



# IBN

# DISPATCH

MONTHLY NEWSLETTER OF OIBN

YEAR: 4 | ISSUE: 10 | VOLUME: 46 | MAGH 2077 (JAN-FEB 2021)



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## INVESTO GRAPH

# WHY INVEST IN NEPAL?

Various duty and tax free arrangements in the region as a member of **SAARC and BIMSTEC Free Trade Agreement**

Duty free and open border **Access to India**

Zero tariff for 8000+ products **Access to China**

Bilateral agreement under **Belt and Road Initiative Framework**



### MARKET ACCESS

Strategic location between **China and India**

Easy market access to adjoining **2.7 billion population**

Member of **MIGA of the World Bank Group and WTO**

Duty free quota free (EBA arrangements) **Access to European Union**

Duty free for 77 items including garment products for 10 years (from 2016) **Access to United States**

Working age group (15-59 years) **57% of population**

Competitive (~USD119 per month) **Low cost of labor**



### LABOR FORCE

Major cities including Kathmandu with **Large English-speaking population**

High participation of **Women in the workforce**

BIPPA signed with **Finland, Germany, Mauritius, United Kingdom and France**

DTAA signed with **Austria, Bangladesh, China, India, Republic of Korea, Mauritius, Norway, Pakistan, Qatar, Sri Lanka and Thailand**

Visa Services  
**Tourist visa on arrival**  
*for visitors*  
**Non-tourist/Business visa**  
*for foreign workers and investors*  
**Residential visa for investors**  
*(Investment >=USD 1 million)*



### INVESTMENT PROVISIONS

Almost all sector allowed for **Upto 100% foreign ownership**

Allowed **Land ownership in company's name**

Guaranteed **Smooth entry, operation, repatriation and exit of the investment**

For specific sectors and locations **Various tax holiday provisions**

Provision for **National treatment and non-nationalization of investment**

Investment protection through **PDA for PPP projects, and PIA for private projects**

# DETAILED STUDIES FOR FOUR BIG PROJECTS SUBMITTED TO OIBN



**KATHMANDU:** The developers of four major infrastructure projects, being facilitated by the Investment Board Nepal (IBN), have submitted Detailed Feasibility Study Reports (DFSRs) and Detailed Project Reports (DPRs) of their respective projects.

On December 15, 2020, the consortium of Flash Freight Logistics and International Cargo Terminal & Infrastructure Pvt. Ltd., submitted a DFSR for the Private Freight Terminal and Bulk Handling Facilities Project to be constructed in Birgunj and Bhairahawa. A memorandum of understanding (MoU) to build and operate the project was signed between the developer and the Office of the Investment Board (OIBN) on November 29, 2019. Speaking on the occasion, OIBN CEO Mr. Sushil Bhatta expressed confidence that infrastructure like freight logistics will contribute to holistic economic development by bringing down both travel time and transportation costs. Submitting the DFSR, Mr. Daryl Pareira, the representative of the consortium, expressed gratitude to OIBN for its continuous support in the run up to the developing the DFSR. Mr. Pareira also highlighted the significance of the logistics project to Nepal for the economic benefit of the country. The project cost is estimated to be NPR 10 billion. OIBN Joint Secretary Mr. Dharmendra Kumar Mishra thanked the developer for its effort in bringing out the report despite the impact of COVID-19.

On the same day, CG Logistics Pvt. Ltd. and Sharaf

Group, the developers of the Multi-model Logistics Park Project to be constructed in Biratnagar, submitted a DFSR of the project to OIBN. A MoU was signed between OIBN and the developers on June 17, 2019, for the task. Similarly, China-Nepal Industrial Park, the developer of Damak Clean Industrial Park, submitted a DPR of the project to OIBN on December 14, 2020. The 39<sup>th</sup> meeting of the Investment Board Nepal, held on July 2, 2019, approved investment worth USD 586.1 million for the project. The project is being constructed in Damak, Jhapa district of Province 1 through the joint investment of Lhasa Economic and Technology Development Zone Jing Ping Joint Creation Construction Project Development Co. Ltd. (JPJCCPD) and Damak Clean Industrial Park. A MoU was signed on October 3, 2019 to complete the DPR within six months from the signing date. Similarly, Muktinath Darshan Pvt. Ltd. submitted the DPR of Birethanti-Muktinath Cable Car on November 29. The proposed 80.16-km-long cable car will stretch from Birethanti along Ghodepani, Tatopani, Lete, Kowang, Tukuche, Marpha, Jomsom to Muktinath. The cable car route will cover Kaski, Myagdi and Mustang districts of Gandaki Province. The project is estimated to cost around NPR 53 billion. The project will bring in benefits to the national and local economy offering opportunities for the development of tourism, agriculture, and other local businesses in addition to employment and revenue generation. ♦

