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IBN-SJVN SIGN MOU ON 679MW LOWER ARUN PROJECT



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IBN APPROVES NPR 97 BILLION WORTH OF INVESTMENT



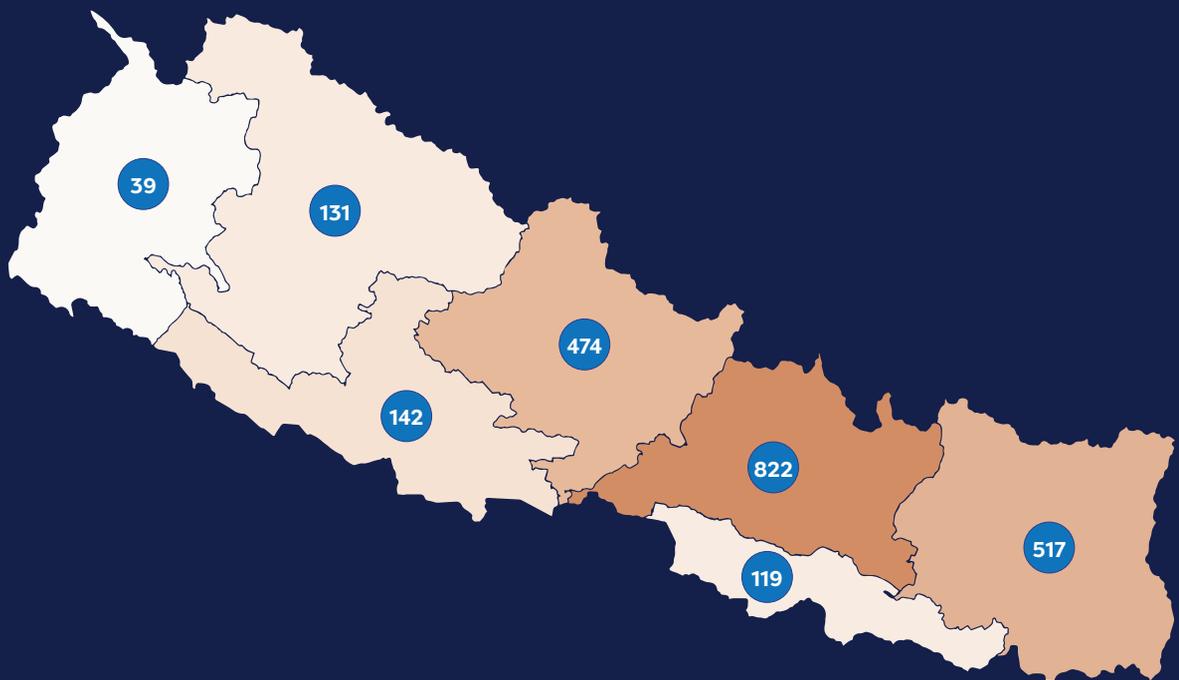
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INTERVIEW WITH CHIEF SECRETARY OF THE GOVERNMENT OF NEPAL MR. SHANKER DAS BAIRAGI

INVESTO GRAPH

PROVINCE-WISE INVESTMENT IN INDUSTRY

(NPR IN BILLION)



SOURCE: ECONOMIC SURVEY 2020-21



IBN-SJVN MoU on 679-MW Lower Arun Project



KATHMANDU: On 11th July, Investment Board Nepal (IBN) and SJVN Limited India signed a Memorandum of Understanding (MoU) to issue a survey license for the development of Lower Arun Hydro Electric Project which has an indicative capacity of 679 MW. The project will be developed in Sankhuwasabha and Bhojpur districts of Province 1. The MoU was signed between IBN CEO Mr. Sushil Bhatta and Chairman-Managing Director of SJVN Mr. Nanda Lal Sharma, in presence of then Honorable Deputy Prime Minister and Finance Minister Mr. Bishnu Prasad Poudel and Indian Ambassador to Nepal Excellency Mr. Vinay Mohan Kwatra. The total cost of the Peaking-Run-of-the-River (PRoR) project is estimated at USD 1300 million (2017 price rate). The 35th meeting of IBN had decided to showcase the project at Nepal

Investment Summit in 2019. The 46th meeting of IBN decided to select the proposal of SJVN Limited India through the international bidding process to develop the project in Build, Own, Operate, and Transfer (BOOT) modality under the Public-Private Partnership approach. The 47th meeting of IBN had approved the draft of the MoU and authorized IBN CEO to sign the MoU and issue a survey license to the project proponent. As per the Terms of Reference (ToR) in the MoU, the developer company is required to submit the Detailed Project Report (DPR) to the Office of the Investment Board (OIBN) and complete the Detailed Project Study within two years from the date of MoU signing. The MoU requires OIBN to facilitate the study.

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IBN-SJVN MoU on ...



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Speaking at the MoU signing program as the chief guest, Honorable the then Deputy Prime Minister and Minister for Finance Mr. Bishnu Prasad Poudel, expressed a belief that the process of project development will be accelerated by the developer and assured of necessary support to project developer company from Nepal government. Stating that the MoU will add a new dimension to national development, Mr. Poudel said that the MoU highlighted the commitment of Nepal government to the overall economic development of the country. "I believe that development such crucial projects will greatly help to achieve national aspiration-'Prosperous Nepal Happy Nepal'. IBN CEO Mr. Sushil Bhatta said implementation of the Arun-3 Project is smooth due to effective facilitation and coordination from OIBN stating that OIBN is ready to render maximum facilitation for Lower Arun Project. Stating that signing the MoU is a milestone in the business relation between India and Nepal,

Mr. Bhatta said such a project with zero carbon emission green energy projects will be supportive for a carbon-neutral economy. Mr. Bhatta also said IBN is committed to promoting investment big transformational Public-Private Partnership (PPP) projects and private projects offering necessary facilitation. Chairperson-Managing Director of SJVN Limited India Mr. Sharma expressed gratitude to Nepal government for selecting the company to develop the project and expressed willingness to strengthen partnership with Nepal to develop other hydroelectricity projects. H.E. Indian ambassador to Nepal Mr. Vinay Mohan Kwatra said the MoU signing is a great event between Nepal and India for the development of hydropower in Nepal. On the occasion Chief Secretary of Nepal government Mr. Shanker Das Bairagi, secretaries of Nepal government, members of IBN and other high-ranking officials of Nepal government, and other officials of SJVN Limited India.

