



## LOCAL BENEFITS SHARING PLAN FOR ARUN-3 UNVEILED

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## INTERVIEW WITH ACTING CHAIRPERSON OF MAKALU RURAL MUNICIPALITY IN SANKHUWASABHA, MS. CHAMELI RAI

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## COMPENSATION IN ACCESS ROAD OF ARUN-3 DISTRIBUTED

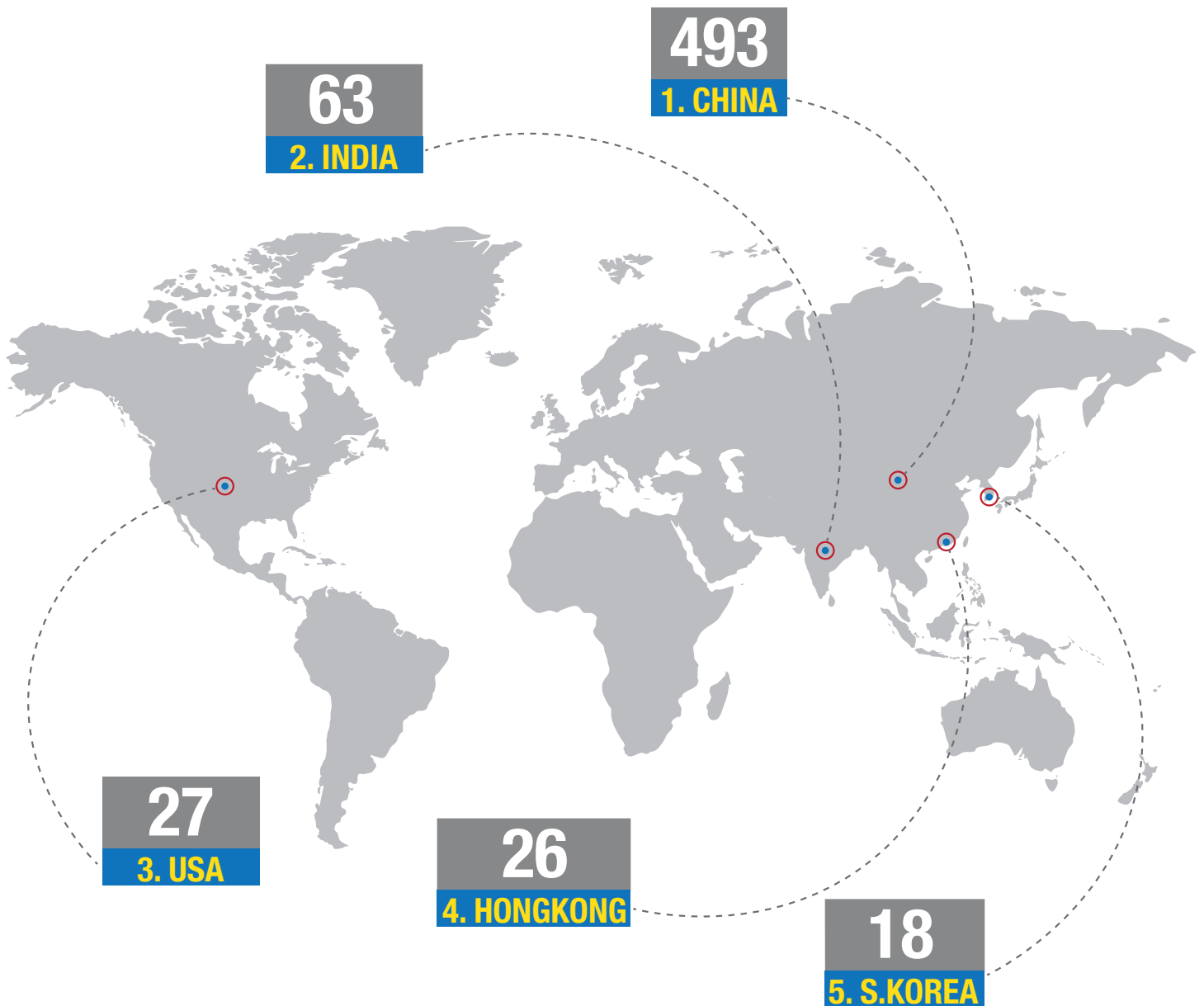
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## EOI CALLED FOR FIVE PROJECTS

