal; other IBN officials; and from SEJON its General Secretary Bhim Gautam, Treasurer Bhagbat Bhattarai, members Shiva Bohara, Himal Poudel, Aliza Uppreti, Krishna Rijal, and Sagar Ghimire, and Secretariat Chief Subash Poudel. ♦

Adhikari gave the journalists an update on the implementation of IBN-facilitated projects and shared ongoing efforts by IBN in relation to the implementation process. SEJON President Pushpa Raj Acharya stressed the need for collaboration between SEJON and IBN



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IBN, NPC ORGANIZE ROUNDTABLE ON FDI

KATHMANDU: A roundtable on foreign direct investment (FDI) was jointly organized by IBN and the National Planning Commission (NPC) on 18 September for investors, policymakers, bureaucrats and development partners. The aim of the roundtable was to directly listen to investors and policymakers about their perceptions of the bottlenecks hampering FDI in Nepal. The event is part of the joint efforts being undertaken by IBN and NPC to reform FDI policies in Nepal.

During the roundtable, which was chaired by NPC Vice Chair, Honourable Dr Swarnim Wagle, IBN CEO Adhikari gave a presentation on the overall investment climate and FDI in Nepal. CEO Adhikari said that investors need clarity on legal and procedural issues before they will invest in Nepal. Ashish Garg, Executive Director of Solu Hydropower Pvt Ltd and Gaurav Goyal, Deputy Managing Director of Hongshi-Shivam Company made separate presentations on their business experiences in Nepal. In their view, Nepal needs to make the one-window policy more effective in order to attract FDI.

They pointed out that the government strengthen IBN to facilitate foreign investment in Nepal.

After the two-and-a-half hour interaction, NPC Vice Chair Dr Wagle wrapped up the roundtable reinforcing his commitment to work with different government agencies and donors on Nepal's national credit rating. Wagle also underlined the need to immediately initiate the process of amending the IBN Act to provide investors with an effective one-window service. He said that the government was working to ease the procedures for doing business by introducing modern systems. He also emphasized the need for special policies for buying and selling land based on the purpose for which the land is required so that the leasing of land for development projects can be simplified in the future. Secretaries of different ministries of the Government of Nepal Kedar Bahadur Adhikari and Shankar Prasad Adhikari, Deputy Governor of the Nepal Rastra Bank Chinta Mani Siwakoti, investors and representatives from various agencies attended the meeting. ♦



Karnali River near dam site of Upper Karnali Hydropower Project at Sattala, Dailekh



VOX-POP
UPPER KARNALI



BAM BAHADUR B.C.
Chairman, Project Concern
Committee, Bhairavsthan, Achham

We are getting money from selling the property we inherited from our forefathers. It is our duty to hand the property over to future generations. Therefore, we should not use the compensation money hastily. We need to take some time to explore the options for investing the money. The living standards of affected people should improve in the days to come. There would not be any point of the development project in our locality if we lost all our property and ended up being landless settlers. We have to ensure a better future for ourselves and the next generation by making prudent decisions.



PADAM BAHADUR BUDHA
Asara, Turmakhand Rural
Municipality, Achham

Although, I lost my ancestral property to the project, I am happy because the project will pave the way for development in our area and generate employment for local youth. I have to resettle, leaving around 10 ropani of land, three houses and some cowsheds. I am planning to maximise the use of the compensation by purchasing land and building houses for my four sons, who are employed by the government and doing their own business. My sons and grandsons would suffer if I misused the money for drinking, gambling and unproductive activities.

I lost my rice field. Although I don't know how much I am getting from the project, I will purchase a similar rice field with the compensation money. We need to arrange a permanent means of livelihood for the many years to come. So, my first priority is to purchase land to feed my family. I learnt many things from the financial awareness programme given by the Investment Board. If I can spare some money, I will invest in a small business to generate income in the future.



RASILA DEVI BUDHA
Turmakhand Rural Municipality,
Achham



JAUMATI DEVI BUDHA
Asara, Turmakhand Rural
Municipality, Achham

I am a single woman. I need to do something to provide a better future for my two sons. I want to purchase land with the compensation money. I have a small shop. I am also planning to use some money to expand my shop. Saving and investment are separate things, but they are useful in life. So, I will try to save the remaining money by depositing it in the bank so that I can use it when I need.

