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OIBN INTERACTION WITH PROVINCE 1 GOVERNMENT



BIRATNAGAR: The Office of the Investment Board Nepal (OIBN) held an interaction with the Government of Province 1 on 19 March in the provincial capital Biratnagar. The one-day event was conducted in coordination with the Office of the Chief Minister and Council of Ministers of Province 1. The programme explored investment opportunities and areas of cooperation between IBN and the provincial government to achieve economic prosperity in the province.

As the chief guest at the event, Honourable Chief Minister Sherdhan Rai said that the provincial government was ready to welcome domestic and foreign investors to deliver infrastructure projects in the province.

He also assured potential investors that investments in Province 1 would be secure and expressed commitment to extend any required support to investors.

Honourable Minister for Internal Affairs and Law of the Province 1, Hikmat Karki appreciated the initiative taken by OIBN to reach out to the provinces to promote investment prospects and engender healthy competition between provinces for economic development. Honourable Minister for Finance and Planning, Indra Bahadur Angbo highlighted the significance of Foreign Direct Investment for economic development and expressed his commitment to ensure investment security in the province. Principal Secretary of Province 1, Mr Yadav Koirala shed light on vital measures planned to take by the provincial government for economic development.



“ We are identifying the challenges and opportunities in Province 1 and will soon draft laws for creating a more favourable environment for private investment.

SHER DHAN RAI, HONOURABLE CHIEF MINISTER, PROVINCE 1



“ We should join hands to identify, develop and implement crucial projects for Province 1.

MAHA PRASAD ADHIKARI,
CHIEF EXECUTIVE OFFICER, OFFICE OF THE INVESTMENT BOARD

On the occasion, OIBN Chief Executive Officer Mr. Maha Prasad Adhikari highlighted IBN's role in investment facilitation and potential areas of investment in Province 1. He also shed light on the role of FDI in economic prosperity and the opportunities for large-scale investment in the province. “We should join hands to identify, develop and implement crucial projects for Province 1. We are also reaching out to other provinces to fulfill similar objectives.” he said.

He also told the meeting that investment opportunities in all provinces would be discussed with key policy makers at the national level to facilitate their implementation. Provincial lawmakers, former parliamentarians, local political party leaders, OIBN senior officials, senior provincial officials and business leaders were present on the occasion. ♦

INTERACTION WITH BUSINESS PEOPLE IN PROVINCE 1



BIRATNAGAR: OIBN also interacted with Province 1 business people to explore investment opportunities and encourage them to seek IBN's support in enhancing their business skills. The event was organized by IBN and the Province 1 Federation of Nepalese Chambers of Commerce and Industry (FNCCI). The participants agreed on the need for FDI for the province's economic prosperity and requested that the provincial and central government build an environment conducive for investment. Kishor Pradhan, Vice-President (Industry and Commerce) of FNCCI, thanked IBN for reaching

out to the private sector to promote investment at the provincial level.

Abhinash Bohora, Executive Member of FNCCI, said that the country's targeted annual double digit economic growth could not be achieved without attracting considerable FDI given provincial governments' limited resources. Addressing the function, OIBN CEO Mr. Maha Prasad Adhikari shared ideas on the type of projects that would attract FDI. He also told the business communities that IBN would connect the national business houses with international investors ♦

OIBN ORGANIZES INTERACTIONS FOR ARUN-3, UPPER KARNALI PROJECT SECURITY ISSUES



KATHMANDU: OIBN conducted security meetings with government of Karnali Province and district level security officials of Upper Karnali affected districts on March 29-April 2.

A team from OIBN led by OIBN's Joint Secretary Mr Madhu Prasad Bhetuwal had the interactions on security of the project with high level provincial and district level government and security officials in Birendranagar, Surkhet and Dailekh Bazaar, Dailekh. Other members of the team were Kshatra Bahadur Bhandari, Prabhakar Ghimire and Ripu Dhoj KC.

OIBN team held discussion of project security with Honorable Chief Minister of Karnali Province Mahendra Bahadur Shahi, Principle Secretary Mr Suresh Pradhan, Officiating Chief District Officer of Dailekh's Chief District Officer Mr Hari Prasad Devkota, Dailekh's Deputy Superintendent of Police Mr Saroj Poudel and Officiating Chief District Officer of Surkhet Mr Ganga Prasad Neupane. Similarly, OIBN team also met with stakeholder leaders and Mr. Prem Bahadur Thakulla (inspector) Incharge of Armed Police Force stationed at Dab of Dailkeh and discussed on security situation in project site. OIBN team also met with officials of GMR Upper Karnali Hydropower Company.

