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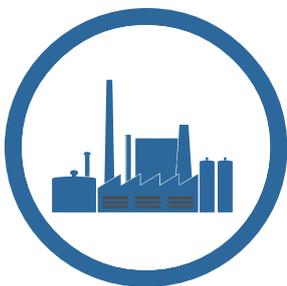
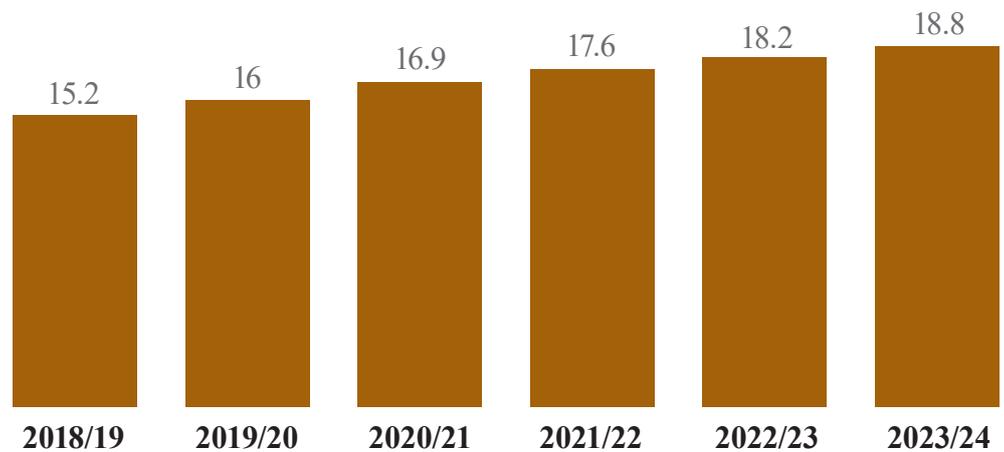
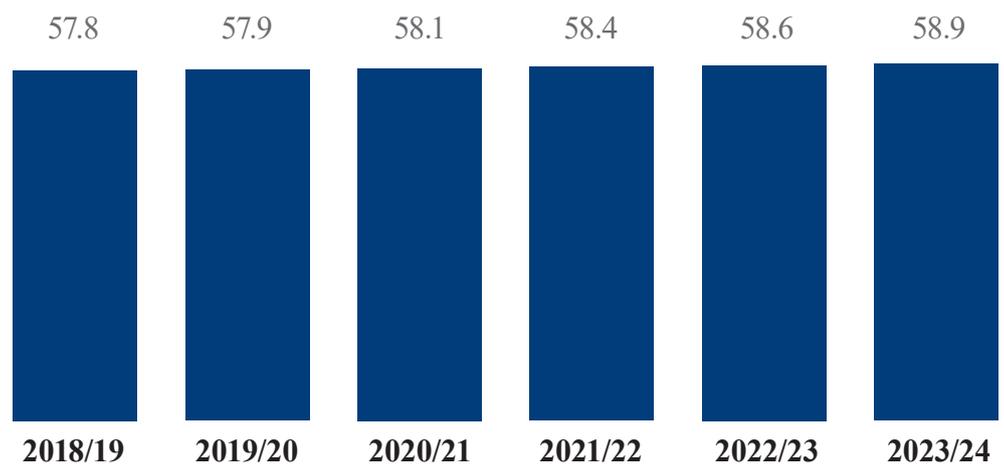
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**AGRICULTURE****INDUSTRY****SERVICES**

PM LAYS FOUNDATION STONE FOR NEPAL'S LARGEST INDUSTRIAL PARK



KATHMANDU: Right Honorable Prime Minister K. P. Sharma Oli laid the foundation stone on 28 February for the China-Nepal Friendship Industrial Park to be developed in Kamal Rural Municipality in Jhapa. Addressing a function after laying the foundation stone for Nepal's largest industrial park, the Right Honorable Prime Minister, who is also the Chairperson of Investment Board Nepal (IBN), said the park would remarkably contribute to Nepal's industrial development, import substitution, and export promotion. He stated that the park is a symbol of Nepal-China friendship. Prime Minister Oli also stated that Nepal will now embark upon a phase of industrialization where Nepal will be producing products made in Nepal but not just limit itself as an importing country. He emphasized the project was a common dream that will aid in the nation's "Prosperous Nepal, Happy Nepali" vision and urged everyone to support the project. The project is a joint venture between Damak Clean Industrial Park of Nepal and Lhasa Economic and Technology Development Zone Jing-Ping Joint Creation Construction Project Development Co. Ltd (JPJCCPD) Ltd. from China. IBN has approved an investment worth NPR 64 billion for the project and it is providing necessary facilitation to the project. The park is accommodating manufacturers of white goods, textiles, garments, food processing, and transport equipment among others. The park, which is scheduled to come into operation in two years period, is expected to provide employment opportunities to around 50,000 people. The then Honorable Minister for Industry, Commerce,