# OIBN BRIEFS FINANCE MINISTER ON PROJECT PROGRESS



**KATHMANDU:** Office of the Investment Board Nepal (OIBN) briefed Honorable Finance Minister and IBN Vice Chair Mr. Bishnu Prasad Poudel on IBN's activities and projects on December 31, 2020. On the occasion, Mr. Poudel directed to OIBN officials to enhance their capacity and move the institutional development of OIBN forward to effectively carry out its activities as mandated by the law.

“The nation has high expectations from IBN, and it needs to deliver accordingly,” said Mr. Poudel. He instructed OIBN officials to immediately initiate the process of looking for its own office building and focus on human resource development. He also said a modality for developing Nijgadh International Airport needs to be developed after consulting with relevant stakeholder agencies. Mr. Poudel also stressed the need to discuss the land acquisition and development modality of the Outer Ring Road Project. He directed OIBN officials to make the One-Stop-Service (OSS) more effective by making it fully automated so that investors do not encounter any difficulties.

Giving a presentation at the briefing, OIBN CEO Mr. Sushil Bhatta highlighted IBN's institutional history, its mandates, core expertise, activities and the progress

achieved in the development and implementation of IBN-facilitated projects. Dr. Prakash Shrestha (Economic Advisor to the Honorable Minister for Finance), Mr. Bhuwan KC (Press Advisor to the Honorable Minister for Finance), Mr. Indradev Bhatta (OIBN Joint Secretary – Technical), Mr. Dharmendra Kumar Mishra (OIBN Joint Secretary), Mr. Sagar Raj Gautam (OIBN Senior Divisional Engineer) Mr. Raju Guragai (OIBN-Under Secretary – Legal), and Mr. Ramesh Adhikari (OIBN Under Secretary) were present on the occasion. Similarly, other OIBN officials who participated in the meeting included Mr. Nisha Tripathi (OIBN Engineer), Prakash Sigdel (OIBN Environment Inspector), section officers (Mr. Ratnesh Shashi and Ms. Deepika Sitaula), and OIBN consultants (Mr. Ghanashyam Ojha, Mr. Hari Krishna Uprety, Mr. Ujjwal Gajurel, Mr. Ganesh Acharya, Ms. Shriju Dhakal, and Ms. Suvechha Nepal). ♦

# WEBINAR ON INVESTMENT OPPORTUNITIES IN NEPAL



**KATHMANDU:** A webinar on “Direction and Opportunities: Nepal” was organized to discuss the prospect of Israeli investment promotion in Nepal. The Society for International Development – Israel Branch in collaboration with Nepali Embassy in Israel and the Asia-Israel Chamber of Commerce organized the webinar on December 27, 2020. The key objective of the program was to promote investment opportunities in Nepal to Israeli investors. Welcoming participants at the webinar, H. E. Dr. Anjan Shakya, Nepal’s ambassador to Israel, talked about the diplomatic relations between the two countries and highlighted various initiatives of the Nepali government to promote Foreign Direct Investment (FDI). H. E. Mr. Hanan Goder, ambassador of Israel to Nepal, talked about Nepal’s welcoming environment with investment opportunities in a host of sectors including energy. He stated that Nepal enjoys a strategic location between Asia’s largest economies – India and China, which offers a great advantage for investors. Mr. Maha Prasad Adhikari, Governor of Nepal Rastra Bank, emphasized on the prospects of investment in Nepal including in sectors such as agriculture, technology transfer, telecommunication, tourism, infrastructure, hydropower, ICT, entrepreneurship development, health, and pharmaceuticals, among others. Mr. Adhikari briefly informed the webinar about the initiatives taken by the central bank to maintain financial stability in the country.