IBN BOARD MEETING

IBN Approves NPR 97 Billion Worth of Investment for Two Projects

KATHMANDU: The 47th meeting of Investment Board Nepal (IBN) was held under the chairpersonship of the then Right Honorable Prime Minister and chairman of IBN Mr. KP Sharma Oli on 22 June. The meeting at the Prime Minister's Residence Baluwatar, approved investment worth Rs 97 billion for two hydropower projects, 285 MW Upper Tamor Hydropower and 139.2 MW Manag Marsyangdi Hydropower Project. The meeting also approved the Detailed Project Report (DPR) of Nepal's largest industrial park-China Nepal Friendship Industrial Park which is being developed in Damak of Jhapa under Public-Private Partnership (PPP) modality. The meeting also approved a Memorandum of Understanding (MoU) to be signed with SJVN Limited India for the development of Lower Arun Hydropower Project with an indicative capacity of 679MW. The project will be developed in Sankhuwasabha district of Province-1. The meeting instructed the Ministry of Energy, Water Resources, and Irrigation to review necessary laws on issuing a survey license for the 756 MW Tamor Storage Project. The meeting also formed a committee headed by the Vice-Chairman of the National Planning Commission (NPC) to recommend an appropriate modality for the development and investment of West Seti -SR-6 Joint Project. The meeting instructed the OIBN to move forward necessary process of providing compensation to respective land owners along the Chhyankuti-Diding access road of Arun-3 Hydropower Project. Similarly, the meeting approved the draft "Guideline on Foreign Currency Exchange and Transfer Facility, 2078 BS (2021)".

Presiding over the meeting, then Right Honorable Prime Minister Mr. Oli instructed concerned government officials to develop transmission lines along with developing the energy projects. PM Oli also stressed the need to expedite the industrial development to boost the energy consumption. On the occasion, Honorable then Deputy Prime Minister, Finance Minister and Vice Chairperson of IBN Mr. Bishnu Prasad Paudel said the proposals in the IBN meetings are crucial and supportive for



the economic development of Nepal. He said it is important to effectively implement the decisions. IBN CEO Mr. Sushil Bhatta briefed the meeting on progress achieved in project development, institutional development and other key activities of the OIBN.

Other dignitaries present on the occasion were then Honorable Minister for Energy, Water Resources and Irrigation Mr. Sharat Singh Bhandari, then Minister for Industry, Commerce and Supplies Mr. Raj Khishore Yadav, then Minister for Physical and Transport Mr. Basanta Nembang, then Minister for Forest and Environment Mr. Narad Muni Rana, then Vice Chairman of the National Planning Commission Dr. Pushpa Raj Kandel, Chief Secretary of Nepal government Mr. Shanker Das Bairagi, Governor of Nepal Rastra Bank Mr. Maha Prasad Adhikari, expert members of IBN (Mr. Hari Bhakta Sharma, Ms. Bhawani Rana, Mr. Rajesh Kaji Shrestha, invitee member Balkrishna Siwakoti) and other high-ranking officials of the government.

OIBN and MOFA to Strengthen Collaboration for Investment Promotion

KATHMANDU: Office of the Investment Board Nepal (OIBN) and the Ministry of Foreign Affairs (MoFA) had a joint meeting to discuss 'Investment Promotion through Economic Diplomacy' on April 22. The meeting discussed ways to forge synergy and complement to each other's efforts and initiatives on investment promotion. Speaking at the meeting, Foreign Secretary Mr. Bharat Raj Paudyal stated that investment promotion is an important component of foreign policy and said a continuous collaboration between the two agencies in promoting Nepal as a promising investment destination needs to happen. Mr. Paudyal also said it is extremely important to attract inward foreign direct investment (FDI) and it is a part of the economic diplomacy. Mr. Paudyal said the Ministry is formulating a concept note on investment promotion through economic diplomacy.

IBN CEO Mr. Sushil Bhatta, extended his gratitude to the MoFA for the continuous support in carrying out investment promotion activities and reaching out to foreign investors. Mr. Bhatta said diplomats and ambassadors are the "eyes and ears" of the country and could play a significant role in generating investment leads.

Stating that investment promotion is a team effort, Mr. Bhatta stressed the need for an integrated approach. He also said OIBN and MOFA need to work hand in hand to promote Nepal as an ideal destination for investment.

