

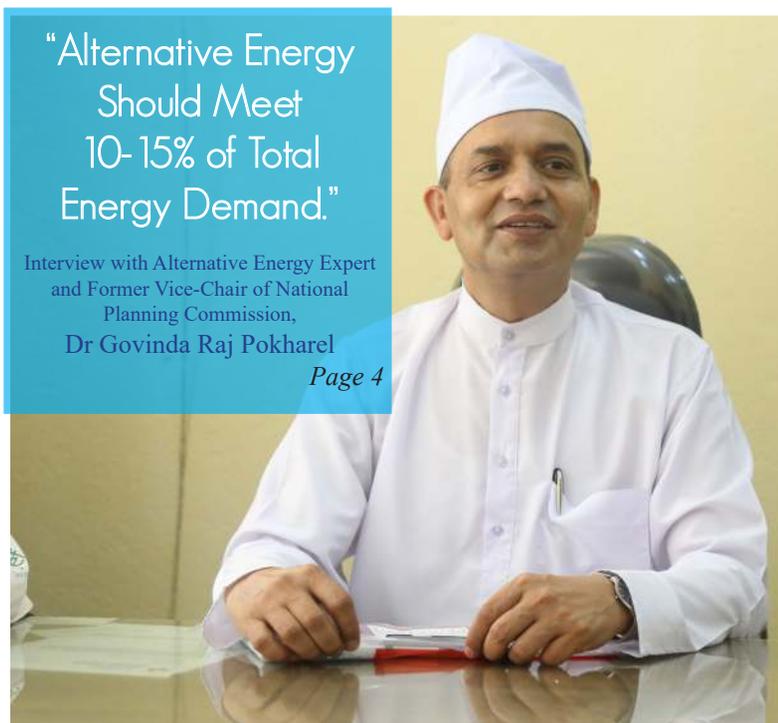
IBN DISPATCH

Monthly Newsletter



Interaction with Economic Journalists

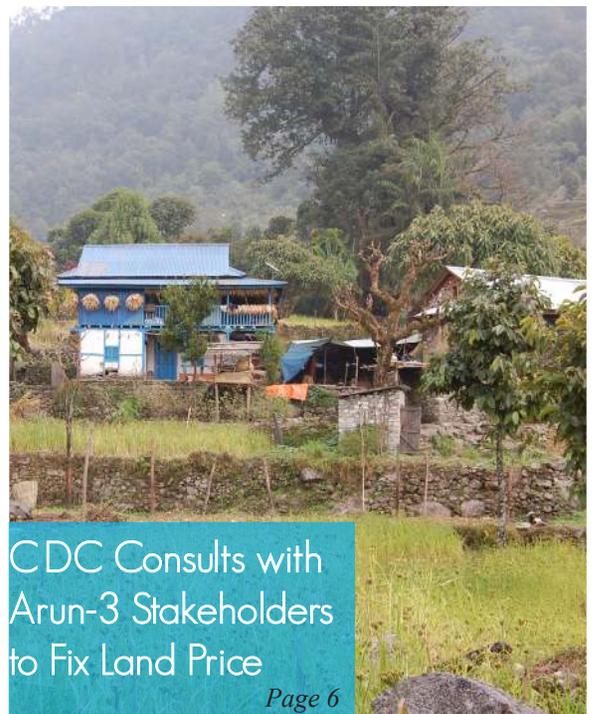
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Interaction with Economic Journalists



KATHMANDU: On September 4, the Office of the Investment Board Nepal (IBN) met with economic journalists to update them on the implementation of IBN-facilitated projects. Around 20 journalists from print, broadcast and online news portals - especially those reporting on energy and infrastructure issues - took part in the programme, which was held at IBN's office in New Baneshwor. IBN has been organising such interactions with the media as part of its policy of broader engagement with project stakeholders.

At the event, IBN's CEO, Maha Prasad Adhikari, gave a presentation on the key issues and challenges involved in the implementation of IBN-facilitated projects. Adhikari said that IBN prioritises sharing information with journalists to ensure transparency and urged the media to be careful in how they presented sensitive news. "We appreciate the cooperation being extended by you [media people] to IBN and we also urge you to confirm the authenticity of information before writing the news," said Adhikari. He added that large-scale projects cannot be implemented smoothly without the cooperation of

the media, which is key in shaping public opinion. He informed the journalists that satisfactory progress has been made in the implementation of various projects, despite some obstacles.

