

24th IBN Meeting Concludes



KATHMANDU: The 24th meeting of the Investment Board Nepal concluded on 22 July under the chairmanship of the then Prime Minister and Chairman of IBN, KP Sharma Oli. The meeting decided to endorse the 'National Energy Demand and Supply Study', which estimates the energy demand in Nepal and identifies various alternative sources of energy in future. The report forecasts that demand for energy will reach 10,092 MW by 2030, assuming 5% economic growth during the period. The 19th meeting of IBN on 20 December 2015 had commissioned the study by a high-level team headed by the Vice-chair of the National Planning Commission (NPC).

At the meeting, it was decided to direct the NPC, through the Office of the Prime Minister and Council of Ministers (OPMCM), to formulate the necessary policies, plans and programmes to implement the recommendations of the report. It was also decided to request concerned ministries to develop the fast-track process for the environmental impact assessment (EIA) of projects being implemented through IBN and to simultaneously take forward the process of approving EIAs and using forest land for development projects. The meeting endorsed the study on setting up a security

printing plant in the country and its operational modality. At the meeting it was decided to write to the OPMCM requesting it to send a proposal to the cabinet to implement the recommendations of the report. Similarly, it was also decided to instruct the Ministry of Land Reform and Management to lift the ceiling for land required for projects being implemented under IBN.

It was decided to instruct the Ministry of Energy, Department of Electricity Development and Nepal Electricity Authority to initiate the necessary process to ensure electricity supply for the construct of the transmission line and access road for projects and to write to the concerned ministries to provide right of way and an access road for construction of a tunnel way and conveyer belt to transport the goods to and from the project sites.

At the meeting Bhawani Rana, Rajesh Kaji Shrestha, Hari Bhakta Sharma and Balkrishna Siwakoti were nominated as members to represent the private sector at IBN and thanks were given to the outgoing CEO of IBN, Radhesh Pant. The CEO of IBN, Maha Prasad Adhikari, gave a presentation on the activities of IBN. •

Government Freezes Land Transactions in Arun-3



KATHMANDU: The process of acquiring land for the 900 MW Arun-3 Hydropower Project has reached the final stage, with the Compensation Determination Committee planning to settle the process within a month. The Committee, headed by the Chief District Officer of Sankhuwasabha, has already conducted different rounds of meetings with the project-affected people in preparation for setting the land prices. The Committee will invite land owners for negotiations with the project developer to settle the price of their land. The project is planning to acquire 391 parcels of 48 hectares of private land, which includes 112 parcels in Diding, 82 parcels in Yaphu, 147 parcels in Num and 50 parcels in Pathibhara VDCs. In addition to the land, the project is also acquiring houses, cowsheds, huts and plant, in line with the Asian Development Bank Safeguard Standards.

For acquiring 125 hectares of government land, the Department of Forest has moved the file to the Ministry of Forest. However, the Department of National Parks and Wildlife Conservation has not yet forwarded the file to the Ministry of Forest. The project has to complete the process of financial closure by November 2016. Project-affected local people have accepted the Resettlement Action Plan proposed by the developer company and signed a tripartite agreement with the developer in Sankhuwasabha on 25 February in the presence of an IBN representatives.

The government has recently lifted the land ceiling to allow the SJVN-Arun-3 Power Development Company (SAPDC), the developer of the Arun-3 Hydropower Project, to acquire approximately 963 ropanis (49 hectares) of private land. The Ministry of Land Reform and Management (MoLRM) took the decision to lift the cap on 17 June 2016, paving the way for the Arun-3 developer to acquire the land area specified in the Detailed Project Report. The government had previously

treated companies and individuals the same, setting the ceiling for land acquisition at 75 ropanis for both. As per the exiting provision, the ceiling on land to be acquired by a developer of a hydropower project can be lifted by a ministerial-level decision. However, a cabinet decision is required to lift the land ceiling for development projects other than hydropower.

Land Acquisition in Upper Karnali

Negotiations between the project developer and private landholders to settle the price of land are in the final stages. A total of 48 hectares of private land has to be acquired for the project. IBN has sent the file to the Ministry of Forest requesting it to forward the file to the cabinet for approval of the acquisition of 262 hectares of forest land by the project. •



'We Must Maintain Our Adventure Tourism Identity.'