and Supplies Mr. Lekh Raj Bhatta said the park can play a significant role in boosting economic activities within the country. Honorable Minister for Physical Infrastructure and Transport Mr. Basanta Nemwang highlighted the significance of industrial infrastructure to promote industrial activities within the country. Mr. Govinda Thapa, president of Damak Clean Industrial Park, said all preparatory work to commence construction has been completed. IDML Chairman Mr. Nanda Kishore Basnet, and Mr. Bao Chengi, director of the JPJCCPD) also spoke on the occasion. Chief Minister of Province 1 Honorable Mr. Sher Dhan Rai, province ministers, OIBN CEO Mr. Sushil Bhatta, local people's representatives, high-ranking officials of the Nepal government, and local people were present. OIBN CEO Mr. Bhatta led the OIBN team at the program in Damak. The team also include OIBN Under Secretary Mr. Ramesh Adhikari, Senior Divisional Engineer Mr. Sagar Raj Goutam and consultants Mr. Ghanashyam Ojha, Ms. Pragya Adhikari, and Mr. Abhaya Sigdel). The OIBN team also visited Hasina Wetland and held a meeting with the mayor of Sundarpur of Morang and interacted with the mayor of Sundar Haraicha Municipality, Mr. Shiva Prasad Dhankal.

Meanwhile, the government has recently laid the foundation stone for industrial districts in four more places – Daiji-Chhela of Kanchanpur in Sudurpaschim Province, Naubasta of Banke in Lumbini Province, Mayurdhap of Makawanpur in Bagmati Province, and Motipur of Rupandehi in Lumbini Province. ♦

HIGH-LEVEL GOVERNMENT TEAM INSPECTS ARUN-3 HYDROPOWER PROJECT



KATHMANDU: A high-level team from the Government of Nepal inspected ongoing construction activities of the 900 MW Arun-3 Hydropower Project in Sankhuwasabha district on March 3. The visit was coordinated by OIBN. The team comprised secretaries Mr. Maheshwor Neupane (Ministry of Home Affairs), Mr. Reshmi Raj Pandey (Ministry of Defense), Mr. Bharat Raj Paudyal (Ministry of Foreign Affairs), and Mr. Dinesh Ghimire the then secretary of Ministry of

Energy, Water Resources and Irrigation. Similarly, CEO Mr. Sushil Bhatta, Under Secretary Mr. Ramesh Adhikari, and Senior Divisional Engineer Mr. Sagar Raj Goutam represented OIBN during the visit. The team observed construction activities at the dam site in Fakshinda of Makalu Rural Municipality (MRM) and a powerhouse in Diding of Chichila Rural Municipality (CRM) of Sankhuwasabha district. The team also interacted with local representatives including Chairpersons of both MRM and CRM, local administration, officials of the project developer company, SJVN Arun-3 Power Development Company (SAPDC), and other local stakeholders. The project has completed around 40 percent of civil works and is planning to commence its operation a year and half earlier than its scheduled date. ♦

13 CANDIDATES SELECTED FOR SCHOLARSHIPS

Nepal Employment and Skill Training Plan of Arun-3 Project

KATHMANDU: A virtual meeting of Nepal Employment and Skill Training Committee (NESTC) on February 18 selected 13 candidates from project-affected households for education scholarship to be provided by the SJVN Arun-3 Power Development Company (SAPDC). Of those selected, ten are joining three or four-year civil engineering programs and three are taking health assistant programs. Ten of the candidates are from Makalu Rural Municipality and three from Chichila Rural Municipality. As per the Nepal Employment and Skills Training Plan, committed in the PDA, a total of 22 candidates are to be selected for the coming fiscal year. The meeting was attended by CRM Chairperson Mr. Pasang Norbu Sherpa, MRM Chairperson Mr. Tej Bahadur Pokhrel, CRM Vice-Chairperson Ms. Yedu Kumari Rai, Bhotkhola Rural Municipality (BRM) Vice

Chairperson Mr. Panjam Bhote, CRM Section Officer Ms. Shukradevi Rai, SAPDC representative Mr. RC Suleriya, and OIBN Account Officer Mr. Prem Prasad Niraula and consultants Ms. Sita Rana and Ms. Sujita Raut. Altogether 93 candidates, including 68 from MRM and 25 from CRM applied for the scholarships. Applications were received for scholarships in agriculture, staff nurse, pharmacy, civil engineering, lab technician, health assistant, veterinary, and auxiliary nurse-midwifery. ♦

S.N.	Subject	Number of selected Candidates	Course years	Rural Municipality
1	Civil Engineering	7	3 years	Makalu
2	Health Assistant	3	3 years	Makalu
3	Civil Engineering	2	3 years	Chichila
4	Civil Engineering	1	4 years	Chichila

The committee also decided to schedule another meeting to select candidates for scholarship representing Bhotkhola and Silichong rural municipalities.

