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**OPINION**  
Dipak Gyawali



**FORUM**  
Maneesh Pradhan



**VIEWPOINT**  
Arup Rajouria

# NEW SPOTLIGHT

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July 18, 2025

FORTNIGHTLY

RASUWAGADHI FLOOD

## GLOF Devastation

### INSIDE



**REEEP-GREEN**  
Empowering Communities With MEP



**MONETARY POLICY**  
Disappointing Outcome



**INTERVIEW**  
Dr. Ram Prasad Dhital



**हिमाल स्टील**  
**DUCTYL 500D**

# जिविजो जगि, बजिजो जगि

बढी  
हिमालले सुरक्षित घर बनाउँछ ।



१००% गुणस्तर परीक्षण । लीडशेडिङना पनि निरन्तर उत्पादन । ७६ डिग्री आफर्ट याद्विको स्थानमा नेपालगढि तुरुन्तै डेलिभरी हुने । निर्माणकर्ताको पहिलो योजना । पारदर्शी वजन र गुण



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**Notes From The Editor**



During the ongoing monsoon season, floods and landslides are wreaking havoc in Nepal, causing widespread destruction of life, property, and infrastructure such as roads and hydropower projects. In addition to the regular floods brought on by heavy rainfall, Nepal is also facing the looming threat of Glacier Lake Outburst Floods (GLOFs). The recent “supra-glacier outburst” events have intensified the devastation caused by these natural disasters. The recent catastrophic floods in Raswagadhi, triggered by a supraglacier outburst, serve as a stark reminder of Nepal’s vulnerability to GLOFs. As temperatures rise, accelerated snowmelt and the expansion of glacier lakes are creating new super glaciers, exacerbating the risk of GLOFs. Furthermore, extreme rainfall events, influenced by rising temperatures, pose additional risks to lives and infrastructure in Nepal. The government has mobilized the Nepal Army, Armed Police, and Nepal Police to conduct rescue operations and save hundreds of lives. Given the unpredictable nature of floods and disasters, Nepal must enhance collaboration with China to exchange information on extreme weather events and GLOFs. The recent Rasuwagadhi flood, which claimed the lives of 13 individuals with 18 still missing and caused significant damage to infrastructure, underscores the urgent need for Nepal to reconsider the construction of roads, hydropower projects, and other infrastructure along riverbanks, taking into account future flood risks and strengthening early warning systems. This week’s cover story focuses on the Rasuwagadhi flood, while we also delve into the implications of the monetary policy in another feature.

**Keshab Poudel**

Editor



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## JICA extends scholarship for Governmental officials through Grant Assistance in The Project for Human Resource Development Scholarship (JDS)

Japan International Cooperation Agency (JICA) and the Government of Nepal (GoN) have signed the Grant Agreement for “The Project for Human Resource Development Scholarship (JDS)” for Fiscal Year 2025.

The agreement, valued at 572 million Japanese Yen (JPY 572,000,000), was signed today, reaffirming the commitment of both governments for enhancing the capacity of Nepal’s civil service through advanced education. Government of Japan (GoJ) has been providing this scholarship continuously since 2016.

The Exchange of Notes regarding the assistance was signed by Ghanashyam Upadhaya, Secretary, Ministry of Finance on behalf of the GoN and MAEDA Toru, Ambassador of Japan to Nepal on behalf of the GoJ.

Similarly, the Grant Agreement was signed by Dhani Ram Sharma, Joint Secretary, International Economic Cooperation Coordination Division (IECCD), Ministry of Finance on behalf of GoN and MATSUZAKI Mizuki, Chief Representative of JICA Nepal Office.

Each year, the scholarship offers 20 seats for two-year master’s degree course (since 2016) and 2 seats for three-year Doctoral level course (since 2019) to in the reputed universities of Japan.

These scholarships enable participants to study at prestigious Japanese universities, enhancing their expertise in fields such as judiciary, economic policy etc., while also expanding their global professional networks. Since 2016, 209 civil servants have been awarded scholarship through the JDS Grant Aid



program.

The JDS program aims to bolster the administrative capacities of young and promising civil servants with advanced skills to become future leaders.

They are expected to contribute significantly to Nepal’s social and economic development in the new federal structure by actively engaging in national policy formulation and implementation of social and economic development policies when they complete the program and return to their home country.

During the occasion, MATSUZAKI Mizuki, Chief Representative of JICA Nepal Office, emphasized JICA’s commitment to strengthen human resource in Nepal.

