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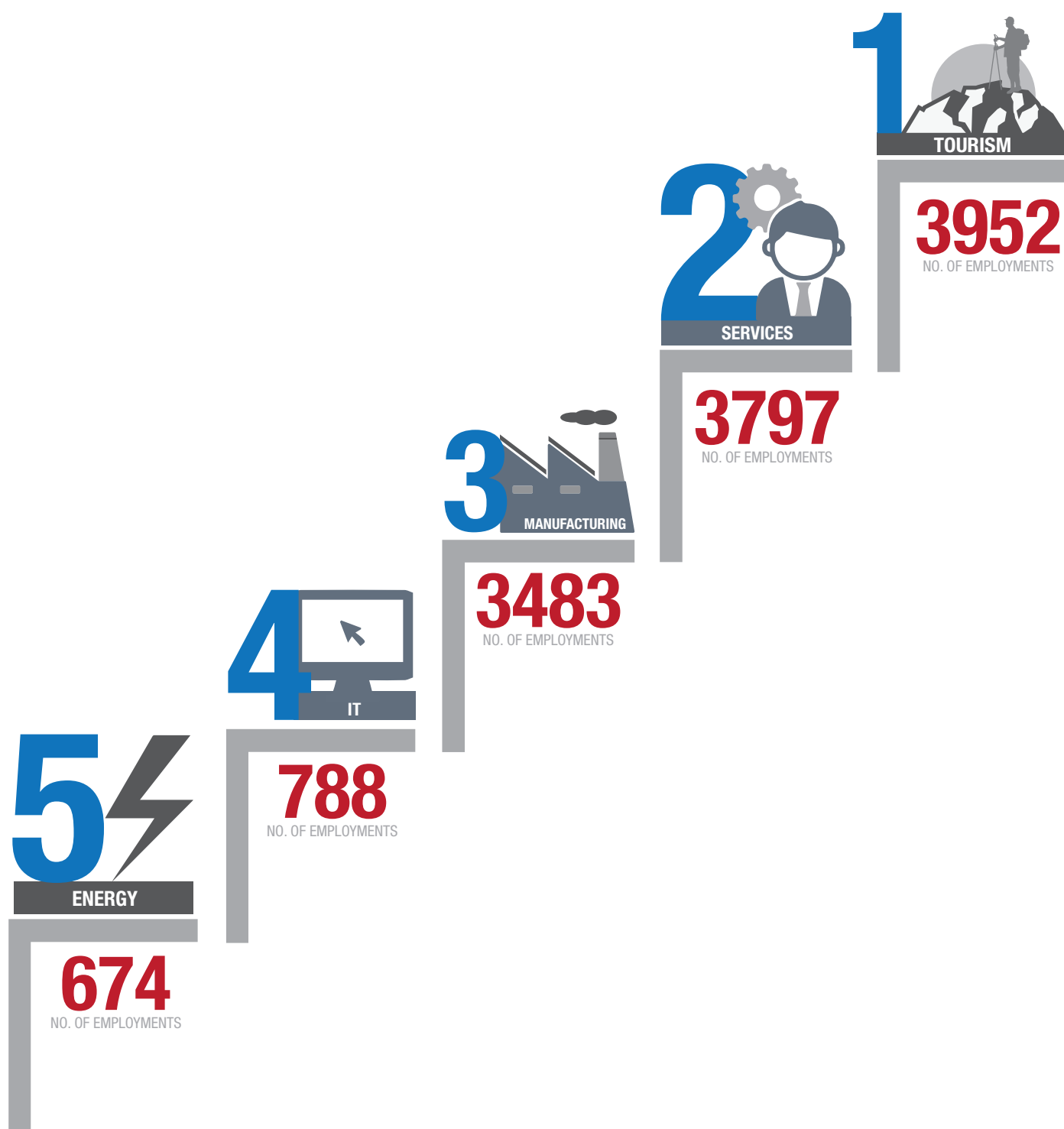


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# NEPAL TO HOST INVESTMENT SUMMIT IN MARCH



**KATHMANDU:** The 33<sup>rd</sup> meeting of the Investment Board Nepal (IBN) was held under the chairmanship of the Right Honorable Prime Minister and IBN chairman Mr. K.P. Sharma Oli on November 26. The meeting at the Office of the Investment Board Nepal (OIBN) in New Baneshwor decided to form a directive committee headed by the Honorable Finance Minister and Vice-chair of IBN Dr. Yubaraj Khatiwada to facilitate the organization of the ‘Nepal Investment Summit’ in the last week of March, 2019.