ARUN-3 CONDUCTS SSF, WORKPLACE HEALTH, SAFETY AWARENESS FOR WORKERS

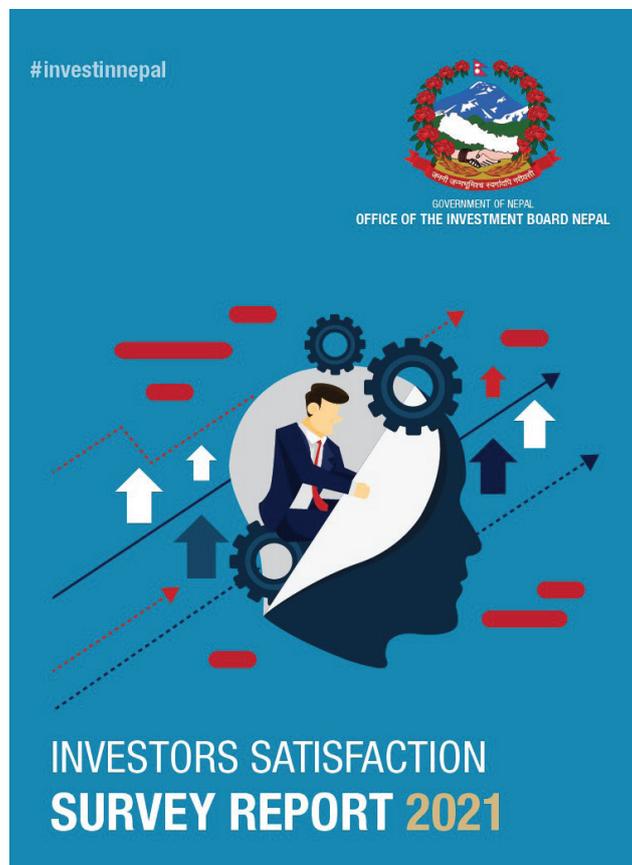


KATHMANDU: SJVN Arun-3 Power Development Company (SAPDC) organized orientation programs for the project workers on the social security fund (SSF), labor laws, and occupational safety, health, and gender violence in the workplace. The programs were conducted from March 11-13 at Phaksinda dam site in Makalu Rural Municipality, Pukhwa powerhouse site in Chichila Rural Municipality, and Tumlingtar in Sankhuwasabha district. A four-member team from OIBN visited the project district to observe these events. The programs are expected to set the ground for fulfilling the project's obligations regarding gender issues, occupational safety, and workplace standards among others. The construction of vital structures

for the 900 MW project has been in full swing after the foundation stone was laid in May 2018. Around 150 workers from SAPDC and contractor companies participated in the orientation programs. Around 40 percent of the required structures have been constructed. Talking to OIBN team, SAPDC officials have expressed their commitment to comply with Nepal's labor laws to enhance the occupational and health safety of the workers. ♦

IBN CONDUCTS INVESTORS SATISFACTION STUDY

KATHMANDU: Office of the Investment Board (OIBN) recently conducted an Investors Satisfaction Survey to gauge the confidence level of investors in terms of their overall experience in dealing with administrative and legal procedures in Nepal. The study also tried to shed light on necessary legal and policy reforms that Nepal needs to undertake for fostering conducive investment climate. The study was based on a survey of 11 IBN-facilitated projects which at the time of the study were on different stages of development, ranging from the procurement stage to development and management. Although investors shared positive responses (average and above average) on some critical indicators such as the convenience of paying taxes and getting environmental clearance, these critical areas still require major reforms. The participants suggested that government shorten administrative procedures, promote ICT in service delivery, increase public sector infrastructure spending and ensure project security. Similarly, they suggested the government to enhance political support in project development, introduce sovereign rating and ensure the availability of required human resources for the project. ♦



OIBN PARTICIPATES IN IMF'S PIMA

KATHMANDU: Office of the Investment Board Nepal (OIBN) participated in the Public Investment Management Assessment (PIMA) conducted by the International Monetary Fund (IMF) on March 18, 2021. OIBN representatives led by its Under Secretary Mr. Ramesh Adhikari and accompanied by OIBN staff, including embedded consultants, gave a virtual presentation on IBN projects. The presentation covered the projects' development stages, procurement plans, public-private partnership (PPP) execution, and environmental standards. It was for IMF representatives from around the globe.

OIBN clarified how projects are identified, assessed, procured, and managed to ensure value for money. It stated that best practices are followed when developing its project bank and that the IBN prioritizes benefits owed to local communities and ensures environmental protection when developing large infrastructure projects. For all IBN facilitated projects, the local benefits plans, rehabilitation action plans (RAP), and environmental protection plans, such as disaster management plans (DMP), follow international standards. ♦

MFC TAKES CRUCIAL DECISIONS



KATHMANDU: The 6th meeting of the Monitoring and Facilitation Committee (MFC) was convened under the chairmanship of Honorable Minister for Finance and Vice-chair of Investment Board Nepal (IBN) Mr. Bishnu Prasad Poudel, on 25th April. The meeting discussed various issues that emerged as the bottleneck in the process of executing IBN-facilitated projects.

The meeting decided to instruct the Ministry of Forest and Environment to develop a guideline within 10 days to implement the directives delivered by the 44th meeting of IBN on providing Environmental Impact Assessment (EIA) clearance to Muktinath Darshan Pvt. Ltd.

Similarly, the meeting decided to instruct the Ministry of Industry, Commerce, and Supplies to accelerate the process of industry registration of S.H. Investment Pvt Ltd by developing a guideline. The company is willing to invest in Dang Cement Industry. The meeting also decided to reactivate the existing negotiation committee to reach an understanding with Motrex Company Ltd, the developer company, for moving forward the Vehicle Manufacturing and Assembling Project.