-Yogendra Sakya
Tourism Entrepreneur

Yogendra Sakya is a renowned tourism entrepreneur specialising in operating tourist hotels and resorts. Former president of the Hotel Association of Nepal, Sakya has been supporting the government directly and indirectly in policy formulation and promotional activities for tourism development in Nepal. Sakya was the national coordinator of 'Tourism Year 2011' and instrumental in boosting the number of tourists arriving in Nepal in the years that followed. Promoter of reputed hotels including Club Himalaya, the Ambassador Hotel and the Marcopolo Business Hotel, Sakya holds the strong conviction that tourism development is possible only if the government and private sector join hands. He is also of the view that any promotional campaign is not sufficient without an environment that is conducive to investment. Sakya talked with IBN Dispatch about tourism in Nepal.

What is the current situation in the tourism sector in Nepal?

The number of tourists coming to Nepal shot up in the years following Tourism Year 2011. However, we suffered a major setback due to last year's devastating earthquake. Enthusiasm has also grown among investors and lending banks with the significant rise in tourist inflows. Both lending institutions and investors are optimistic about the prospects for tourism in the country. Even those in other trades and businesses are coming into the tourism sector with plans for new investment. A positive vibe has been created in relation to investment in new hotels and resorts, with the planned addition of over 4,000 rooms in three- to five-star hotels. This is an opportunity to enhance our capacity by increasing investment from the private sector. The government's has an important role to play in this, particularly in terms of tourism infrastructure, to facilitate the growth of the tourism industry.

The number of tourists has started to rise, but it has been said that our service level is still is not on par with

international standards. What is your take on this ?

Nepal's tourism formally started with the arrival of the hippies in the 1960s, who contributed to the development of tourist centres like Jhonse and Thamel. Since then, Nepal's tourism priorities and the types of tourists coming to Nepal have changed significantly. Our socioeconomic situation has also been transformed. Unlike Bhutan, which has adopted a controlled tourism approach, we are attracting all kinds of tourists ranging from those staying in five-star hotels to others who prefer non-star hotels. We have been making an effort to maintain quality while at the same time increasing the quantity of tourists. Nepal is renowned across the world for our unique tourist products. We are offering our own typical services, which can't be compared to those offered by other countries. Definitely, we have to continue to improve the quality of our tourism products to suit the ever-evolving interests of tourists.

Investment in hotels has not caught up with the hike in tourist numbers, why?

After Tourism Year 2011, we succeeded in significantly

increasing the number of tourists. Although we targeted annual arrivals of one million, we only managed to bring in around 800,000 in the three years after 2011. However, this increase is a great achievement because tourist arrivals had previously not exceeded 500,000. But, investment in the tourism sector, especially in hotels, has not increased accordingly because investors are reluctant to put money in until they are convinced that the environment for investment is favourable. An investment of at least NPR 20 million is needed to make a single room in a five-star hotel and NPR 5 million for a room in a two or three-star hotel. As such a huge investment is required to construct even a standard hotel, we must create an atmosphere in which any investor (foreign or domestic) is assured that their investment is secure.

Do you see any changes in tourism trends in Nepal?

The composition of tourists visiting Nepal has changed a lot. The number of tourists arriving from new destinations in Asia, including our close neighbours China and India, has increased impressively. Dominance by our traditional source destinations, such as America and Europe, has decreased. The interests of tourists tend to be different depending on their source destination. However, we have to maintain our identity in terms of nature and adventure tourism as the key attractions in Nepal. And, we need to come up with marketing strategies that support the promotion of adventure and nature tourism. However, we should not ignore the demands and interests of other kinds of tourists. The private sector knows well the changing dynamics in tourism, while the government can play a role in the development of tourism infrastructure. The private sector and the government must make a joint effort to sustain the development of tourism in Nepal. Some people say that the duty to develop tourism is the sole purview of the private sector. But without support from the government and political parties, the private sector can do nothing. So, we coined the slogan 'Together for Tourism' for Tourism Year 2011. Not only the government and business people, but every citizen has a role to play in promoting tourism in the country.

Could you tell us about foreign direct investment (FDI) in the hotel industry in Nepal?

