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GOVERNMENT OF NEPAL  
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5

55<sup>TH</sup> BOARD MEETING APPROVES INVESTMENT WORTH NPR 36.37 BILLION

4

INTERVIEW WITH HON'BLE FINANCE MINISTER AND VICE-CHAIRPERSON OF IBN



9

HIGH-LEVEL COMMITTEE MEETING FOR PROJECT FACILITATION HELD

8

MoU SIGNED WITH DIAG INDUSTRIES GMBH

10

IBN CEO SUBMITS PERFORMANCE REPORT TO RT. HON'BLE PRIME MINISTER

2

IBN TURNS 12 YEARS



# IBN turns 12 years



The Investment Board Nepal (IBN) will complete 11 years of its establishment this year. Established on September 8, 2011, IBN is chaired by the Rt. Hon'ble Prime Minister. It was initially established under the Investment Board Act, 2010 but is currently being governed by the Public-Private Partnership and Investment Act (PPPIA 2019) as the PPPIA replaced the earlier Investment Board Act. The PPPIA has mandated the IBN to function as an Investment Promotion Agency and PPP nodal agency. Some of the glimpses presented above tell the story of IBN's major achievements in this journey.

## 55<sup>th</sup> Board meeting of IBN approves NPR 36.37 bn for four hydel projects



**KATHMANDU:** The 55<sup>th</sup> Board meeting of Investment Board Nepal (IBN) approved investment worth NPR 36.37 billion for four hydroelectric projects. The meeting chaired by Rt. Hon'ble Prime Minister and Chairperson of IBN, Mr. Pushpa Kamal Dahal "Prachanda", on August 25, 2023 approved investment worth NPR 7.93 billion for 22 MW Rolwaling Khola, NPR 9.3 billion for 63 MW Chhujung Khola, NPR 9.68 billion for 49.95 MW Dana Khola and NPR 9.46 billion for 44.52 MW Sanibheri hydroelectric projects.

The Board also decided to form a high-level committee to conduct a study on the progress of the 650 MW Tamor Storage Hydroelectric Project and the future roadmap. Similarly, the Board has decided to form a PDA (Project Development Agreement) negotiation team under the convenorship of the Chief Executive Officer of Investment Board Nepal.

Likewise, the Board decided to issue a Survey Licence to Dolma Himalayan Energy to conduct a study on the 245 Mega Watt Solar Energy Project proposed to be installed in Rajapur Rural Municipality of Dang District. The Board has acknowledged the Detailed Feasibility Study Report (DFSR) of 250 MW solar energy project submitted by Risen Clean Energy Nepal Pvt. Ltd.

Further, the Board decided to recommend the instructional order of the Hon'ble Supreme Court on 900 MW Upper Karnali Hydroelectric Project to the Cabinet to enforce the Court's verdict. The Board also regularised the investment proposal of

GMR Upper Karnali Hydropower Ltd., developer of Upper Karnali HEP worth USD 1,223.30 million (approximately NPR 162.49 billion). The Board also endorsed the draft Memorandum of Understanding (MoU) to be signed with Malaysia-based reNIKOLA Sdn. Bhd. to issue a Survey Licence to prepare the Detailed Feasibility Study Report (DFSR) for setting up a Green Calcium Ammonium Nitrate fertiliser factory in Nepal.

Further, the Board acknowledged the Inception Report of 450 MW Seti River-6 Hydroelectric Project and decided to provide approval for required private land acquisition to execute the 669 MW Lower Arun Hydroelectric Project and nominate the Preliminary Officer for the land acquisition purpose as per the Land Acquisition Act, 1977 as well as rectified the recommendation submitted to the Ministry of Land Management, Cooperatives and Poverty Alleviation for the 900 MW Upper Karnali HEP's land acquisition above the land ceiling.

The Board also noted the letter and documents received from Kathmandu Metropolitan City Office regarding the Kathmandu Valley Integrated Solid Waste Management Project (Package I). In addition, the Board has endorsed the Budget and Programme of the Office of the Investment Board Nepal for Fiscal Year 2023/24 along with the Project Document and Financing Agreement signed with the United Nations Development Programme (UNDP) to execute the project titled 'Developing Capacity for Enhancing Large Scale Investment in Nepal' (DECL). Further, the Board also decided to extend the deadline of the

High-Level Committee formed to study on Project Structuring, Development and Investment Modality of the Nijgadh International Airport.

The 55th Board meeting had also given approval to prepare and forward a draft Bill for amendment of the Public Private Partnership and Investment Act, 2019.

Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, delivered a comprehensive presentation comprising of implementation status and progress of the decisions of the 54th Board meeting and agendas of the 55th Board meeting.

Along with making crucial decisions following the intensive discussions, Rt. Hon'ble Prime Minister also instructed for effective interagency coordination

to accelerate project execution and focus on outcome-oriented approaches with fast-tracking of investment approvals and project execution from all the concerned agencies.

Hon'ble Minister for Energy, Water Resources and Irrigation, Mr. Shakti Bahadur Basnet; Hon'ble Minister for Industry, Commerce and Supplies, Mr. Ramesh Rijal; Hon'ble Minister for Forests and Environment, Mr. Birendra Prasad Mahato; Hon'ble Vice Chairperson of National Planning Commission, Dr. Min Bahadur Shrestha; Respected Chief Secretary of the Government of Nepal, Dr. Baikuntha Aryal; Governor of Nepal Rastra Bank, Mr. Maha Prasad Adhikari, Secretaries from related Ministries and representatives from the private sector, Ms. Bhawani Rana, Mr. Hari Bhakta Sharma and Mr. Rajesh Kazi Shrestha were present in the meeting.