Ravi Bhattarai, IBN Joint Secretary, thanked the journalists for coming and highlighted their role in creating a favourable environment for investment in development projects. "Media people have to play a watch dog role to bring the weaknesses of government to light and they should equally be sensitive toward the possible harm they can do to projects when reporting the news," said Bhattarai.

Bhattarai expressed his commitment to increase IBN's interaction with journalists to make IBN more transparent. Participating journalists urged the government to be more proactive and to make project developers more responsible for completing projects on time. They also stressed the need to forge coordination among government agencies to ensure the smooth implementation of development projects. •

Study Visit to Denmark



KATHMANDU: A study visit to Denmark was organised from 21-27 August to advance the knowledge of the Project Development Agreement (PDA) negotiating team for the Integrated Solid Waste Management (ISWM) project. The team comprised senior officials from IBN, the Kathmandu Metropolitan City (KMC) and the Ministry of Local Development. Team members acquired knowledge about the operation of solid waste management, including its collection, transfer, processing, energy generation and disposal.

The team visited different solid waste management sites to inspect the technologies used for the collection and transfer of waste. Team members also visited an incineration facility, which converts waste to energy. The facility generates 32 MW electricity from 500 MT of waste per day, using 1.5 MW of power. However, the technology is complex and requires a sophisticated effluent treatment and management system, so may not be relevant to Nepal. The team also observed composting procedures and systems for the proper disposal of waste. Team members also interacted with developers of solid waste management projects and learnt about the process, methods and technologies for managing solid waste.

As well as the site visits, the team participated in classroom activities on the application of the public-private partnership (PPP) approach in solid waste management, the design of land-fill sites, standard collection methods, tariff collection mechanisms, the segregation of waste at source and at transfer stations,

and technologies for the conversion of waste to energy. The team is confident that the ever-growing problem of solid waste management in the Kathmandu valley will be resolved if we adopt such technologies.

IBN is preparing to sign PDAs with selected companies for solid waste management in KMC and the other municipalities in Kathmandu, Lalitpur and Bhaktapur districts. For Package I of the project, Compunication OY, in Association with Poiry, Bioste and Organic Village (NepWaste), have submitted a Detailed Project Report (DPR) for the management of solid waste in Kathmandu. Similarly, under Packages II and III, BVG India, Greenfield Waste Management Company and KRYSS International J/V (Clean Valley Company-CVC) have submitted a DPR for Lalitpur, Bhaktapur and Kirtipur municipalities. As mandated in the 23rd meeting of IBN, a negotiation panel has been formed to hold negotiations with the selected firms. The panel comprises the Joint Secretary of the Ministry of Federal Affairs and Local Development, Joint Secretary of the Ministry of Law and Justice, CEO of KMC, Executive Director of the Solid Waste Management Technical Service Centre, Divisional Head of KMC's Environment Management Department, Under-Secretary of the Ministry of Finance, Senior Divisional Engineer and Under-Secretary of IBN as its members. The committee will draft concession agreements and hold negotiations with developers to finalise the terms and conditions for the implementation of projects. Once, all the terms and conditions are agreed, the negotiation committee will recommend the agreement to IBN for approval by its Board. •



“Alternative Energy Should Meet 10-15% of Total Energy Demand.”

Dr. Govinda Raj Pokharel
Alternative Energy Expert and Former Vice-chair of National Planning Commission

Dr Govinda Raj Pokharel is an expert in the alternative energy sector. Former Vice-chair of National Planning Commission (NPC), which is the apex policy-making body of the government, he was also the Executive Director of the Alternative Energy Promotion Center (AEPC) of the Government of Nepal. Talking to IBN Dispatch, Pokharel delved into the prospects for alternative energy development in Nepal. He is of the view that Nepal needs to generate 10- 15% of its total energy from alternative energy sources to ensure supply in case of a power crisis or damage to hydropower plants from a natural disaster.