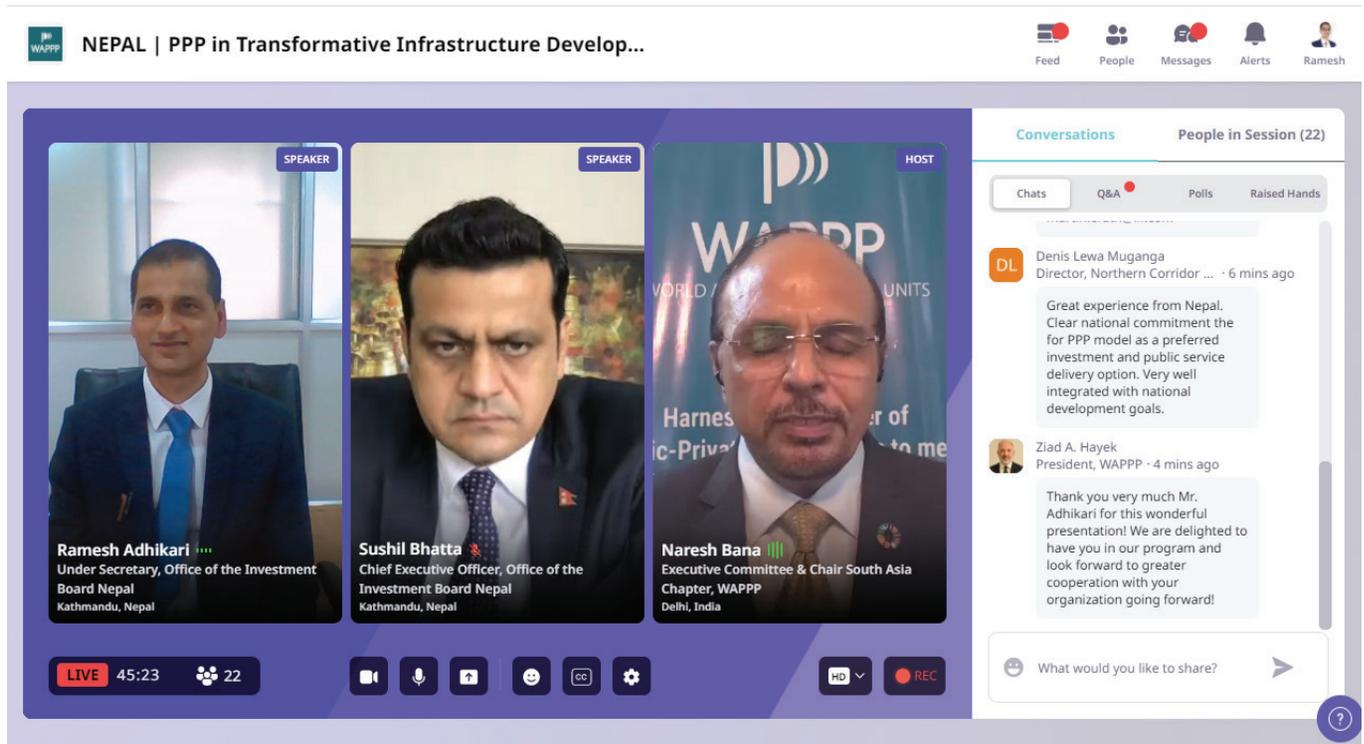
He said the message conveyed by foreign diplomatic missions on Nepal plays a crucial role about Nepal's investment climate in the international market. Mr. Bhatta said a study to explore measures for effective investment promotion needs to be carried out in the near

future. The meeting decided to strengthen the collaboration between the two government entities on investment promotion. The meeting also decided to further strengthen communication channels between two agencies and collaborate and cooperate with each other's investment promotion initiatives. The meeting nominated MoFA Joint Secretaries Mr. Bharat Regmi and OIBN Under Secretary Mr. Ramesh Adhikari as focal persons for the respective agencies to strengthen collaboration and cooperation between OIBN and MoFA.





OIBN participates in WAPPP annual congress



KATHMANDU: IBN CEO, Mr. Sushil Bhatta spoke as a keynote speaker at the global annual congress of the World Association of PPP Units and Professionals (WAPPP) in Geneva, through a virtual platform on 16th June. The half-day event brought together the representatives from PPP centers all over the world to discuss the theme 'Next level PPP'. The theme was developed to recognize the Public-Private Partnership (PPP) as an engine of socio-economic development. Besides being an instrument for financing infrastructure, the PPP could also be a means of delivering social services, protecting the environment, and improving the standard of living.

Addressing the event, IBN CEO, Mr. Bhatta shared the experience of Nepal in using the PPP as a tool for socio-economic development. Mr. Bhatta elaborated on the successful implementation of the PPP in hydropower development in Nepal highlighting how this approach has transformed

the energy dynamics in the country. Stating that 'PPP with people participation' is the real driver of hydropower promotion in Nepal, Mr. Bhatta shared about the gradual improvement in the business climate in Nepal with associated reforms initiatives taken by the Nepal government. He also shed light on various initiatives taken by OIBN in policy and institutional reforms to promote the PPP approach for implementing vital infrastructure projects in Nepal. OIBN Under Secretary Mr. Ramesh Adhikari delivered a presentation on 'PPP for Transformative Infrastructure Development in Nepal'. Mr. Adhikari stressed the role of PPP in infrastructure development in Nepal. Highlighting the role of IBN in PPP management in Nepal, Mr. Adhikari shared the regulatory framework in PPP development accorded by Public-Private Partnership and Investment Act (PPPIA). He also expressed OIBN commitment of OIBN to promote 'green investment' as the way forward for the next level PPP in Nepal.

WORLD INVESTMENT REPORT

World Investment Drops by 35 pc

KATHMANDU: Global Foreign Direct Investment (FDI) dropped by whopping 35 percent in 2020 to reach USD 1 trillion from USD 1.5 trillion recorded in 2019. “This is the lowest level since 2005 and almost 20 percent lower than the 2009 trough after the global financial crisis” states World Investment Report 2021” released by United Nations Conference on Trade and Development. The lockdowns along with travel restrictions around the world responding to Covid-19 crisis drove down the number of investment projects and kept prospective investors from making fresh investment decisions. “The fall in FDI was significantly sharper than the fall in gross domestic product (GDP) and trade” the report says. FDI fell in developed and transition economies by 58 percent while it edged down by moderate 8 percent in developing countries. FDI to developed economies is recorded at 58 percent to USD 312 billion influenced by strong fluctuations in conduit and intrafirm financial flows and by corporate configurations.