## INTERVIEW

# Nepali economy shall certainly rebound from this fiscal

**What actions does the government take to bring the economy back on track and accelerate economic activities?**

The government has initiated crucial interventions for improving investment climate through reforms, boosting the confidence of the private sector to encourage them to further inject investment in the productive sector, improving the quality of public spending, control of red tape/corruption, and bringing efficiency in service delivery, among others. Against the current backdrop, these interventions will definitely deliver positive results. External sector stability with sound foreign exchange reserve will give confidence to the actors of the economy. Remittance inflow has witnessed significant improvement. Increase in tourist arrivals will help in the rapid recovery of the tourism sector that has been shattered due to the Covid pandemic for quite a long time. Timely monsoon might boost agriculture output and this is critically important to feed the people in the context of surging import duties and



HON'BLE FINANCE MINISTER AND VICE CHAIRPERSON OF INVESTMENT BOARD NEPAL

**MR. PRAKASH SHARAN MAHAT**

import ban from food exporting countries. We are self-sufficient in hydroelectricity generation and not only are we becoming an energy surplus nation but we are also exporting energy to India. With this evidence, we can foresee that the Nepali economy shall certainly rebound from the ongoing fiscal.

**How does the government plan to address the rooted structural problems of the economy including low-productivity, unemployment and nosediving growth?**

The problems lying in the economy in terms of low-productivity, unemployment and nosediving growth require fresh investments. To bring in more private investment, including foreign direct investment (FDI), we must reform our investment regime. The Budget for FY 2023-24 has given top priority to reforms in the investment regime – legal, administrative and procedural reforms have been given top priority. Reforms are a continuous process and it should not stall at any cost. Some of the reforms do not require financial backing. We have classified these reforms and will execute them gradually. A transparent legal regime provides smooth procedural environment that in turn improves the investment climate. The manifold impact on the economy caused by the pandemic will be addressed and the economy will be lubricated through reforms. We have already started witnessing an improvement in the investment regime.

**There have always been questions raised about the government's budget execution capacity. What are your strategies to improve on this front?**

Government spending will gather pace based on our budget execution guidelines. We have had several rounds of interactions and discussions with relevant ministries and I am hopeful and confident that our spending performance will improve in the coming days. I admit that there has been inaction and the pace of work is rather slow. We always wait for the end of the fiscal year to get work done and that attitude must change and change fast. We have been strictly informing all the stakeholders that we must change our style of work for efficient delivery and align resources for productive capacity

enhancement of the economy. Similarly, the investment climate, including availing credit, should be improved at the private sector level.

**High cost of funds is considered to be the major barrier to expanding private sector investment, creating jobs and boosting productivity. What are the government and central bank doing to minimise this high cost of funds mainly driven by the high lending rates?**

It is true that the quantum of investment is not as expected. The interest rate on lending is still high and the percentage of non-performing loans is going up, which means the capacity of banks and financial institutions to mobilise loans is shrinking. I hope Nepal Rastra Bank (NRB) will seriously ponder on this issue. Considering the requirement of fresh investment, the current interest rate has to be rationalised for credit expansion. The dismal credit expansion in the previous fiscal squeezed the potential of private sector expansion and their contribution to growth and jobs. I have been told by the central bank that it has been proactive towards improving the lending atmosphere. On the other hand, bankers also have to cooperate to minimise the interest rate spread keeping in mind the profit they have made in the last several years. All the stakeholders must contribute to navigate the economy during these turbulent times by motivating fresh investments in every sector of the economy. I am confident the investment climate will improve at the private sector level.

**There have been challenges in meeting the revenue collection target since the beginning of the month. Do you think the revenue collection target is rational considering the challenging economic situation at the moment?**

We are doing homework to broaden the tax base and make the tax system more prudent and efficient to meet the revenue mobilisation target set by the fiscal budget. I do admit that the problems also lie within the taxation system and we are doing our best to address the shortcomings and make it more scientific, efficient and relevant as well as bringing more taxpayers within the tax net.

**On one hand, the lower public spending has deteriorated the foreign aid absorption capacity and on the other hand why has the government not been able to mobilise climate related aid from the international community?**

I have had a series of meetings with multilateral and bilateral development banks and development finance institutions, among others. We will be able to mobilise foreign aid that we have estimated in the fiscal budget 2023-24 by improving government spending. We are also trying to bring in resources from the Green Climate Fund (GCF) and other climate-related funds. Development partners and developed countries must support Nepal to cope with climate change challenges and save our snowcapped Himalayas which are the source of water for billions of people of this region. Rapid melting of glaciers in the Himalayas and glacier lake outbursts could pose a serious challenge to our habitat. On the other hand, climate change induced disaster could cause colossal loss of lives and property. We have already started experiencing climate change impacts on agriculture and forest outputs, and health, which are a dire threat to the vulnerable and marginalised communities. As Nepal's share in global carbon emission is only 0.06%, we must be compensated for the loss we are bearing due to the carbon emitting nations. Streamlining of climate financing will help countries like Nepal to cope with the climate change induced challenges as well as achieve the target of net zero carbon emissions by 2045 as promised at COP26.

**Nepal at present has comfortable foreign exchange reserves. How is the government thinking of utilising this in production and job creation?**

People should look at the opportunities we have and invest in them. People have to be innovative and look for new avenues, however, we have a herd mentality. If someone is making money in a particular sector, everybody starts doing the same business. There is a dearth of people with entrepreneurial mindset. We want those who are living outside the country like the non-resident Nepalis (NRNs) to come and grab

the opportunities by investing their skills, capital and technology in Nepal as we have a sound investment climate at present.

**Sovereign credit rating is often recommended to facilitate the flow of foreign direct investment and to avail financing from the international market. Why has the process of country rating stalled?**

The Ministry of Finance has already initiated the process and it might have stalled due to the Covid 19 pandemic. We will proceed with it in the near future.