## FM Dr Rana Backs Home Taking Part in FAO’s Meeting In Rome

Minister for Foreign Affairs Dr Arzu Rana Deuba returned home after participating in the 44th session of the Food

and Agriculture Organization (FAO) held in Rome, Italy.

Minister Rana also took part in the High-Level Ministerial Conference organized on the sidelines of the conference.

Rana had addressed the main session of the FAO Conference held between June 28 to July 4 in addition to other high-level sideline meetings and programmes.

In her remarks, the Minister mentioned that Nepal recognizes the right to food as a fundamental right and have put in place legislations to implement the right.

She highlighted Nepal’s efforts towards guaranteeing safe and quality foods through regulatory standards, laboratory surveillance and consumer protection mechanism under the Food and Quality Control policy.

Furthermore, she shed light on the food and nutrition challenges faced by people in the least developed countries, islands and land-

locked countries. Rana also drew the attention of the global community towards Nepal’s vulnerability to climate change and called for global climate actions.

The Minister also urged the international community for grant in climate finance to support sustainable agriculture system in the countries like Nepal having climate-vulnerable region.

She requested the guarantee of grant-based international climate finance for Nepal, especially for its mountainous regions struggling with the impacts of climate change.

In her subsequent visit to Germany, Minister Rana held bilateral talks with German Foreign Minister Dr Johann David Wadepuhl in Berlin.

During the meeting, the two discussed a wide range of bilateral issues including Nepal-Germany relations, matters of mutual interest and common global concerns.

She emphasized collective effort to bolster bilateral trade and promote partnership between the private sectors of the both countries.

Furthermore, she urged the German government to consider investment in Nepal, particularly the chemical fertilizer production factory.

Proposing operation of direct flight between Nepal and Germany, Minister Rana articulated Nepal’s anticipation of continued technological, financial and resources support from Germany and the European Union (EU) and other stakeholders as Nepal seeks to graduate from least developed countries to developing countries in 2026.

She also sought Germany’s role in lifting the EU’s ban on the Nepali Airlines from in its airspace, noting Nepal’s ongoing efforts to legislative reforms that align with the aviation regulations of the EU and International Civil Aviation Organization (ICAO) standards.

She also requested Germany’s support for Nepal’s candidacies for key positions in international bodies, especially for membership in the UN Human Rights Council, the Economic



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and Council and non-permanent member of the UN Security Council.

During her visits in Italy and Germany, the Minister also marked her presence in the events organized by the Investment Board to attract foreign investment to Nepal.

Minister Rana, upon her arrival at the Tribhuvan International Airport, was welcomed by Foreign Secretary Amrit Bahadur Rai and other senior officials reports RSS.

### Japan Extends Scholarships to Government Officials

The Government of Japan has decided to extend grant assistance of up to five hundred and seventy-two million Japanese Yen (¥572,000,000), equivalent to 541 million Nepali Rupees to the Government of Nepal for the implementation of the Project for Human Resource Development Scholarship (JDS). MAEDA Toru, Ambassador of Japan to Nepal, and Ghanshyam Upadhyaya, Secretary



of the Ministry of Finance signed notes to this effect today. The JDS offers Nepal's young government officials scholarship for two-year master's degree courses and three-year doctoral level courses in reputed Japanese universities.

A total of 187 Nepali government officials have been accepted by the Government of Japan, and an additional 22 officials who have successfully passed the selection process will begin their studies in Japan in August this year.

The JDS alumni have been and expected to be engaged in socio-economic development of Nepal, assuming leadership positions in Nepali government, and thus contributing to the cooperation between the government and people of Japan and Nepal.

### Swiss Foreign Minister Ignazio Cassis calls on PM Oli

Visiting Foreign Minister of Switzerland, Ignazio Daniele Giovanni Cassis, paid a courtesy call on Prime Minister KP Sharma Oli today.

During the meeting, the two leaders exchanged views on further strengthening the friendly relations between Nepal and Switzerland and enhancing cooperation in the development sector.



Minister Cassis reiterated Switzerland's continued support for Nepal's development, including the enablement of federalism, successful conclusion of transitional justice, climate change mitigation and adaptation, and disaster management efforts.

The Prime Minister said despite Nepal's history of prolonged conflict and political instability, the current coalition government comprising two major political parties aims to promote development, good governance, and democracy through collaboration. He also acknowledged Switzerland's long-standing

support for Nepal's development efforts.

### Just being born in Nepal does not make one a Nepali, says former King Gyanendra Shah

Former King Gyanendra Shah has said that just being born in Nepal does not make one a Nepali.

Speaking to media persons on the occasion of his 79th birthday at Nirmal Niwas, he said that to be Nepali, Nepal must be within oneself.