The meeting also directed relevant agencies to complete the tasks of introducing and amending necessary laws and policies for attracting foreign direct investment. It also decided to mobilize Nepali diplomatic missions abroad to ensure greater participation of international investors in the Summit. In an effort to make IBN more vibrant, the meeting, in line with the ‘Investment Board Act 2011’ decided to form a team of advisors led by the Vice-chairman of IBN. The team will comprise of experts and innovative personalities in the development sector.

The meeting also allowed Dolma Fund Management to conduct surveys for implementing the Grid Connected Solar Photo Voltaic Project plus Battery Storage Project under the Public Private Partnership (PPP) approach. The projects generates solar energy of 150 MW in Lomathang of Mustang and 125 MW in Chilime of Rasuwa districts.

Speaking on the occasion, Right Honorable Prime Minister stated that the government was committed to improving the environment for investment. He also instructed relevant government agencies to sincerely works and execute large-scale infrastructure and other development projects in time. The Right Honorable Prime Minister also asked concerned agencies to expedite the process of drafting the Public Private Partnership and Investment Act and a guideline on the construction of project infrastructure.

OIBN CEO Mr. Maha Prasad Adhikari provided updates on the implementation of IBN-facilitated projects.

## IBN 33<sup>RD</sup> MEETING

Other dignitaries present at the meeting, were Honorable Finance Minister and Vice-chair of IBN Dr. Khatiwada, Honorable Minister for Culture, Tourism and Civil Aviation Mr. Rabindra Adhikari, Honorable Minister for Forest and Environment Mr. Shakti Bahadur Basnet, Honorable Minister for Federal Affairs and General Administration Mr. Lal Babu Pandit, Honorable Vice-chairman of the National Planning Commission Dr. Pushpa Raj Kandel, Nepal Rastra Bank’s Governor Mr. Chiranjibi Nepal, IBN members representing private sector (Ms. Bhawani Rana, Mr. Hari Bhakta Sharma, Mr. Rajesh Kaji Shrestha and Mr. Balkrishna Sibakoti) and secretaries of relevant ministries of the Government of Nepal. ♦

# OIBN PARTICIPATES IN SHANGHAI EXPO



**KATHMANDU:** OIBN participated at the first China International Import Expo (CIIE) held from November 5 to 10 in Shanghai. OIBN officials were part of a high-level delegation led by the Honorable Minister for Industry, Commerce, and Supplies Mr. Matrika Yadav that took part in various promotional events including the expo. Other agencies from Nepal included the Trade and Export Promotion Center (TEPC) and Nepal Tourism Board (NTB). The six-day fair pulled in over a million people from 172 countries, regions, and international organizations.

Officials from OIBN gave a presentation at the Nepal Pavilion on projects ready for investment in Nepal. They interacted with a number of potential investors. The impressive presence of investors at the Nepal Pavilion showed the business interest in Nepal. Mr. Juan Carlos Varela, President of Panama was among the dignitaries who observed the Nepal Pavilion. Mr. Varela showed immense affection for Nepal and Nepali people during a brief conversation with the Nepali delegation. Similarly, high profile business people, representatives from various corporate

houses, and senior government officials also visited the pavilion. The event provided a great platform to reach out to a significant number of people in a single spot and put Nepal on the international stage as an attractive investment destination.

The Nepali delegation also visited General Motors China Inc. and SIASUN Robot and Automation Company to discuss business opportunities in Nepal for these companies. Similarly, OIBN officials gave a presentation on 'Investment Climate and Opportunities in Nepal' at an investment promotion event jointly organized by the Embassy of Nepal, Beijing along with the Honorary Consulate of Nepal, Shanghai, and China Association for International Economic Cooperation. The program was attended by Minister Yadav and Ambassador of Nepal to China His Excellency Mr. Leela Mani Paudyal. The OIBN team also held discussions with the Chinese Honorary Consul to Nepal His Excellency Mr. Wu Jianming in Shanghai on strengthening mutual collaboration for promoting foreign direct investment into Nepal. ♦

