

IBN DISPATCH

Monthly Newsletter

Training for Local Journalists in Birendranagar

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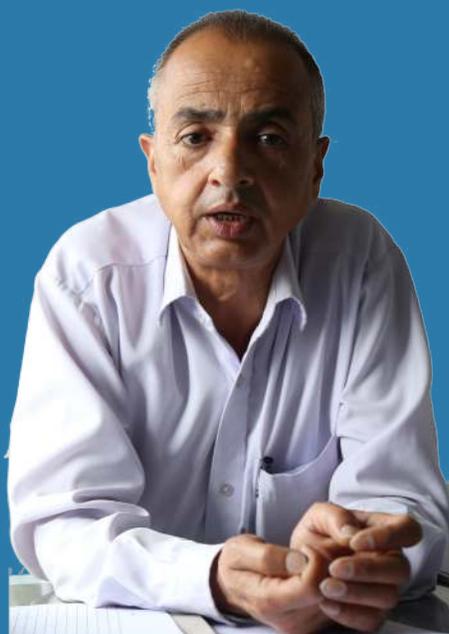
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Training for Local Journalists in Birendranagar



KATHMANDU: The Office of the Investment Board Nepal (IBN), with the support of USAID's Nepal Hydropower Development Project (NHDP), organised a training on 'Hydropower Development Issues' in Birendranagar from 6-7 May. The training targeted journalists based in the districts affected by the 900-MW Upper Karnali Hydropower Project, namely, Surkhet, Dailekh and Achham.

The training, which was inaugurated by Raj Kumar Shrestha, Chief District Officer of Surkhet, was designed to enhance understanding among local journalists about hydropower projects, especially the Upper Karnali Project. Speaking on the occasion, Shrestha highlighted the power of media to sensitise people about development issues at the local and national levels and asked journalists to play watchdog as well as a supportive role for the economic transformation of the country. IBN consultant Ghanashyam Ojha explained the objectives of the training, while another consultant Prabhakar Ghimire introduced the training.

Around two-dozen journalists representing print and electronic media participated in the two-day training. On the first day of training, Professor Surya Man Shakya gave a presentation on EIAs in hydropower projects. This was followed by a presentation by IBN consultant Ghanashyam Ojha on IBN's information dissemination strategies. Another IBN consultant, Prem Khanal, talked about the macro economy and economic journalism.

Finally, Deloitte's Rob Taylor gave an overview of the international laws governing hydropower projects. On the second day, former Secretary of the Ministry of Law and Justice, Madhav Poudel, highlighted the laws governing PDAs and IBN. In addition, IBN consultant Ashis Gyawali talked about the energy market in Nepal and India. IBN Under-secretary, Khagendra Rijal, then gave updates on IBN projects and IBN consultant Ghanashyam Ojha explained the issues involved in the Upper Karnali Project, as well as IBN's response to these issues. This was followed by an interaction, during which participating journalists asked questions about shares, employment, and the resettlement and rehabilitation of affected people. They also demanded that project-related information be simplified by IBN and GMR Ltd (the project developer). At the end of the training, IBN Under-secretary Rijal distributed certificates to the participating journalists and Rijal asked them to be objective and impartial in their reporting.

Ganesh Kanchan Bharati, President of the Federation of Nepalese Journalists Surkhet Chapter, and Ram Bahadur Kunwar of the Achham Chapter asked that such training be organised in all three districts affected by the Upper Karnali Hydropower Project so that more local journalists could have the opportunity to participate. The event was moderated by IBN consultant Prabhakar Ghimire. •

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Parliamentarians Visit Arun-3 Hydropower Site

