

Source: The Kathmandu Post, March 2, 2019

Upper Bhotekoshi reconstruction work at 45 percent

- ANISH TIWARI, SINDHUPALCHOWK

Upper Bhotekoshi Hydropower project has completed 45 percent of reconstruction work.

The 45MW project located in Bhotekoshi rural municipality, Sindhupalchowk had suspended electricity generation after the devastating earthquake of April 25, 2015 damaged the plant. As it started repair work, the outburst flood in Bhote Koshi River on July 5, 2016 caused more damage to the plant. Since then, the project which started producing electricity from 2001 has been lying dormant.

Reconstruction work which began on April 2018 is going on smoothly and the project is on track to complete the job within the next 22 months, according to Bikram Ratna Sthapit, CEO of Bhotekhoshi Hydropower Project. Installation of the penstock pipe is going on swiftly with work at the dam side half complete, Sthapit added.

Bhotekoshi Hydropower Company hired Sinohydro of China to carry out the reconstruction work. While the Chinese company will be responsible for civil, electronic and hydro mechanical works, installation of the turbine and generator will be handled by another company, according to Sthapit.

The total investment for the project is estimated to be Rs7 billion, he said.

Upper Bhotekoshi Hydroelectricity Project has been facing numerous hurdles since 2014. In August of that year, flood and landslide in Sindhupalchowk district completely damaged four transmission lines of the company, preventing it from evacuating electricity. As the project started installing new transmission lines, locals created obstacles, demanding as much as 35 percent stake in the company.

Although demands for a stake in a project that had launched its operation more than a decade ago were criticised by many, locals, who had received support from major political parties, did not back off. Locals allowed the project to start reconstruction work

of transmission lines only after the company agreed to transfer ownership of 6 percent stake in the project.

Source: My Republica, March 2, 2019

Key issues of Pancheshwar remain unsettled

KATHMANDU, March 2: A meeting of high-level experts' team for Pancheshwar Multi-Purpose Project has failed to sort out the major issues of the project: water sharing, distribution of water of lower Sharada Barrage, energy sharing, consumption, price, and investments. They, however, sorted out some technical issues, according to participating officials.

The team, including experts from Nepal and India, had met in Kathmandu on Wednesday and Thursday.

Spokesperson of the Ministry of Energy, Water Resources and Irrigation Prabin Raj Aryal informed that they sorted out 64 minor issues out of total 130 issues.

Total four groups are assigned to resolve the 130 issues, and the unresolved issues were sent to the high-level experts.

The meeting was led by Devendra Karki, secretary of Water and Energy Commission Secretariat of Nepal, and S Masood Husain, Chair of Central Water Commission of India.

The project has remained stalled because of failure to sort out the major issues despite rounds of discussion at the technical and bureaucratic levels. These discussions have not yet reached the level of ministers or political leaders.

Aryal said that the next meetings will sort out those issues. However, other participants of the meeting said that those pertinent issues could only be resolved at the political level.

Each side repeated their positions of the last meeting held in New Delhi last year. The issues were identified following recommendations by India's government-owned consulting firm WAPCOS Ltd and subsequent bureaucratic correspondence between the two countries.

The consultant has suggested installed capacity of 4800 MW on the bordering Mahakali River as well as generation of another 240 MW by building a reregulating dam down the river at Rupaligadh.

Nepal has been demanding additional value of money for water, as well as benefits due to flood control in India from the construction of dam. India has been rejecting Nepal's demands.

The project had resumed in 2014, after 19 years of bilateral treaty, following Indian Prime Minister Narendra Modi's first visit to Nepal. But little progress has been made as Modi's five-year term nears completion. PM Modi had then announced to complete the Detailed Project Report within a year.

Source: The Kathmandu Post, March 7, 2019

Nepal Infrastructure Bank opens

- *The private sector-led bank has an authorised capital of Rs40 billion and paid-up capital of Rs12b*

- BIBEK SUBEDI,

Nepal Infrastructure Bank, the first private sector-led financial institution in the country established with the objective of funding large infrastructure projects, threw open its doors on Wednesday.

The country's leading business groups and the government have invested in the bank under a public-private partnership model. The bank has an authorised capital of Rs40 billion, issued capital of Rs20 billion and paid-up capital of Rs12 billion.

