GMR TO SIGN PPA WITH BANGLADESH SOON

HONGSHI ACHIEVES FINANCIAL CLOSURE INTERACTION WITH GOVERNMENT OF KARNALI PROVINCE

MOU SIGNED FOR CABLE CAR
INVESTOGRAPH

INVESTMENT COMMITMENTS THROUGH IBN
Since establishment of IBN (US Dollars in Million)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Project Description</th>
<th>Country</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solid Waste Mgmt.</td>
<td>Dharan Waste to Energy</td>
<td>Nepal</td>
<td>2017</td>
</tr>
<tr>
<td>Cement</td>
<td>Huaxin</td>
<td>China</td>
<td>2015</td>
</tr>
<tr>
<td>Hydropower</td>
<td>West Seti</td>
<td>China</td>
<td>2015</td>
</tr>
<tr>
<td>Hydropower</td>
<td>Arun-3</td>
<td>India</td>
<td>2014</td>
</tr>
<tr>
<td>Hydropower</td>
<td>Upper Karnali</td>
<td>India</td>
<td>2014</td>
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<tr>
<td>Solid Waste Mgmt.</td>
<td>KTM Solid Waste Mgmt. (Package-I)</td>
<td>India+Nepal</td>
<td>2014</td>
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<tr>
<td>Cement</td>
<td>Dangote</td>
<td>Nigeria</td>
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<td>Cement</td>
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<td>Cement</td>
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<td>Reliance</td>
<td>India</td>
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<tr>
<td>Cement</td>
<td>KTM Solid Waste Mgmt. (Package-II)</td>
<td>India+Nepal</td>
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<tr>
<td>Cement</td>
<td>KTM Solid Waste Mgmt. (Package-III)</td>
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TOTAL COMMITMENTS

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<tr>
<th>Industry</th>
<th>Amount</th>
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<tr>
<td>Energy</td>
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<td>Cement</td>
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<tr>
<td>Hotel</td>
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<tr>
<td>Solid Waste</td>
<td>140</td>
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<td>Management</td>
<td>59</td>
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KATHMANDU: The 32\textsuperscript{nd} meeting of the Investment Board Nepal (IBN) was held on 18\textsuperscript{th} September, 2018 under the chairmanship of Right Honorable Prime Minister Mr. K. P. Sharma Oli.

The meeting approved Foreign Direct Investment worth USD 139.8 million against a proposal from Japan Club International Pvt. Ltd. to invest in international standard hotels in Kathmandu, Bhaktapur, and Pokhara.

The meeting instructed Office of the Investment Board Nepal (OIBN) to recommend a guideline to the Council of Ministers based on the concept of allowing developers of infrastructure projects, being facilitated by OIBN, to build necessary infrastructure like access roads, bridges, and communication and transmission lines on their own with the condition that the government reimburses the costs they incur. Under existing provisions, the government is responsible for developing the necessary infrastructure for large-scale infrastructure projects. This decision was taken to accelerate the development of essential infrastructure for big infrastructure projects.

The meeting also formed a high-level committee involving the Minister for Energy, Water Resources and Irrigation, Minister for Finance, and CEO of OIBN to finalize the development modality of West Seti Hydropower Project since China Three Gorges International Corporation (CTGI), the developer, expressed an unwillingness to develop the project.

The meeting also decided to send a proposal to the Council of Ministers to recommend the preparation of feasibility studies for the development of Solar Energy, River Port and Magnetic Energy Project in the country.

During the meeting, Prime Minister Oli directed concerned officials to speed up the process of formulating and amending necessary laws to promote foreign investment in the country. PM Oli stated that the pace of developing infrastructure projects must be faster to achieve economic prosperity in the country.

At the meeting, CEO of OIBN, Mr. Maha Prasad Adhikari gave a presentation on the implementation status of IBN-facilitated projects. The meeting decided to nominate Mrs. Bhawani Rana, Mr. Hari Bhakta Sharma, Mr. Rajesh Kaji Shrestha, and Mr. Balkrishna Sibakoti as expert members to OIBN from the industry, tourism, infrastructure development, commerce, law and financial sectors. The meeting also decided to organize an Investment Summit in March 2019 in Kathmandu.

Other personalities attending the meeting were Honorable Ministers (IBN members) including IBN Vice-Chair, Honorable Member of National Planning Commission, Governor of Nepal Rastra Bank, and Secretaries from the Government of Nepal. ♦
**KATHMANDU:** Hongshi Shivam Cement has secured a loan worth Rs. 16 billion from a consortium of Nepali commercial banks through the largest loan syndication in Nepal’s banking industry. The five bank consortium is led by NMB Bank, which has agreed to lend loans worth Rs. 6.75 billion. Similarly, Nepal Investment Bank is lending Rs. 4 billion, Prabhu Bank Rs. 3 billion, Everest Bank Rs. 1.25 and Nepal SBI Rs. 1 billion. The syndication happened after securing a bank guarantee from the Bank of China and China Minsheng Bank.

