

IBN DISPATCH

Monthly Newsletter



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'I Will Invest this Money for the Better Future of My Family.'

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Compensation Distribution Starts for Arun-3

KATHMANDU: In a major development in the Arun-3 Hydropower Project, the project developer started distributing compensation to affected families in the last week of October. The SJVN-Arun 3 Power Development Company (SAPDC) is distributing around NPR 1.3 billion to private land owners as compensation for land acquired for the 900-MW project.

Khum Kanta Acharya, Chief District Officer of Sankhuwasabha, launched a programme to handover the compensation cheques to those who had lost land and property to the project. Prices for land were fixed by the Compensation Determination Committee, which is headed by the Chief District Officer, after a series of consultations with affected people.

A total of 265 households in Num, Pathibhara, Yaphu, and Diding VDCs in Sankhuwasabha district will receive compensation. The project is acquiring 49 hectares of land from the four VDCs and offering different amounts to land owners based on the type and utility of the land: NPR 825,000 per ropani for sloping land, NPR 907,500 for normal farm land, NPR 1.04 million for black cardamom land and NPR 1.2 million for paddy. A total 391 private land parcels, including 112 in Diding, 82 in Yaphu, 147 in Num and 50 in Pathibhara, will be acquired for the project. In anticipation of the distribution, IBN in coordination with the developer conducted



a financial awareness programme for recipients in Khandbari in mid-November. IBN consultants- Prem Khanal, Ujjwal Gajurel and Ganesh Acharya gave lectures on how to best utilize the compensation amount. Similarly, bankers associated with banks operating in Sankhuwasabha also were resource persons for the awareness program.

Compensation Fixed for Upper Karnali

In another major breakthrough, on 17 November, GMR Upper Karnali Hydropower Ltd and local project-affected people agreed on a compensation amount for land to be acquired by the Upper Karnali Project. Compensation has been set at NPR 895,000 per ropani for all kinds of land to be acquired by the project. The developer is planning to start distribution of compensation after completing necessary process soon. •



What's Your Plan to Utilize the Compensation Amount?

Asarey Bahadur Rai Pathivara, Sankhuwasabha

I am working at a local postal office. The place I have been living for more than seven years in Pathivara VDC, is acquired by the project. However I recieved a decent amount of compensation. I never thought of getting such huge money. I am happy because I am now getting the amount on my bank account.

I am planning to buy a house here in Khadbari and land for big cardomom farming. I will spend some money for better education to my children. Besides, I want to build a public structure in the memory of my late father. Afterall, I would not have been able to recieve this much amount, had my father not worked hard for us. I will save the remaining amount in the bank to fulfill my future needs. •



IBN Organizes Workshop on Domestic Financial Market

KATHMANDU: IBN, in collaboration with USAID's Nepal Hydropower Development Project (NHDP), organized a half-day workshop in Kathmandu on 30 September on the domestic financial market for hydropower development. Representatives from the Nepal Rastra Bank, the Security Board of Nepal, different commercial banks and insurance companies, the Employee Provident Fund, the Citizen Investment Trust, and the Hydropower Investment and Development Company participated in the event. The workshop was also attended by

representatives from merchant banks and private equity funds.

Welcoming the participants, IBN CEO, Maha Prasad Adhikari, explained the role of financial markets in funding the development of hydropower in Nepal. On the occasion, Ravi Bhattarai, Joint Secretary of IBN, gave an 'Overview of the Investment Board Nepal'. Similarly, Sanjay Dhungel, Senior Divisional Engineer for IBN, gave a presentation on 'Hydropower Development and Financial Markets in Nepal'. •

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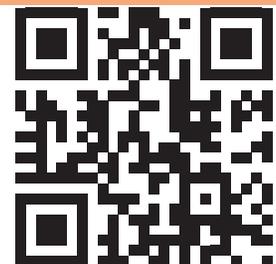
www.ibn.gov.np



@IBNOffice



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





'Greater Consultation is Key to Fixing Compensation'

Chief District Officer, Sankhuwasabha

Khum Kanta Acharya has been the Chief District Officer of Sankhuwasabha district for the last six months. As head of the Compensation Determination Committee (CDC), Acharya has helped speed up the process of land acquisition, fixing the prices of private land for the Arun-3 Hydropower Project and averting controversy. Under his leadership, distribution of compensation started in October. Acharya shared his experiences as Chief of the CDC in an interview with IBN Dispatch.