We have not seen FDI in the hotel industry so far, beside management contracts with hotel chains for certain hotels. Attracting FDI into the hotel sector in Nepal is challenging, as operating a hotel entails a host of problems, including trade unionisation, the extortion of money by different groups and difficulties in acquiring land, among other things. Arranging sources of finance is not a big deal, but managing a hotel in Nepal is

very challenging. Investors are not ready to invest huge amounts of money in the current situation, as they are not confident that hotels can be run without hassles. Investors are ready to invest and banks are ready to lend money, but the government is still apathetic and political parties are also not serious about promoting tourism. We have great prospects for attracting foreign investment in hotels, but only if we create a favourable investment climate, develop necessary infrastructure including roads and airports, and secure political support. The biggest problem we are confronted with is infrastructure bottlenecks; for example, Tribhuvan International Airport is too congested and unable to cater to the soaring number of tourists.

Have you seen any paradigm shift in tourism trends over the last couple of decades?

In recent years, we have witnessed a significant rise in tourist arrivals from Asia, rather than from traditional source destinations such as America and Europe. With the shift in source destinations, we are offering tourism services to fit the interests of these tourists. Although tourism products are changing, we have maintained our identity as an adventure and nature tourism destination.

What are the things we need to do to effectively promote Nepal as ideal tourist destination?

We need to improve our tourism infrastructure - railways, airports, roads, hotels and trekking routes - to facilitate the inflow of international tourists. We are famous for our hospitality and friendly nature, and we need to continue this legacy. We need to enhance the quality of our services in tourism outlets. To boost the role of the tourism sector in the national economy, we need to lure more foreign investment to pave the way for more foreign capital and technology. However, we need to comprehend that investors will not invest in Nepal unless we improve the investment climate. The politicisation of trade unions, weak tourism infrastructure, lack of clear government policies, weak capacity of the national flag carrier and inadequate human resources are key roadblocks in tourism development. Without resolving such problems, bringing in two million tourists per year by 2020 will not be possible. It is not necessary to urge international investors to invest in Nepal - they will flock to Nepal on their own if we create an investment-friendly environment. What we need to do immediately is expand the capacity of existing international airports, develop new international airports and add new aircraft to the fleet of the national flag carrier to facilitate the increase in the inflow of tourists from international markets.

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Training for Local Journalists in Khandbari



KHANDBARI: IBN organised a two-day training on 'Hydropower Development Issues' for journalists of Sankhuwasabha and Bhojpur districts on 17 and 18 July 2016. USAID's Nepal Hydropower Development Project supported the event. A total of 18 journalists from both districts participated in the training.

While inaugurating the training programme, the Chief District Officer of Sankhuwasabha, Khum Kanta Acharya, urged the participating journalists to ensure factual reporting to create a conducive environment for infrastructure development in the country. Acharya stressed that journalists should be able to use the knowledge available in their professional work. IBN Joint Secretary, Ravi Bhattarai, who chaired the event, underlined the role of the media in making projects successful. He requested the journalists to be professional and objective in their reporting. Welcoming the journalists, Under Secretary of IBN, Khagendra Prasad Rijal, highlighted the objectives of the training.

On the first day, the Chairperson of the Nepal Law Commission and former minister, Madhav Paudel, highlighted the laws governing IBN and project development agreements. This was followed by IBN consultant Prem Khanal's presentation on macroeconomics and economic journalism. Professor Surya Man Shakya led a session on environment impact assessments in Nepal. Afterwards, another IBN consultant, Ashis Gyawali, explained the energy markets of Nepal and India.

On the second day, international legal expert Robert Taylor gave a presentation on the international laws governing hydropower development. IBN consultant Ghanashyam Ojha explained the issues related to Arun-3 Hydropower Project and the role of the media in mega projects. Similarly, Under Secretary Rijal updated participants about IBN and the projects it is mandated to look after. At the end of the training, IBN Joint-Secretary Ravi Bhattarai and Robert Taylor distributed certificates to the participants.

Eksan Rai, officiating President of the Federation of Nepalese Journalist, Bhojpur chapter, thanked IBN and asked it to provide regular updates on the development of the Arun-3 Hydropower Project. The event was moderated by IBN consultant Ganesh Acharya.

A similar training, designed to enrich understanding of hydropower issues among journalists, was held at Birendranagar in Surkhet two months ago, targeting journalists from Surkhet, Dailekh and Accham districts, which are impacted by the Upper Karnali Hydropower Project. •



-----PHOTO FEATURE----- Training for Local Journalists in Khandbari



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Energy Demand in 2015 (By Sector)

(Energy Demand Projection 2030: A MAED Based Approach)



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