Mr. Sushil Bhatta, CEO of OIBN, talked about the



investment process as well as the role played by IBN in the promotion and facilitation of investments. Highlighting the favorable investment climate in Nepal, Mr. Bhatta gave an overview of the sectors and project specific investment opportunities in Nepal and urged investors from Israel to grab the opportunity to invest in Nepal. Mr. Bhatta also shed light on initiatives taken by IBN in terms of preparing a pool of bankable projects that could be attractive for foreign investors.

Ms. Anat Carmel, Senior Coordinator of Economy and Infrastructure from the Office of the Prime Minister of Israel, talked about the possibilities of investment from Israel in areas such as health, renewable energy, ICT and agriculture. Ms. Anat Bernstein Reich, Chairperson of the Israel-India and Nepal Chamber of Commerce, also expressed readiness to coordinate with respective diplomatic agencies and organize a business delegation especially focused on possible collaborations in the agriculture sector. ♦



## NEPAL IS IDEAL INVESTMENT DESTINATION DESPITE THE COVID-19 CRISIS.



**Mr. Bishnu Prasad Poudel**  
Honorable Minister for Finance

*Mr. Bishnu Prasad Poudel is the Honorable Minister for Finance (MoF) in the present Council of Ministers. Mr. Poudel is taking charge of the ministry for his second term at a time when the impact of COVID-19 has swept through all sectors of the economy. IBN Dispatch caught up with Mr. Poudel to talk about the impact of the pandemic in Nepal and steps being taken by the Government of Nepal to retain Nepal's position as an attractive destination for foreign direct investment (FDI). Mr. Poudel holds the view that Nepal can retain its position as an ideal investment destination despite the Covid-19 crisis.*

### **You are leading the MoF for the second time. How are you assessing the impact of COVID-19 in Nepal?**

The impact of Covid-19 has been felt across the world, Nepal is not immune to this pandemic. As a least developed country, it is natural that the impact of the pandemic is higher in Nepal compared to other better off countries. Its impact is visible in almost all aspects of economic and social life. The pandemic has led to disruptions in supply chains and employment generation. We are standing our ground to carry out economic activities, overcoming the hurdles caused by the Covid-19 crisis.

### **What are the steps the government is taking to attract FDI amidst the Covid-19 crisis?**

Taking into consideration the significance of FDI to our national prosperity, we have already established a high-level body like the Investment Board Nepal (IBN) to promote and facilitate investment for creating a conducive business environment in the country.

Besides such institutional development initiatives, we have been organizing Nepal Investment Summits periodically with fresh efforts for legal and procedural reforms to attract more FDI into the country. IBN itself has been organizing various engagements with investors on different occasions. In these difficult circumstances, it is the prime responsibility of our government to promote Nepal as a preferred FDI destination by restoring the confidence of investors. For this, we need to identify potential investment sectors as well as viable projects and inform prospective investors about investment security and attractive returns on investment. We want to convince investors that Nepal is an appropriate destination to secure handsome returns with a favorable business environment. Given the persisting Covid-19 crisis, we need to further accelerate our investment promotion initiatives to establish Nepal as a first-choice destination.



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# “NEPAL IS IDEAL....”

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## How are you assessing the role of the private sector in the overall economic development of the nation?

The private sector is an essential pillar of our economy. I think we should focus on boosting private sector confidence, addressing their valid concerns, and encouraging private-sector investment to enhance productivity and employment generation in the country. We should develop and update legal and institutional frameworks and move forward with associated decisions essential for domestic as well as foreign investment. After the pandemic, we should revisit our existing policies and laws on private investment and identify legal and institutional bottlenecks that have been impeding the investment climate.

## What is your take on grievances expressed by investors over a lack of inter-agency coordination and how can we improve our services?

One of the reasons behind the establishment of IBN is to end unnecessary bureaucratic hassles faced by investors and other service seekers. Our priority must be to provide service and facilitation through a One-Stop-Service (OSS) center so that investors do not have to approach other agencies spending time and effort getting tasks done. We are committed to maximizing effective service delivery through policy and legal reforms. However, we have been witnessing some deficiencies in implementing policies that have already been introduced. To ensure hassle free services and sound facilitation to investors, we need to strengthen inter-agency coordination and simplify the business process by drawing on lessons from the past.