Likewise, the meeting directed the OIBN to table a proposal to the upcoming IBN Board meeting on

granting a permission to Arun-3 Hydropower Project for securing loan by mortgaging the leased assets. Project Development Agreement (PDA) signed between Arun-3 project developer company and Government of Nepal (GoN) states that the company may mortgage or otherwise give security over its assets and undertakings including any lease, license, or other interest granted by the GON pursuant to the PDA, to any lender providing financing for the project. The meeting also instructed Nepal Electricity Authority (NEA) to arrange electricity supply to Huaxin Cement Narayani Ltd at the earliest.

Presiding over the meeting, Finance Minister Mr. Poudel underlined the need to maximize efforts to attract investment at a time when the country is facing adverse economic impact due to the sustained Covid-19 crisis. “We should always proactively facilitate the investors giving priority to building an investment-friendly atmosphere to boost investment to reinvigorate the slowing economy,” said Minister Mr. Poudel. OIBN CEO Mr. Sushil Bhatta said OIBN was always committed to providing excellent facilitation services to investors stressing the need to review existing laws and policies which are not favorable for new areas of investment in Nepal. Mr.

MFC TAKES...

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Bhatta briefed the meeting about the recent initiatives taken by OIBN in institutional development, project development, and project facilitation.

On the occasion, secretaries Dr. Baikuntha Aryal (Prime Minister and Council of Ministers), Dr. Arjun Prasad Pokharel (Ministry of Industry, Commerce and Supplies), Mr. Shishir Dhungana (Ministry of

Finance), Dr. Prem Narayan Kandel (Ministry of Forest and Environment), Mr. Rabindra Nath Shrestha (Ministry of Physical Infrastructure and Transport) and OIBN senior officials including Joint Secretary Mr. Bhupal Baral and Senior Divisional Engineer Mr. Sagar Raj Goutam were also present at the meeting. ♦

NEA DECIDES TO PROVIDE DEDICATED POWER SUPPLY TO HONGSHI

KATHMANDU: On 21 April, Nepal Electricity Authority (NEA) approved a 30MW dedicated transmission line (TL) to supply power to the Hongshi Shivam Cement, one of the projects being facilitated by the Office of the Investment Board Nepal (OIBN). The project has been using waste-to-energy and thermal power to supply power to the production plant. The supply of electricity through the 132 KV

TL will ensure a reliable power supply and it will reduce the cost of production. The plant needs 50 MW of power, to produce 6000 tons of cement per day. The TL stretches 20 km between Bardaghat Substation and plant site located at Binaya Triveni Rural Municipality of Eastern Nawalparasi. ♦

ARUN-3 ACCESS ROAD REPORT SUBMITTED TO OIBN

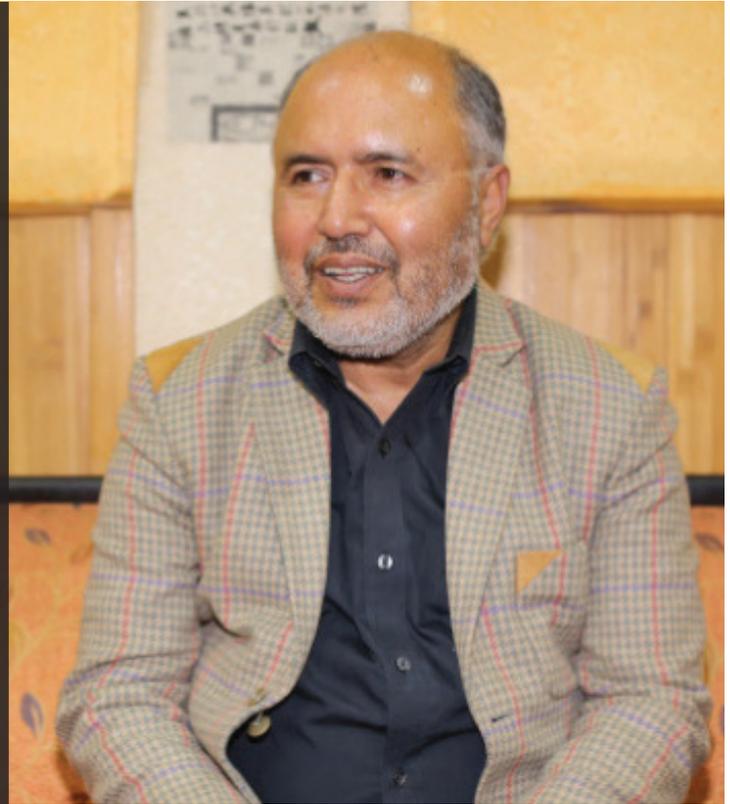
KATHMANDU: A committee, formed to identify issues regarding disputed land parcels along the Chhyankuti-Diding access road of the Arun-3 Hydropower Project, submitted its report to OIBN on February 22. The Investment Board instructed the formation of a committee led by Mr. Mohan Mani Ghimire, assistant chief district officer of Sankhuwasabha, with the mandate to recommend ways on settling the access road issues. Mr. Ghimire handed over the report to OIBN CEO Mr. Sushu Bhatta. The committee was mandated to verify ownership of land parcels and identify the road alignment of the 24.5 km section of the 28.69 km access road. After receiving the report, CEO Bhatta said OIBN would do its best to resolve the dispute at the earliest and will



consider the concerns of local landowners. Presenting the report, Mr. Ghimire said the team prepared the report after carrying out field verifications. ♦



PROJECT DEVELOPMENT MODALITY NEEDS TO BE CLEAR BEFORE SHOWCASING PROJECTS FOR INVESTMENT.