Organizing a press conference on September 3, the company and lending banks shared information about the loan syndication, this can be considered to be the financial closure for the cement project. Lai Weipeng, general manager and director of Hongshi Shivam Cement and Sunil K.C, chief executive officer of NMB bank exchanged the lending related documents. The loan has been approved for the maturity period of 7 years.

OIBN and Hongshi-Shivam Cement P. Ltd. had signed a Project Investment Agreement (PIA) on September 3, 2017 for the project. Hongshi Shivam Cement is a joint venture of Hong Kong Red Lion Cement No. 3, a subsidiary under Hongshi Holding Ltd., with 70 percent stake while the remaining shareholding is with Shivam Holding Pvt. Ltd., a subsidiary under Shivam Cement Limited. The company commenced commercial production of cement from June 2018. ♦

**HONGSHI-SHIVAM CEMENT PROJECT**

**FINANCIAL CLOSURE SECURED**

**NAWALPARASI (EAST):** Honorable Minister for Finance and Vice-chairman of Investment Board Nepal, Dr. Yubaraj Khatiwada inspected Hongshi-Shivam Cement factory at Nawalparasi district (East) on September 23.

During the visit, minister Khatiwada expressed commitment to addressing the outstanding problems that the factory has been facing regarding the construction of access road, transmission line and others. “As the IBN Vice-chair, I have been fully briefed about the issues that the factory has been struggling with, and I assure you that the government will put all efforts to resolve them as early as possible,” Minister Khatiwada said.

Mr Lai Weipeng, Managing Director/General Manager of Hongshi Shivam Cement briefed the Finance Minister on the progress made in project implementation.

“I sincerely appreciate IBN and other government agencies for the cooperation extended to the company,” Mr. Lai said. ♦

**FM INSPECTS FACTORY**
KATHMANDU: The OIBN organized an interaction with the Government of Karnali Province in Kathmandu on September 10. The interaction was aimed at sharing investment opportunities in Karnali Province and exploring areas for cooperation between OIBN and the province to promote investment. The event is the latest in a series of engagements conducted by OIBN with provincial governments. With the latest interaction, OIBN has completed the first round of discussions with province governments focusing on investment prospects at the provincial level.

Speaking on the occasion, Honorable Chief Minister of Karnali Province Mr. Mahendra Bahadur Shahi said Karnali Province was ready to make policies and laws that encourage and facilitate investors. Mr. Shahi also said that investors interested in Karnali Province would get a bunch of attractive incentives. Stating that Karnali Province is observing this year as its ‘Planning Year’, Mr. Shahi also sought OIBN’s support to identify potential projects and find investors for those projects. He was of the view that Karnali Province should select a few vital projects for quick delivery rather than just listing many projects.

Honorable Minister for Economic Affairs and Planning Mr. Prakash Jwala; Honorable Minister for Social Development Mr. Dal Rawal; Honorable Members of Federal Parliament Mr. Rabindra Sharma, Mr. Gopal Bahadur Shahi, and Raj Bahadur Shahi; Honorable Members of Provincial Assembly of Karnali Province Mr. Dharma Raj Regmi and Mr. Chandra Bahadur Shahi; and Honorable Speaker of Karnali Province Assembly Mr. Raj Bahadur Shahi expressed commitment to creating an investment friendly environment to boost delivery of infrastructure projects by attracting private investment. Similarly, Ram Prasad Thapaliya, Principal Secretary of Karnali Province, also stressed the need to promote investment in critical infrastructure including an international airport.

Honorable members of the Federal Parliament and members of Karnali Province Assembly, senior officials of Karnali Province, and OIBN emphasized on attracting investment and identifying crucial projects in the province. They also expressed a commitment to playing a role in formulating laws to build a favorable investment climate in the province.