I thank the Investment Board Nepal and project developer for organizing this awareness programme for compensation recipients. We have also been making local people aware of how to use the money. However, unfortunately, we have seen land brokers come into our village. These brokers seek to lure innocent poor people into purchasing land in other places. We feel that we have failed to prevent the land brokers from coming in from urban areas. We have been suggesting that compensation recipients purchase land, build or invest in profitable sectors so that their living standards do not deteriorate. Even if they don't know how to invest the money, they need to save money in a fixed deposit account with the bank. My suggestion to all compensation recipients is not to make a decision in haste regarding the use of the money



SHER BAHADUR SHAHI
Chairman, Project Concern
Committee, Sigaudi, Dailekh



TULASI SHAHI
Aathbish Municipality,
Rakam, Dailekh

I planned how to spend money after consultation with my family. I feel that purchasing land, especially rice fields, is the wisest way to use the money. However, we need to explore other sectors for investment so that we can earn money regularly in the days to come. I lost two ropanis of land due to the project. But, I am not worried because I am using the compensation to buy land so that I can make a living out of that land. I will also use any spare money to start a profitable enterprise, such as goat rearing or poultry.

We have not only lost our ancestral property, but we are leaving behind our community, traditional structures, culture, sources of fodders and means of livelihood. I am planning to use the compensation money to purchase land and build a house for my family. After that, my priority will be to invest the money in a profit-making business.



BHAKTA BAHADUR THAPA
Chairman, Project Concern Committee, Sattala,
Aathbish Municipality, Dailekh



NISHA THAPA
Dab, Sattala, Aathbish
Municipality, Dailekh

I have lost my land. No problem; I will use the compensation to buy land and start a small business. I am also planning to invest the money in better education for my children so that it will pay off in future. I am worried that some families may misuse the money on alcohol and gambling. We have to play a role to check them. However, the majority of compensation recipients will use their money wisely

GMR STARTS DISTRIBUTING COMPENSATION



KATHMANDU: GMR-Upper Karnali Hydropower Company Ltd, the project developer for the Upper Karnali Hydropower project, started distributing its

first phase of compensation to land owners in Dailekh and Achham on 17 September. The price of land was set at NPR 895,000 per ropani, after IBN facilitated a series of consultations between the project developer and representatives of the Project Concern Committee. The developer is acquiring a total of 49 hectares of private land at a cost of around one billion rupees. As per the Project Development Agreement (PDA) signed on 19 September 2014, the Government of Nepal has to facilitate the acquisition of the required land, while the project developer has to pay for the acquired land. As per the Rehabilitation and Resettlement Action Plan, the developer has to pay compensation to a total of 426 households, 56 of which are to be resettled. ♦

IBN TEAM VISITS HYDRO PROJECTS IN RAMECHHAP, DOLAKHA



KATHMANDU: A team of senior officials from IBN, led by its Chief Executive Officer (CEO), Maha Prasad Adhikari, visited three hydropower projects on 8–11 October to observe their development and learn about hydropower issues. The team observed the 60-MW Khimti hydropower project located in Ramechhap district, which has been in operation since 2000. The team also visited the 456-MW Upper Tamakoshi hydropower project, which is located in both Dolakha and Ramechhap. This project commenced in early 2011 and is scheduled to come into operation from June

2018. Finally, the team visited the proposed powerhouse and dam sites of the 650-MW Tamakoshi-3 project in Dolakha and Ramechhap. During these visits, the team members had separate interactions with government officials and local people to ascertain their views on the project. CEO Adhikari was accompanied by IBN Joint Secretary Uttambhakta Wagle, Senior Divisional Engineer Sunil Poudel, and IBN consultants Ghanashyam Ojha, Ram Krishna Khatiwada, Prem Khanal, Ratish Basnyat and Bidur Gautam. ♦



IBN PARTICIPATES IN HYDROPOWER STUDY VISIT TO VIETNAM



KATHMANDU: The US Agency for International Development (USAID) organized an Executive Exchange on Hydropower Development in Vietnam for Nepal's parliamentarians and other officials. The programme was organized and funded by USAID's South Asia Regional Initiative for Energy Integration (SARI/EI) and USAID's Nepal Hydropower Development Project (NHDP). The purpose of the visit was for participants to learn about Vietnam's experience in the planning, appraisal, financing, development, risk mitigation, structuring, and operations involved in large hydropower production.