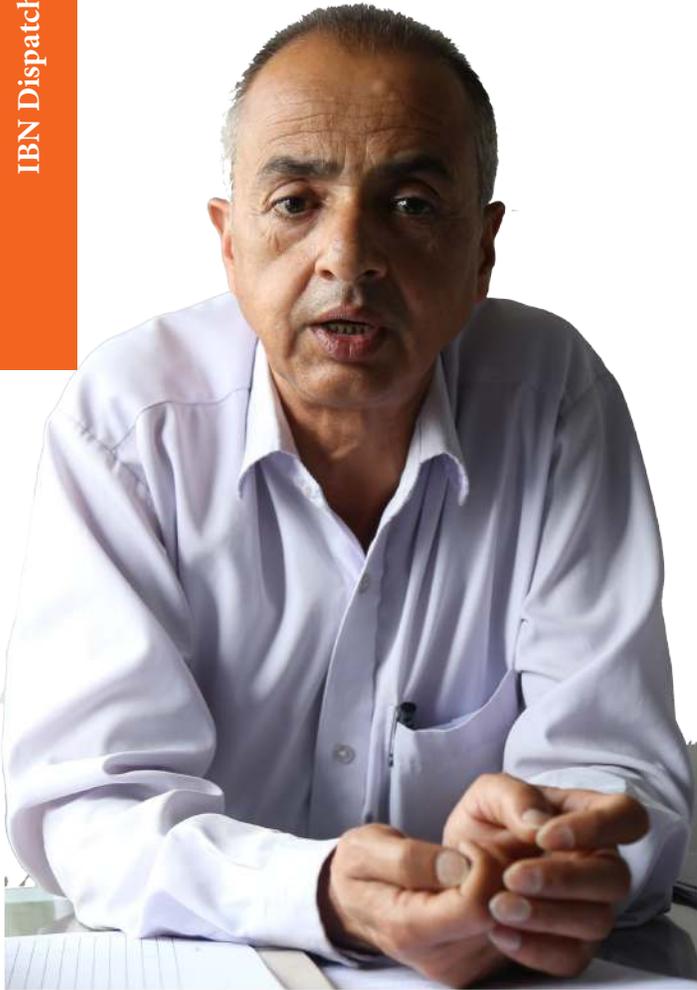


KATHMANDU: IBN and the Legislative Parliament's Agriculture and Water Resources Committee (AWRC) jointly organised a five-day trip for a group of parliamentarians to visit the 900 MW Arun 3 Project in Sankhuwasabha district from 19-22 April. The visit was conducted to update parliamentarians about project implementation activities and the problems that have emerged during implementation (such as issues with EIAs/IEEs and land acquisition) and to seek parliamentary support for the amendment of policies, laws and regulations to resolve such problems. The visit also allowed lawmakers to see the geographic location of the proposed dam site, powerhouse and access road, as well as to learn about how the local people feel about project. A similar visit for lawmakers was organised by IBN and AWRC to the West Seti Project. A total of nine AWRC parliamentarians and IBN staff inspected the project dam sites at Faksinda Dobhan in Num VDC and the powerhouse area at Dadagaun in Diding VDC. During the visit, the parliamentarians interacted with project-affected people, local government officials and media persons. The parliamentarians visiting the project site were Armit Kumar Bohara, Kashinath Adhikari, Ganga Devi Dangi, Damberdhowj Tumbahampe, Namraj Sharma, Bed Maya Bhandari (Shakya), Sudhir Kumar Siwakoti, Dipak Khadka and Taraman Gurung.

In Khandbari, officials of the Satluj-Arun Power Development Company (SAPDC) briefed lawmakers and local government officials about the project, progress in its implementation and emerging problems regarding the acquisition of private and forest land. The developer sought support from lawmakers to resolve the outstanding issues blocking implementation of the project. At the interactions, local people complained about lack of transparency on the part of the developer about project implementation activities and corporate social responsibility activities, the shares in the project for local people, the rights of affected people, and resettlement and rehabilitation plans, among other things. Speaking on the occasion, parliamentarians expressed concern about the slow progress of project implementation and put pressure on the project developer to speed up the process and resolve existing issues. They also pledged the support of AWRC in any resolving issues hindering the implementation of the project. Amrit Kumar Bohara, coordinator of the parliamentary team, said that Arun-3 Project must be implemented at the earliest considering the significance of the project for local and national development.

The visit was concluded with a press briefing in Khandbari on 23 April. At the briefing, journalists demanded that the press be provided with easy access to project-related information to facilitate dissemination of news about project activities. •

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Chemical Fertilizers: Key to Food Security through Improved Productivity

-Bhagawan Pd. Khatiwada

Sr. Agriculture Development Officer
Ministry of Agricultural Development

Bhagawan Prasad Khatiwada is a senior Agriculture Development Officer at the Ministry of Agriculture Development. Khatiwada possess good knowledge about chemical fertilizer demand and supply, the use of chemical fertilizers in Nepal and other countries, and the significance of chemical fertilizer production in Nepal. The Government has recently reviewed the Inception Report on the feasibility of establishing a chemical fertilizer plant in the country and sent it back to the consulting firm with comments for preparation of the final report. IBN Dispatch caught up with Khatiwada, who is also a member of the review panel headed by the CEO of IBN.