Mr. Maha Prasad Adhikari, CEO of OIBN, gave a presentation on potential sectors for investment in Karnali Province and expressed readiness to extend any kind of support from OIBN to attract and facilitate investment in the province. “We are ready to play our role to promote investment in Karnali Province, which is rich in natural resources and holds high investment potentials,” said Mr. Adhikari. Mr. Adhikari also highlighted problems existing in the implementation of large-scale infrastructure projects and sought support from the people’s representatives to resolve such obstacles. ♦
OIBN recently organized an interaction with the elected representatives of Karnali Province in Kathmandu on September 10 after the province passed development plans for the current fiscal year. A compilation of their opinions on investment opportunities and prospects in their province is given below:

**MR. MAHENDRA BAHADUR SHAHI**
Honorable Chief Minister of Karnali Province

Karnali Province is ready to create a conducive atmosphere to attract investment. We can convince any investor to invest in our province, it has immense potential in different sectors. We are ready to welcome investors and offer attractive incentives.

This year, Karnali Province is observing its ‘Planning Year’ and urges OIBN to play a role in arranging investors for projects identified in the province. We can’t achieve economic prosperity without boosting investment. Roads, power and airports are the most essential components to development and must be immediately delivered for Karnali Province to prosper. We are also thinking of implementing a model project in our province. We are ready to arrange land for projects and reform laws to encourage more investment.

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**MR. GOPAL BAHADUR BAM**
Honorable Member of the Federal Parliament from Mugu

To unleash the economic development of this province, access to roads and the supply of electricity must be strengthened. Our province can’t manage the funds for such things as they need huge investment. Even the budget provided by the Federal Government is not sufficient. Given limited resources, we need to promote both domestic and foreign investment to accelerate economic development here.

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**MR. RABINDRA SHARMA**
Honorable Member of the Federal Parliament from Dailekh

We have spent many years squandering opportunities for development in Karnali Province. It is time to speed up the process of implementing infrastructure projects in the province. Legal and bureaucratic procedures should be simplified for investors, so that they can implement projects without obstacles.

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**MR. RAJ BAHADUR BUDHA**
Honorable Member of the Federal Parliament from Dailekh

We have high hopes on OIBN lifting the economic status of Karnali Province. We are waiting to welcome investors to this province where investment opportunities are immense. Our province government wants to lay down a red carpet for investors and offer them the necessary incentives. I hereby assure that no investor will be upset in Karnali Province.
MR. RAJ BAHADUR SHAHI
Honorable Speaker of Karnali Province Assembly

For Karnali Province, three things: roads, transmission lines, and airports, are vital infrastructure and deserve high priority. Without the development of these critical infrastructure, the prosperity of Karnali Province will be a far cry. Without investment, we cannot deliver such infrastructure. OIBN’s support will be vital to bringing in investors into these sectors. At least 3-4 projects should be selected from these sectors with the aim of completing them within four years.

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MR. PRAKASH JWALA
Honorable Minister for Financial Affairs and Planning of Karnali Province

We are ready to provide the necessary security for them. We are formulating laws and policies that facilitate and simplify the investment process. If genuine investors approach us, we will leave no stone unturned to help facilitate business. Besides this, we have already announced many incentives for investors. Karnali Province and OIBN should sit together and identify three or four priority projects that can help in the economic transformation of our province. Such projects should be from different sectors like transport, hydropower, agriculture, tourism and industry. We are in the process of resolving legal obstacles, which are creating problems for the implementation of infrastructure projects.

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MR. DHAL RA RAWAL
Honorable Minister for Social Development of Karnali Province

We should not waste time for the development of Karnali Province, which has long been economically and socially backward. Our programs are focused on accelerating the development of this province with a key focus on tourism, hydropower, agriculture, and medicinal herbs. We need financial resources to harness the huge potential of these sectors. We can incentivize private investors to come to our province.

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MR. DHARMA RAJ REGMI
Honorable Member of Karnali Province Assembly

Implementation of large-scale projects is still difficult due to some unfavorable laws. We are formulating new laws that can facilitate investment from both domestic and foreign investors. Karnali Province has huge natural resources but we have failed to harness such resources for our economic benefit. We need to promote such potential at the international level to attract investment. Foreign Direct Investment (FDI) is significant for the economic prosperity of any country. As a high level investment promotion agency, OIBN should organize an Investor Conference on investment opportunities in the Karnali Province.

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Despite abundant natural resources in the Karnali Province, this region has become a byword for poverty and scarcity. We have many potential investment sectors that can generate a return immediately. We want OIBN to take on the initiative to promote investment in this province.

We must be clear on our development policies. No investor will come to invest if government policies are unstable and inconsistent. Infrastructure development and investment are interrelated. We need to develop a certain level of infrastructure to facilitate investment. Investors want to invest in areas where infrastructure is sufficient. Our province government should put an emphasis on the development of vital infrastructure to make the province more attractive to investors.