**How is the government attracting the private sector to invest in infrastructure under the public-private partnership (PPP) modality?**

There are also prospects to mobilise foreign direct investment in infrastructure including export oriented projects with bankable project Development Agreement (PDA) and we are doing this through Investment Board Nepal. For the domestic consumption too, hydroelectricity development is exceptional and that is due to bankable PPA (power purchase agreement) from the sole power off-taker – Nepal Electricity Authority. That sort of modality might attract the private sector. We also welcome the private sector to enhance the quality of public services like health, education and transport, among others, under the public-private partnership (PPP) modality. We are also encouraging private investments in the manufacturing sector. Information technology is another promising area where there is a lot of new talent emerging. We have provided 50 per cent income tax waiver for the IT sector. At the same time, we have also allowed IT professionals and firms to utilise some of their foreign exchange earnings to procure technology and for marketing purposes.

**The fiscal budget 2023-24 has mentioned about hosting the Nepal Investment Summit. How have the preparations for the summit been going on?**

The government has announced it will host the Nepal Investment Summit through the fiscal budget 2023/24. We need adequate preparations for that

and we have already started organising preparatory events through Office of the Investment Board. Nepal Considering the dire need of investment in the country, we are going to host the Nepal Investment Summit to tap potential investors as we have found that the interest of the international community to invest in Nepal has been growing. Hosting the summit just for the sake of it is not important; the important aspect is whether the commitments translate into

real investment. Rather than commitments, we will focus on credible and serious potential investors to realise more investments in the country. Along with credible investors from the private sector of potential source countries, we shall invite the heads of government from the major FDI source countries and also the key representatives from multilateral development agencies.

## Swedish Parliament delegation visits OIBN



**KATHMANDU:** A delegation of the Swedish Parliament comprising of Hon'ble Ms. Maria Stockhaus, Hon'ble Ms. Alexandra Anstrell and Hon'ble Ms. Ann-Sofie Lifvenhage along with Honorary Consul General, Ms. Moushumi Shrestha visited the OIBN office on August 29, 2023 and interacted with Investment Board Nepal CEO, Mr. Sushil Bhatta, and the Senior Management Team (SMT) regarding the Foreign Direct Investment regime in Nepal.

The Swedish delegation shared about their Public Private Partnership (PPP) experience and also held discussions on PPP solutions citing that there was

a strong political debate in the Swedish Parliament about PPP solutions.

They expressed interest to learn about how Nepal has been enforcing PPP projects and said that one of the major objectives of the visit was to explore opportunities for Swedish investors in Nepal.

The delegation noted that Nepal will graduate to the league of developing countries from its Least Developed Country (LDC) status by 2026 and a middle-income country by 2030. They also shared that a friendship group at the government level between the two nations will soon be materialized.

# OIBN, DIAG Industries GmbH ink pact to study establishing urea plant in Nepal



**KATHMANDU:** The Office of the Investment Board, Nepal (OIBN), on July 13, 2023, signed a memorandum of understanding (MoU) with German-based DIAG Industries GmbH to prepare a Detailed Feasibility Study Report to establish a chemical fertiliser plant (urea) in Nepal. Chief Executive Officer of Investment Board Nepal, Mr. Sushil Bhatta, and Managing Director of DIAG Industries GmbH, Mr. Benjamin Becker, signed the MoU on behalf of their respective organisations.

The 50th Board meeting of Investment Board Nepal held on March 31, 2022, had decided to issue a survey licence to DIAG Industries GmbH based on the unsolicited proposal obtained from the latter as per the provision of the Public Private Partnership and Investment Regulation, 2020. Likewise, the 53rd Board meeting of Investment Board Nepal, chaired by Right Hon'ble Prime Minister and Chairperson of the Board, Mr. Pushpa Kamal Dahal 'Prachanda', held on April 13, 2023, had endorsed the MoU draft to be signed with the latter.

As per the MoU, DIAG Industries GmbH will have to submit the Detailed Feasibility Study Report (DFSR) within 24 months following the issuance of the

survey licence. The latter shall select the appropriate technology from among natural gas, electrolysis (with carbon capture storage) or hybrid (both natural gas and carbon capture) during the study for production of at least 7 lakh tonnes of chemical fertiliser (urea) per annum at a total initial estimated cost of USD 714 million.

The fiscal budget of 2023/24 has announced to prepare a Detailed Project Report (DPR) to establish a chemical fertiliser factory in the country, and work will be carried out through public-private partnership facilitated by Investment Board Nepal.

While addressing the MoU signing ceremony, IBN CEO, Mr. Sushil Bhatta, mentioned that a credible study is the key to de-risking the project and providing a sustainable implementation roadmap. He urged the proponent to submit a credible study report with proper viability checks within the stipulated timeframe as prescribed in the MoU.

Joint Secretary, Mr. Amrit Lamsal, senior officials of OIBN, and representatives from DIAG Industries GmbH were present during the MoU signing ceremony held at the OIBN.

# High-level meeting notes issues to facilitate Arun-3 HEP transmission line and Khandbari-Dovan road section



**KATHMANDU:** A meeting led by Chief Secretary, Dr. Baikuntha Aryal, along with secretaries from the Office of the Prime Minister and Council of Ministers, Ministry of Home Affairs, Ministry of Land Management, Cooperatives and Poverty Alleviation, Ministry of Forests and Environment, Ministry of Energy, Water Resources and Irrigation and officials from the Ministry of Physical Infrastructure and Transport, Department of Roads and Chief District Officers of the Arun-3 HEP Transmission Line affected districts was held at the Office of the Investment Board, Nepal, on July 26, 2023.

The objective of the meeting was to resolve the issues being faced with land acquisition for tower pads and right of way compensation distribution to the affected locals in a bid to timely complete the Arun-3 Hydroelectric Project's transmission line project. The high-level team also discussed and noted the issues that need to be resolved to expedite the construction and maintenance of Khandbari-Dovan road section, a critical gateway of the 900 MW Arun-3 Hydroelectric Project.