"This is a time to pray for Nepal and Nepalis. We are not Nepalis just by being born in Nepal. Nepal must be within us. Only then will we become Nepalis," he said.

Shah also urged everyone to be vigilant, saying that it is now the rainy season.

A significant crowd of well-wishers has been seen since morning as the Nirmal Niwas was opened to the public today on the occasion of former King Gyanendra Shah's 79th birth anniversary.



### PM Oli Inaugurated A Bailey Bridge Hilsa-Simikot Road

Prime Minister KP Sharma Oli inaugurated a Bailey Bridge in Kanali highway amid a ceremony.

The bridge was built in an effort to connect Humla district of Karnali Province to the national road network, a Bailey bridge installed by the Nepali Army over the Chuwa River in Ward No. 5 of Kharpunath Rural Municipality along the Hilsa-Simikot road section.

The construction work at the bridge site officially was commenced

In March with the deployment of a Nepali Army unit in a coordination with the Ministry of Physical Infrastructure and Transport, Karnali Provincial Government, local representatives, and the community resulted in the successful installation of the Bailey bridge.

The bridge is 51.8 meters (170 feet) long, 4.2 meters (13.78 feet) wide, and has a maximum load-bearing capacity of 21 tons. With this bridge now operational, vehicular movement along the Hilsa-Simikot road section will be possible throughout the year.



### Prime Minister Oli called for bold and urgent action to support the LDCs

Prime Minister KP Sharma Oli participated in multiple international events on global solidarity, sustainable development and access to water, sanitation, and hygiene (WASH) in





Seville, Spain. Speaking at event, Prime Minister Oli called for bold and urgent action to support the world's Least Developed Countries (LDCs). Highlighting that development aid is drying up, remittance costs remain

high, and climate injustice disproportionately affects LDCs, he said, "This is not just a fiscal crisis, it is a human one." Calling for stronger domestic resource mobilisation, more grants, and private investment, PM Oli said, "With the right financing, we can invest in people and create lasting opportunity." He urged world leaders to act decisively to build a fairer and more sustainable future.

### PM Oli Meets Spanish Prime Minister

Prime Minister K P Sharma Oli held a meeting with Pedro Sánchez, Prime Minister of Spain in Sevilla, on the eve of FFD4 Conference.



According to a post in PM Oli's X wall, on the occasion, they discussed matters related to strengthening Nepal-Spain relations.

Prime Minister Oli had invited

his counterpart Sanchez to pay an official visit to Nepal and urged him to open an embassy in Spain. Spanish Prime Minister Sanchez praised Nepal for its role in the United Nations peacekeeping mission.

### HaMi App launching and 'Migration Conference' held in Kathmandu

The Embassy of the Republic of Korea has organized the HaMi (Happy Migration) mobile app launching ceremony to support Nepali migrant workers.

This app is designed to offer practical guidance and support individuals throughout their migration journey, covering

pre-migration, migration, and post-migration phases. It provides resources for skill development, financial planning, and mental health in both Nepali and English languages. The HaMi App launching and



'Migration' Conference was held by KOICA in Lalitpur. During the program, Minister for Labor, Employment, and Social Security, Sharat Singh Bhandari, mentioned the government's plans to enhance transparency and policy decisions by formalizing the labor market and utilizing digital technology. He emphasized the importance of safe, dignified, and regular labor migration, highlighting the need for collective efforts and collaboration with all stakeholders. Ambassador Park Tae Young, the Korean Ambassador to Nepal, highlighted the relationship between Korea and Nepal, emphasizing the significance of providing accurate and timely information to Nepali migrant workers and returnees. The HaMi app aims to support and guide individuals based on their specific needs.

### Japan Hands Over Medical Equipment to Bayalpata Hospital in Achham District

The handover ceremony of the medical equipment to Bayalpata Hospital took place in Sanfebagar Municipality, Achham District on June 24. Mr. TAMURA Takahiro, Charge d' Affaires ad interim of Japan to Nepal, attended the ceremony. Under the Grant Assistance for Grassroots Human Security Projects (GGP) of the Government of Japan, a grant of USD 66,263 (approximately NPR 8.9 million) was provided for the installation of medical equipment for trauma care and orthopedic surgery at Bayalpata Hospital.

The hospital is operated by the NGO Nyaya Health Nepal in collaboration with the provincial and local government authorities as a core medical institution for Achham, Bajura and Doti districts of Sudurpaschim province and Kalikot and Dailekh districts of Karnali province.