As head of the CDC, could you share your experience in determining the compensation to be paid to people affected by the Arun-3 Hydropower Project?

When I was deputed to this district as the Chief District Officer, most of the tasks related to the acquisition of land for Arun-3 were still pending. As per the PDA with SJVN-Arun 3 Power Development Company (SAPDC), it is the duty of the government to provide necessary land to the project. We have to acquire 50 hectares of private land, in addition to government land, for the project. Immediately after I took office, I was briefing about the project as well as its progress. I then conducted a series of consultations with different groups

of affected people. I also went to the project site and inspected the land to be acquired.

During the consultations, I became aware of the real expectations of the local people regarding compensation. It was very challenging to make the process of compensation determination and distribution free of dispute, given the huge gap between the affected people's expectations and the limitations of the developer. I consulted with local people, SAPDC, and IBN officials seriously to narrow the differences. We also developed some criteria to set the compensation amount, bringing the affected people into our confidence.

What are some of the major challenges and difficulties involved in acquiring land for large-scale projects?

The determination of the compensation amount for land is the key hurdle in any development project. Arun-3 is not immune to this. However, we tactfully avoided a long dispute between the developer and affected people in the process of compensation distribution. We held a host of meetings with land owners and developers in the presence of IBN representatives. This engagement with affected people helped us to narrow the gap between their expectations and the practical limitations of the developer. If we had followed the process practised in other development projects we would not have been able to settle the compensation issue in time. The CDC, led by me, was able to secure public confidence and I really appreciate the supportive role played by IBN and the project developer in this whole process.

In your experience, what lessons have been learnt about how to resolve land acquisition issues quickly for large-scale projects?

This is the age of a responsive and aware public. In the beginning, local people complained to me that they had been kept in the dark about the land acquisition process and compensation amount. I thought that it was high time to initiate meaningful consultations with the affected people to settle the compensation amount at the earliest. I was well aware that we needed to take the affected people, who are going to lose their property and generations-old settlement, into our confidence. We organized consultations in which we communicated the real limitations of the developers and took note of the expectations of the local people. These meetings helped us greatly to narrow the gap between these expectations and what was possible.

Do you have any suggestions for compensation determination in projects where the public are not cooperative?

I realise that the process applied in Arun-3 may not fit all hydropower projects. In the Arun-3 project, local people were quite cooperative from the very beginning of the compensation determination process, as they had already experienced the demise of the Arun-3 project, which had pushed back development in the area and the entire nation. Although people's expectations were high, they were not negative towards the project. Unlike in other projects, we did not receive any complaints from affected people regarding the process of compensation determination. I think that the high level of consultation

with affected people helped us to reach an amicable solution. The lesson we learnt is that the narrower the gap between people's expectations and the limitations of the project developer, the easier and faster the land acquisition process.

What are some of the tactics you used to settle the compensation amount in such a smooth way?

Although the Land Acquisition Act 2031 BS gives the CDC the authority to fix the compensation amount for land acquired in development projects, we decided to conduct consultations with affected people to secure their confidence and support for the project and our compensation decision. We held a number of tripartite negotiations between SAPDC, the CDC and the affected people in the presence of IBN representatives to secure their buy-in to our decision on compensation. Such meetings created a forum for local people to share their expectations and for us to explain the developer's limitations. Now, we are able to distribute the compensation amounts to the concerned land owners smoothly. IBN has been conducting a financial awareness programme in Khandbari for recipients of compensation so that they are able to use the money in a productive way. We have also urged the banks involved to ask anyone who is withdrawing a huge amount about what their plans are.

What has been the public's reaction to the compensation distribution process?