What is the situation with the demand and supply of chemical fertilizers in Nepal?

We are entirely dependent on imports for the supply of chemical fertilizers. In a bid to give relief to the farmers, we re-introduced a subsidy for chemical fertilizers in 2007, under which 50,000 metric tonnes of chemical fertilizers were subsidised. In the current fiscal year we are planning to supply 290,000 tonnes of chemical fertilizers at a subsidised price. Nepal needs at least 400,000 tonnes of chemical fertilizers annually. However, we are importing far less than this quantity.

Where are we in terms of the use of chemical fertilizers in Nepal?

The quantity of chemical fertilizer being used in our farms is far less than that in other countries. For example, the average use of chemical fertilizers in India stands at 270 kg per hectare, while in China it is 460 kg per hectare. Both of these neighbours have been using organic

fertilizers to complement nutrients in the soil. We are lagging behind in the use of chemical fertilizers, with an average use of just 60 kg per hectare. Those who are pursuing commercial farming are using higher quantities of chemical fertilizers, however, among subsistence farmers the quantity used is very low. Farmers in the Tarai use more chemical fertilizers compared to those in the hills and mountains.

Why are chemical fertilizers important in boosting farm productivity?

Irrigation, fertilizers, roads and seeds are key elements in enhancing productivity in farms. We are facing challenges to cope with the increasing population and soaring demand for food. As we cannot increase the farming area, we must increase productivity. We can avert a food crisis and subsequent social unrest by enhancing the supply of chemical fertilizers. So, the role of chemical fertilizers is key to improving food security by

boosting productivity.

At a time when the Government is encouraging the use of organic fertilizers, how can you justify saying that a chemical fertilizer plant is essential for Nepal?

The reasons for using chemical fertilizers are different from those for using organic fertilizers. The government has been promoting organic farming, not for food security, but to promote chemical-free farm production and improve the quality of the soil. But, we are not in a position at present to completely substitute chemical fertilizers with organic fertilizers. Organic fertilizers alone cannot meet the growing demand for fertilizer as a farm input and the cost of production will be higher if we use organic fertilizers. If production costs go up, our farm products will be more expensive in local and international markets, weakening the competitiveness of our farmers.

As IBN is moving ahead with the process of establishing a chemical fertilizer plant in Nepal and you are also a member of a committee formed to evaluate the Detail Feasibility Study, how important is a chemical fertilizer plant for Nepal?

As we know, our economy is agro-based with one-third of gross domestic product contributed by agriculture. Nepal's economic performance directly depends on growth in the farm sector. We have been importing chemical fertilizers to meet demand in the absence of a chemical fertilizer plant within the country. Against this backdrop, IBN is moving ahead with the plan to establish a chemical fertilizer plant and the process is underway to review the feasibility study submitted by the designated firm. We can save a huge amount of money if we are able to produce chemical fertilizers from a production plant in Nepal. However, we are still not in a position to say whether or not it is feasible until we complete our study of the feasibility report. There are benefits as well as challenges involved in setting up a plant in Nepal.

What are the challenges?

We are facing long hours of load-shedding in Nepal with a huge deficit of power. Establishing a chemical fertilizer plant means we have to arrange a dedicated line of at least 200-300 MW of electricity with round-the-clock power. Given the power supply capacity at present, it is impossible at the moment to run such a power-consuming plant. However, alternative power options, such as coal, could be used to run the plant. In addition, sophisticated technology as well as capital are needed to establish the plant. Until the government makes operating a chemical fertilizer plant a high priority, it will be difficult to materialise in near future. And, if we fail to produce



chemical fertilizers at a lower cost, we cannot compete with what is being imported from India. We are planning to produce urea only, so how can we fulfil the demands for other fertilizers (DAP, potash)? Urea is produced using raw materials from the atmosphere. So, we need not spend money on importing raw materials for urea production. However, if we want to produce diammonium phosphate (DAP) and potash we have no option but to import raw materials. Even, India imports 80-90% of the raw materials for DAP and potash. Importing raw materials for DAP and potash would put our cost of production higher than that in India. There is no logic in producing DAP and potash in Nepal if the cost is higher than what is being produced in India. So, at the moment, it is cheaper to import DAP and potash rather than producing these fertilizers ourselves.