Mr. Rameshore Khanal
Former Secretary, Ministry of Finance

Mr. Rameshore Khanal is a former Finance Secretary, who has been observing macro-economic situation of the country. Mr. Khanal holds comprehensive knowledge on Nepal's public financing, taxation, economic policies, private sector investment, and infrastructure development issues. Former economic advisor to the then Prime Minister Dr. Baburam Bhattarai, Mr. Khanal has been delivering comprehensive presentations on economic and financial issues in national and international forums. Talking to IBN Dispatch, Mr. Khanal says Nepal needs to define the development modalities and incentives of projects before showcasing them to investors.

How do you assess the economic impact of Covid-19 in Nepal?

Mainly, the impact of Covid-19 can be seen in employment and economic growth. Until late March, the impact of Covid-19 was slowing, with a decrease in the number of infections and deaths. However, infections have picked up in recent days. Given the situation, I do not see any possibility of the 4 percent growth projected by the Central Bureau of Statistics. Our economy has contracted by 12-13 percent over 16 months since the start of the pandemic. This has increased our concerns that the poverty level will climb to 25 percent. More than 5.7 million workers are employed in the informal sector: mostly construction, manufacturing, eateries, which have only been able to run at 30 percent of their capacity for the last several months. The prolonged lockdown is going to further affect employment, especially in the informal sector. Fortunately, overseas remittance has remained almost intact since overseas employers retained Nepali

workers who were mostly engaged in works that are essential, even during the pandemic. However, Nepali workers in India lost their jobs amid the worsening pandemic.

Nepal needs to invest around NPR 2,025 billion annually to graduate to a middle-income country status by 2030. How do you think Nepal can achieve such a target?

This target is too high, given our existing capacity for investment. Last year we saw gross capital formation worth NPR 1,350 billion from the public sector, domestic private sector, and foreign investments. Nepal was already reeling under an investment deficit well before the effects of Covid-19. The target of capital formation worth NPR 2,025 billion annually to achieve middle-income country status can only materialize if we accelerate infrastructure development, construction activities, and



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“PROJECT DEVELOPMENT...”

◀ *...continued from Page 6*

manufacturing of construction materials. However, we cannot expect more investment than in earlier years as the impact of the pandemic continues.

Can Nepal increase investment; particularly FDI amidst Covid 19 challenges?

Foreign investors are looking for countries where supply chains, vital infrastructure, and associated logistics are strong. They are diversifying investment beyond traditional host countries like China and preferring emerging countries like India, Vietnam, and Cambodia amid the Covid-19 pandemic. However, the recent surge in Covid infections in India has checked this momentum, and investors are trying to switch to other countries beyond India. Nepal could have grabbed the opportunity to attract such floating investors had Nepal become an important part of the global supply chain and developed the necessary logistical infrastructure. Nepal is neither a key source of raw materials nor are we a globally influential supplier of manufacturing goods. As Nepal can't immediately develop that capacity, Nepal will only be able to attract the desired FDI in the coming 3-4 years.

How can we deal with this adverse situation through alternative ways to boost FDI amidst Covid-19?

If we open up hundred percent equity in some sectors, this will support shoring up FDI. We already have many sectors, including manufacturing and exports with 100 percent equity from FDI. However, insurance and banking are still restricted. We should waive the equity cap in private equity funds, mining, and banking so that it can pave the way for a higher volume of FDI through the presence of global banks in our country. We can take the example of Hong Kong and Singapore, where there is hundred percent equity for FDI in the banking and financial sector. We should be liberal in opening up the agriculture sector and defense-related logistic productions for FDI, keeping in view the vast market in China and India. We also need to enhance our strength in infrastructure to ensure seamless connectivity to Indian and Chinese ports. However, these plans cannot be implemented immediately.

Immediate intervention needed from the government

is employment generation for accelerating economic activities through consumption and income generation. Employment opportunities should be focused on rural areas where the impact of Covid is comparatively low. The implementation of infrastructure projects leads to employment opportunities for locals. The government should also simultaneously develop health infrastructures, robust treatment systems, and relevant researches through increased investment, and enhanced implementation capacity.

Despite the adverse situation, have you seen any opportunities presented by the pandemic in Nepal?

The pandemic offered two opportunities for the better. First, the tourism sector felt the importance of domestic tourists and offered handsome packages to local tourists, unlike in the past when locals used to be ignored. This changed marketing strategy is visible in many tourist destinations, including Pokhara, Chitwan, Lumbini, and some trekking routes where hotels targeted local tourists by providing low price offers on Nepali foods and Nepali style accommodations. Tourism entrepreneurs have realized that the backbone to Nepal's tourism is domestic tourists and foreign tourists are only adding value. Second, online trading businesses have dramatically increased. The delivery business has significantly increased, and the trend has continued even when the impact of Covid-19 was slowing. Even tax payments and receipts are increasingly made through the online system. However, the industrial sector missed the opportunity to robotize unskilled work and switch to online systems.