Of the global decline of around USD 500 billion, one-third was accounted for by the Netherlands and caused by the liquidation of several large holding companies, corporate reconfigurations and intra-firm financial flows, the report further states. Greenfield announcement in developing countries dropped by 44 percent in value and international project finance deals by 53 percent, compared with 16 percent and 28 percent in developed countries. Similarly, average flow in Europe declined by staggering 80 percent to touch USD 73 billion. Flows to developing economies declined by 8 percent to USD 663 billion. Developing Asia—already the largest FDI host region accounting for more than half of global FDI reported a rise of 4 percent to USD 535 billion. South-East Asia reported a decline in FDI by 25 percent with largest recipients registering declines. FDI in Latin America and Caribbean tumbled 45 percent to USD 88



INVESTING IN SUSTAINABLE RECOVERY



billion- the sharpest decline in developing

‘The Covid-19 crisis caused a dramatic fall in FDI in 2020’ the report concludes. “Global FDI flows are expected to bottom out in 2021 and recover some lost ground, with an increase of about 10-15 percent” the report projected. The report painted uncertain picture in FDI in 2022 adding that situation will depend on the pace of economic recovery and the possibility of pandemic relapses, impact of recovery spending packages, and policy pressures.



We Need to Change Investment Promotion Modality Given the Covid-19 Pandemic.

Mr. Shanker Das Bairagi

Chief Secretary, Government of Nepal



Mr. Shanker Das Bairagi is the Chief Secretary of the Government of Nepal. Mr. Bairagi, served as the Secretary at the Ministry of Foreign Affairs before being appointed as the Chief Secretary and was involved in formulating and implementing crucial policies regarding Nepal's economic diplomacy. Mr. Bairagi played a significant role in strengthening economic diplomacy by enhancing Nepal's relations with development partners other friendly nations and international agencies, while serving in Nepal missions abroad in the past. Mr. Bairagi, who is also an ex-officio member of Investment Board Nepal, had represented Nepal in a number of international forums and played a vital role in enhancing development cooperation as well as promoting investments and trade-tourism in Nepal. Talking to IBN Dispatch, Mr. Bairagi opined that Nepal needs to change the investment promotion modality given the changed global and regional circumstances amidst the Covid-19 pandemic.

Given your long experience with bureaucracy and current instrumental position, what should be the country's strategic focus for achieving GON targets as stated in the GON vision documents?

The Government of Nepal has set its national aspiration, "Prosperous Nepal, Happy Nepali" and targets have been defined to realize this aspiration. First, the current Fifteenth Plan has identified specific indicators to measure progress in different areas and the means thereof. Second, we are graduating from the least developed country status in 2022 with the preparation period of another three years. Third, we are committed to achieving all SDGs and thereby upgrade ourselves to Middle Income Country's status by 2030.

To materialize the country's development vision, we need to focus on six major strategies – a. Increase

investment in infrastructure to at least 15 percent of the GDP, b. Increase investment in human capital, c. Emphasize research and development as well as evidence-based policy making, d. Enhance public private partnership in investment, management and service delivery, e. Make the country's economy resilient to crises and external shocks, and f. Strengthen governance. The Government's functioning is guided by these major strategies.

How do you think GON can effectively utilize economic diplomacy to attract investments in Nepal?

Economic diplomacy is a multi-dimensional exercise. It is proved to be a tool for mobilizing development cooperation; attracting investments; attracting tourists; and enhancing country's export trade. Given my experience in the Ministry

of Foreign Affairs and Nepali diplomatic missions abroad, we have to be very clear about the areas where we can attract foreign investment. Such areas should be as per the country's priority and in the meantime, should have high traction for the potential investors. We need to do a thorough homework in identifying the sectors, projects and plants. Further, our missions should be able to effectively disseminate information to the investors about the country's investment policies, the incentives for the investors, procedures, market prospects and other benefits. A regular dialogue among the investors is needed from our missions.

The Missions should also coordinate with Ministries concerned and IBN for this purpose and provide useful feedback on any issues raised by the potential investors. This two-way interface helps us identify any shortcoming on our part and remain competitive. Use of projects banks prepared by National Planning Commission and Investment Board of Nepal can be useful inputs for conversation with the investors. Missions' role should further be proactive to match the need of Nepal and interest of the investors. In the post-Covid scenario, for instance, the circumstances have changed in terms of economic relations, production and productive capacity and focus of investment around the globe. So, we should have new thinking on how to attract investment under such changed global and regional circumstances.

What legal and financial reforms the GON has undertaken to promote Nepal as an ideal investment destination for investors?

After the restoration of Multi-Party Democracy in 1990, Nepal devised a number of policy reforms to make Nepal an attractive destination for foreign investment. Industrial Enterprises Act, Foreign Investment and Technology Transfer Act, Company Act, Public Private Partnership and Investment Act are some examples of the reform measures. Further, the Financial Act every year provides different packages of incentives and attraction measures for the investors. We have policies for relaxation in income tax, eased income and investment repatriation procedures, one stop service for establishing and operating the industries and so on. It is notable that The Rt. Hon. Prime Minister himself is the chair of Investment Board of Nepal. As a continuation of such initiatives, it is noteworthy that Nepal Rastra Bank has recently relaxed the mandatory provision to get approval for foreign investment once the company/industry is registered in Nepal. Reform is a continuation process, and based on our experiences and changing circumstances, the

“ The Government is always open to the idea of further reform required. ”

Government is always open to the idea of further reform required.

As we need huge investment to graduate to a middle-income country status by 2030, how do you think we can enhance our capacity (in bureaucracy) to promote, facilitate and implement big infrastructures?

You have posed a very pertinent question here. Whatever policy we devise or whatever system we adopt, the efficiency and competence to run that system and implement the policies should be enhanced. You are right that the capacity of our bureaucracy has to be enhanced significantly to enable it to implement the large infrastructure projects. I have witnessed that in many cases, financial resource is not a problem, but the absorption capacity is the issue. Therefore, we need to enhance technical and managerial skills of our machinery. For this we may focus on five areas – a. Invest in human resources so that they are technically sound, b. Train the human resources on regular basis, c. Provide enough authorities to the decision makers as well as officials at operational level, d. Reduce the constraints on resources (input), process (legal and other) and output (based on the input and process), and e. Ensure protection of officials who function in good intention while carrying out the projects.