During the meeting Karnali Province's Honorable Chief Minister Shahi and Principal Secretary Pradhan and other security officials assured of required security arrangements to project staffs and project structures and urged project developer to expedite project activities that have been stalled since February 12, 2018. OIBN had held similar meeting with security officials in Khandbari, Sankhuwasabha on March 7 for Arun-3 project. ♦

IBN'S 29TH MEETING CONCLUDES WITH CRUCIAL DECISIONS



KATHMANDU: The 29th meeting of IBN was held on 9 March 2018 under the chairmanship of the Right Honourable Prime Minister and Chairman of the Board Mr KP Sharma Oli. The Prime Minister directed concerned agencies to work sincerely to accelerate the country's economic growth and directed government agencies to fulfill their duties in an accountable and responsible manner.

OIBN CEO Mr Maha Prasad Adhikari tabled the meeting agenda and presented an update on projects facilitated by IBN. The meeting made crucial decisions to move forward hydropower and other infrastructure projects. Since hydropower projects with a capacity of 500 MW or more fall under IBN's mandate, the meeting directed OIBN to screen and identify such projects.

The meeting formed a committee headed by a secretary overseeing the infrastructure sector at the Office of the Prime Minister and Council of Ministers to provide suggestions on West seti Hydropower Project. The committee has representatives from OIBN, the Ministry of Energy, the Ministry of Finance and the Nepal Electricity Authority.

The meeting also authorised IBN's CEO to issue a power generation license to SJVN Arun-3 Power Development Company (SAPDC) for the Arun-3 hydropower project after completing necessary procedures. It was decided to issue a 35 day public notice regarding the issue of the generation license for Arun -3 . And it authorised IBN to conduct feasibility studies of projects it identifies, taking support from concerned government agencies and development partners. ♦



“ INVESTMENT CLIMATE IN NEPAL IS IMPROVING

Lai Weipeng

General Manager, Hongshi Shivam Cement Pvt Ltd

Mr Lai Weipeng is the Director and General Manager of Hongshi Shivam Cement Pvt Ltd, a Chinese-Nepali joint-venture company. The company plans to commence the operation of cement mill in West Nawalparasi in March 2018. In 2017, IBN and the company signed the first ever project investment agreement (PIA) in Nepal. Taking to IBN Dispatch recently, Mr. Lai, who is a signatory of the PIA, shared updates on project implementation and his experience of Nepal’s investment climate.

Could you tell us production of Hongshi Shivam Cement ?

The trial operation of the cement mill was completed in February 2017 and we plan to start grinding cement on 8 March 2018. We plan to start operating the rotary kiln by the end of May this year.

What are your experiences regarding Nepal’s investment climate and what is your message to other potential international investors?

Nepal’s government has changed five times since the incorporation of the project. This has made it quite difficult for project-related procurement and construction due to Nepal’s limited industrial development and the

lack of required infrastructure. Concerning the social environment, the acceptance of the project by the local communities took quite a long time due to differences in language and culture, and it has also been difficult to coordinate support for local development. However, I am very happy to say there have not been any project implementation difficulties as we have received huge support from the Government of Nepal and especially from IBN, local partners and all staff members.

The Nepal Investment Summit, the Infrastructure Summit and the Hydropower Development Summit were held in 2017 to attract investors from around the world to Nepal. Investment climate in Nepal is improving. The successful holding of the federal, provincial and local government elections should usher in political and social stability. This will make Nepal more investment-friendly with

the strong willingness of the government and the Nepali people to create an investment friendly environment for the country's economic prosperity.

How do you evaluate the role of IBN in the implementation of the Honshi Shivam Cement Project?

IBN has actively coordinated with various government agencies, organized meetings of the Investment Facilitation and Coordination Committee (IFCC) and engaged the media to facilitate the smooth implementation of the project. IBN has also provided support by liaising with government agencies to facilitate the visas of the project's foreign employees. IBN and our company signed the project investment agreement (PIA) that provided the full guarantee of project implementation. IBN has been our close companion for the satisfactory implementation of the project.

What upcoming tasks are to be completed by the project and what kind of support do you need from the government for its smooth implementation?

Our first cement mill will go into production in March 2018. Then the focus will be on installation towards the full-fledged operation of the production line by the end of May. In the meantime, we will be busy arranging raw materials and fuel, recruiting and training production personnel and carrying out marketing and promotional activities. Regarding support from the government, we hope that the government will fully understand our needs and speed up the construction of the factory's access road and dedicated transmission line. Making adequate budget arrangements will boost investor confidence in general.

Can you tell us about the project's corporate social responsibility activities.

Since its inception, Hongshi Shivam Cement Project has been contributing to local development inspired by our sense of corporate social responsibility (CSR).