What should be the government's priorities and programs in the upcoming budget?

The government's priority should be saving the lives of people, given the growing number of infections and fatalities. We can't predict the future course of the pandemic. The government should focus its priority on accelerating the roll out of vaccines, along with an accessible treatment system. Secondly, we have to develop economic resilience, keeping in view the crises that emerges every few years. Fortunately, our economy is relatively resilient due to a survival-based agriculture-dominated economy that is less connected

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“PROJECT DEVELOPMENT...”

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to global trade networks. But, it is time to diversify the economy beyond agriculture and other traditional sectors. The government should set out favorable policies and develop the necessary infrastructure to support the resilience of this sector. We have to prioritize sectors that are resilient even during the crisis. We need to explore the measures that bring down the cost of doing business, waiving unnecessary taxes, excise duties, and royalties to pave the way for the growth of associated sectors. For example, if we liberalize tax in the IT sector or telecom sector, associated sectors such as e-commerce, banking, financial services will grow with the prospect of collecting higher taxes. However, these measures are only not sufficient. In the long run, we need to encourage foreign investment to fill the investment gap of around NPR 700 billion annually given the requirement of NPR 2,025 billion. We need to remove FDI constraints through policy reforms and infrastructure development. We need to be liberal to attract FDI in every area, except for sensitive areas.

How are you evaluating Nepal's private sector? How can they orient themselves toward industrialization?

Until the early 1990s, Nepal's private sector was limited to a few corporate houses, which were protected by power centers. They were not established because of their business expertise and entrepreneurial capacity. With the inception of an open liberal economy in the country in the early 1990s, the government opened various sectors of the economy. However, it took years to witness the full-fledged involvement of the Nepali private sector in business in a newfound business environment. For example, we had to wait several years to see Nepali power producers and aviation operators thrive. The decade-long Maoist insurgency followed by prolonged political transition hurt Nepal's FDI prospects. However, retail business, travel-tourism, financial services, IT, fashion business, media, and cinema making are among the fast-growing sectors.

Since you have held senior positions in the bureaucracy, what problems have you identified within the bureaucracy regarding the promotion of private investment in Nepal?

In the past, the general idea in bureaucracy was that the private sector is merely composed of

profiteers. However, over time, the perception among government officials towards the private sector has gradually grown positive. Now government officials feel that the private sector is the major player in production, distribution, trading, services, and national revenue.. As a result, the private sector has been represented in different government bodies, including the Investment Board and the Revenue Board. We need to change the overall mindset in bureaucracy. We need to encourage the private sector to invest, to generate employment and contribute to revenue, by creating a favorable business climate because without the involvement of the private sector our economy cannot move ahead.

You played a key role in the creation of IBN. What would you advise IBN so that it can play an instrumental role in increasing FDI in Nepal?

In recent days, IBN seems to be more active and we want proactiveness from IBN to solicit investment for solid game-changer projects. However, IBN should build its capacity for timely procurement, facilitation, and development of projects to attract foreign investors. I think IBN should focus on preparing a list of projects and their studies before approaching prospective foreign investors and offer various incentives. Even the National Priority Projects have been much-hyped but not delivered in time. Hence, we need to focus on the delivery of projects by making a concrete project solicitation process.

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“PROJECT DEVELOPMENT...”

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What are your thoughts on Public-Private Partnership (PPP) in Nepal? How can Nepal benefit from this modality? Or can you suggest any other modalities to best harness our natural resources through private investment?

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and development of projects to attract foreign investors. I think IBN should focus on preparing a list of projects and their studies before approaching prospective foreign investors and offer various incentives. Even the National Priority Projects have been much-hyped but not delivered in time. Hence, we need to focus on the delivery of projects by making a concrete project solicitation process. ♦

Log on to www.ibn.gov.np for full video interview.

OIBN WELCOMES AND BIDS FAREWELL TO JOINT SECRETARIES



KATHMANDU: On April 8, Office of the Investment Board Nepal (OIBN) organized a farewell program for Joint Secretary (Technical) Mr. Indra Dev Bhatta, who was transferred to the Ministry of Physical Infrastructure Development in Sudurpaschim Province. On the occasion, OIBN’s incoming section officers, Mr. Manoj Raut and Mr. Punya Bhattarai,

technical advisor Mr. Jayendra Shrestha, and consultant Mr. Dilip Bhatta were also welcomed. OIBN also recently welcomed the incoming Joint Secretary Mr. Bupal Baral. ♦