How do you assess the coordination and collaboration activities among government agencies with regard to the development and implementation of projects and facilitation of investors?

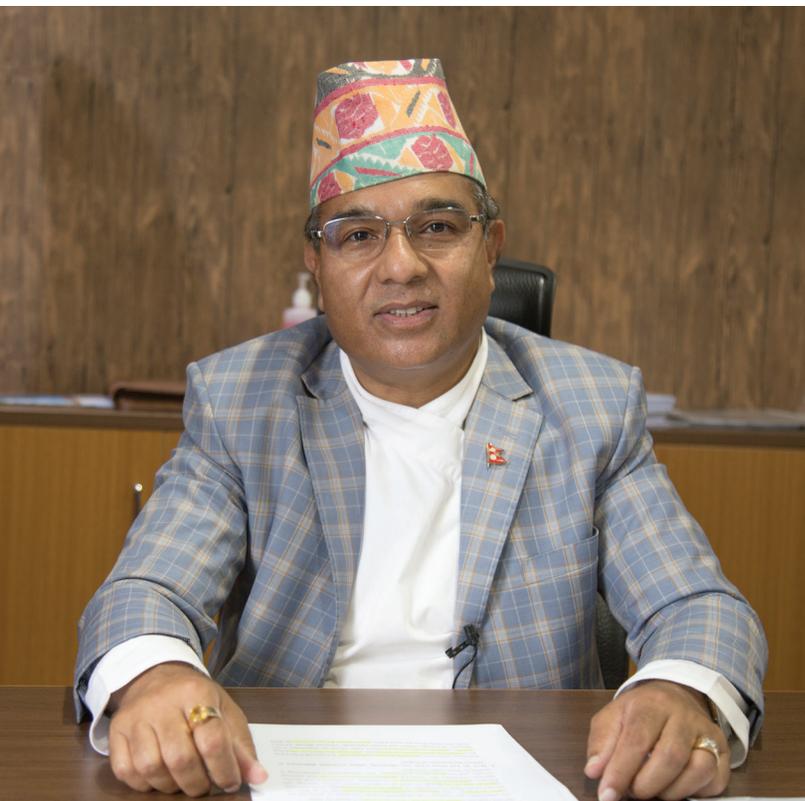
Although we have devised so many policies for better coordination among the government agencies, practically there are still several

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We need to change investment promotion modality...

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unresolved issues in coordination. We are, therefore, continuously working to establish a better coordination mechanism for the development and implementation of the projects as well as facilitating the investors. We have established the high-level forum for Public Private Dialogue chaired by The Rt. Hon. Prime Minister, initiated regular meetings of Central Monitoring and Evaluation Committee chaired by the Chief Secretary, formed a Project Facilitation Committee chaired by a



Secretary at the Office of Prime Minister and Council of Ministers. Besides, National Planning Commission is the apex agency to coordinate the project preparation, implementation, and monitoring. We have remained effortful to resolve the problems in coordination and facilitation by activating these mechanisms. Furthermore, there are specific and sector-wise mechanisms to deal with the issues and challenges in the respective sectors.

How do you think the government can further strengthen its partnership with Development Partners to attract investments in Nepal?

Development Partners have been supportive in Nepal's socio-economic development. To ensure the continuation of their support, scale it further and generate optimum result, we should be able to prioritize our projects and areas of investment and cooperation. We should be clear in priorities and expected output/outcome that is to be achieved through their cooperation. The forums already established should be activated where the Government and the development partners can engage on regular basis. Development cooperation is one component of our engagement with development partners and private investment is another. Both are interrelated though. The measures we take towards the effective utilization of development assistance would also serve in attracting foreign investment. The Government is committed on both fronts.

How can we further strengthen IBN as a vibrant agency for attracting investments, developing and implementing transformational projects in Nepal?

IBN should be a proactive agency. We created this institution not to duplicate the things that our ministries had been doing. The working modality of this institution should, therefore, be different from the regular bureaucratic one. It has to be able to coordinate well among the institutions, facilitate the investors promptly and efficiently, and provide all kinds of services needed to them. And its activities should translate into visible results.



[View/Read Full Interview](#)

Government issues New Land Ceiling Order

KATHMANDU: On May 17, the Government of Nepal (GoN) introduced a new order on land ceiling waiver for business ventures. The Ministry of Land Management, Cooperative and Poverty Alleviation stated that the new order was meant for arranging necessary land for the industry, agriculture, hydropower, education, health, and real estate sectors.

As per the new provision in the order, the land ceiling for projects approved by the Investment Board Nepal (IBN) will be waived as per the agreement between the concerned government entity and the company. The deadline for land acquisition will be maximum of two years and subject to an extension by another year upon a recommendation by the IBN. The order permits projects to acquire alternative land in case of difficulty in utilizing the land. The order also envisages a Monitoring and Supervision Committee which is responsible for monitoring whether the land provided to the companies, is used as per their stated objectives. The order does not allow concerned companies to mortgage the land acquired under a land ceiling waiver. As per the order, the manufacturing industry (cement) can acquire land of 300 ropanis (medium size) and 500 ropanis (large scale) in hill districts, 50 ropanis (large scale) in the Kathmandu Valley, and 25 bigaha (medium size) in the Tarai. A land ceiling has been set for mining, solar energy, and gas/petroleum production related projects as per their respective detailed project report (DPR).