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# NEPAL'S TOP FDI SOURCE COUNTRIES

Commitments made in FY2017-18 (Millions of dollars)



# LOCAL BENEFITS SHARING PLAN FOR ARUN-3 UNVEILED



**SANKHUWASABHA:** Office of the Investment Board Nepal (OIBN) in association with SJVN-Arun-3 Power Development Company (SAPDC), the developer of the Arun-3 Hydropower Project, shared the Local Benefits Sharing Plan which is designed for people affected by the project in two disclosure programs. It was unveiled on August 16 and 17 in

Makalu Rural Municipality and Chichila Rural Municipality respectively, the Rural Municipalities most impacted by the 900-MW Project.

The plan consists of the Nepal Employment and Skills Training Plan, Nepal Industrial Benefits Plan, and the Local Infrastructure Development Plan. It was approved by OIBN recently and was formulated

## MAJOR HIGHLIGHTS OF LOCAL BENEFITS SHARING PLAN

<b>Energy Royalty</b>	Rs. 107 billion to Nepal Government during 25 years of commercial operation
<b>Rural Electrification</b>	Each affected household to get 30 units of electricity free of cost every month for 25 years
<b>Local Shares</b>	Shares of the project worth Rs 1.6 billion to be given to Sankhuwasabha people in two installments
<b>Nepal Industrial Benefits Plan</b>	Business opportunities for local and national industries, suppliers, and service providers
<b>Nepal Employment and Skills Training Plan</b>	725 people from six VDCs including 269 directly affected households
<b>Local Infrastructure Development Plan</b>	Local infrastructure development plans targeting project affected Rural Municipalities

by SAPDC in consultation with OIBN in line with the Project Development Agreement (PDA) signed in 2014. The plan covers six wards of Makalu Rural Municipality, three wards of Chichila Rural Municipality, and one ward each of Silichyong Rural Municipality and Bhotkhola Rural Municipality in Sankhuwasabha district. Under the previous admin-

istrative structure, six VDCs - Pathibhara, Num, Yaphu, Makalu, Diding and Pawakhola were designated as impact areas. SAPDC had acquired 49 hectare of land belonging to 269 households of the then Pathibhara, Num, Yaphu and Diding VDCs....



## MS. CHAMELI RAI

Acting Chairperson, Makalu Rural Municipality, Sankhuwasabha

# “ PDA SHOULD BE SINCERELY IMPLEMENTED

*Ms. Chameli Rai is the acting Chairperson of Makalu Rural Municipality in Sankhuwasabha. Her Rural Municipality is the most impacted by the Arun-3 Hydropower Project. Ms. Rai has been active in lobbying for timely implementation of the 900 MW project and sensitizing people affected by the project for several years. She is hopeful that the project will bring about positive economic transformation in her municipality. Recently, talking to IBN Dispatch, she expressed her commitment to extending her support to the project developer in the process of project implementation.*

### As a people's representative, how are you assessing the Arun-3 Hydropower Project?

As you know, Makalu Rural Municipality is the most impacted area by the project. Crucial structures like the dam and tunnels are being constructed in ward no. 4 and 5 of our rural municipality. I have been supporting the project from the beginning. I am still in favor of the project. I will not leave any stone unturned to facilitate project implementation from my side.

### What is the perception of local people towards the project?

Local people are very positive towards the project. They hope that it will open the door for increasing

business, generate employment opportunities, and accelerate development activities at the local level. Since the Project Development Agreement (PDA) has tried to address local concerns, we want the project developer to sincerely implement the provisions in the PDA.

However, there is concern that the project has not employed people from our rural municipality nor has it bought local products. The project must give priority to local people for employment, buy local products and support local development activities to ensure that local people will support project activities. Despite this situation, locals are still whole-heartedly supporting the project. We want unhin-



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## We are ready to create an environment where the project can be implemented without any obstacles.

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dered implementation of the project. We are ready to resolve any problem that may arise in the process of implementation.

### How can local people support the successful implementation of the project?

We are ready to extend any kind of support required for the project. We are well aware that we can take many advantages from the project if project affected people and local governments are taken on board. The project's support is crucial for local governments which are facing a deficit in financial resources. We are ready to create an environment where the project can be implemented without any obstacles. People must benefit from the Local Benefits Plans and Corporate Social Responsibility (CSR) activities implemented by the project developer.