The government has a 10 percent stake in the bank and the rest of the shares are owned by public limited companies, private investors and the general public. Public companies and the general public hold 40 percent of the stock each and private investors hold the remaining 10 percent.

Finance Minister Yuba Raj Khatiwada officially inaugurated the bank amid a programme in Kathmandu on Wednesday. According to officials of the newly established bank, it will play an active role in managing funds required for large infrastructure projects from both domestic and foreign sources and also invest in credit instruments issued by such schemes.

“In the coming days, the bank will work as a nodal bank for Nepal's infrastructure development,” said Anuj Agrawal, chairman of the bank.

Outlining the bank's future plans, CEO Anil Gyawali said that it would move ahead with a special strategy to invest in infrastructure sectors such as energy, transportation and tourism. “As the country has adopted a federal system, we will open branches in all seven provinces and invest in infrastructure projects there,” said Gyawali.

Nepal Rastra Bank, the central bank and regulator of banks and financial institutions in the country, issued an operating license to Nepal Infrastructure Bank on February 11 with the aim of filling the infrastructure funding gap in the country. The central bank created a separate directive for Nepal Infrastructure Bank which is more lenient than that governing other banks and financial institutions in the country.

Nepal Infrastructure Bank will be allowed to extend loans up to 90 percent of its credit to core capital and deposits ratio while the ceiling for commercial banks is 80 percent. As per the directive, the minimum deposit accepted under fixed deposits is Rs10 million, and the minimum maturity period is five years.

As an A class financial institution, the bank needs to maintain a capital adequacy ratio of 11 percent.

The central bank has fixed the interest rate spread of the bank, which is the difference in borrowing and lending rates, at 4 percent.

Nepal is in dire need of capital for infrastructure to reach the targets set by the Sustainable Development Goals by 2030. As per National Planning Commission estimates, the country requires Rs1,770 billion in investments annually to meet the targets.

Source: The Kathmandu Post, March 5, 2019

Six foreign firms bid for transmission line project

- BIBEK SUBEDI, Kathmandu

Six international companies have shown interest in executing a component of the Tamakoshi-Kathmandu Transmission Line Project being developed by the Nepal Electricity Authority. According to the project office, it is currently evaluating the proposals submitted by one Chinese and five Indian firms to implement the 44-km-long New Khimti-Barhabise section of the power line.

“We have received proposals from Pingao of China, and Tata Project, Larsen and Tourbo, KEC International, Trans Rail India and Kalpataru of India,” said Nava Raj Ojha, chief of the power line project. “Currently, we are evaluating the technical proposals of the applicants, and it will take us about a week to complete it.”

After studying the technical proposals, the project office will send them to the Asian Development Bank

for its go-ahead, according to Ojha. The Manila-based multilateral lender is financing the construction of the power line.

The project office will then open the financial proposals of the technically qualified companies, and the lowest bidder among them will win the contract to execute the power line project.

The project is appointing a new contractor through international competitive bidding conducted in accordance with the Asian Development Bank’s ‘single stage two-envelope bidding procedure’ where interested parties have to submit their technical and financial bids in two envelopes.

“Our plan is to complete the entire procurement process within a month and mobilise the contractor to the project site as soon as possible,” said Ojha. The new contractor will be given 820 days to complete the remaining portion of the power line project, according to the project office.

The project office initiated the public procurement process to hire a new contractor in December after terminating the pact with Guangxi Transmission and Substation Construction Company to construct the 44-km section of the power line due to its deliberate delays in executing the contract. Managing Director Kulman Ghising of the state-owned power utility had visited the project site on multiple occasions and directed the contractor to expedite work, but to no avail.

As per the deal signed between the electricity authority and the Chinese company in September 2016, the substation should have been up and running by May 2019. And by the time most of the work should have been completed, the contractor had not even finished the preliminary tasks of the power line project, prompting the electricity authority to terminate the deal and look for another contractor.

The 400 kV power line is of strategic importance as it will evacuate the electricity generated by the hydropower projects stationed on the Tamakoshi and Khimti rivers to the Kathmandu Valley, where demand for electricity is higher compared to other parts of the country.