The transmission line project has been moving ahead at a snail's pace due to the obstruction created by locals who have expressed dissatisfaction regarding the compensation package and forest clearance

in most of the affected districts. The cross-border transmission line goes through Sankhuwasabha, Bhojpur, Khotang, Udayapur, Siraha, Dhanusha and Mahottari to Sitamarhi of India via Bathnaha border.

In the meeting, Chief Secretary, Dr. Aryal, laid emphasis on envisaging a rationale time period for the project and urged the Office of the Investment Board, Nepal to manage the follow-up mechanism citing that updated information is critical for effective interagency coordination. He further mentioned that the project should be completed on time by abiding to all the obligations of the Project Development Agreement (PDA).

Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, underpinned that effective interagency coordination is a necessity to facilitate projects and highlighted the efforts made by OIBN to address the concerns of the affected people by organising public hearings and engaging the stakeholders.

During the meeting Senior Divisional Engineer, Mr. Sagar Raj Goutam, gave a brief presentation on the project status and major obstacles faced during the implementation of the transmission line project. The programme was facilitated by Joint Secretary at OIBN, Mr. Amrit Lamsal.

# Nepal Investment Board chief confident of attracting overseas money

## South Asian country focuses on clean energy and IT, looks to work with Japan



**TOKYO:** Nepal has been making efforts to accept more investments from overseas. In a recent interview with Nikkei, Mr. Sushil Bhatta, Chief Executive Officer of the state-run Investment Board Nepal, stressed that the country will promote large-scale private direct investments, putting more emphasis in areas such as clean energy and information technology.

Bhatta recently visited Tokyo in a bid to attract more investment from Japan. According to the Board, Nepal has raised \$9.5 billion in investments from all over the world. The South Asian country's efforts picked up especially after it formulated investment guidelines in 2019.

Nepal is focusing on investments in renewable energy. As of 2017, 67.6% of the country's energy came from firewood and 17.8% from coal and other fossil fuels. Therefore, a transition to renewable energy with an emphasis on decarbonisation will be a pressing issue.

The Nepali government has set a goal of cutting greenhouse gas emissions to net-zero by 2045. The country also plans to promote \$7 billion worth of projects in the energy sector.

"Our projects include new development of renewable energy, and we can increase green investments," Bhatta said, expressing confidence. "A total of 5,000 megawatts of hydropower and solar power generation projects are underway."

It is relatively easy for Nepal to introduce renewable energy because there are few existing fossil fuel power stations in the country, he said.

Bhatta stressed that these energy conversion efforts will become very important in promoting decarbonisation. The Nepali government has said the country can by 2050 achieve the goal of becoming 'carbon negative', removing more carbon dioxide than it creates, by cutting carbon emissions on an ongoing basis in the energy and transportation sectors.

Bhatta also mentioned potential investments in the IT sector.

Nepal plans to promote the Fourth Industrial Revolution by shifting to a digital economy. The country is also pushing for technology transfers from other countries by taking advantage of its proximity to huge consuming countries like China and India.

With many low-wage skilled engineers at home, Nepal has become a more attractive market than China and India as labour costs have soared in these countries in recent years. Bhatta said Nepal is welcoming technology transfers from other countries.

Nepal has received assistance from Japan in areas such as education and drinking water, with the Japanese government and the Japan International Cooperation Agency playing key roles. Nepal also wants to see more technology transfers from Japanese private companies.

"We would like to communicate with Japanese companies and boost investment opportunities," Bhatta said.

Japanese companies are known for excelling in areas such as hydropower and solar power

generation technologies as well as information and communication technologies, including online payments. Bhatta hopes that Japan's private sector could contribute to Nepal's industrial promotion in many ways through its expertise.

For its part, Japan is trying to increase its presence in Asia in areas such as decarbonisation and digital technology, and Japan's technology is likely to find chances to be applied in Nepal.

*(Source: NIKKEI Asia)*

## Project for capacity development to enhance large-scale investments enters into force



**KATHMANDU:** The Office of the Investment Board, Nepal (OIBN), together with the United Nations Development Programme (UNDP), launched a project titled 'Developing Capacity for Enhancing Large-Scale Investments in Nepal' on August 7, 2023.

The Project Document and associated financing agreement were signed by IBN CEO, Mr. Sushil Bhatta, and Resident Representative of UNDP to

Nepal, Excellency Ms. Ayshanie Medagangoda-Labé.

Addressing the signing ceremony, the UNDP Resident Representative underpinned that foreign direct investment (FDI) has a solid potential to contribute to achieving the goal of 'leave no one behind' as it benefits all people irrespective of the geography.

"Through this partnership, we will be working together to promote human development and foster sustainable investment," she mentioned.

Meanwhile, IBN CEO Bhatta emphasised that capacity enhancement is key to achieving the strategic goals of national development as mandated by law and the Public Private Partnership and Investment Act, 2019.

The senior management team, officials and consultants from OIBN and senior staffs from UNDP Nepal were present during the project signing ceremony.

## IBN CEO submits Performance Contract Report to Rt. Hon'ble Prime Minister



**KATHMANDU:** IBN CEO, Mr. Sushil Bhatta, submitted the Performance Contract Report of fiscal year 2022/23 to Rt. Hon'ble Prime Minister and Chairperson of the Board, Mr. Pushpa Kamal Dahal 'Prachanda', on July 29, 2023.

Receiving the report, Rt. Hon'ble Prime Minister, Pushpa Kamal Dahal 'Prachanda' applauded the efforts of IBN in infrastructure development and for excelling as a professional institution.

Rt. Hon'ble Prime Minister Dahal expressed his vision of developing Investment Board Nepal (IBN) as a nimble, efficient and adept organisation capable of executing strategic infrastructure projects with the expertise of professionals.