### How are you observing the benefits of the Project?

The project can unleash economic activities at the local level by supporting various activities such as construction of roads, health centers, hospitals, and educational institutes. Employment opportunities can be created at the local level, local products can gain access to markets, and local people will find more business opportunities. Besides, the project will accelerate local development activities by synchronizing its plans with local government's development programs. We are lucky to get a large project like this in our district. With the start of the project, our roads are being upgraded and other local development activities are picking up. We are optimistic that the project will contribute to the overall economic development of the country.

### How are you assessing progress in project implementation?

Arun-3 project officials and workers are working flat out, day and night. The pace of project activities has so far been satisfactory. However, we have found that only a very limited number of Nepali youths are getting jobs by the project. Many foreign workers are being recruited in the project. We want the project developer to hire

and prioritize as many Nepali workers as possible so that unemployment can be brought down and living standards improved at the local level. We are ready to support its smooth implementation to ensure timely completion of the project.

### How are you assessing the role of OIBN vis-a-vis this project?

The role of OIBN in project facilitation was appreciated from even before the signing of the PDA. Stakeholder engagement programs conducted by OIBN on various occasions proved to be very effective for the smooth implementation of the project. OIBN played a commendable role in the process of determining and distributing compensation to affected people. Similarly, OIBN has supported the project developer in formulating various plans that are designed for the benefit of local people. OIBN has been coordinating with relevant government agencies to secure various government approvals and permissions required in the process of project implementation. Without the support of OIBN, the project could not have moved to this stage. We want OIBN to continue this facilitating role in the coming days as well.

### What is your take on the plans proposed by the project developer for people affected by the project?

The plans proposed by the developer are mainly focused on providing economic benefits to local people. Local people are very optimistic about the local development, employment and business opportunities that the plans will provide. Local governments are also ready to synchronize these plans into their budgetary programs. We can work together with the project to implement these plans in a coordinated manner.

### How can local governments extend support for successful implementation of the project?

We are ready to extend any kind of support to the project developer for the smooth implementation of the project and its plans targeted at local people. The project holds huge importance for local people as it opens the door to economic prosperity. Local government representatives have the power to mobilize people for or against the project. We want our people to be supportive towards the project keeping in view the economic significance of the project. We are ready to resolve any problems that may arise at the local level in the process of project implementation. People are now more aware and political stability has been restored in the country.



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## LOCAL BENEFITS.....

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...The Local Benefits Sharing Plan is the first of its kind being implemented in Nepal on a large-scale project developed under the Public-Private Partnership (PPP) model. The plan will be implemented in collaboration with the developer, project-impacted people, and local governments. OIBN is facilitating the implementation of the plan.

The constitution of Nepal envisions the distribution of benefits from projects to the region and people affected by it in return for the utilization of local resources. Such programs are expected to establish strong cooperation between project developers, local governments, and the people affected by the project.

The developer of the Arun-3 project has already conducted surveys at the local level to identify the necessities and skills training requirements for local people under the Nepal Employment and Skill Training Plan. They have offered a number of benefits that includes opportunities to acquire basic skills training for 725 people, 3-years diploma courses for 39 people, and 4-years engineering courses for 20 people.

Under the Local Benefits Sharing Plan, the project is supposed to spend 0.5 percent of the project cost on the Local Infrastructure Development Plan which is targeted at 11 wards in the four affected rural municipalities. The plan envisages enhancing road access, foot trail rehabilitation, developing community drinking water supplies in schools building, community irrigation, and constructing school and health infrastructure. It also includes plans for community infrastructure programs like the construction of cardamom storage units, community centers, sup-



porting local cottage industries, upgrading communication towers, and promoting local tourism.

Tentatively, the project has earmarked as much as Rs. 336.80 million for these purposes. The plan also involves rural electrification by providing 30 units of electricity every month free of cost to households affected by project. The plan also envisages providing project shares worth Rs. 1.6 billion to local people. Under the plan, a local industrial development program has also been drawn to offer business opportunities to local industries, suppliers and service providers.