The Rehabilitation and Resettlement Plan for affected people offers many facilities, in addition to the compensation amount. We have succeeded in garnering public support for the compensation amount, as we have followed the spirit of the Rehabilitation and Resettlement Plan. I found the project developer serious about the sentiments of the displaced people. Monitoring of the project implementation process has continued, even after compensation distribution was complete. We have sorted out the big problem and hopefully will be able to resolve any other small problems in a coordinated way.

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

IBN Conducts Training for Journalists, Holds Interactions with Stakeholders in Upper Karnali

KATHMANDU: The Office of the Investment Board Nepal (IBN) organized a training for Achham-based journalists and held various interactions with major stakeholders in the Upper Karnali Hydropower Project. The week-long programme ran from 18-22 October and was conducted with the support of USAID's Nepal Hydropower Development Project (NHDP).

The training for journalist was conducted on 21 and 22 October in Mangalsen, the district headquarters of Achham. The 22 participants were the representatives from national and local radio stations, online news portals, television, and newspapers. Speaking as the chief guest at the inaugural function, the Chief District Officer (CDO) of Achham, Koshal Raj Sharma, urged the media to be objective while writing news about hydropower projects.

IBN CEO, Maha Prasad Adhikari, who was the special guest at the function, updated the journalists on IBN projects and called for participating journalists to play a watch-dog role to highlight any weaknesses of the government and developers during project implementation. Shiva Raj Dhugana, a participant and

secretary of the Achham Chapter of the Federation of Nepalese Journalists asked IBN and the developer to give high priority to capacity enhancement training for local journalists.

The resource persons (namely, Sanjay Dhungel, Ghanshyam Ojha, Prem Khanal, Prabhakar Ghimire, Ujjwal Gajurel, Aalok Pandey, Robert Taylor, and Semanta Dahal) imparted training on economic reporting in the project region, the legal framework for hydropower development, the provisions of Project Development Agreement, local benefits accruing from projects, land acquisition issues, and domestic and international markets for electricity, among other things.

On 18 October, the first day of the week-long programme, a high-level IBN team led by its CEO, Maha Prasad Adhikari, interacted with project-affected locals at the proposed dam site in Dab, Sattala VDC, Dailekh district. Around 20 stakeholders representing various political parties and project-concerned groups participated in the two-hour interaction. Other members of IBN in attendance were Sanjay Dhungel (Senior Divisional Engineer) and Ghanshyam Ojha (IBN

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consultant). Robert Taylor (Chief of Party) and Semanta Dahal (Legal Advisor), were also present on behalf of NHDP.

On 20 October, an IBN team headed by CEO Adhikari participated in an all-party meeting coordinated by the CDO of Achham, Koshal Raj Sharma. The three-hour meeting was conducted at the meeting hall of the District Administration Office in Mangalsen. Sanjay Dhungel, Ghanshyam Ojha and Prabhakar Ghimire were also present at the meeting (on behalf of IBN), as were Robert Taylor and Semanta Dahal (on behalf of NHDP).

Speaking on the occasion, CEO Adhikari urged all political parties, the media, government officials, and project-affected people to lend their support to ensure the smooth implementation of the project. After the all-party meeting, the IBN team held a brief meeting with local officials of the Land Reform Office and Land Survey

Office to explore ways to speed up the process of land acquisition and to resolve outstanding issues surrounding the transfer of land to the project.

Speaking at both meetings, CDO Sharma reaffirmed his support for the project and vowed to help resolve the issues and pave the way for unhindered implementation of the project. The district leaders of the major political parties, Shiva Prasad Humagain, the Local Development Officer of Achham, and the Deputy Superintendent of Police for the district were present. Participating political leaders expressed their views and asked questions about the project. The CEO of IBN answered these questions and clarified their concerns.

The local party leaders attending the programme included Bharat Kumar Swar (Nepali Congress), Yagya Bahadur Bogati (CPN-UML), Madan Kumar Bhul (CPN Maoist Center), Tej Bahadur Bista (RPP), and Jhanka Bahadur Shahi (Nepal Workers and Peasant Party).