As per the provisions of the Public-Private Partnership and Investment Act and Regulations, the chief executive officer needs to sign a performance contract with the chairman and submit the report after completion of the fiscal year. While receiving the report, Rt. Hon'ble Prime Minister Dahal provided instructions to IBN CEO Bhatta, further emphasising the need for policy, legal and institutional reforms to empower the Office of the Investment Board, Nepal as a robust, vibrant and efficient institution. The Rt. Hon'ble Prime Minister also stressed the need for a pool of experts considering the specialisations required to perform.

IBN has to play a significant role in national development by attracting private investment including foreign direct investment in view of the expanding committed liability of the government to be served through public finance, according to Rt. Hon'ble Prime Minister. He reaffirmed commitment that the government will provide all the necessary support to investors in execution and operation of their projects.

The Rt. Hon'ble Prime Minister expressed satisfaction on the performance of the Office of the Investment Board and stated that the institution has strengthened and developed itself while also expanding its network in the international arena to attract investments.

Submitting the Performance Contract Report, CEO Mr. Bhatta, outlined the achievements in four pillars as envisioned by the Strategic Plan of the Investment Board Nepal – project development and management, investment promotion, institutional development and coordination, collaboration and partnership. The

report included result-based indicators for each task he had committed to the Rt. Hon'ble Prime Minister towards the beginning of fiscal year 2022/23 while signing the performance contract.

The major achievement of the last fiscal year was the signing of the Project Development Agreement (PDA) for 669 MW Lower Arun Hydroelectric Project with SJVN Lower Arun Power Development Company, a company promoted by SJVN Ltd., India. Total investment of NPR 167.57 billion was approved for five hydroelectric projects. Of the total investment, NPR 146.2 billion is foreign investment.

Lastly, Rt. Hon'ble Prime Minister Dahal expressed his commitment to providing necessary support and guidance to the Investment Board to ensure effective performance in the future, contributing to the growth and development of the nation. He further instructed IBN CEO Bhatta to leverage investments so as to roll out strategic infrastructure projects and public facilities under Public-Private Partnership (PPP).

## Responsibility matrix enforced for third consecutive fiscal year



**KATHMANDU:** As part of the result-based framework being practiced at the Office of the Investment Board, Nepal (OIBN) since the last two consecutive fiscal years, a responsibility matrix (RACI-Q), which has been developed as a tool aligning with the

Annual Programme Implementation Action Plan for FY 2023-24 has been signed by CEO, officials and consultants on July 24, 2023.

RACI-Q is considered an important segment of result-based framework, and it has been effectively practiced as a tool for annual programme implementation in a time-bound manner by allocating tasks among staffs and consultants.

On the occasion, IBN CEO Mr. Sushil Bhatta, said that the execution of RACI-Q action matrix has improved the performance of staffs and consultants, under which officials and consultants are bound to perform as per their defined roles and responsibilities to deliver outcomes.

## Finance Committee summons IBN CEO and senior officials

**KATHMANDU:** The Finance Committee of the Federal Parliament (House of Representatives) recently summoned the Chief Executive Officer of Investment Board Nepal and other senior officials to hold discussions regarding the initiative taken by the Board to establish a chemical fertiliser plant in the country.

IBN CEO, Mr. Sushil Bhatta, informed the House panel that the Office of the Investment Board, Nepal, on July 13, 2023, had signed a memorandum of understanding (MoU) with German-based DIAG Industries GmbH to prepare a Detailed Feasibility Study Report (DFSR) to establish a chemical fertiliser plant (urea) in Nepal.

A few other proposals are under evaluation and will be submitted to the Board for approval so as to issue the survey licence, CEO Bhatta informed the Finance Committee, "The 53rd Board meeting of Investment Board Nepal has granted permission to Malaysia-based reNIKOLA Sdn Bhd to conduct a study to establish a Green Calcium Ammonium Nitrate (CAN) fertiliser plant in Nepal," he added.

Along with the Board's permission, OIBN has been making preparations to move ahead to issue study licence to reNIKOLA Sdn Bhd.

## Newly elected CNI office bearers pay courtesy visit to IBN CEO

**KATHMANDU:** Newly elected office bearers of the Confederation of Nepalese Industries (CNI) paid a courtesy call on Chief Executive Officer of Investment Board Nepal, Mr. Sushil Bhatta, and the senior management team on August 2, 2023.

The CNI delegation led by its newly-elected President, Mr. Rajesh Kumar Agrawal, and comprising of Vice President duo Mr. Hem Raj Dhakal and Mr. Amit More, and permanent invitee to Office Bearers, Mr. Gokul Bhandari, held talks on forgoing a partnership with Office of the Investment Board, Nepal.

"As CNI is also working with an objective to promote private investment including foreign direct investment (FDI), we are keen to join hands with OIBN to promote investment, particularly in infrastructure projects that have prospects of spillover effect in the economy," CNI President Mr. Agrawal mentioned.



Welcoming the CNI delegation, IBN CEO, Mr. Bhatta, stated that coordination, collaboration and partnership are the fundamental pillars of IBN's strategic plan and expressed hope that the partnership between the two organisations will play a pivotal role in achieving the objective of the 3R principle – reach, retain and regain investors – adopted by OIBN.

# Nepal's graduation to league of developing nations has spread positive message across the globe: IBN CEO



**KATHMANDU:** Chief Executive Officer of Investment Board Nepal, Mr. Sushil Bhatta, participated in a webinar titled 'Leveraging PPPs: The Strategic Role of Investment Board Nepal in Driving Socio-Economic Progress' organised by the World Association of Investment Promotion Agencies (WAIPA) in association with Islamic Development Bank and Enhanced Integrated Framework (EIF) on July 31, 2023.