## How are you evaluating the significance of IBN in promoting and facilitating FDI in the country?

As a high-level Government of Nepal agency, IBN should be further empowered. To make it more effective in executing its defined responsibilities, we need skilled human resources and enhanced institutional capacity. IBN should demonstrate its presence both at the national as well as international level. It is high time that IBN justifies its relevance by enhancing its capacity for investment promotion and facilitation.

As an apex agency for investment promotion and

facilitation in Nepal, IBN should convey the message that investors intending to invest here can get high-class services during the investment process. IBN should take the lead in promoting investment in high potential sectors where Nepal can offer competitive and comparative advantages to investors such as energy, tourism, infrastructure, and agriculture among others.

## We are not performing well in terms of capital expenditure. How can we increase development expenditure to give impetus to development activities?

Low capital expenditure is an outcome of deficiencies in existing laws, policies, processes, and institutional capacity. First, we need to overcome such weaknesses by undergoing necessary reforms. Second, we need to make every institution/individual accountable towards their duties in the process of project development and implementation. We need to clearly designate and define the agencies responsible for boosting capital expenditure and make them accountable. Third, the serious error I have identified regarding capital expenditure is that we do not conduct proper project preparations before the implementation phase.

Project selection takes place without proper project preparation, then the budget is allocated followed by a tender contract, and then the construction begins. We need to focus on two aspects seriously – project preparation and project implementation. Project preparation involves project selection, clearance of the right of way (RoW), land acquisition, approval of the environmental impact assessment (EIA), initial environmental examination (IEE) preparation for basic infrastructure, the detailed project report, master plan and resource management.

Only after completing these tasks, should a tender be called before the agreement is signed. No obstacle should come about once the implementation of the projects begins to ensure that projects are completed within a set deadline. If we move forward systematically with adequate homework in project preparation and implementation, I don't think increasing capital expenditure will be a big deal.

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# OIBN CONDUCTS PCN DEVELOPMENT WORKSHOP



**KATHMANDU:** Office of the Investment Board, Nepal (OIBN) organized a one-day workshop on project concept note (PCN) development on December 7, 2020 to enhance the capacity of its staff. The workshop focused on how projects are prioritized and packaged for development. Mr. Anil Gandhi, an expert on public private partnerships (PPP) and private investment, conducted the workshop at the IBN Office.

Key components of project development including the criteria for project prioritization, prioritization of PPP projects, pre-feasibility studies, feasibility studies, procurement, negotiation, and market sounding for potential projects were discussed during the workshop.

Mr. Gandhi highlighted the significance of the detailed feasibility study, financial viability, international best practices on land acquisition, environmental and social aspects, stakeholder consultations and procurement procedures, required for developing a PCN. During the opening of the training session, OIBN CEO Mr. Sushil Bhatta said the workshop was expected to chart out the criteria for PCNs for the development of quality projects for investment in the country. Mr. Bhatta also stated that project development cannot move smoothly in the absence of quality PCNs. “A lot of background homework needs to take place when developing a PCN,” said CEO Mr. Bhatta. More than 40 participants attended the workshop. ♦

## “NEPAL IS IDEAL...”

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**How can we persuade investors that Nepal is a Covid-19 resilient economy that offers an investment friendly environment in the coming days? And, what would be your message to international investors?**

Nepal has demonstrated its capability to handle the Covid-19 pandemic in a successful and prudent way. We have been informing investors that Nepal is resilient to such pandemics and that no investor needs to worry about health-related facilities and security of their investment. Investors can find ample opportunities in Nepal’s immense potential in hydropower, tourism, agriculture, and infrastructure which can offer attractive returns on their investment.

It is also an opportunity for investors to take part in Nepal’s journey to prosperity. The significance of foreign technology and foreign investment is very high for emerging economies like Nepal. Without FDI, which is both a source of technology and capital, we cannot achieve economic prosperity. I believe IBN will revalidate its significance at a time when the country needs massive investment. I would like to urge national and international investors that Nepal is still an ideal destination for investment and the government is ready to take on any kind of legal, policy and procedural reforms to make the investment climate more favorable. ♦

Log on to [www.ibn.gov.np](http://www.ibn.gov.np) for full video interview.