# TRIP TO HONGSHI FOR JOURNALISTS



**NAWALPUR:** The Office of the Investment Board Nepal (OIBN) organized a trip to the Hongshi Shivam Cement Project site for economic journalists from October 30 to 31. A total of 17 journalists representing leading TV channels and online news portals participated in the two-day trip. The project located in Binay-Triveni Rural Municipality of Nawalpur district of Gandaki Province is a Chinese joint venture with the largest cement production capacity in the country. The project developer Hongshi Shivam Cement Pvt. Ltd. is investing Rs. 36 billion into the project. The company commenced commercial production of cement from June 2018. It has the initial capacity for producing 6,000 tons of cement per day. As per the IBN Act 2011, OIBN has been facilitating the Project Investment Agreement (PIA) which was signed in 2017.

The visit was arranged to share the experience of the company in project implementation, the economic significance of the project, the company's Corporate Social Responsibility (CSR) activities, and the state-of-art technology applied in the project. The visit provided an opportunity for media people themselves to observe the project progress, its CSR initiatives,

and production technology. During the visit, journalists got an opportunity to interact with senior project officials and project beneficiaries. On the occasion, the company's Managing Director Weipeng Lai and Deputy General Manager Gaurav Goel informed journalists about the progress and problems being faced by the company during the project implementation process.

The journalists participating in the trip were Mr. Diwakar Pant and Mr. Prabin Gyawali of Kantipur TV, Mr. Rabin Thakuri and Mr. Surendra Maskey of API TV, Mr. Pradip Chapagain and Mr. Shiva Pangani of Nepal TV, and Mr. Shambhu Pokharel and Mr. Chaman Koirala of Business TV. Similarly, Mr. Pushpa Dulal of clickmandu.com, Mr. Bishnu Prasad Devkota of Deshantar Weekly, Mr. Shankar Pandit and Mr. Diwakar GC of 'Arthako Artha' news program, Mr. Sabin Dhamala of GM Media News Agency, Mr. Rabindra Shahi of setopati.com, Mr. Dambar Prasad Acharya of onlinekhabar.com, Mr. Rishkesh Dahal of bizmandu.com, and Mr. Ramraja Shrestha of bizkhabar.com. From OIBN, Mr. Prabhakar Ghimire, Mr. Ganesh Acharya, and Mr. Khemraj Ghimire participated in the trip.

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**PROF. DR. PUSPA RAJ KADEL**

Honorable Vice-Chairman, National Planning Commission

## “ WE LACK REALISTIC DATA FOR EFFECTIVE PLANNING

*Prof. Dr. Puspa Raj Kadel is the Honorable Vice-Chairman of the National Planning Commission (NPC). Dr. Kandel took the helm of the NPC, the apex policy formulating body of the government, at a time when the country was embarking on a full-fledged federal system. A key mandate of the NPC is to establish effective coordination among local, provincial, and federal governments in planning and implementing development projects. The NPC has already started preparations to formulate the 15th Plan that will start next year. Dr. Kandel, who is also a member of the Investment Board Nepal, talked to **IBN Dispatch** about the role and vision of the NPC in steering the country towards economic prosperity and institutionalizing federalism.*

### **Could you tell us about the NPC’s role in materializing the slogan – ‘Prosperous Nepal, Happy Nepal’?**

We have been deliberating the slogan ‘Prosperous Nepal, Happy Nepal’, introduced by the current government and widely liked by the Nepali people. First, we need to clearly define the spirit of this slogan. Indicators for the prosperity and happiness desired in the Nepali context must be determined. We are studying this. On the basis of our findings, we will develop a long-term approach and synchronize it with the Sustainable Development Goals and our upcoming 15<sup>th</sup> Development Plan. As part of a long term vision, we are developing plans for five, twelve, and twenty five years.

### **The government is implementing the 15<sup>th</sup> plan from next year. How will this plan help Nepal achieve prosperity?**

As a poor country, our focus must be on boosting economic growth. We have set a target to achieve 8 percent growth for this year. We are planning to hit even higher growth numbers the following years. ‘Prosperous Nepal, Happy Nepal’ is a slogan for long-term plan-

ning. The 15<sup>th</sup> five year plan is a part of our long term approach for economic development. We have started the process of formulating the upcoming 15<sup>th</sup> plan. We have corresponded with relevant ministries to propose their approaches for the 15<sup>th</sup> plans and some of them have sent us their responses. We are studying the plans proposed by the ministries. To achieve robust growth, we need to implement large-scale development projects in irrigation, transportation, energy, tourism, agriculture, and mining. Besides this, social infrastructure like education and health should also be given a high priority to attain prosperity.