Source: The Himalayan Times, March 6, 2019

22MW Bagmati hydel to be connected to national grid

The 22-megawatt capacity Bagmati Small Hydropower Project being constructed by private sector developers is set to be connected to the national grid within this month. The project is located at Ipapanchakanya village along the border of Lalitpur and Makawanpur districts, some 100 kilometres south from Kathmandu.

Mandu Hydropower Company, developer of the project, has informed that it has scheduled to connect the produced electricity from the river by March.

Maheshwor Shrestha, executive chairman of the project, informed that the installation works of the hydromechanical and electromechanical equipment are in the final stage. “We will finish installing the aforementioned equipment very soon and have planned test production by March 15.”

The civil works of the hydropower project have already been completed.

As per Shrestha, the company had scheduled to generate electricity from July last year but the works of Kathmandu-Tarai Fast Track had disturbed their work. Construction of the project was started in 2016. He further said that the construction works of the 13-kilometre-long transmission line from the project to Kulekhani substation in Makawanpur have also been completed.

Meanwhile, Nepal Electricity Authority — the state-owned power utility — has already signed an agreement with Mandu Hydropower Company to purchase the generated energy. The power purchase rate has been fixed at Rs 4.40 during the rainy season and Rs 8.80 during the winter season.

Prime Bank led a consortium of 11 other banks to invest in the project, which is being built at a total cost of Rs four billion. Of the total investment, 70 per cent of the funds has been managed through loans and the remaining 30 per cent through equity share.

Source: The Himalayan Times, March 4, 2019

IBN to showcase 24 projects at investment meet

The government will showcase two dozen viable projects related to different sectors at the upcoming Nepal Investment Summit, which is scheduled to take place on March 29 and 30.

Along with the eight projects that the Investment Board Nepal (IBN) already has in its project bank, the board is finalising 16 new feasible projects to be showcased among the potential foreign and domestic investors.

Maha Prasad Adhikari, chief executive officer of IBN, informed that the board will finalise all these projects within this week. “We have collected the details of the feasible projects in different sectors through related ministries and provincial and local governments. A technical committee has been finalising the details of such recommended projects and will finalise them by this week,” he mentioned.

These new projects will cover different sectors including urban transportation, agriculture, health, information and communication technology (ICT), mines and minerals and tourism, among other sectors.

As per Adhikari, the IBN has carried out the pre-feasibility study (base study) of all the new projects to be presented at the summit. The board will provide basic information of such new projects including the estimated cost, opportunities of the project and challenges to potential investors at the summit.

The eight projects that IBN already has in its project bank are a chemical fertiliser plant, East-West Electrified Railway, East-West Railway Link to India, Kathmandu Valley Metro Project, Kathmandu-Kulekhani- Hetauda Tunnel Highway, Kathmandu-Pokhara Railway, Tamakoshi-3 Hydropower Project and Second International Airport Project at Nijgadh. “All these projects will also be showcased at the summit,” said Adhikari.

Meanwhile, IBN has informed that almost 650 foreign delegates, including potential investors have confirmed their participation at the two-day Nepal Investment Summit.

Among other high-level delegates, energy ministers from India and Bangladesh are likely to grace the event. The event is scheduled to be inaugurated by Prime Minister KP Sharma Oli.

The government is hosting the event primarily to showcase the investment potential of the country, including recent reforms made in policies related to investment and business. Being organised with the theme of ‘Nepal: A Promising Investment Destination’, the summit aims to present Nepal as a favourable investment destination by showcasing opportunities for investment.

The summit is expected to be a platform for investors to understand the investment environment and opportunities in Nepal through prominent national and international speakers, dignitaries, sectorspecific experts, and high-ranking government representatives.

Talking to The Himalayan Times a few days back, Finance Minister Yubaraj Khatiwada had said that the government has not set any target for investment commitments at the summit. “It is rather to showcase the changes that we have made in policies that have made the investment climate of the country better.”

Source: The Rising Nepal, March 6, 2019

'Call for making investment in Nepal'

Kathmandu, March 6: Vice President Nanda Bahadur Pun has expressed his confidence that the United States would cooperate with Nepal in successfully holding the Investment Summit and Visit Nepal Year-2020.

In a courtesy meeting by the US Ambassador to Nepal Randy Barry at latter's office today, Vice President Pun urged the American entrepreneurs to make investments in Nepal.