IBN Conducts Stakeholder Mapping for Hongshi-Shivam Project



KATHMANDU: A team from IBN conducted an initial mapping of stakeholders of the Hongshi-Shivam Cement Project from 17-23 September. The project - a joint-venture of Hong Kong Red Lion Cement and Shivam Cement of Nepal - is planning to invest NPR 36 billion in a cement factory.

The IBN team was comprised of Section Officer Ratnesh Shashi and IBN consultants Prabhakar Ghimire and Saurav Rimal. The week-long trip to Nawalparasi and Palpa was mainly aimed at identifying the stakeholders of the project, developing a comprehensive database of stakeholders, categorizing the stakeholders based on their influence and interest in the project, identifying potential problems and local concerns, and offering recommendations.

The team met with political party leaders, forest officials, teachers, students, project-affected people, businessmen, the media, women's groups, community forest groups, chief district officers, local development officers, police officials, and land revenue officials. The team also met with people in Bagaicha of Sardi (cement plant site); Kawasoti, Sunawal, Bardaghat of Nawalparasi (mine site); and Jyamire of Palpa (mine site).

Stakeholders stressed to IBN the need for meaningful interactions with project officials and the government to clarify concerns about pollution from the cement factory and to discuss local development, the possibility of using the access road for public purposes, and employment opportunities for locals, among other things.

IBN Organizes Interactions with Stakeholders of ISWM



KATHMANDU: On 27 September, IBN organized an extensive interaction with executive officers, LDO and senior officials of the municipalities in Kathmandu, Lalitpur and Bhaktapur districts on the proposed Integrated Solid Waste Management (ISWM) Project. The meeting was organized in an effort to identify concerns and gather suggestions from concerned municipal officials to be incorporated in the Project Development Agreement (PDA) with the developers of the project.

Kedar Bahadur Adhikari, Secretary of the Ministry of Federal Affairs and Local Development, chaired the event. Secretary Adhikari instructed concerned officials to complete the PDA negotiations with developers by the end of December 2016. He said that concerned officials “must work on a war-footing, with the aim to settle all issues and begin implementation of the project within three months”.

In an update on the project, IBN CEO, Maha Prasad Adhikari, highlighted the importance of the project, given the deteriorating situation of solid waste management in the capital. Adhikari reiterated that IBN is seriously working on the timely implementation of the project, adding that it intends to increase the frequency of interactions with stakeholders in the coming days.

Rabi Bhattarai, Joint Secretary of IBN, expressed hope that the involvement of the private sector would help scientifically resolve the problem of solid waste in the capital. Ashish Gajurel, Consulting Project Manager at IBN, explained the provisions of the Detailed Project Report submitted by the developers. According to him, the project envisages the collection, transfer, processing

and disposal of solid waste. According to the submitted proposal, the disposal waste will be around 10-15% of the total generated waste. He also said that the developers have proposed generating 5-7 MW of electricity, biogas, SRF and organic fertilizer from the collected waste. Gajurel added that the final draft of the PDA has been prepared and negotiations with the developer will begin soon.

Gangadhar Gautam, Chief of the Environment Administration Division of the Kathmandu Metropolitan City (KMC), said that the project envisaged an integrated approach to managing the capital’s solid waste. He also outlined the challenges involved in project implementation, including the development of a landfill site, the sustainability of technology in the local context, and relations with the public in the long run.

At the programme, participating CEOs and senior officials of the municipalities covered by the project stressed the need for the extensive engagement of stakeholders, including officials from the concerned municipalities, solid waste workers, local people, and elected people’s representatives. They suggested that a joint committee be formed representing all of the municipalities covered by the project to resolve the outstanding issues on solid waste management.

The developers proposed to develop the project in three packages. Package 1 covers KMC and other municipalities in Kathmandu, while Packages 2 and 3 cover Lalitpur Sub-metropolis, Bhaktapur, Madhyapur and other municipalities in Lalitpur and Bhaktapur. •