On this occasion, Tamura, Charge d' Affaires ad interim of Japan to Nepal expressed his appreciation to all those involved in the project and their efforts in working for the completion of the project.

The Embassy hopes that this support will improve the medical environment, promote access to quality health care in rural areas of the country, and further strengthen the friendship Nepal. GGP was established to implement projects directly benefiting the people at the grassroots level for the socio-economic development of the country. Since 1991, over 200 GGP projects have been implemented in Nepal.

### Online Ministerial Information Sharing Meeting "Elevating the Ending Violence Against Children (EVAC) Agenda in South Asia"

SAARC in collaboration with UNICEF Regional Office for South Asia (ROSA), WHO Regional Office

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for South-East Asia (SEARO) and Regional Office for the Eastern Mediterranean (EMRO), and the Office of the Special Representative of the Secretary-General on Violence Against Children, held the first Online Ministerial Information Sharing Meeting “Elevating the Ending Violence Against Children (EVAC) Agenda in South Asia”, today, on 23 June 2025 in Kathmandu, Nepal.

With millions of children worldwide affected by physical, emotional, and sexual abuse each year, the time for urgent, coordinated action is required. SAARC, mandated by the SAARC Social Charter, is dedicated to strengthening regional cooperation among its Member States. The Conventions on Regional Arrangements for the Promotion of Child Welfare in South Asia and Convention Preventing and Combating Trafficking in Women and Children for Prostitution are important regional instruments agreed by Member States.

In the Statement delivered on behalf of the Secretary General of SAARC, Md. Golam Sarwar, SAARC reaffirmed its

shared commitment to ending all forms of violence against children. The Statement highlighted the need to strengthen coordination among institutions,

civil society, and development partners to ensure a comprehensive, multi-sectoral approach to child protection.

The Meeting was attended by officials and representatives of Member States, including AishathShiham, Minister of Social and Family Development of Maldives and Abdulla Nazim Ibrahim, Minister of Health of Maldives. Opening remarks were delivered by Dr. NajatMaallaM’jid, Special Representative of the UN Secretary-General on Violence Against Children.

### Cleanliness-related awareness must be spread to every household: Kulman Ghising

Former Managing Director of the Nepal Electricity Authority, Kulman Ghising, has emphasized the need to spread cleanliness-related awareness to every household. Speaking at the closing ceremony of a six-month daily cleanliness campaign held in Kathmandu, he emphasized the following points:

He stated that it’s not enough to just run cleanliness campaigns; awareness programs should also be initiated. He said that once awareness spreads to every household and people start cleaning up, even those who litter will feel ashamed and will be encouraged to keep things clean.

He mentioned that the Boudha area is gradually developing as a tourist destination and that more and more hotels

are opening there. He noted that tourists who previously visited areas like Thamel are now being drawn toward Boudha, emphasizing that the area is suitable from a tourism, environmental, and cultural perspective.

He said, “The Boudha area is becoming a tourist destination. Gradually, many hotels are opening here. Many tourists are seen staying here as well. I feel that tourists from places like Thamel are also being drawn toward this area. From a tourism, environmental, and cultural standpoint, this is a suitable place. Our campaign should not be limited to cleaning; we must now also focus on spreading awareness. Within this campaign, awareness should be raised at the household level. Once people start cleaning, those who litter will also feel ashamed.”

He also emphasized the need to expand the cleanliness campaign throughout Kathmandu.



### Japan Assists in Improving Gender-Responsive and Inclusive Learning Environment in Dhanusha District

Tamura Takahiro, Charge d’Affaires ad interim of Japan to Nepal, attended the inauguration ceremony of the new classroom building of Shree Rastriya Basic School took place in Dhanusha District, Madhesh Province. The new classroom building has been constructed under the Grant Assistance for Japanese NGO Projects supported by the Government of Japan.

The project is being implemented by Japanese NGO Plan International Japan, and is currently in the second year of a three-year project. The project aims to improve access to quality education and promote a gender-responsive and inclusive learning environment at basic education level in Dhanusha District, by constructing and improving school facilities, providing training to enhance teachers’ capabilities, and encouraging community-led initiatives in education. The project has also been working on promoting gender mainstreaming in education policy.

On the occasion, Tamura congratulated and appreciated the efforts of all those involved in the project. He expressed his hope that the new school building and facilities will be properly managed and maintained, and that the learning environment in the school and in Dhanusha District will become an even more comfortable place to study, by utilizing the knowledge and capabilities gained through the project.





Tamura also expressed his expectation that the students of the school would play a leading role in people-to-people relations between Japan and Nepal as well as in the development of Nepal in the future.