"Nepal has an investment friendly environment. With political stability in place, the laws and rules are framed to enable investment-friendly climate. We call for the US investors to come up with investment in Nepal".

The Vice President also stressed the need of high-level visits to further deepen the relations between Nepal and the US, shared Vice-President's Press Coordinator Manoj Gharti Magar.

Noting that Nepal is moving ahead to the path of development and prosperity, he said, "Our priority from now is the consolidation of democracy and development and prosperity with socio-economic transformation".

"We are confident of receiving cooperation from the US in our journey to prosperity", the Vice-President added.

During the meet, Ambassador Berry said the US-Nepal relation is based on mutual interest, norms and values.

Nepal's security interest and priority are also the concerns of the US, he said, adding the US has the view that Nepal could take decisions on its own and global affairs as a sovereign and independent country.

The US Ambassador assured full support from him and the US to make the Investment Summit and Visit Nepal Year-2020 a success.

Source: The Rising Nepal, March 6, 2019

New bank comes into operation

Kathmandu, Mar. 6: Nepal Infrastructure Bank Limited formally has come into operation after an effort of the government and the private sector lasting for a decade.

Finance Minister Dr. Yuba Raj Khatiwada inaugurated the new bank amidst a function here Wednesday.

The NIFRA bank is opened by a team of leading private sector entrepreneurs, Banks and Financial Institutions, Life and Non-Life Insurance Companies and other private sector entities in the joint partnership with the government of Nepal.

The bank is established with an authorised capital of Rs. 40 billion as a national level infrastructure development bank with the objective of accelerating development of infrastructure in the nation.

Finance Minister Dr. Khatiwada said that Nepal Infrastructure Bank should take the lead role in investing in the long-term development projects as huge investment is required in the long-term development projects to achieve the higher economic growth.

"I expect that the bank will be sound in terms of human resources, capital and vision which are missing in the existing banks. The bank should take leadership of all banks to invest in the infrastructure projects," he said.

He said that the bank should play a complimentary role, besides becoming a competent institution of the financial sector.

Stating that the bank has been established with different environment and objective, Dr. Khatiwada said that the bank should retain long-term capital for investment.

"The business environment and cost of business will be determined by the infrastructure development," he said, adding that all banks should equally focus on investment in the infrastructure development projects as the investment of the Infrastructure Bank would be only complementary to the sector.

He urged the Infrastructure Bank management to collect long-term deposit rather than competing to collect short-term deposit as the existing banks are doing now.

Minister Dr. Khatiwada said that the bank could mobilise its long-term savings by issuing different tools that support resource management required by the development projects.

He assured that the government was ready to support the bank to mobilise capital from international market.

"The bank can mobilise capital from international market by issuing deposit certificates to the Non-resident Nepalis (NRNs)," he said.

Talking about the issue of the interest rate, he urged the private sector organisations and bankers to resolve the interest rate row in mutual consensus.

"We are not happy with the ongoing tussle between the businessmen and the bankers. Both the parties should discuss and reach a conclusion. The government will interfere if required," he said.

Governor of Nepal Rastra Bank (NRB) Dr. Chiranjibi Nepal said that the bank should work as per its objective and vision as it was established at a time when the country was in need of huge investment in the infrastructure sector.

He said that the NRB would facilitate the bank to manage resources inside the country and bring capital from international market.

Chairman of NIFRA Anuj Agrawal said that the bank was set up aiming to bridge the infrastructure financing gap by supplying the required resources from the domestic and international market.

He said that the bank would promote public private partnership in the development of infrastructure, infra-allied business and other such sectors.

"Vision of the bank is to be a nodal financial infrastructure of the nation for infrastructure development and to bridge the financial gap for unlocking development potentials," he said.

Anil Gyawali, Chief Executive Officer (CEO) of the bank, said that the bank would invest in the long-term project by arranging the long-term resources.

He said that the bank would open its offices in all seven States and invest in the potential sectors of the States.

Issued capital of the bank is Rs. 20 billion and paid of capital is Rs. 12 billion. Additional Rs. 8 billion will be added through Initial Public Offering.

The government's share in the bank is 10 per cent, insurance companies' 18.97 per cent, Class 'A' Bank's 20.89 per cent, Public and Private Companies' 5.15 per cent, individuals' 4.99 per cent and general public has 40 per cent share.