Vietnam Electricity (EVN) is the main electricity generator in Vietnam and hydropower accounts for a large portion of the electricity produced. The development strategy of the electricity industry for the period 2006–2015, with orientation toward 2025, prioritizes the development of hydropower and encourages investment in small hydropower plants. It is estimated that by 2020 the total capacity of hydropower plants in Vietnam will be around 13,000–15,000 MW.

During the week-long visit, delegates participated in a number of sessions and discussions on various topics including an overview of the Vietnam power sector, the electricity regulator's role, electricity sector restructuring, the Trung Song Hydropower Project, and the World Bank's experience in Vietnam. Topics covered a wide range of issues including the impact of Vietnam's hydropower on the economy, the current role and future of hydropower in Vietnam and the region, the main issues facing hydropower development in Vietnam, the financing of hydropower projects in Vietnam by multilateral agencies, power trade agreements (PTAs), power purchase agreements (PPAs), transmission and

other regulatory regimes, and cross-border transmission issues. Participants were able to directly observe the Trung Son Dam and Thanh Son Hydropower Project.

Honourable Member of Parliament Mr Bhim Bahadur Rawal, on behalf of the team, explained the purpose of the visit to the Vietnamese authorities and the World Bank at separate meetings. The participants included honourable members of parliament (MPs) representing the Upper Karnali and Arun-3 Hydropower project districts and the chairpersons of the concerned parliamentary committees. The team, led by Honourable Bhim Bahadur Rawal (MP from Achham), included Honourable Mohan Baral (Chairperson, Parliamentary Committee on Agriculture and Water Resources), Honourable Prakash Jwala (Chairperson, Parliamentary Finance Committee), Honourable Rabindra Adhikari (Chairperson, Parliamentary Development Committee), Honourable Taraman Gurung (MP from Sankhuwasabha), Honourable Laxmi Prasad Pokharel (MP from Dailekh), Honourable Ammar Bahadur Thapa (MP from Dailekh) and Honourable Bharat Saud (MP from Achham). The participants from IBN were Maha Prasad Adhikari (CEO), Madhu Prasad Bhetuwal (Joint Secretary), Sunil Poudel (Senior Divisional Engineer) and Ghanashyam Ojha (Consultant). Those taking part in the programme from the US government and its partners were Michael Boyd (Senior Energy Advisor, USAID/Nepal), Tushar Sud (Senior Power Restructuring Advisor, Deloitte Consulting, USAID's NHDP), Tilak Acharya (Financial Specialist, Deloitte Consulting, USAID's NHDP), Siddharth Mani (Deloitte Consulting, USAID's NHDP) and Sarah Blanford (US Energy Association Coordinator). ♦

INTERACTION WITH MPs FROM TAMAKOSHI-3 DISTRICTS



KATHMANDU: IBN organized an interaction with the members of parliament representing Tamakoshi-3 affected districts on 24 August. The interaction, which was held at IBN's office, explored ways to move forward the 650-MW Tamakoshi-3 project and updated the MPs about IBN's efforts to implement the project. Those taking part in the interaction were Ang Tawa Sherpa (Member of Parliament from Dolakha-2), Parbat Gurung (Member of Parliament from Ramechhap-1), Ananda Pokharel (Member of Parliament from Dolakha-1), Dabal Pandey (Chair of the District Coordination Committee Dolakha) and Shyam Basnet (General Secretary of Tamakoshi-3 Hydropower Concern Committee). IBN CEO Maha Prasad Adhikari, MPs from the Tamakoshi-3 project-affected districts (Ramechhap and Dolakha), and other stakeholders were also present at the meeting.

CEO Adhikari briefly apprised the parliamentarians of the ongoing efforts to move forward the project and sought support from the MPs to speed up implementation. Adhikari also informed the meeting that IBN was planning to complete the bidding process to select the investor for the project within the current fiscal year 2017/18. He pledged that IBN would give high priority to greater engagement with stakeholders in the coming days

to secure wider acceptance of the project.

On the occasion, IBN consultant, Ghanashyam Ojha introduced the programme. Madhu Prasad Bhetuwal, Joint Secretary of IBN, gave a presentation on the technical aspects of the project, its financing, implementation modality, and current status. Bhetuwal also stressed the need for global bidding to select a competent bidder and reduce the cost of the project. Parliamentarians and other project stakeholders pledged their support for implementation of the project. They also expressed concern over the delays the project has experienced. Those present on the occasion from IBN were Uttambhakta Wagle (Joint Secretary), Sunil Poudel (Senior Divisional Engineer), Ratnesh Shashi (Section Officer) and consulting staff. ♦