Do you mean that exporting chemical fertilizers to India is not feasible?

It depends on the cost of production at which we can produce fertilizer. If we maintain the same cost as Indian produced fertilizers, we can export to the bordering states of India. Exporting to our southern neighbour is only feasible if we can supply fertilizers at a lower price. We know from the media that the consumption of urea in India stands at around 15 million tonnes per year; we can take advantage of this vast market if we can supply urea at a lower price.

For full interview logon to www.ibn.gov.np

23rd Board Meeting Concludes



KATHMANDU: The 23rd meeting of IBN was held on 28 April under the chairmanship of the Prime Minister and Board Chairman KP Sharma Oli. At the meeting, some crucial decisions were made to move forward some of projects monitored by IBN. The meeting approved Detailed Project Reports (DPRs) submitted by two private companies for the Integrated Solid Waste Management Project in the capital. For Package I of the project, Compunication OY in Association with Poiry, Bioste and Organic Village (NepWaste) have submitted a DPR for the management of solid waste in Kathmandu. Similarly, under Packages II and III, BVG India, Greenfield Waste Management Company and KRYSS International J/V (Clean Valley Company-CVC) have submitted a DPR for Lalitpur, Bhaktapur and Kirtipur municipalities. The meeting also gave IBN the authority to hold negotiations with concerned firms for project implementation under set conditions. Speaking at the meeting, Oli said that decisions made by IBN must be implemented sincerely by concerned government agencies stating that IBN was established to implement large-scale projects on a fast-track basis. Oli also warned that any dilly-dallying or obstruction

by any authority or officials in the implementation of development projects would not be acceptable. At the meeting it was decided to table a proposal with Cabinet to assign responsibilities as per the Investment Board Act 2011 (2068 BS) to develop geo-thermal plants in the country. The meeting also gave an additional four months to the designated company to submit a feasibility study report for the development of a metro rail in the Kathmandu Valley. In a bid to ensure the sustainability of metro rail operations, the meeting decided to put a proposal to Cabinet about assigning the task of developing proposals to IBN Office, as per the Investment Board Act 2011. Also present at the meeting were Finance Minister and Vice-chairman of IBN, Bishnu Prasad Paudel, Minister for Forests, Agni Prasad Sapkota, Minister for Tourism, Ananda Prasad Pokharel, Minister for Communication, Sher Dhan Rai, Vice-chairman of National Planning Commission, Dr Yubaraj Khatiwada, secretaries at the Prime Minister and Council of Ministers, Kamalshali Ghimire and Kedar Bahadur Adhikari, and other senior government officials. Radhesh Pant, CEO of IBN, tabled the agenda of the meeting. •

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PM Releases Nepal Investment Guide



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KATHMANDU: Prime Minister KP Sharma Oli released the 'Nepal Investment Guide 2016', which was jointly developed by IBN and the Ministry of Industry. Prime Minister Oli released the guide at the 22nd Meeting of the Investment Board on 6 April. The guide was published as part of investment promotion activities by IBN to inform international investors of opportunities in Nepal and the process of doing business. The guide provides information about potential sectors for investment, the relevant government agencies, existing laws, and comparative benefits to investors, among other things. The guide can be downloaded from IBN's official website: www.ibn.gov.np.

Joint Secretary Bhattarai Welcomed



KATHMANDU: IBN welcomed new Joint Secretary appointed for IBN, Ravi Raj Bhattarai, at a function organised on 13 May. Welcoming Bhattarai to his first posting as Joint Secretary, Radhesh Pant, CEO of IBN, said that Bhattarai's experience working in different agencies of the government will be a great support in the planning and execution of programmes and delivery of infrastructure projects under IBN's mandate. Speaking on the occasion, Bhattarai said it is a great opportunity for him to work at IBN, which plays a significant role in implementing crucial infrastructure projects in the country.

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Government of Nepal
Investment Board of Nepal

Correspondence:
Government of Nepal
Office of the Investment Board Nepal
East building of ICC Complex, New Baneswor, Kathmandu
Phone: +977-1-4475277, 4475278
Email: info@ibn.gov.np
Website: www.ibn.gov.np