Source: My Republica, March 7, 2019

Nepal Infrastructure Bank comes into operation

KATHMANDU, March 7: Nepal Infrastructure Bank Ltd has come into operation from Wednesday, aiming to generate finances for infrastructure projects. Minister for Finance Yuba Raj Khatiwada inaugurated the bank.

With a paid-up capital of Rs 20 billion, the bank is the largest in terms of paid-up capital. It has an authorized capital of Rs 40 billion.

The bank, headquartered in Kathmandu, will have its branch offices in each province. The bank is established under public private partnership model.

The bank is expected to be instrumental in resolving the financing crisis of the infrastructure sector, while other banks and financial institutions are reluctant to provide funds for long term projects.

Addressing the inauguration event, Khatiwada, who is also a former governor of the central bank, asked the people to develop a habit of using banks.

Source: The Kathmandu Post, March 8, 2019

Workers start installing penstock pipes at 456MW Upper Tamakoshi project

- BIBEK SUBEDI, Kathmandu

Workers finally started installing penstock pipes at the Upper Tamakoshi Hydropower Project after a new contractor took charge of the construction of the plant.

Work had halted for months at the construction site of the 456 MW scheme because the Indian contractor for the hydro-mechanical component, Texamo Railway Engineering, lacked expertise to implement the complex task.

The project developer had to appoint another contractor to fit the high pressure steel penstock pipes when Texamo abandoned the project after completing more than 95 percent of the construction work. The penstock pipe conveys water from the reservoir to the turbines to generate electricity, and fitting such pipes is considered to be one of the most challenging tasks of the hydro-mechanical component.

As delays in the execution of the hydro-mechanical component threatened to push back the completion date of the project which was already running late, project developer Upper Tamakoshi Hydropower Limited asked the Indian contractor to reassign the crucial task of installing the penstock pipes to Austrian firm Andritz Hydro.

Consequently, Upper Tamakoshi Hydropower Limited, Texamo and Andritz signed a tripartite agreement in January under which the Indian firm subcontracted the penstock installation part of the job to the Austrian company.

Immediately after signing the pact, Andritz mobilised workers at the project site and construction work resumed.

“Andritz Hydro has transported all the pipes and equipment to the project site and started installation work,” said Bigyan Prasad Shrestha, project chief of Upper Tamakoshi. “We are on track to meet the completion deadline of November set by the government.”

The national pride project located in Dolakha district in north central Nepal plans to start commercial generation of electricity by mid-November after revising its completion deadline for the third time.

The project has faced cost overruns due to delays. It was initially planned to be built at a cost of Rs35 billion, but the final bill is now expected to reach Rs50 billion.

The total cost will reach Rs70 billion if interest is added. Nevertheless, the project is considered to be a model project which is being developed with domestic resources and a high level of participation by project-affected locals and the general public.

Upper Tamakoshi is a strategic project designed to end the country’s perennial power crisis. After Upper Tamakoshi roars into life, Nepal is projected to have surplus energy at least during the wet season, and the Nepal Electricity Authority, the state-owned power utility which is the sole off taker of power in the country, will be in a position to export electricity to neighbouring India.

Source: My Republica, March 8, 2019

Tanahu Hydropower terminates contract with CMC

KATHMANDU, March 8: Tanahu Hydropower Limited (THL) has terminated the contract for diversion and headworks of Tanahu Hydropower Project signed with Italian firm CMC.

Tanahu Hydropower Limited had issued a notice of contract implementation on January 18. But the contractor did not return turn up in the project site within the 28-day mandatory period which ended on February 19, the company said in a statement.

The company then issued a notice of contract on February 19, giving the Italian contractor 14 days to respond. Since the Italian country did not respond even to the second notice, Tanahu Hydropower Limited issued final contract termination decision on Wednesday, according to the statement.

The company has also decided to seize performance bond of 8.74 million euros furnished by the Italian firm.

Tanahu Hydropower Limited, the subsidiary of Nepal Electricity Authority (NEA), had signed the contract worth Rs 20.64 billion with CMC in October. The 140-megawatt project is financed by Asian Development Bank, among others.

CMC left the project site of Melamchi Water Supply Project earlier in December. The contractor is facing financial trouble in Italy as it has more liability is than its assets and cash.