Disclosure programs were organized to fulfill the responsibility of informing and involving local people in the project implementation process. Officials from OIBN, local government government representatives, local administrative officials, developer's representatives, and project-affected people were present on the occasions.

Chairperson of Makalu Rural Municipality Ms. Chameli Rai and Chairperson of Chichila Rural Municipality Mr. Pasang Sherpa, had presided over the programs organized in their respective....

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## LOCAL BENEFITS.....

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.....municipalities. The chairs of both Rural Municipalities expressed their commitment to extending all required support during project implementation. They also demanded that the project developer be more serious about local concerns and provisions of the PDA in relation to implementing the plans envisaged in the Local Benefits Plan.

Speaking as the chief guest at both programs, honorable member of Provincial Assembly of Province 1 Mr. Purna Prasad Rai demanded that the project developer give due priority to local employment and development activities. Mr. Taraman Gurung, the former State Minister for Health suggested that the

developer implement the Local Benefits Plan in coordination with the local governments. Participants at both the programs demanded that the Local Benefits Plan be implemented without deviating from its word and spirit.

OIBN's Joint Secretary Mr. Uttam Bhakta Wagle said that OIBN was committed to facilitating the implementation of the PDA. OIBN consultant Mr. Prem Khanal gave a presentation on major highlights of the plan. ♦

## COMPENSATION IN ACCESS ROAD DISTRIBUTED

**KATHMANDU:** SAPDC, the developer of Arun-3 Hydropower Project, has distributed compensation worth Rs. 20.3 million to people who lost their land along the Chhyaikuti-Diding access road to the Arun-3 Project. The compensation covered landowners belonging to 4.5 km stretch of the 28.69 km access road. In total, 13 households in Chichila Rural Municipality (then

Diding VDC-6 and 8) got compensation for 26 parcels of land. The compensation was fixed at Rs. 500,000 per ropani by the Compensation Determination Committee (CDC) headed by the Chief District Officer of Sankhuwasabha. Rs. 30 million has been estimated for compensating land-owners. ♦

## EOI CALLED FOR FIVE PROJECTS

**KATHMANDU:** The Office of Investment Board Nepal (OIBN) has made calls for Expression of Interest (EOI) letters second time from interested and qualified domestic and international firms to conduct feasibility studies on five large-scale projects. The calls were re-issued after OIBN received insufficient applications in earlier calls.

The EOIs were called on August 9 for a Feasibility Study (FS) of the projects conceptualized by the OIBN to be developed and operated through public-private partnerships (PPP). The EOIs were invited for a Glass Industry; Shey-Phoksundo Luxury

Resort; a Ski Resort in Manang district; Education, Sports and Health City; and Integrated Agriculture (Commercial Farming, Livestock Farming and Meat Processing). Consulting firms were invited to submit their EOI, either alone or as a joint venture. Pre-qualified firms will be notified within 30 days after the EOI submission deadline with a request for a Technical and Financial Proposal (RFP).

The 30th meeting of Investment Board Nepal held on 28th April 2018 had approved the documents prepared for calling the EOI for the proposed projects. ♦

## MY STORY...



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Padam Bahadur's Story

**...I wouldn't have to work hard in this old age...**

My name is Padam Bahadur Nepali and I am over 60 years old. To eke out a living in this remote hamlet, Salkot of Surkhet, I have been taking on a tailoring jobs with four manually operated sewing machines. My son and daughter-in-law are operating three more machines. As tailoring is an inherited occupation from our forefathers, we command skills to complete all kinds of tailoring work including shirting and suiting for ladies and gents.

Our earning is hardly sufficient to cover for the daily bread and butter of our family. I was forced to put a full stop to my son's education due to inadequate income. We have been manually-operating machines that cost around Rs. 8,500-12,000 each. Till now, we have been taking up tailoring for subsistence. We want to venture into a more commercial tailoring business with more investments in modern and efficient machines which run on electricity. Our dream to operate such machines will only be fulfilled if the Upper Karnali Hydropower Project gets off the ground. With no access to electricity in our village, we are losing many opportunities. We want the Upper Karnali Project to take off at the earliest to unlock business, employment, and other opportunities. I would not have to work hard in this old age if I had electricity. Electricity will not only illuminate our village, it will unleash various opportunities for earning a better livelihood. ♦



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