RFP CALLED FROM SHORTLISTED FIRMS

KATHMANDU: The Office of the Investment Board Nepal (OIBN) called a Request for Proposals (RFP) on 13th September 2018 from six firms short-listed from the Expression of Interest (EoI) initiated to conduct a Detailed Feasibility Study (DFS) for the construction of the Nagdhunga-Dhulikhel Metro Rail Line.

The short-listed firms for the RFP are China Machinery Engineering Corporation, Beijing; China Railway Siyuan Survey and Design Group Co. Ltd, Beijing; Nippon KOEI Co. Ltd., Tokyo; Rites Limited, India, Gurgaon; Yooshin Engineering Corporation, Seoul; and Yuksel Proje Uluslararasi A.S., Turkey. A total of 26 global firms participated in the EOI that was called on May 17, 2018. The 30th meeting of OIBN held on 28th April 2018 had approved the EOI document for conducting the DFS for Route 2 (Nagdhunga-Dhulikhel) of the proposed Metro Rail Line and mandated the OIBN to move ahead with necessary procedures.

OIBN CEO Mr. Maha Prasad Adhikari giving a presentation on Bilateral Trade, Tourism and Investment, at Trade and Investment Conference organized in Kathmandu on 31st August, 2018. H.E. Maithripala Sirisena, President of Sri Lanka was the chief guest of the program organized by Institute for Strategic and Socio-economic Research (ISSR) of Nepal.
GMR TO SIGN PPA WITH BANGLADESH SOON

KATHMANDU: Grandhi Mallikarjuna Rao (GMR) Group Ltd., the developer of Upper Karnali Hydropower Project, is making final preparations to sign an agreement with the Government of Bangladesh to sell electricity to Bangladesh. In a key step towards the Power Purchase Agreement (PPA) Bangladesh recently decided to import 500 MW electricity from GMR. Following this crucial decision from the Bangladesh government, GMR and Bangladeshi officials have initiated a dialogue to finalize the terms and conditions of the PPA.

The financial closure of the project had been delayed due to lingering uncertainty of a market for the electricity generated from Upper Karnali Hydropower Project. Out of the total 900 MW of electricity, GMR will provide 108 MW or 12 percent to Nepal free of cost and the remaining 792 MW will be exported. GMR, which has already signed a MoU with the Bangladeshi power authority, has recently sent a proposal regarding the PPA to the Government of Bangladesh. Energy-starved Bangladesh has expressed a willingness to buy 9000 MW electricity from Nepal by 2040. GMR will sell the power to Bangladesh through NTPC Vidyut Vyarap Nigam (NVVN) Ltd., the Indian government’s power distribution undertaking. Uncertainty over the power market was the main obstacle to securing financial close for the project since lending agencies were not ready to issue loans without the guarantee of a market for electricity produced by Upper Karnali Project. A PPA with Bangladesh would be a great leap-forward towards financial closure.

OIBN TEAM EXPLORES LIMESTONE SITES IN MID-WESTERN REGION

KATHMANDU: An OIBN team visited different districts in the Mid-western region between September 23-27 to explore limestone mines for potential investors of cement projects. The team led by OIBN’s Joint Secretary Mr. Uttam Bhakta Wagle and accompanied by Mr. Ghanashyam Ojha, OIBN’s consultant, visited Pyuthan, Rolpa and Dang districts to seek potential areas for limestone mines that can be utilized for the development of cement production projects there. The OIBN team also met with Chief District Officers of Rolpa and Dang districts Mr. Ganja Bahadur MC and Mr. Gajendra Bahadur Singh respectively and discussed potential projects that are crucial for economic prosperity in the region and can attract Foreign Direct Investment (FDI). The team also visited Swargadwari Ashram of Pyuthan to explore ways to enhance connectivity to sacred religious site. The team also inspected the Hongshi Shivam Cement plant site in Nawalparasi and with senior officials of the company discussed various issues regarding project implementation.
BUTWAL/POKHARA/DHANGADHI: The OIBN recently organized interactions with provincial governments to identify priority infrastructure projects and determine feasible financial modalities to implement them in Province 5, Farwest Province and Gandaki Province. Those interactions were held as a part of planned collaboration between OIBN and provincial governments to select key infrastructure projects and promote investment in them. The interactions were built on previous engagements with the provincial government and focused on identifying the potential, feasible and priority projects for the province. The interactions were the first follow ups after OIBN completed its first round of engagements with all provincial governments.

Speaking at an interaction, Honorable Chief Minister of Farwest Province Mr. Trilochan Bhatta pointed out that agriculture, energy, tourism and transport are the key priority areas. Mr. Bhatta also expressed his commitment to ensuring project security, making energy available, facilitating the process of land acquisition, and developing the necessary infrastructure to boost investment in the region.