### **How are you assessing the achievements of the 14<sup>th</sup> plan?**

We have started the process of assessing the performance of the 14<sup>th</sup> plan. The current fiscal year is the final year of the three-year long plan. It was formulated by the NPC and the Government of Nepal has been executing it. In an effort to have a fair assessment, we have commissioned an independent assessment from a third-party. We have assigned the Central Department

of Economics at Tribhuvan University (TU) for this. A team from TU has already started the task. However, we have to wait for a few months to get the final assessment report. As per our general observation, we have achieved some targets and some we have not.

A long transitional period, last year's elections, and frequent changes in governments in the past contributed to a weak performance in some sectors. We performed better in social sectors such as education and health. Along with quantity, we have to enhance the quality of our education and health sectors. Our economic and physical indicators are not satisfactory due to a low spending capacity, corruption, and dilly-dallying in the implementation of development projects.

### **As you are observing Nepal's development closely, what are the key reasons behind low performance in the implementation of development projects?**

There are various reasons that our economic development is being held back. The first is political instability. Frequent changes in governments and the resulting transfer of senior officials in the past created a situation where the governments which formulated plans never got the opportunity to implement them. Such a situation also eroded a sense of responsibility and accountability among government officials. However, this situation is no longer the case. The second reason is weak statistics on crucial information for planning. We lack realistic data vital for effective planning. In the absence of real statistics, plans can't be successful. Plans formulated on just a whim and in a haphazard manner without assessing real needs, can't yield the desired results.

The third is an absence of good governance. We established Commission of Investment of Abuse of Authority (CIAA), a constitutional watchdog, to deal with corruption cases. But, it discouraged decision makers from taking crucial decisions. Similarly, delays in sanctioning budgets and a weak capacity for capital expenditure have also been compounding the situation.

### **What are your prescriptions to address such development obstacles?**

Luckily, we are heading toward long-term political stability. So, instability is no longer an issue. We need to create a system where corruption and bureaucratic hassles are discouraged. The practice of haphazardly selecting projects should end, instead projects should be prioritized on the basis of economic viability and significance. To do away with problems in selecting projects, we are developing the concept of a Project Bank that specifies crucial projects and adopts a set criteria.

### **We have a stable government. How can we benefit from political stability?**

Unlike political change, economic changes takes time. We can't achieve economic transformation as fast as political change. A few days of the People's Movement changed the political landscape of the country and after an election, a new government can be formed immediately. But for economic transformation, we need good economic policies, implementation capacity, training, economic access, market, competitiveness, and subsidies among others.

### **Under the federal set up, provincial governments have their own planning commissions. How is the NPC coordinating with provincial governments for development planning and implementation?**

The NPC is mandated with formulating long term plans and policies as well as monitoring, evaluating, and coordinating project implementation in all provinces. As planning commissions have been established in all provinces, we have been coordinating with them. In a bid to enhance the capacity of provincial governments in policy formulation and implementation, we have been organizing various trainings, seminars and interactions. We have also published a guidebook to support development planning and execution in provinces. It is a fact that there is no defined relation between the NPC and provincial planning commissions so far. We are establishing working relation with them to effectively coordinate the implementation of development projects and other plans.

### **Given our limited financial resources and technology, how can we achieve economic prosperity?**

Foreign Direct Investment is the key source of financing and technology for the projects we want to implement. It is a fact that investors will only come to Nepal if we secure the environment for profit and provide investment security. No investor will come to Nepal if we fail to guarantee investment security and profit. International investors are still in a wait and see mood. We need to incentivize investors and offer better investment opportunities for them compared to our peer countries.

The NPC is exploring measures that can entice investors to put money into Nepal. We can start improving the business climate by reforming the tax regime, simplifying bureaucratic process, improving financial access for investors, and simplifying the process of repatriating profits. We are hopeful that the investment climate will be more appealing with the prospect of a stable government combined with policy stability.