So far, the project has spent NPR 3.2 billion to support economic development by purchasing local materials; constructing the access road, bridge and water irrigation system; outsourcing certain tasks to small businesses and providing financial support to local schools and youth groups. Our CSR support is determined in line with local requirements. These CSR activities also uphold our inclusive development concept: "To fulfill our social obligations and gain corporate benefits simultaneously — to give first and gain last." As envisaged by the



Our focus is on outsourcing non-core business to locals, training local employees, boosting employment and creating development opportunities.

Project's environment impact assessment (EIA), and in line with local community demands, the company is formulating a social responsibility scheme that will be further strengthened once production starts. Our conviction is that we should 'teach people how to fish, rather than just give them fish.' We believe that just providing funds is not the only way of implementing social responsibility. Our focus is on outsourcing non-core business to locals, training local employees, boosting employment and creating development opportunities.

Your project is using state-of-art-technology. What are the differences between conventional

technology and the ones you are applying?

Cement production requires huge amounts of energy. In Nepal, fuel and electricity account for 70 percent of the cost of manufacturing cement. The project is applying the six-stage preheater process and large-scale roller presses for raw materials and cement. The waste heat co-generation system will use waste heat to generate power in the production system. The waste heat generated to produce one ton of clinker will provide around 40 percent of the cement production line's power. This is the first time this technology is being used in Nepal.

The conveyor belt, which is under construction for transporting the limestone to the processing plant, will greatly facilitate and reduce the cost of transporting the basic raw material. This will guarantee the continuous

INVESTMENT CLIMATE...

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transport of the limestone even during the rainy season. The consumption of fuel such as diesel for transporting the limestone will drop remarkably. The transport of the limestone by conveyor belt will be a major development for Nepal's cement industry.

Who are your target customers and are you planning to export to neighbouring countries?

Hongshi Shivam will produce high quality cement products. As you know, Nepal has been importing large quantities of cement for its large infrastructure projects such as hydropower projects. We will supply the required quality of cement for the domestic market that is not currently fulfilled by local cement industries. Our target customers include infrastructure projects, concrete batching plants, grinding units and the general consumer market. We have yet to consider exporting our cement.

Could you tell us about the national and local economic benefits of the project.

Nepal imported 2.94 million tons of clinker during fiscal year 2016/2017. The production from our plant will reduce the gap between the supply and demand for cement and clinker in Nepal, especially for high-quality cement. The project will substitute imported cement with quality locally produced cement. Besides, the project will generate large tax revenues. The project is also

recruiting and training Nepalese industry professionals and building their capacity. The first batch of Nepalese trainees have trained in China while the second batch is undergoing training. More than 60 trainees are getting this opportunity. Moreover, the implementation of such a huge project in the country will build the confidence of other potential investors. ♦

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PM URGES FOR MORE INDIAN INVESTMENT IN NEPAL



PICTURE: MINISTRY OF FOREIGN AFFAIRS, NEPAL

KATHMANDU: Right Honorable Prime Minister and Chairman of Investment Board Nepal (IBN) Mr KP Sharma Oli urged Indian business people to grab investment opportunities in Nepal stating that many profitable sectors are ripe for investment.

Prime Minister Oli made the call during Indian-Nepal an interaction with representatives of three Indian private sector umbrella bodies—the Confederation of Indian Industry, the Federation of Indian Chambers of Commerce and Industry, and the Associated Chambers of Commerce of India - in New Delhi on April 6- the first day of his three-day official visit to the southern neighbor.

Representatives of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), and the Confederation of Nepalese Industries were also present at the program.

“Indian investors have invested across the globe, so why not next door Nepal?” Geographical proximity, easy access and cultural similarities are all there to make you feel comfortable to invest in Nepal,” PM Oli said.

Stating that huge FDI is necessary to materialize economic prosperity in Nepal, PM Oli also assured of investment security and other necessary supports from Nepal government to boost the confidence of investors.

“Nepal is safe for foreign investment with the formation of new stable government and improved law and order situation. The government will do everything possible to facilitate investors in the country,” PM Oli said.

Further he also informed that incentives being offered by Nepal to investors are more attractive than in other countries adding that hydropower, manufacturing, agriculture, information and communication technology and mining are key potential sectors in Nepal.



He also highlighted the comparative advantages in investing in Nepal, which lies between two Asian giants India and China.

Giving a presentation on ‘Economic and Investment Climate in Nepal’ OIBN CEO Mr Maha Prasad Adhikari urged Indian business community to benefit from improving investment climate and untapped potential in Nepal. CEO Adhikari also shed light on major economic goals of Nepal and requirement of private sector investment to achieve those crucial goals.