Interaction with Muktinath Cable Car Stakeholders



KATHMANDU: An interaction between officials of Office of the Investment Board Nepal (OIBN) and a team of stakeholders from Kaski district where the proposed Muktinath Cable Car project is located, took place on April 9, at the meeting at OIBN, the participating stakeholders demanded that the base station of the cable car should not be shifted from Birethanti of Kaski to anywhere else. They demanded that Birethanti should be retained as one of the base stations as any changes in the location would harm the economic development prospects of that area. Those participating in the meeting representing Berethanti residents were Mr. Devendra Kumar Sherchan, Mr. Bijay Gurung, Mr. Ananta Raj Sharma, Mr. Krishna Gauchan, Mr. Tek Bahadur Gurung, Ms. Bishnu Maya Gurung, Ms. Bhim Kumari Kshetri, Ms. Shanti Poudel, and Ms. Manju Subedi. Similarly, OIBN Section Officer Mr. Manoj Raut, and consultants: Mr. Ghanashyam Ojha, Mr. Ujjwal Gajurel, Mr. Prabhakar Ghimire and Mr. Axit Raj Poudel represented OIBN at the meeting.

ARUN-3 HYDROPOWER

IBN Interacts with Local Representatives and CDO

KATHMANDU: Office of the Investment Board Nepal (OIBN) organized a virtual meeting with elected representatives of project-affected Rural Municipalities and Chief District Officer (CDO) of Sankhuwasabha district on May 21. The meeting was organized to accelerate OIBN facilitation on project implementation despite difficult circumstances caused by the Covid 19.

Joint Secretary Mr. Bhupal Baral led the OIBN team while Mr. Pasang Norbu Sherpa, chairperson of Chichila Rural Municipality, Tej Bahadur Pokharel, chairperson of Makalu Rural Municipality, and Mr. Tek Narayan Poudel, CDO of Sankhuwasabha participated in the meeting

During the meeting, Chairperson of Makalu Rural Municipality Mr. Pokharel said the project needs to improve its engagement with local elected bodies regarding project implementation activities. Mr. Pokharel suggested that the project developer needs to increase its interaction with local communities to minimize local-level issues. He also said OIBN, project developer and local bodies should regularly meet to accelerate project implementation activities without hindrances from the locals. He expressed strong commitment from the local bodies toward the project, and said the local bodies are always ready to support the project developer for materializing the project construction at the earliest. Mr. Pokharel said the project developer needs to coordinate with the local elected bodies on community infrastructure development activities, skill training to locals and others.

Chairperson of Chichila Rural Municipality Mr. Sherpa, said project developer needs to prioritize fulfilling the commitments made to the communities regarding employment, skill training, community infrastructure development and other benefits stated in the Project Development Agreement (PDA). Mr. Sherpa also said the project developer needs to arrange safety and security for workers at the construction sites. He said the workers' demands need to be duly addressed by the project developer to avoid disturbances at the sites.

He also said the project developer needs to maintain an official roster of workers and share with DAO and rural municipality to keep track of the people at the construction sites.

CDO Poudel said the District Administration Office (DAO) has been sincerely handling all security issues related to the project for its smooth implementation. He said the project developer needs to set up standards regarding payments, allowances, and compensation for workers. Mr. Poudel informed that the DAO has increased security at the project sites to avoid any incidents in the future. OIBN Joint Secretary Mr. Baral said OIBN is fully committed to facilitating smooth implementation of the project. He requested the local stakeholders, including DAO and elected representatives to provide necessary support to the project to complete its construction as early as possible.

The meeting discussed forming a district-level Project Coordination Committee (PCC) with representatives from elected bodies, DAO, project developer, and OIBN to settle local-level issues. The meeting also decided to discuss security standards, payments, allowance and workers' insurance with the project developer—SAPDC. OIBN Under Secretary Mr. Ramesh Adhikary moderated the meeting and said OIBN is fully committed to providing necessary support to complete the construction of the project at the earliest. He urged locally elected representatives and district administration authorities to support the project and help mitigate local-level issues.

Other members attending the meeting were Mr. Mohan Mani Ghimire, assistant CDO (Sankhuwasabha), Mr. Sagar Raj Goutam, Senior Divisional Engineer (OIBN), Mr. Raju Guragain, under secretary (Legal), Ms. Nisha Tripathee, engineer (OIBN), Mr. Vijay Sharma, hydropower engineer (OIBN), Mr. Prakash Sigdel, environmental inspector (OIBN), Mr. Manoj Raut, section officer (OIBN), and OIBN consultants Mr. Ghanashyam Ojha, Mr. Hari Krishna Uprety, Mr. Prabhakar Ghimire, Mr. Kshatra Bhandari and Mr. Bipin Basnet.

BUDGET FY 2020/21

Investment related programs in budget *(Clause wise)*

- 67.** Public-private partnership approach will be implemented in building, operation, and maintenance of the road, energy, railway, and airport projects and viability gap funding (VGF) up to 30 percent of the project cost.
- 68.** Government will provide loans to youths up to NPR 2.5 million for a startup business, arrange a single-window system for registration, renewal, and other purposes, and a Challenge Fund worth NPR 1 billion to be established for policy facilitation.
- 100.** Process will be initiated to establish a chemical fertilizer plant in Nepal within three years.
- 171.** National and international investors will be attracted in adventurous tourism including mountaineering, bungee jumping, rock climbing, rafting, paragliding, zipline, and kayaking.
- 180.** International investors will be attracted to develop and manage infrastructures of industrial zones.
- 184.** Repatriation of money will be simplified for foreign investment industries and electronic medium will be applied to provide single-window service to investors.
- 190.** The government will reimburse 75 percent of the total cost if the investors of star-level hotels, cement, and iron industries themselves to develop necessary access roads and transmission lines.
- 197.** Additional rebates will be offered if foreign investors export cent percent of their products produced in Nepal.
- 311.** To attract foreign investment in hydropower, bi-lateral and multi-lateral Power Trade Agreements (PTA) will be signed with prospective countries.
- 314.** Construction of Tamor Hydropower Project will be initiated after completing Detailed Feasibility Study (DFS).
- 352.** International investors will be selected for the development of Detailed Project Report (DPR). The investment modality will be determined, and the infrastructure will be developed and in operation. In the next fiscal year, all preparation for construction, including land acquisition and site clearance, will be completed.
- 406.** Nepali diplomatic missions abroad will be activated with defined responsibilities for international trade, secure foreign employment, foreign investment, and tourism promotion.
- 438.** To expedite the process of land acquisition in development projects A legal arrangement will be made for compensation of all associated assets on the land, making sure that the amount will not be more than three times the value set for tax purposes by local levels.
- 454.** Facilitation will be made for hedging service to manage the foreign exchange risk in foreign investment projects.