Could you tell us about the position of Nepal in harnessing alternative energy potential?

Overall, the generation of alternative energy across the world is good. European countries, the US and our close neighbours India and China have been producing impressive amounts of alternative energy, mainly solar energy. Japan is leading in the generation of geo-thermal energy. However, we are lagging far behind in harnessing renewal energy. Except for electricity generation, the commercial generation of alternative energy in Nepal is nominal, despite the fact that we have huge potential. Although the number of households with access to alternative energy stands at around 1.5 million, the overall contribution of alternative energy to our total energy supply is only 1 or 2%. The energy generated from alternative sources has so far only been used to fulfil basic household needs, as it is generated on a small scale. We still have a long way to go to generate power from alternative sources. Besides

solar, we also have the potential to generate power from wind and bio-mass. The promotion of bio-mass would reduce dependency on fossil fuels, eventually reducing our imports of petroleum products and benefiting the environment.

How do you assess government efforts to promote alternative energy?

For the last few years, the government has put in place different incentives to promote alternative energy in Nepal. However, the government has failed to attract large-scale investors in the commercial generation of alternative energy. Ad hoc incentives offered to alternative energy users are not sufficient. We need to come up with a concrete policy to woo investors to invest in large-scale alternative energy plants. The government should arrange long-term power purchase agreements and concessional loans, among other direct incentives, to encourage more investment in this sector.

Nepal has massive hydropower potential. How do you see the prospects for alternative energy here?

The potential for hydropower generation is immense, however, we need to know that Nepal lies in seismically dangerous zone. We have to be prepared with alternative sources of energy if our hydropower plants dysfunction due an earthquake. We experienced a devastating earthquake last year, reminding us that alternative energy is necessary, not only for energy diversification, but for energy security in Nepal. Similarly, water resources ca not be taken for granted in the long term, as climate change has also affected the sources of snow-fed rivers, which are vital for hydropower generation. Keeping in mind such possible scenarios, we need to maintain at least 10-15% alternative energy of our total energy supplies. Alternative energy development also paves the way for the much-needed gradual substitution of fossil fuels, which have dominated our transport system. Alternative energy, mainly solar energy, can also be widely used in schools, by travel agencies, for household heating and other purposes. We need to make alternative energy commercially-viable for investors, by offering lucrative incentives and benefits. If large-scale investment is attracted into this sector, alternative energy can be a robust and reliable source of energy, not only for household purposes, but also for industry.

What are the challenges in promoting alternative energy in Nepal?

Although the generation of alternative energy has a long history, it has not yet been a commercial venture in Nepal. People always talk about Nepal's abundant hydropower potential, so initiatives to promote alternative energy have always taken a back seat. Lack of policies to adopt a sound energy-mix and to diversify energy sources has rendered the growth of alternative

energy nominal. Even campaigners for alternative energy are not exerting sufficient pressure on the government with strong lobbying. As alternative energy needs comparatively higher investment than hydropower and other traditional sources, we can bring down the cost by offering subsidies.

What are the prospects of attracting FDI in the alternative energy sector?

We have seen impressive growth in FDI in the alternative energy sector worldwide. But, the commercial production of alternative energy in Nepal is negligible compared to its potential. Without offering attractive

incentive packages for investors, the large-scale production of alternative energy cannot be achieved in Nepal. Attractive price offers through power purchase agreements and easy processes for land acquisition for plant sites and transmission lines are essential to create a favourable environment for investment. It will be sufficient if we follow the policies being adopted by our close neighbours India and China, which are leaders in harnessing alternative energy.

For solar energy generation, land is not a big deal. There are vast swathes of barren land in Nepal, including in the mountain districts. Mustang

and Manang are appropriate locations for solar energy due to their favourable geographical location, suitable climate and sufficient solar radiation. The development of alternative energy depends on the policies we adopt. At the moment, our bureaucracy is not aware of the significance of alternative energy and our private sector is not interested in energy generation (only being attracted to trade). So, policies need to be formulated to attract private investment by guaranteeing investment security and a market on which to sell the energy generated.

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We need to make alternative energy commercially-viable for investors, by offering lucrative incentives and benefits.