Stressing on the importance of Public-Private Partnership (PPP), CEO Mr. Bhatta stated that PPPs have emerged as a cornerstone of development strategies in least developed countries (LDCs), and IBN stands committed to leveraging this approach to its fullest potential.

"Our mission is to promote transformative infrastructure projects and facilitate private investment through PPPs and direct private

investment, with the ultimate goal of propelling Nepal towards a brighter and more prosperous future. We aim to develop Nepal as a preferred investment destination," reiterated Mr. Bhatta.

He expressed belief that Nepal's graduation to the league of developing nations will further enhance trust among investors and open avenues for more private investment including foreign direct investment (FDI).

"Nepal will graduate from the LDC status to a developing country by 2026 and there will be challenges post-graduation like losing preferential market access and increased competition in international markets. We acknowledge that the road to progress is not without challenges," Mr. Bhatta said, adding that the OIBN is actively engaged with professional associations such as WAIPA to overcome such challenges.

"Graduating from LDC will send a positive message to the global community on Nepal's development prospects," Mr. Bhatta opined.

IBN CEO, Mr. Bhatta, also spoke about the country's competitive strength. "With a competitive cost structure and a young workforce, coupled with access to a growing and robust economic market in India and neighbouring countries, Nepal presents significant opportunities for serious investors across various sectors including energy, industrial manufacturing, services, tourism, agriculture, minerals, and infrastructure development," he shared. "To effectively promote Nepal as an investment destination, IBN has adopted a 3R principle – reach, retain and regain investors," he informed the participants of the webinar.

# IBN CEO addresses Nepal-China (Chongqing) Economic and Trade Exchange Forum



**KATHMANDU:** Investment Board Nepal CEO, Mr. Sushil Bhatta, delivered remarks focusing on complementarities between trade and investment during the Nepal-China (Chongqing) Economic and Trade Exchange Forum 2023 held in Kathmandu on July 23, 2023. Mr. Bhatta briefly shed light on the potential for cooperation between Nepal and China in the domains of tourism, renewable energy, infrastructure and human resources development.

“Both nations are bound by 'A Vision for Shared Prosperity' where we hope to explore opportunities for collaboration and business partnership, and strengthen connectivity and linkages,” Mr. Bhatta said. “We are optimistic of the road ahead to explore and realise the investment opportunities available in Nepal which can create a win-win situation for both countries and we need to join hands accordingly by working together for a better and sustainable partnership,” he added.

“In terms of total FDI stock, China ranks second with investment of NRs. 33 billion. China's FDI stock is mostly concentrated in hydropower projects and

manufacturing sector (especially cement industry). In this regard, Investment Board Nepal has been providing handholding services throughout the project development cycle to Chinese investors to realise these investments,” Mr. Bhatta stated.

CEO Mr. Bhatta also highlighted some of the investment projects from China that are in the purview of Investment Board Nepal. IBN has signed a memorandum of understanding with Himtal Hydropower Company Pvt. Ltd. (JV of Butwal Power Company Ltd. and Chinese Companies - S.C.I.G. Nepal, SCIG International, Xingcheng International, and QYEC International) to develop the 323 MW Upper Marshyangdi-2 Hydropower Project at a cost of USD 647.16 million.

“We are in the stage of DPR evaluation and the project will receive approval soon. Similarly, we have signed MoU with a consortium of Power China & HIDCL to develop the 756 MW Tamor Storage Hydroelectric Project at a cost of USD 1200 million. A SPV has been registered in Nepal for this project and we are in the stage of issuing survey licence,” informed Mr. Bhatta.

The China-Nepal Friendship Industrial Park, which is located in Damak, is another flagship project being facilitated by IBN. Damak Clean Industrial Park (DCIP) & Lhasa Economic and Technology Development Zone, Jing-Ping Joint Creation Construction Project Development Co. Ltd are jointly developing the industrial park at a cost of USD 586 million in PPP modality.

Likewise, Nepal has become self-sustained in cement production with IBN's cement projects such as Hongshi Shivam Cement with Chinese

investment of USD 359 million and capacity of 6000 TPD and Huaxin Cement with Chinese investment of USD 140 million and capacity of 3000 TPD which are already in operation. Both projects have adopted waste heat recovery systems for power generation.

IBN CEO, Mr. Bhatta, concluded his remarks by demonstrating the exemplary works done by IBN as a strategic institution, which is filling the investment gap in the country by attracting private investment including FDI.

## First episode of discussion series held



**KATHMANDU:** The Office of the Investment Board, Nepal organized the first episode of the discussion series on Leadership, Development & Management on August 18, 2023. Officials and consultants of OIBN participated in the discussion series.

The first episode was held in an intriguing manner. Mr. Surendra Bhandari, a seasoned banker who has previously served as the CEO of both Siddhartha Bank and Kumari Bank for more than two decades,

and who has 36 years of experience in the banking profession, shared some profound management and leadership tips with the participants.

Overall practices on team management, maintaining a decent working environment, leadership development, and motivation for team were shared. OIBN will continue with this discussion series in the days to come, said Mr. Sushil Bhatta, CEO, Investment Board Nepal, in his concluding remarks following the discussions.

# Investment Board Nepal CEO interacts with Ambassadors-Designate on economic diplomacy



"In foreign markets, the close proximity of diplomats with potential investors and their insights into the economic and political conditions in their respective countries position them as pivotal contributors. The overarching objective is to generate investment leads and subsequently transform them into concrete projects," IBN CEO, Mr. Bhatta, said during the interaction, adding, "Unquestionably, FDI is central to our endeavours of harnessing foreign capital and technology for infrastructure development."

He further shared that national-level investment summits in 2017

and 2019 were instrumental in terms of attracting investments in Public-Private Partnership Projects and sought active support of the Nepali missions abroad in the next edition of the Nepal Investment Summit (NIS), 2024.