## TRIP TO HONGSHI...

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Under its CSR, the company has resettled 26 affected households from Nigdi of Palpa to Sardi Bagaicha of Nawalpur district. All displaced families have been resettled in a single colony and have been provided a one-kattha plot along with a four-room house. These beneficiaries are happy to get the opportunity to be resettled to a new place where they can enjoy better health, education, and transport facilities.

The project has set a good example in Nepal by completing construction well before the originally set completion deadline and using pollution-free technology. The company has been producing 12 MW of energy from waste under the Waste to Energy technology to supplement the required energy for the project. Similarly, the company has also been running a thermal plant to generate around 20 MW energy. The project requires



around 50 MW of energy in the first phase and 80 MW in the second phase when production capacity will be doubled. The government has started erecting transmission line towers that will provide dedicated electricity to the project. ♦



*A fully-computerized Central Control Room (CCR) of Hongshi Shivam Cement Pvt. Ltd. in Sardi, Nawalpur.*

# STAKEHOLDER ENGAGEMENTS IN NAWALPUR, PALPA



**NAWALPUR/ PALPA:** OIBN organized interactions with stakeholders in Nawalpur and Palpa districts in an effort to facilitate the Hongshi Shivam Cement Project from November 14 to 17. The meetings, involving a team led by OIBN Joint-Secretary Mr. Uttam Bhakta Wagle and elected representatives, discussed ways the project can address local-level issues and maximize its benefits to communities.

In an interaction held in Tansen of Palpa, Honorable Member of the Federal Parliament Mr. Dal Bahadur Rana, Honorable members of the Provincial Assembly Mr. Tularam Gharti Magar, Mr. Narayan Prasad Acharya, Mr. Yubaraj Khanal, Ms. Rama Gharti, and Mr. Bir Bahadur Rana shared their views expressing commitment to extending their support to handle local-level outstanding issues. Representatives of district-level political parties including Chairman of Nisdi Rural Village Committee (RVC) Mr. Mukta Bahadur Sharu, President of Federation of Nepalese Journalists (FNJ) Mr. Rajesh Kumar Aryal, Chief of District Coordination Committee Mr. Dayaraj Basyal, and Chief District Officer (CDO) Mr. Manohar Prasad Khanal shared their views on the occasion.

The IBN team also interacted with the Chairman of Binayi Tribeni Rural Municipality Mr. Dambar GC. Both Nisdi and Binayi Tribeni Rural Municipality are directly impacted by the project. Representatives of Hongshi Shivam Project made a presentation on project progress and issues. IBN Joint Secretary Mr. Wagle, who led the OIBN team, expressed commitment to facilitate between the company and the community on behalf of the government. ♦

# OIBN-CANADIAN DELEGATION MEET



**KATHMANDU:** A high-level Canadian delegation led by an Honorable Member of the House of Commons of Canada held meetings with senior officials of OIBN on 10 October. The delegation included Honorable Member of the House of Commons Mr. Brad Trost and high profile business leaders from Canada. The top level business delegation comprised of President of Esau Industries of British Columbia state Mr. Walter Esau, President of Hearn Associates of Edmonton (Alberta) Mr. Lee Hearn, President of Princess Towers Ltd. of Ottawa (Ontario) Mr. Wayne Webster, and President of Embassy Connection of Ottawa (Ontario) Mr. Gerald Jerry Sherman.

During the meeting, the five-member Canadian delegation showed keen interest in the investment

climate and investment opportunities in Nepal. On the occasion, OIBN's CEO Mr. Maha Prasad Adhikari briefed the delegation on the initiatives being taken by the Nepal government to promote foreign investment and urged Canadian business people to boost investment taking advantage of the investment friendly environment being built in Nepal. Mr. Adhikari also shed light on high potential sectors for investment.