OIBN also interacted with Honorable Ministers of the province who are overseeing portfolios of industry, tourism, forest and environment. The ministers floated their concepts to develop tourism and industries in the province. The OIBN is currently assessing the feasibility of potential projects showcased by the province, keeping in view the estimated investment, worldwide investment pattern, project locations, and cases of similar projects around the world.

On the basis of interactions, OIBN will finalize feasible projects considering the required investment, worldwide investment pattern, project location and financial viability. OIBN and Provincial government will select a few key projects among the feasible ones for immediate implementation.

Similarly, OIBN organized an interaction with Gandaki Province on September 22-24 in Pokhara to conceptualize potential projects that can bring in economic transformation in the province. OIBN team also presented feasible financing models for those potential projects identified in the province. On the occasion, Honorable Chief Minister Mr. Prithvi Subba Gurung highlighted the priority sectors that can generate employment and revenue at a large scale in the province.

Some of the projects prioritized by the province includes infrastructure in transport, health, and education sectors in various districts of the province. Senior officials of Gandaki Province were also present on the occasion.

OIBN team also met with a few other ministers from the province.

The OIBN team also conducted interactions with the provincial government of Province 5 on September 19-22 in Butwal. The team has identified tourism, transportation, agriculture, energy and industry as the priority sectors.

On the occasion, Honorable Chief Minister of the Province Mr. Shankar Pokharel also presented a list of potential projects that need to be implemented with high priority.

The OIBN team also held discussions with other ministers from the province. ♦
KATHMANDU: The OIBN and Muktinath Darshan Pvt. Ltd. (MDPL) signed a Memorandum of Understanding (MoU) on 12th September to prepare a Detailed Feasibility Report (DPR) on the development of a cable car system between Birethanti of Kaski and Muktinath temple in Mustang.

OIBN Chief Executive Officer, Mr. Maha Prasad Adhikari and MDPL Chairman Mr. Arun Kumar Subedi signed the MoU at OIBN. The 83.65 km cable car line will have six stations in Birethanti, Ghorepani, Tatopani, Lete-Marpha transit, Jomsom, Kagbeni and Muktinath. The cable car line has been divided into Birethanti to Ghorepani, Ghorepani to Tatopani, Tatopani-Lete (Marpha transit) to Jomsom, Jomsom to Kagbeni, and Kagbeni to Muktinath Temple.

The cost for the development of the cable car system is estimated at USD 350 million. The 30th meeting of IBN held on 28th April 2018 had approved the proposal submitted by MDPL and directed OIBN to get the DPR of the cable car system prepared by the company.

The company has to complete the DPR within 18 months from the date of signing the MoU.

KATHMANDU: On September 21, the OIBN briefed federal parliamentarians representing districts affected by Upper Karnali Hydropower Project on implementation progress. In the presence of the Honorable Minister for Energy, Water Resources and Irrigation Mr. Barshaman Pun, OIBN CEO Mr. Maha Prasad Adhikari gave an update and highlighted the obstacles being faced in project implementation. On the occasion, lawmakers had emphasized the need to speed up the pace of implementation of the 900-MW, which is very crucial for the overall economic development of the region. Parliamentarians elected from Dailekh, Achham and Surkhet districts attended the meeting and offered suggestions to speed up the implementation of the project. Those present on the occasion were Honorable Parliamentarians Mr. Bhim Rawal, Mr. Rabindra Sharma, Mr. Raj Bahadur Budha, Mr. Dhruba Kumar Shahi, Mr. Yagya Bahadur Bogati, Mr. Sher Bahadur Kuwar, Mrs. Parbati Kumar Bishungkhe and Mr. Nawaraj Rawat.
My name is Mahendra Thada Magar. I have been farming tomatoes for the last two years here in Pokharikanda, Surkhet. I got into tomato-farming because I thought that running a small enterprise in our own village is far better than going overseas to arrange money for family expenses. I am happy with what I am doing because I have been able to make money for my children’s education and take care of them myself. We have been living here in the dark without electricity for several years. We are hopeful that the Upper Karnali Project will end the scarcity of electricity and open the way for local prosperity. Local youth are also hopeful that they will get job opportunities if the project gets off the ground. Besides, entrepreneurs like us will benefit from electricity generated from the project to operate machines like water pumps to irrigate farms. We are hopeful that the unirrigated barren land around us will turn into productive farmland with vegetation and greenery. Our village will be a vibrant place with access to electricity. It will not only illuminate our homes but also pave the way for running various business activities such as manufacturing and trade. The project will prove to be a game changer in the economic transformation of this rural backwater.