Hongshi Health Equipment Support to the Government

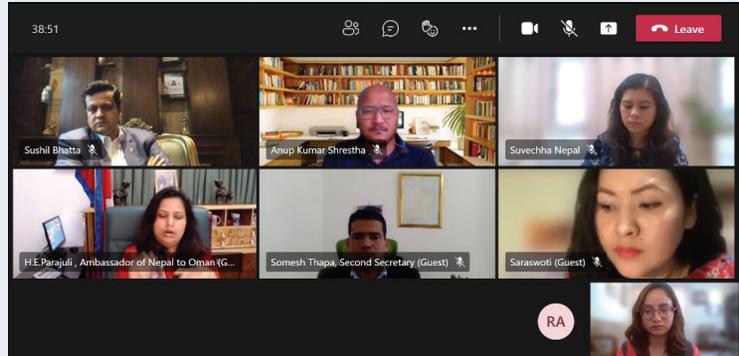


KATHMANDU: Hongshi-Shivam Cement Company donated medical equipment worth NPR 20 million to the Government of Nepal (GON) on May 11, 2021. A total of 200 pieces of 8-liter oxygen concentrators were handed over to the Ministry of Health and Population through the Confederation of Nepalese Industries (CNI). Then Honorable Minister for Health and Population Mr. Hridayesh Tripathi expressed gratitude towards the company while receiving the medical equipment. Similarly, the company donated medical supplies to local health centers around the plant area in Nawalparasi (East) and the mine area at Jyamire of Nisdi Rural Municipality in Palpa district. The company provided thermometers, masks, disinfectants, and other anti-epidemic materials to the health centers. The company also provided cash assistance of NPR 500,000 to the health center in the mine area to improve health infrastructure. Similarly, NPR 600,000 was provided to Benimanipur Rural Municipality of Nawalparasi

(East) to fight the Corona pandemic. The company also provided 3 katha of land and NPR 6 million in cash to construct a new building of health center in Sardi of Benimanipur. The construction of the health center building will be completed before July 2021. The Hongshi-Shivam Cement project is being facilitated by the OIBN.

Investment Promotion Collaboration

KATHMANDU: IBN CEO Mr. Sushil Bhatta discussed with H. E. Mrs. Sharmila Parajuli Dhakal, ambassador of Nepal to the Sultanate of Oman, regarding bilateral investment promotions between Nepal and Oman on May 20. On the occasion, areas of cooperation and collaboration between the two agencies on investment promotion were discussed.



Meeting between UNDP Resident Representative and IBN CEO



KATHMANDU: Resident Representative of UNDP Nepal Ms. Ayshanie Medagandoda-Labe called on IBN CEO Mr. Sushil Bhatta on April 22 to discuss cooperation between the two agencies in promoting investment to meet Nepal's development targets. On the occasion, IBN CEO Mr. Bhatta expressed his readiness to strengthen the collaboration with UNDP to achieve development goals. Ms. Medagandoda-Labe also stressed the need to explore new areas of cooperation between the two agencies. OIBN Under Secretary Mr. Ramesh Adhikari also attended the meeting.

Russian Railway Shows Interest in Transport Sector Investment

KATHMANDU: A senior delegation of Russian Railways led by its Deputy General Mr. Ilya Kazakov had a meeting with IBN CEO Mr. Sushil Bhatta and senior officials to discuss opportunities in transport sector in Nepal, on April 28. On the occasion, CEO Mr. Bhatta said Nepal was ready to attract foreign investment in the transport sector stating that transport infrastructure is the key area of potential investment. The Russian delegation showed curiosity on investment related legal provisions and incentives in Nepal for foreign investors.



High-level Meeting on Arun-3 Issues

KATHMANDU: A meeting with high-ranking government officials was held under the chairpersonship of Chief Secretary Mr. Shanker Das Bairagi on May 22. The meeting was attended by secretaries of, senior officials of Nepal Army and Nepal Police and Joint Secretary and other senior government officials. The meeting discussed the issues such as security at the project site, occupational health and safety of workers, insurance and compensation in case of accidents, arrangement of explosives for project construction works, and formation of a Project Coordination Committee (PCC). The meeting also instructed the OIBN to develop necessary standards, policies and procedures and implement them in collaboration with the developer accordingly. On the occasion OIBN Joint Secretary Mr. Bhupal Baral gave an update about ongoing facilitation activities of Arun-3 Project by OIBN.

Meanwhile, IBN CEO Mr. Bhatta and SJVN Arun-3 Project Development Company (SAPDC) held a meeting on a virtual platform on May 20, 2021 and discussed measures to accelerate the construction of the 900-MW project. On the occasion, IBN CEO Bhatta highlighted the collaboration and coordination initiatives for Arun-3 hydropower project. OIBN Joint Secretary Mr. Bhupal Baral also participated in the meeting.

During the meeting, IBN CEO Mr. Sushil Bhatta urged the SAPDC leadership to make all contractors and workers accountable for maintaining safety and security standards at the construction sites. He also expressed OIBN's commitment to coordinate with all relevant government agencies for providing necessary facilitation services to the project. "We are in close coordination with the Ministry of Home Affairs for mobilizing the required number of security personnel at the project construction sites," Mr. Bhatta said, adding "IBN wants the project to be ready at the earliest."