The delegation visited Nepal from October 7 to 11. The delegation also called on Honorable Finance Minister Dr. Yubaraj Khatiwada and interacted with Nepal's federal parliamentarians as well as business people on business opportunities and potential sectors for investment. ♦



*On 20<sup>th</sup> November, OIBN CEO gave a presentation on investment opportunities in Nepal at 'Nepal Investment Seminar'. The event was jointly organized by Nepalese Embassy in Tokyo, Japan External Trade Organization (JETRO) and United Nations Industrial Development Organization (UNIDO) at UN University in Tokyo.*

# OIBN CEO GIVES PRESENTATION IN QATAR

**KATHMANDU:** Right Honorable President Mrs. Bidya Devi Bhandari called upon Qatari business people to take benefits from attractive investment opportunities in Nepal. Addressing the Nepal-Qatar Business Forum held in Doha on November 29 on the occasion of her four-day visit, Mrs. Bhandari stated that political stability and the immense resources in Nepal have enhanced the investment friendly environment in Nepal. Mrs. Bhandari also said that the Nepal government was fully committed to ensuring investment security and offering incentives for Qatari investors in Nepal. Mrs. Bhandari visited Qatar at the invitation of Sheikh Tamim Bin

Hamad Al Thani, the Amir of the State of Qatar.

At the Forum, CEO of OIBN Mr. Maha Prasad Adhikari gave a presentation on investment opportunities in Nepal. Mr. Adhikari, who was a member of the Nepali delegation, urged Qatari business people to increase investment in Nepal since it has started legal reforms to strengthen its business friendly environment. In the presentation, Mr. Adhikari, highlighted potential areas of investment and comparative advantages to investing in Nepal. Mr. Adhikari also shared the initiatives taken by the Nepal government to attract foreign investment to Nepal. ♦

## INTERACTION TO PICK FEASIBLE PROJECTS

**KATHMANDU:** The OIBN organized interactions with Province 1 and Province 3 governments in an effort to finalize a few key potential projects that can play a crucial role in the economic transformation of those provinces. The interactions built off previous engagements with the provincial government and were conducted to understand project priorities and present snapshots of feasibility as well as financing based on the project's desk study analysis.

At an interaction organized in Province 3 from October 23 to 26, the OIBN team found transportation, energy, tourism, and agriculture to be priority sectors. At the interaction, Honorable Chief Minister Mr. Dor Mani Poudel gave a brief on potential projects identified in Province 3. The Kathmandu-Kulekhani-Hetaunda Tunnel Highway, Khimti Shivalaya Storage hydropower projects, and some others projects in agriculture, tourism, and education have been prioritized by the province. Following the interaction, the OIBN team analyzed the projects and suggested appropriate financing modalities for implementing them.

Similarly, OIBN also conducted interactions with the Province 1 from October 27 to 30 to conceptual-

ize potential projects for the province that would be transformative for its socio-economic growth. Honorable Chief Minister Mr. Sher Dhan Rai also presented his vision for Province 1 and advised on the long list of projects for the province. The province has prioritized a Mass Transportation Project, Cable Car Projects (Dharan-Bhedetar and Pathibhara), hydropower projects in Tamor, Dhudhkoshi, and Arun Basin, and agricultural projects, among others. Mr. Rai emphasized developing hydropower projects as the key driver for the province's economy. The OIBN team met with Honorable Minister for Economic Affairs and Planning, Mr. Indra Bahadur Angbo, Honorable Minister for Industry, Tourism, Forest and Environment Mr. Jagadish Prasad Kusiyat, the Principal Secretary, and other senior officials.

Following the interactions, the OIBN team analyzed the projects and conducted a desk study considering tentative investment size, worldwide investment pattern, project location, financials, and cases of similar project around the world. Based on the analysis, the OIBN team categorized projects into four segments and recommended an appropriate modality for financing. ♦

# MY STORY...



My name is Dev Bahadur Saru. I have spent more than 53 years of my life in my ancestral village Jyamire in Palpa district. I have such a strong emotional attachment with this rural hamlet that I get really nostalgic for my childhood and youth if someone talks about my village. However, I am quite happy to get a new home provided by Hongshi Shivam Cement Project under its Corporate Social Responsibility. I am not the only one to be resettled here from Jyamire. A beautiful colony has been developed here in Sardi Bazaar of Nawalpur district for all 26 households displaced by the limestone mines acquired by the project. We are fortunate to get facilities for drinking water, better schools, health centers, and transport, which were elusive for us for several years. After Tihar, we all are planning to shift to this new colony. I am very happy now and hopeful that our coming generation need not have to face the difficulties we faced for several years because the project has provided us an opportunity for a better life and brighter future.



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