# RUSSIAN DELEGATION INTERACTS WITH OIBN OFFICIALS



**KATHMANDU:** A high-level delegation from the Russian Federation interacted with CEO of OIBN Mr. Sushil Bhatta and other senior officials on potential investment opportunities in Nepal. The meeting was held at OIBN on December 10, 2020. The Russian delegation expressed an interest to invest in the pharmaceuticals industry in Nepal. The potential to develop chemical fertilizer plants, railways, and underground metros in Nepal were also discussed on the occasion. Senior officials from the Embassy of Russia and Moscow Industrial Bank were also among the members representing the Russian Federation. OIBN CEO reassured the investors that OIBN would fully support their investments and provide the resources and information they required

in the process. OIBN consultant Mr. Ratish Basnyat said that the investors could set up a pharmaceutical company in a special economic zones (SEZs) near India to benefit from various incentives and the vast market of Nepal's southern neighbor. ♦

# HIGH-LEVEL DELEGATION VISITS INDUSTRIAL DISTRICTS IN BAGMATI AND GANDAKI PROVINCES



**KATHMANDU:** A high-level delegation from the Government of Nepal visited different industrial districts in Bagmati and Gandaki Provinces from December 1 to 4, 2020. The team was led by the Secretary of the Ministry of Industry, Commerce and Supplies (MOICS) Mr. Chandra Kumar Ghimire. Other members of the delegation were OIBN CEO Mr. Sushil Bhatta, Chairman of Industrial District Management Ltd. (IDML) Mr. Nanda Kishor Basnet, Joint Secretary of MOICS Mr. Balaram Rijyal, Senior Divisional Engineer of OIBN Mr. Sagar Gautam, other officials from IDML, the Special Economic Zone Authority, and OIBN consulting staffs. During the four-day visit, the team observed Simara SEZ - Block B & C (Bara), the Hongshi Shivam Cement project site (Nawalparasi East), Mayurdhap Industrial

Park (Makawanpur), and Shaktikhor Industrial Park (Chitwan). The visit was organized to observe the progress in the development and operation of industrial zones, identify pertinent issues (if any), and monitor project development components. The team interacted with various government stakeholders, local people's representatives, and local businesspeople to identify any bottlenecks and coordination-related issues that need to be resolved through coordination between relevant government agencies. The delegation also observed good practices being applied by Hongshi Shivam Cement, the largest cement project in the country.

Meanwhile, on December 2, the government delegation interacted with senior officials of the Hongshi Shivam Cement Project including its

# BRITISH AMBASSADOR POLLITT MEETS OIBN CEO BHATTA



**KATHMANDU:** Her Excellency Ms. Nicola Pollitt, ambassador of the United Kingdom to Nepal, had a courtesy meeting with Mr. Sushil Bhatta, the CEO of OIBN, at the OIBN Office, New Baneshwor on December 22. During the meeting, Ms. Pollitt said the UK government has been supporting IBN for Nepal's economic development and urged OIBN leadership to explore opportunities to access the Green Climate Fund (GCF) for green recovery and climate change. While reiterating the UK government's cooperation on promoting investment in Nepal, Her Excellency said the UK government would like to collaborate with IBN to attract British investors to Nepal.

OIBN CEO Mr. Bhatta said the IBN Office has continued accelerating project implementation and project development activities despite the difficulties caused by Covid-19. "OIBN has continued

facilitating all projects under its jurisdiction despite the risk of Covid," Mr. Bhatta said, adding, "We want to make sure that projects are not delayed due to the Covid situation." He said OIBN has prioritized the development of the IBN strategic plan, bankable quality projects, and carrying out investment promotion activities in the near future. The meeting was attended by OIBN Joint Secretary Mr. Dharmendra Kumar Mishra, Senior Divisional Engineer Mr. Sagar Raj Goutam, Section Officers (Mr. Ratnesh Shashi and Ms. Deepika Sitaula), and consultants (Mr. Ghanashyam Ojha and Mr. Ratish Basnyat). ♦

# OIBN FACILITATES THE CONSTRUCTION OF THE TRANSMISSION LINE FOR HONGSHI SHIVAM CEMENT



**KATHMANDU:** In an effort to explore the solution to a delay in the construction of the transmission line for Hongshi Shivam Cement, Office of the Investment Board Nepal (OIBN) organized a joint meeting with the project's top officials and Nepal Electricity Authority (NEA), on December 15, 2020. During the meeting at OIBN, Mr. Hitendra Dev Shakya, the acting managing director of NEA, expressed his commitment to arrange the power supply by constructing a transmission line for the project by May 2021.