SAPDC CEO Mr. Arun Dhiman said the project timelines are intact, and it will come into operation by 2023. He said the project requires support from all sectors now, as it is in the middle of its construction. "We want strong support from local government, district administration, political parties, and IBN to achieve our scheduled targets," Mr. Dhiman said. He also said the project will fulfill

all commitments made in the Project Development Agreement (PDA). "We are implementing most of our commitments, and we are working with local bodies and local administration to fulfill them," he said. Mr. Bhatta also said OIBN is thinking of setting up a district-level coordination committee comprising of all relevant stakeholders to effectively support project implementation. "Such mechanism will settle all issues for the project immediately, and coordination works will become more effective," he said.

Both CEOs also agreed to organize a monthly meeting between OIBN and SAPDC to strengthen cooperation. The meeting was organized to speed up construction activities at the Arun-3 hydropower project amidst the Covid-19 pandemic. Other members attending the meeting on behalf of OIBN were Joint Secretary Mr. Bhupal Baral, Under Secretary Mr. Ramesh Adhikari, Senior Divisional Engineer Mr. Sagar Raj Goutam, Under Secretary (Legal) Mr. Raju Guragain, Engineer Ms. Nisha Tripathy, Hydropower Engineer Mr. Vijay Sharma, Environmental Inspector Mr. Prakash Sigdel, Section Officer Mr. Manoj Raut, and consultants Mr. Ghanashyam Ojha, Mr. Kshatra Bhandari, Mr. Bipin Basnet, and Mr. Hari Krishna Uprety. Similarly, members attending on behalf of SAPDC were Mr. Pradip Singh, construction engineer, Mr. Jitendra Yadav, CFO and Mr. R. C. Suleria.

Domestic demands for cement to double in five years: NRB

KATHMANDU: A government-commissioned report has forecast that given massive construction activities going in Nepal, demand for cement is going to double in five years. The study ‘ Foreign Direct Investment (FDI) in Cement Industry in Nepal: A Study on Socio-Economic Impact’ was carried out by the Nepal Rastra Bank, the central bank, upon the request of the Office of the Investment Board Nepal (OIBN). As per the forecast, the domestic demand for cement is going to reach 25.88 million tons in 2024/25 from 13.27 million tons in 2021/21. The study suggests that Foreign Direct Investment (FDI) in cement industries be kept open as the FDI helps in bringing new technology into the country and promotes the competition forcing domestic industries to be more efficient. The study was aimed at investigating the status of the cement industry in Nepal, especially FDI-based, their role in meeting the domestic demand, and their socio-economic impact in host communities. The study report released on 21st May, also suggested that the FDI be allowed in cement industries only in the condition that local investors also hold certain minimum percent equity in such industries so that both technical and managerial know-how from foreign investors to local stakeholders could be transferred. The report also recommends that the regulation regarding the maximum permissible debt to equity ratio in FDI based cement industry be reviewed in the context that a significant amount of debt is being raised by the FDI-based cement industries in Nepal.

The study covered seven cement industries that are operational in Nepal. Of the industries incorporated in the study, three FDI-based cement industries (Hongshi-Shivam, Arghakhanchi Cement, Maruti Cement), two government-owned cement (Udaypur Cement, Hetauda Cement) and owned by local private investors (Ghorahi Cement, Jagadamba Cement). According to the study, a total of 55 cement industries are operating in Nepal, of which three are FDI-based, two government-owned, and 50 are owned by local private investors. Highlighting the role of FDI-based cement industries the report says “The FDI-based cement industries are occupying the cornerstone position in the Nepalese market both in terms of the investment and the production capacity.” The FDI in cement industries in Nepal stands at Rs. 56.97 billion as of 2018/19 compared to the total capital of domestic cement industries of Rs.

Foreign Direct Investment in Cement Industry in Nepal
A Study on Socio-economic Impact



Study Report



Nepal Rastra Bank
Economic Research Department
Economic Development Division
May 2021

Projected annual demands for cement in Nepal	
Year	Demand (million tons)
2020/21	13.27
2021/22	15.41
2022/23	18.69
2023/24	22.42
2024/25	25.88

122.33 billion. The FDI-based cement industries being implemented in Nepal are Hongshi-Shivam Cement, Arghakhanchi Cement, Maruti cement, Tianyi cement industries, and Hauxin Cement Narayani. Stating that Nepal has moved towards self-sufficiency in cement production in recent years, the report also found an installed capacity of 55 cement industries stands at 15 million tons in 2018/19 while the domestic demand is 9.05 million tons. The report has also projected that the demand for cement will double in the next three years concluding that there is still room for more cement industries to be set up in Nepal. FDI-based cement industries are found to have contributed to government-owned and locally owned cement industries in the promotion of business opportunities, local infrastructure development, and employment. However, the study found that local people, local people constitute less than 10 percent of total employees in the cement industry.

MY STORY



I am Expecting Better Opportunity in SAPDC.

Ms. Pratiksha Tamang (28)

Office Attendant, SAPDC Office, Khandbari

I have been working for SAPDC since October 2008 as an office attendant. I am one of the few workers who have completed more than a decade working with this company. This company has provided a business opportunity for my husband, who has been running a cafeteria inside the SAPDC building. I have been supporting my husband beyond office time. I completed a +2-level study a few years back. I have basic computer skills to do desktop works independently. It will be great for me if the company provides an opportunity for computer-based works. I have expected that the company will increase perks and benefits which can enhance the motivation among workers for better performance.



INVESTMENT BOARD NEPAL

Office of the Investment Board

ICC Complex, New Baneshwor, Kathmandu, Nepal

Tel: +977-1-4475277, 977-1-4475278 | Fax: +977-1-4475281

Email: info@ibn.gov.np | Website: www.ibn.gov.np | Twitter: @IBNOffice