ARUN-3 STAKEHOLDERS AND OIBN DISCUSS ACCESS ROAD COMPENSATION



KATHMANDU: Demanding an amicable settlement of compensation, affected people from the Chhyankuti-Diding section of Arun-3 Hydropower Project handed over a memorandum to the Office of the Investment Board Nepal (OIBN) on March 21. A delegation led by the honourable chairman of the Parliament's Legislature Committee, Mr. Parashuram Meghi Gurung, handed over the 7-point demand to OIBN CEO Mr. Sushil Bhatta. The 14 member delegation included honourable Provincial Assembly members of Province 1 – Mr. Purna Prasad Rai, Chairman of Makalu Rural Municipality; Mr. Tej Bahadur Pokharel, Chairman of Chichila Rural Municipality; Mr. Pasang Norbu Sherpa, and leaders of the Arun-3 Project Concerns Group. Speaking on the occasion, Legislature Committee Chairman Mr. Gurung asked OIBN to move forward the process of addressing the demands of the people affected by the access road at the earliest. OIBN CEO Mr. Bhatta expressed his commitment to resolve the compensation dispute

and study at the earliest. On the occasion, OIBN Joint Secretary Mr. Bhupal Baral and Joint Secretary (Technical) Mr. Indra Dev Bhatta said that OIBN has been taking concerns raised by local stakeholders seriously and will speed up the process of settling the compensation. ♦

PROJECT BANK WORKSHOP HELD



KATHMANDU: Office of the Investment Board Nepal (OIBN) organized a workshop on ‘Framework for Project Identification, Selection, Ranking, and Prioritization for the Development of IBN Project Bank’ on March 12-13 in Dhulikhel. The two-day workshop hosted a candid discussion on project development components and collected feedback to further enrich the framework document. The Public-Private Partnership Act (PPPIA) 2019 mandates OIBN to develop and update the project bank. Speaking at the workshop, OIBN CEO Mr. Sushil Bhatta said the workshop is instrumental for the development of a rich project development framework to build an effective project bank. Around 30 people comprising OIBN government officials, OIBN consultants, and representatives from the Foreign, Commonwealth,

and Development Office (FCDO) participated in the workshop. On the occasion, presentations were made on various subjects that included a presentation on international best practices on project development by a PPP expert Mr. Anil Gandhi, and development of the project bank in the IBN Context by Mr. Jayendra Shrestha, a Technical Advisor to the CEO. Similarly, OIBN project development team gave a presentation on the Project Bank Framework. OIBN Joint Secretary Mr. Bhupal Baral, Joint Secretary (technical) Mr. Indra Dev Bhatta, and Senior Divisional Engineer (SDE) Mr. Sagar Raj Gautam also put forward their views on various aspects of the project bank. ♦

WEBINAR ON DEVELOPING AND FINANCING INFRASTRUCTURE PROJECTS



KATHMANDU: The Department for International Trade (DIT) in collaboration with OIBN organized a webinar on ‘Building Back Greener in Nepal’ on March 3 in Kathmandu. The half-day webinar focused on the opportunities and challenges of developing and financing infrastructure and energy projects in Nepal. Ambassador of the UK to Nepal Her Excellency Ms. Nicola Politt gave a welcome speech at the opening of the program. Delivering a keynote speech, OIBN CEO Mr. Sushil Bhatta highlighted the opportunities, recent developments, and government policies in energy and infrastructure sector. He reiterated IBN’s commitment to supporting quality investment from the private sector for sustainable and resilient infrastructure to build back a better and greener Nepal. Under Secretary, Mr. Ramesh Adhikari made

a separate presentation on selected projects of energy, health, urban infrastructure, and transport sectors. Mr. Suvash Thapa, Head of DIT, gave a presentation titled ‘Opportunities and Challenges in Resilient Infrastructures and Renewable Energy’. The webinar also featured a panel discussion among sectoral experts. Panelists included former Director-General of the Civil Aviation Authority of Nepal, Mr. Sanjiv Gautam; CEO of Standard Chartered Bank Nepal, Mr. Anirban Dastidar Ghosh; Business Head of ICRA Nepal, Ms. Barsha Shrestha; the Renewable Energy Advisor of the British Embassy in Kathmandu, Ms. Resha Piya; and Country Head of the CDC Group, Mr. Rabi Rayamajhi. ♦

CDC COMPLETES COMPENSATION FOR ARUN-3 TFS IN MAHOTTARI



KATHMANDU: The Compensation Determination Committee (CDC) finalized the compensation for all 88 tower foundations (TFs) for Arun-3 transmission line (TL) in Mahottari district. A meeting of the CDC held on March 4 finalized compensation for the land that is required for 13 TFs (the final lot of the 88 TFs) to be erected in Bhagaha Municipality, Loharpatti Municipality, Balwa Municipality, Ekdara Rural Municipality, and Mahottari Rural Municipality in Mahottari district. The virtual meeting, chaired by the CDC chair and Chief District Officer Mr. Keshav Bimali, was attended by OIBN officials, CDC members, and officials of SJVN Arun-3 Power Development Company (SAPDC). The meeting discussed the Resettlement Action Plan (RAP) for those who lost land and non-land assets including crops, trees and buildings, and means of livelihoods in the process of project implementation. OIBN and



SAPDC have already conducted RAP disclosure and financial awareness programs for those incorporated in earlier lots. ♦

**EXPERTS'
VIEW****ESTABLISHMENT OF SPECIAL ECONOMIC ZONE
AND INDUSTRIAL DISTRICTS ARE SIGNIFICANT
MILESTONES FOR INDUSTRIAL ACTIVITIES.**