On the occasion, OIBN CEO Mr. Sushil Bhatta said the contribution of mega projects to the national

economy was significant and that OIBN was committed to offering maximum facilitation efforts for the smooth development and implementation of such crucial projects. Mr. V. N. Goyal, chairman of Hongshi Shivam Cement Project, shared the problems the project is facing due to delays in the construction of the transmission line dedicated to the project. ♦

# HIGH-LEVEL DELEGATION...

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chairman Mr. V. N. Goel and General Manager Mr. Lui Sugang. During the interaction, project officials briefed the delegation on the project's status and pertinent issues including a delay in the construction of the transmission line (TL) and access roads (40 km access road) from Durmkibas of Nawalparasi East to Bhakunde of Palpa via the Sardi plant site. During the interaction, the visiting team assured project officials that relevant government agencies would speed up the process of resolving outstanding issues at the earliest.

Similarly, the team visited the proposed Shaktikhor Industrial Park with an onsite visit to the project area. After the observation of the proposed industrial park, the team also participated in an interaction hosted by Chitwan Association of Industries (CIA) in Bharatpur.

The secretary of the MOICS, Mr. Ghimire, assured that the government would extend necessary support to materialize the vision of the project which holds strategic importance to the economic transformation of the local area. OIBN CEO Mr. Bhatta highlighted IBN's role in facilitating and implementing large scale development projects. The meeting concluded with remarks from concerned stakeholders and locals related to resolving the EIA and speeding up the construction process of the project. IDML Chair Mr. Basnet briefed the team about the progress in the process of developing the industrial park and assured that the discrepancy in the Environmental Impact Assessment (EIA) will be resolved promptly through discussions among concerned stakeholders. Local stakeholders asked the visiting senior government officials to accelerate and resolve outstanding issues regarding the industrial park.

Similarly, the team held a meeting with local stakeholders of Mayurdhap Industrial Park in Makawanpur on December 3. Speaking on the occasion, Constituent Assembly member Mr. Ananta Poudel stated that Mayurdhap urged the government to create an environment for the timely completion of the industrial infrastructure to promote industries that can support economic development and employment generation. MOICS's secretary Mr. Ghimire also said Mayurdhap area was the most suitable spot to establish industries and expressed his commitment to



resolve existing legal and technical issues for seamless implementation of the industrial park.

OIBN CEO Mr. Bhatta stressed the need to simplify industrial policies to create an environment for establishing industrial districts in the country. On the occasion, local stakeholders assured their sincere support for the successful implementation of the park. In the meeting, IDML Chair Mr. Basnet shared issues that have been disrupting the smooth implementation of the park.

On December 4, the team interacted with local stakeholders at Simara Special Economic Zone (SEZ). On the occasion, Joint Secretary of MOICS Mr. Rijyal stated that MOICS was keen to work in partnership with IBN to develop the project under a public private partnership (PPP) modality. He also said that the possibility of developing the project under the transaction advisory modality with support from the IFC with the consent of the Ministry of Finance is also being explored. The cost of Simara SEZ which stretches across 165 bigahas, is estimated to be NPR 1.18 billion. ♦

# NICCI-OIBN DISCUSS INVESTMENT



**KATHMANDU:** A high-level delegation from the Nepal-India Chamber of Commerce and Industry (NICCI) paid a courtesy call to the CEO of OIBN, Mr. Sushil Bhatta, on December 18, 2020. The NICCI, a bi-national organization of Nepali businessmen with relations with Indian businesses, has been active in promoting business relations between the two neighbors. The meeting discussed crucial areas of cooperation between NICCI and IBN in the coming days. On the occasion, Senior Divisional Engineer Mr. Sagar Raj Goutam and consultants (Mr. Ghanashyam Ojha, Mr. Ratish Basnyat, and Ms. Shriju Dhakal) participated in the meeting. Ms. Shreejana Rana (President), Mr. Sunil KC (Vice-president), Mr. Saibal Ghosh (Vice-president), Mr.