CDC Consults with Arun-3 Stakeholders to Fix Land Price

KATHMANDU: In a bid to involve local project-affected people in the process of fixing the price of land for the Arun-3 hydropower project, the Compensation Determination Committee (CDC) organised a week of consultation meetings in Khandbari, the district headquarters of Sankhuwasabha, from 22 to 27 August. The Committee, headed by the Chief District Officer of Sankhuwasabha, is comprised of the Local Development Officer, Land Revenue Officer of Sankhuwasabha district, and the project manager of SJVN-Arun-3 Power Development Company (SAPDC) as members.



The Land Acquisition Act of 2034 BS provides authority to the CDC in concerned districts to fix the price of land to be acquired for any development project. However, Khum Kanta Acharya, CDO of Sankhuwasabha invited land owners, concerned groups and other stakeholders to give input on land prices and to gain an idea of their expectations regarding compensation for land. The project is acquiring 391 land parcels (48 hectares) of private land in Diding, Yaphu, Pathibhara and Num VDCs of Sankhuwasabha district. After the meetings with stakeholders, the CDC directed the secretaries of concerned village development committees (VDCs) to assess the current price of land locally.



This is the first time consultations with stakeholders have taken place before fixing the price of land in the implementation of large-scale projects in Nepal. The initiative has instilled a sense of participation and involvement in decision making in the project-affected people. It is expected that this is a hybrid approach to fixing land prices used in the Arun-3 will provide a benchmark for other projects implemented in the area.

CDO Acharya has said that local people are quite supportive of the land acquisition process and has expressed his commitment to finalise the price of land within next few weeks. Stakeholders said that they appreciate the effort made by the CDC to organise public consultations before making a final decision on land prices. •



British Minister at IBN

KATHMANDU: Honorable British Minister of State Mr. Rory Stewart visited the Office of the Investment Board on September 1, 2016 to get updates about the projects, that are being carried out by the Investment Board Nepal (IBN). IBN Chief Executive Officer (CEO) Maha Prasad Adhikary welcomed the minister and shared the progress so far made on the projects. During the meeting, Minister Stewart said the UK government was quite enthusiastic to see the progress

on development projects. "Our support for the Investment Board to move forward the economic development initiatives will continue," the Minister said. IBN CEO Adhikari thanked the Minister for DFID support to the IBN, and said that the support has remained quite crucial for moving forward the project implementation activities. "We believe that the DFID support to IBN is much valuable, and it is instrumental to Nepal's economic prosperity," CEO Adhikary said. •

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Capacity Building Trip to Malaysia and Sri Lanka



KATHMANDU: On 9-17 August, a delegation from IBN, the Ministry of Finance, Office of Prime Minister and Council of Ministers, and Ministry of General Affairs participated in a study visit to the Sri Lankan Board of Investment (BOI) and the Malaysian Investment Development Authority (MIDA). The visit was supported by Japan International Cooperation Agency (JICA).

The objective of the study visit was to acquire ideas from these highly successful investment promotion agencies for IBN towards the strategic restructuring of IBN's current organisation and management structure to achieve sustainability for the further development of IBN.

IBN can learn from the good practices of the BOI Sri Lanka and MIDA, especially to strengthen its investment promotion, investor services, project management, and one-window services. The visit also provided an opportunity to learn about human resources management and staff capacity enhancement and how to work with relevant government agencies and the

private sector with respect to human resources and in-house resource development.

The delegation, led by IBN's Joint Secretary, Ravi Bhattarai, held discussions with Duminda Ariyasinghe, Director General, Head of Investment Appraisal and the One-Stop-Shop, at the BOI Sri Lanka on the Board's role in relation to the environment and labour issues. They also discussed the board's organisation and human resources management, as well as its role as a one-stop-shop for investors and in research and policy advocacy.

In Malaysia, the delegation held interactions with Ruhizam Idris, Deputy Director, Domestic Investment Division, and other officials of MIDA, on various investment promotion approaches, organisational management policies, and opportunities in the different manufacturing sectors. The delegation also visited several other agencies, such as Tenaga Nasional Berhad, the Multimedia Development Corporation and Export Processing Zone Industrial Estate. •