Also citing the development challenges posed by climate change, slow pace of global integration, fierce competition to attract FDI and the huge resource gap to achieve the Sustainable Development Goals (SDGs), IBN CEO, Mr. Bhatta, urged the ambassadors-designate to work closely with Nepali diaspora and the private sector of Nepal to reach out to serious, potential and credible investors and demonstrate their expertise to generate support to enhance Nepal's capacity to cope with the challenges of global temperature rise and climate change.

**KATHMANDU:** Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, interacted with the Ambassadors-Designate to the Permanent Mission of Nepal to the United Nations in New York City, Switzerland, United Arab Emirates, Kuwait, France and Thailand regarding economic diplomacy focusing on foreign direct investment. The programme was held at the Institute of Foreign Affairs.

The Office of the Investment Board, Nepal has been organising investment promotion events in collaboration with the Ministry of Foreign Affairs. The interaction focused on the role to be played by the Nepali missions abroad to attract foreign direct investment (FDI) and motivate the Nepali diaspora to remain connected with their homeland by investing their skills, capital and technology.

## Investment promotion event organised in Macau SAR



**KATHMANDU:** The Office of the Investment Board, Nepal (OIBN) in collaboration with the Consulate General of Nepal, Hong Kong and Macau SAR, NRNA-NCC(Macau) and private sector organisations – Nepal Chamber of Commerce Macau and Nepali Social Association of Macau organised a seminar titled 'Investment Opportunities and Potentialities in Nepal' with an objective to promote Nepal as an attractive investment destination on July 3, 2023.

Potential investor companies from Macau SAR along with representatives from Nepal's business community participated in the seminar. During the event, Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, stressed on the need to identify possible investors in appropriate sectors and also assured the participants that IBN and other concerned government authorities will guide them for beneficial investment opportunities.

During the seminar, IBN Joint Secretary, Mr. Amrit Lamsal, presented in detail about investment opportunities and processes that need to be followed while initiating the investment process in Nepal. After the discussion, a networking session

continued with over 60 people from Mainland China, Hong Kong and Macau. The IBN team also observed the MICE (Meetings, Incentives, Conferences and Exhibitions) centric integrated development and related software and hardware infrastructure/facilities.

The IBN team also discussed on exchanging ideas with Chinese counterparts to take PPP projects forward successfully and an experience-sharing of the PPP projects that Nepal has been undertaking was held too.

The event enabled an environment to attract investment from Hong Kong and Macau SAR. Some Nepali businesspeople expressed concerns on investing in Nepal in JV with Chinese firms. IBN CEO, Mr. Bhatta, stated that OIBN will continue to connect with them by providing project specific and sector specific information and policy updates. Further, the Consulate General in Hong Kong will regularly follow up with the concerned community. Besides that, for large investment proposition, the Consulate General and IBN will exchange information particularly on unsolicited proposals and pitch for investment.

# OIBN join hands with JICA to host ICT Workshop



**KATHMANDU:** Office of the Investment Board, Nepal in collaboration with Japan International Cooperation Agency (JICA) hosted the Workshop on Promotion of Development and Investment of ICT Sector in Nepal on August 25, 2023.

Representatives from the government, ICT firms, tech enthusiasts and academicians held discussions on creating an enabling environment for the ICT ecosystem to expand in Nepal. They underlined the need for a dynamic ICT policy to address the gaps with regard to enabling the ecosystem.

Policy reforms, mainly taxation, data regulation, digital infrastructure, borrowing facility from banks and foreign exchange facility were highlighted as crucial to boost innovation and create an enabling environment for both domestic and foreign tech investments.

In the opening session of the workshop, Mr. Kazuo Mishima, JICA's Advisor on Foreign Investment, delivered the thematic presentation covering strengths, weaknesses, opportunities and challenges for the ICT sector in Nepal.

The technical sessions were divided into two segments, 'Promising sectors for investments in the Nepali ICT industry' and 'Bottlenecks and necessary measures for further development and investment of Nepali ICT industry'.

Participants also flagged some critical challenges ahead for the Nepali ICT sector, and highlighted the fact that many have left the country due to inconsistent policies, lack of adequate skilled human resources, stringent criteria to avail foreign exchange facility as well as KYC rules (including Board of Directors) to avail credit from local banks. They also pointed out the lukewarm response from government agencies and regulators to support tech enthusiasts, lack of readiness to adopt technology and less room to expand their business as the major barriers for the ICT sector in Nepal.

Addressing the concluding session of the workshop, Investment Board Nepal CEO, Mr. Sushil Bhatta, spoke on the prospects of the ICT sector in Nepal and informed that the Office of the Investment Board, Nepal has been preparing an investment promotion roadmap for the sector.

# South Korean Embassy in Nepal keen to jointly convene investment promotion event for Korean investors



**KATHMANDU:** A courtesy meeting between His Excellency Ambassador of Republic of Korea, Mr. Tae-Young PARK, and Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, was held at the Office of the Investment Board, Nepal on August 17, 2023.

Economic cooperation, trade and investment relations between the two countries were discussed during the meeting. During the interaction, His Excellency Ambassador proposed to convene an investment promotion event jointly with the Office of the Investment Board, Nepal for South Korean investors.

On the occasion, IBN CEO, Mr. Bhatta, recalled the meeting with Korea Trade-Investment Promotion

Agency (KOTRA) in Kathmandu a few months back for expanding investment relations with Nepal. “We are highly encouraged to welcome numbers of South Korean footprint investments in Nepal,” he stated.

Effective facilitation of the projects of South Korean investment was also discussed in the meeting.

His Excellency Ambassador was accompanied by Ms. Kim Yumi, Economic Consul, Embassy of South Korea in Nepal. Likewise, IBN CEO, Mr. Bhatta was accompanied by Joint Secretary Mr. Amrit Lamsal and Under Secretary and Head of the Investment Promotion Unit at the Office of the Investment Board Nepal.