Our country needs rapid economic growth through industrialization. To achieve sustained economic development, at least 7-8 percent growth is necessary to accelerate industrial activities because the contribution of service and agriculture sectors only is not sufficient. Given the 5-6 percent growth of the industrial sector, we must reach double-digit growth. Without boosting the contribution of the industrial sector, the contribution of this sector can not be enhanced. Hence, we must encourage domestic and Foreign Direct Investment (FDI) in this sector. Unfortunately, we could not attract investment for industrial infrastructure for a long time in the past. Given the host of problems facing the industrial sector including land acquisition, government prioritizes accelerating the establishment of industrial districts within the country. Recently, the government laid foundation stones for industrial districts in different provinces. Similarly, industrial villages are being planned at the local level. These initiatives are going to be milestones for the development of industrial infrastructure in the country. Such infrastructures are going to offer opportunity to operate in well-managed designated areas. The government should offer incentive packages in the upcoming budget to lure

more industries such as industrial infrastructure. Though the Industrial Enterprises Act has spelled out key incentives for investors, it has not specified such incentives. The incentives should be concrete and clearly defined.



**Mr. Chandra Kumar
Ghimire**
*Former Secretary, Ministry
of Commerce and Supplies*

Similarly, the government should identify the outstanding issues in the industrial sector and make efforts to resolve them. For the industrial growth value chain with backward and forward linkages for industries is crucial. We have developed regional road connectivity infrastructures such as dry ports in the borders. In a bid to activate such dry ports for promoting exports from our country, the government has developed industrial districts. If such industrial zone is developed it will be linked up with dry ports and that will be a turning point for boosting industrial and trade infrastructure in the country.



Mr. Purushottam Ojha
Former Secretary, Ministry
of Commerce and Supplies

To speed up the process of industrial activities within the country, the establishment of Special Economic Zone and industrial districts is significant. Most investors are facing difficulties in finding an appropriate location to establish industries. And, land prices are exorbitantly high, which not only makes the process of setting up industries complicated but also increases the cost of production in the country. Industrial districts or Special Economic Zones (SEZs) can avoid the intricate process of land acquisition. Similarly, social, and environmental issues which can create problems in the implementation of industrial ventures, will not be an issue anymore. Hence, the conflict between locals and industries will end with the establishment of such industrial infrastructures. Industries will get One Stop Services (OSS) and will help administrate, facilitate, and regulating the industries

set up there. At a time when the country is facing a ballooning trade deficit, such industrial infrastructures will support boosting domestic productions to increase exports and substituting imports in the coming days. We also can specialize production base for specific industries in designated areas.

We have no option but to accelerate industrial activities for sustainable economic development. Industries are the means for a strong revenue base, trade, Balance of Payment (BoP). Though the process of developing the SEZs started in Nepal in the 1990s, the efforts could not yield concrete results. We should develop regions as the SEZ, not special limited areas so that production will be specialized accordingly. It is a good sign that industrialization has moved faster in South Asia with India and Bangladesh taking lead in this drive. We need to encourage investment by reducing the cost of doing business such as electric charge, labor, land, and technology. If we designate SEZ for specialized products, the process of resolving the conflict between industries and local people regarding environmental and social issues will be smooth. The production expansion, diversification, and specialization should be applied gradually to enhance our production capacity for diversified products with specialization of regions for specific products. We need to incentivize the investors by offering multiple benefits in SEZ and other industrial districts and the cost of production can be brought down making Nepal-made products more competitive in the domestic as well as international market.



Mr. Bharat Raj Acharya
FNCCI Industry Committee

set up there. At a time when the country is facing a ballooning trade deficit, such industrial infrastructures will support boosting domestic productions to increase exports and substituting imports in the coming days. We also can specialize production base for specific industries in designated areas.

MY STORY...

My name is **Santa Bahadur Tamang**. I am 66 years old. I have been running a small grocery in this place since 2008. Previously, I used to live in a village in Rorang Rural Municipality-7. Fourteen years back, there were hardly 2/3 shops here. People from neighboring Makwanpur district used to visit here to buy daily essential commodities. For the last couple of years, the number of shops has increased significantly and the improved road access has boosted the business activities in villages.

When I arrived here there were no good roads and other facilities. There was only a primary health post for local health services. People had to carry patients on their back for more than two hours to Gajuri or Malekhu for treatment. In several cases, patients died on the way to the hospital. These days the construction of a wider road has facilitated the movement of vehicles including ambulances. Currently, two access roads have been serving local people easing the movement of people and vehicles to and from Prithvi Highway. This improvement in road access was



possible only after Huaxin Cement Narayani Project started its factory here. Not only the local students who travel to Malekhu Bazaar for higher education, but also the farmers who sell their produces to market, are benefitted from the improved roads. Road connectivity and other local infrastructure has remarkably improved here over the few years.

The establishment of the factory has improved market access of local agricultural produces such as tomatoes, oranges, and other seasonal vegetables and ultimately bolstered local economy. The project itself has become a major buyer of local agriculture produces. Similarly, locally produced chicken, goats, and pigs are easily sold due to increased demand now. Increased connectivity has encouraged locals to set up grocery shops and eateries across the road that has prevented out-migration. Employment opportunities have been generated. The also settlement pattern has improved as the local people are building their houses in this area. ♦



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