Gyanedra Pradhan (Treasurer), and Mr. K. M. Singh (Director) represented NICCI. The agendas for the meeting were to open a Nepal Innovation House in New Delhi to promote Nepali Startups, joint efforts for investment promotion in Nepal, a Nepal-India Partnership Summit in Nepal, and the promotion of Indian investment in Nepal's energy sectors ♦

**EXPERTS'  
VIEW**

# “DOMESTIC CONSUMPTION ON HIGH PRIORITY”

We are going to enjoy an energy surplus in the coming days. To set the ground for effective utilization of energy for both domestic and export purposes the government and private sector should create synergy. Relevant government agencies including the Investment Board Nepal and Ministry of Energy, Water Resources, and Irrigation as well as private sector representative organizations such as the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Confederation of Nepalese Industries (CNI), and Nepal Chamber of Commerce (NCC) can play a vital role for better prospects in Nepal’s energy market. Since arranging the finance for hydropower projects is difficult and more expensive in the domestic market, the government should refinance loans to private investors after securing soft loans from international lenders. Nepal Electricity Authority (NEA) should be liberal in signing power purchase agreements (PPA) to bolster the confidence of power producers. To expand the market for domestic energy and bring down the import of petroleum products, we need to boost the domestic consumption of energy. Keeping in view the huge potential of the Indian and Bangladeshi markets as well as increasing domestic demands, we should enhance the harnessing of our water resources without any delay to benefit from such economic opportunities.



**Mr. Gyanendra Lal Pradhan**  
*Energy Expert*



**Mr. Krishna Acharya**  
*President, IPPAN*

The contribution of the private sector for the development of hydro energy in Nepal is significant. Private developers are capable of producing more than 10,000 MW of electricity within 10 years. We have the twin task of boosting domestic production of electricity and enhancing energy consumption in domestic markets. Until today, the state-owned NEA is the sole buyer of energy, there must be a tripartite mechanism for promoting energy trade among Nepal, Bangladesh and India so that Nepal’s energy can be expanded beyond the boarder. Our energy per capita consumption is around 200 units, which is much low compared to India and China where it is around 1,400 units and 4,000 units respectively. We have ample space to boost the

domestic consumption of electricity by promoting households and industrial consumptions. If we jack up domestic consumption, it will support the acceleration of economic activities and substitute the import of petroleum products.

Nepal’s electricity sector appears to be busy solving the challenges of the past, rather than looking forward to solving the issues for the future.

The concept that India’s competitive electricity markets can be a source of long-term financing and development of Nepali hydro exports must be more critically examined and validated. There has not yet been any conclusive forecast that suggests Nepali hydro power exports can compete in Indian markets. Hearsay, and rhetoric, should not be the basis of a strategy.

Nepal electricity sector is desperately in need of a modern outlook that looks more comprehensively at the range of solutions available today and within the context of a federal republic. There is more that it can do to develop competitive market within Nepal, before it engages internationally with India and Bangladesh on electricity markets.



**Mr. Bishal Thapa**  
*Energy Researcher*

## MY STORY...



My name is **Shreemaya Tamang**. I belong to Talti village of Benighat Rorang Rural Municipality in Dhading of Bagmati Province. I temporarily migrated here from my home village Chiuritar to find business opportunities. It has been 4-5 months since I set up a grocery in this place which is around one-hour from my home. Keeping in view a significant number of people working in Huaxin Cement Narayani Project, I chose this place for business. Small businessmen like me and project workers both have been benefitting from business opportunities generated by the project. I enjoyed satisfactory business until Covid-19. However, I am still hopeful that my business will bounce back once project activities resume in full swing. Earning from this provisional store has supported me to manage family expenses. Once the

Covid-19 pandemic is controlled, I will expand the capacity of my store to increase turnover from the existing amount around NPR 2000-2500 per day.

I have witnessed massive changes in local economic activities with the launch of the project construction works in this area. Such big projects can unleash employment and other economic opportunities in host communities. The livelihood and living standard of local people is gradually improving with employment and business opportunities in this area. This project can be a good example to demonstrate that the establishment of a large-scale industry in a remote area can bring in opportunities for employment and businesses improving roads, supporting the mobility of goods, vehicles, and people, as well as enhancing the demand and supply of goods and services.



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