# China's SCEGC explores opportunities to invest in Nepal



**KATHMANDU:** A delegation from Shaanxi Construction Engineering Group Corporation Ltd., led by its President, Mr. Yan Yongjun, visited the OIBN office, on August 24, 2023. SCEGC has expressed interest to develop infrastructure projects including transport infrastructure, urban facilities and clean energy projects in Nepal.

Welcoming the SCEG delegation comprising of General Manager duo Mr. Cao Yulei and Mr. Feng Lei, Southeast Area Regional Company of SCEGC; Huang Shaomo, representative, SCEGC Machinery and Construction Company; Nepal representative duo of SCEGC Mr. Nirbhik Chitrakar Khanal and Mr. Anup Adhikari; Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, highlighted that the country needs huge investment in

infrastructure to address the challenges posed by its crumbling infrastructure and urged them to come up with credible proposals to develop realistic infrastructure solutions as per the PPP modality.

Stating that the SCEGC's global reputation, expertise, and strength to develop infrastructure projects could benefit Nepal's infrastructure requirement, Mr. Amrit Lamsal, Joint Secretary of the Office of the Investment Board, Nepal spoke about the ways of project procurement – solicited and unsolicited proposals for the project development. He further mentioned that the Office of the Investment Board, Nepal will provide effective handholding to the developer during the entire project lifecycle.

## Interaction with Arun-3 Access Road Land Compensation Struggle Committee held



**KATHMANDU:** A delegation of Arun-3 Access Road Land Compensation Victims Struggle Committee visited the Office of the Investment Board, Nepal and interacted with the CEO and senior management team.

The delegation sought early settlement of land compensation for those affected along the 24-km Chhyangkuti-Diding road section. The 47th Board meeting of Investment Board Nepal had decided to distribute land compensation to those who had

been left out in the initial list. To enforce the decision of the Board, the District Administration Office, Sankhuwasabha has sought NPR 537.45 million to compensate for 454 ropanis of land.

The struggle committee requested the Office of the Investment Board, Nepal to coordinate with the government and the Board for early release of the budget to the District Administration Office, Sankhuwasabha for land compensation distribution.

## Leveraging innovative financial solutions to bridge yawning resource gap: IBN CEO

**KATHMANDU:** Investment Board Nepal Chief Executive Officer, Mr. Sushil Bhatta, shared some insights regarding the instrumentalities to motivate, attract and mobilise private investment including foreign direct investment (FDI) to fulfil the financing gaps to achieve the Sustainable Development Goals (SDGs) aligned with national development goals during the SDG Acceleration Visioning Workshop organised by National Planning Commission and United Nations Resident Coordinator's Office (UN RCO) on August 16, 2023.

CEO Mr. Bhatta, who was on the panel as a development finance expert, shed light on

leveraging innovative financial solutions to bridge the yawning resource gap. The big ticket infrastructure projects being executed under PPP modality have demonstrated Nepal's ability to execute PPP projects and the existing conducive investment climate, he stated. Other panelists included former secretary duo Dr. Ganesh Raj Joshi and Dr. Bishwa Nath Oli and entrepreneur Ms. Juna Mathema.

Representatives of the private sector, development partners and civil society participated in the workshop along with personnel from government agencies and brainstormed on priority areas to accelerate the 2030 agenda.

# We did not reinvent the wheel, It was only about building trust



**MR. UPENDRA NEUPANE**  
Assistant Chief District Officer, Mahottari

The high-capacity, 400 kV double circuit quad moose transmission line is an integral component of Arun-3 Hydroelectric Project. The 253-km-long cross-border transmission line stretches from Pukhuwa of Sankhuwasabha district all the way to Sitamarhi of India through Bhojpur, Khotang, Udayapur, Siraha, Dhanusha and Mahottari.

We are delighted to share that Mahottari is the only district which has completed the transmission line related facilitation activities like land acquisition for tower pad and Right of Way (RoW) compensation distribution, cross-border coordination, and disclosure of Resettlement Action Plan (RAP) including necessary coordination with the affected population and municipality, for timely implementation as per the Project Development Agreement (PDA) obligation. Land acquisition for all tower pads has concluded in Mahottari District and we have also fixed the compensation for the RoW. We worked in close coordination and collaboration with the developer company, elected representatives at the local level and affected people.



There are altogether 87 tower pads along the 36-km-long stretch of the transmission line project in Mahottari District.

Our approach to dealing with affected locals was different. We mobilized our team members in the field, interacted with the affected locals, and explained in detail about the project and compensation package against the use of their land. We distributed the land compensation amount to the affected people immediately after the land was frozen as per the project's requirement. We fixed the compensation amount to be given to the affected houses in consultation with the Department of Urban Development and Building Construction, Federal Project Implementation Unit, Janakpur. We visited the sites along with representatives of the developer and assured the people that if any issue cropped up related to the compensation announced, then the administration would take the responsibility for that. I believe this initiative helped build trust among the people.

We have made security arrangements to install the cables after the towers have been erected. Initially, we were facing some issues in a few places due to court cases, however, those issues have already been settled now.

This experience has taught us that proper communication and assurance of the committed compensation package in a timely manner is important to deal with land acquisition issues.



## INVESTMENT BOARD NEPAL

Office of the Investment Board

ICC Complex, New Baneshwor, Kathmandu, Nepal

Tel: +977-1-4575276, 977-1-4575277, 977-1-4575278, 977-1-4575281

Fax: +977-1-4575281

Email: [info@ibn.gov.np](mailto:info@ibn.gov.np) | Website: [www.ibn.gov.np](http://www.ibn.gov.np) | Twitter: @IBNOffice