FNCCI President Bhawani Rana also said Nepal needs Indian investment to narrow down the ballooning trade deficit with India. ♦

AGREEMENT SIGNED FOR INTEGRATED SOLID WASTE MANAGEMENT PROJECT



KATHMANDU: OIBN and the developer of the Integrated Solid Waste Management Project (ISWMP) NepWest Pvt Ltd initialized the Project Development Agreement (PDA) on 7 March 2018 for the scientific management of solid waste in the Kathmandu Valley.

Mr Maha Prasad Adhikari, CEO of IBN and Sangita Shrestha, president of Nepwaste put signatures on the document on behalf of their organizations. Nepwaste is a joint venture company of Organic Village Pvt Ltd of Nepal and Compunication Oy of Finland.

The project, which requires an investment of around NPR 5 billion, covers Kathmandu Metropolitan City, Dhakshinkali, Chandragiri, Nagarjun, Tarakeswor, Tokha, Budhanilakantha, Gokarneshwor, Kageshwori and Manahara-Shankarapur municipalities of Kathmandu district. The developer will hand the project over to the Government of Nepal after 20 years under the public private partnership (PPP) model. During the period the company is expected to pay around NPR 3 billion in royalties and other taxes to the government. IBN had facilitated the signing of the memoranda of understanding (MoUs) with the municipalities after securing approval from the Cabinet.

Speaking at the program, CEO Adhikari said that the agreement paved the way for a scientific and long-term solution to the capital city's solid waste problem. He added that it will save the government millions of rupees and that the agreement was an outcome of discussions between the developer and IBN. Nepwaste's president Ms Shrestha expressed her organisation's commitment to initiate the project at the earliest.

As per the agreement, each household in the concerned municipalities will pay a service charge of NPR 219 per

month.

The company has to complete the Financial Close for the project within nine months of signing the PDA and is to build the necessary infrastructure within two years.

The company will also be responsible for cleaning streets, river banks, public places and temples in addition to collecting household waste. It will also be responsible for the scientific management of medical waste, electronic waste and other hazardous waste.

The company plans to generate 4–5 MW of electricity from the waste in addition to gas, organic fertilizer, refuse derived fuel (RDF) and solid recovered fuel (SRF). As per the agreement, the company is required to reduce the volume of waste to 20 percent of that collected for disposing at the agreed landfill site at Bancharedanda in Dhading.

The company was selected through an international bidding process in 2009. IBN initiated negotiations with the company in 2016 after IBN's 23rd meeting had constituted a committee for the purpose. The committee was headed by IBN's CEO with representatives from the Ministry of Finance; the Ministry of Law, Justice and Parliamentary Affairs; the Ministry of Federal Affairs and Local Development, Kathmandu Metropolitan City and the Solid Waste Management Technical Support Center. ♦

OIBN INTERACTS WITH MAYORS OF STAKEHOLDER MUNICIPALITIES FOR METRO RAIL



DHULIKHEL: In an effort to sensitize the significance of proposed Metro Rail Project in Kathmandu Valley, OIBN organized an interaction with authorities of the concerned municipalities in Dhulikhel on 28 March.

In the first phase Mayors, Deputy Mayors and Executive Officers of stakeholder municipalities- Surya Binayak, Dhulikhel and Banepa and adjoining Panchkhal Municipality participated in the interaction. Mr Ashok Bhanju Shrestha (Dhulikhel Mayor), Mrs Bimala Kumari Chaulagain Sharma (Dhulikhel Deputy Mayor), Mr Mahesh Baral (Dhulikhel Executive Officer), Mr Basudev Thapa (Surya Binayek Mayor) Mrs Juna Basnet (Suryabinayak Deputy Mayor), Mr Chiranjibi Timalsina (Suryabinayek Executive Officer)

Mr Laxmi Narasimha Bade Shrestha (Banepa Mayor), Mrs Rekha Sapkota Dahal (Banepa Deputy Mayor) Mr Bhojraj Ghimire (Banepa Executive Officer), Mr Bhim Neupane (Panauti Mayor) and Mrs Geeta Banjara (Panauti Deputy Mayor).

On the occasion, mayors of stakeholder municipalities assured of their all-out support for smooth implementation of the proposed metro line that will stretch 37km between Dhulikhel and Nagdhunga. They also suggested that OIBN organize larger engagement of stakeholders inviting local business people and ward-level elected people's representatives also.

CEO of OIBN Mr Maha Prasad Adhikari requested municipal authorities for their cooperation in the process of acquiring required land for the metro rail structures.

OIBN Consultant Engineer Mr Ashish Gajurel gave a presentation regarding the proposed Metro Rail Project. Joint Secretary of OIBN Mr Uttam Bhakta Wagle urged people's representatives and officials of concerned municipalities for their support for materializing the Metro Rail Project. ♦





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