### **Fifth Meeting of the Nepal-France Bilateral Consultation Mechanisms (BCM) in Kathmandu**

The fifth meeting of the Nepal-France Bilateral Consultation Mechanism (BCM) was held in Kathmandu on 19 June 2025, as part of a regular dialogue between Nepal and France.

According to a press release issued by Embassy of France, the Nepali delegation was led by Ganesh Prasad Dhakal, Joint Secretary and Head of the Europe and the Americas Division at the Ministry of Foreign Affairs with the representatives from various ministries.

The French delegation was led by Mr. Benoît Guidée, Director for Asia and Oceania at the French Ministry for Europe and Foreign Affairs and comprised of Her Excellency Ms. Virginie Corteval, Ambassador of France to Nepal, Ms. Elsa Calley, Deputy Chief of Mission, and Ms. Hélène Schinkel, desk officer.

The BCM served as an important platform to take stock of ongoing collaboration and explore new opportunities

for deepening engagement between the two countries especially in light of the 75th anniversary of the first ascent of Annapurna by Maurice Herzog and Louis Lachenal.

The two sides held comprehensive discussions on a range of topics that included economic partnership, science, technology, education, culture, and climate action and expressed mutual interest in strengthening cooperation in both existing and emerging sectors such as renewable energy, early warning system for disaster risk reduction etc.

Regional and global matters were also discussed with both sides reaffirming their firm commitment to multilateralism. According to Ministry of Foreign Affairs, Benoit Guidée, Director of the Asia and Oceania Department at the Ministry for Europe and Foreign Affairs of France, paid a courtesy call on. Dr. Arzu Rana Deuba, Minister for Foreign Affairs, today.

The discussions focused on Nepal-France relations and bilateral cooperation.

Minister Dr. Deuba also thanked the Director for leading the French delegation to the fifth meeting of the Nepal-France Bilateral Consultation Mechanism held yesterday.

The sixth meeting is scheduled to take place in Paris at a mutually convenient date.



### **High-Level Nepali Delegation To Visit Israel And Participate In Muni Expo Conference 2025**

The Ministry of Foreign Affairs of Israel is hosting a high-level 14-member delegation from Nepal, on an official visit to Israel from 12-18 July, 2025, in conjunction with MuniExpo 2025, the flagship annual event of the Federation of Local Governments of Israel, taking place from 15-17 July, 2025.

This is the first time such a delegation- comprising senior officials responsible for Policy & Planning from Nepal's Ministry of Urban Development, National Planning Commission, as well as Mayors from various municipalities, will participate in a focused program on municipal innovation and urban resilience

Muni Expo, Israel's largest and most significant event of its kind, brings together mayors, municipal leaders and policy makers from around the globe. This year's theme, "Local Compass," will explore key issues such as crisis response, local-national coordination, and combating antisemitism.

Delegates will interact with over 150 Israeli and international companies and startups, gain insights into innovative and groundbreaking municipal projects, and build global partnerships.

In addition to attending the Muni Expo, the Nepali delegation will visit several key sites and institutions including Jerusalem, Tel Aviv- Jaffa, Yad Vashem- The World Holocaust Remembrance Center, Shafdan Wastewater Treatment Facility, Municipal Innovation Center, and the Police Station in Sderot.

These visits aim to provide first-hand exposure to Israel's advanced urban management technologies and innovative infrastructure solutions.

The delegation will also visit the Nova festival site, where on October 7, 2023, the Hamas terrorist group carried out a brutal attack killing hundreds of innocent people.

Hamas terrorists also murdered 10 Nepali nationals on the same day in Kibbutz Alumim. Hamas and other terror groups still hold 50 hostages, among them Bipin Joshi.

The visit marks a significant step in growing cooperation between Nepal and Israel in the fields of sustainable urban development, capacity building, and knowledge exchange at the municipal and national levels. The Embassy of Israel believes that there will be continued collaborations in a wide range of sectors, bringing mutual benefits to both the countries.



## BUSINESS BRIEF

### FNCCI President Dhakal Meets Minister Wang of China's Guangdong Province

Chandra Prasad Dhakal, President of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), held a meeting with Wang Shi, Minister of the United Front Work Department of Guangdong Province, China.



The meeting took place at the FNCCI Secretariat in Teku. Wang is also a standing member of the Provincial Party Committee of Guangdong. During the meeting, both sides discussed a range of issues related

to economic and diplomatic relations, trade, investment, and bilateral cooperation.

On the occasion, President Dhakal highlighted the long-standing and trustworthy relationship between Nepal and China and urged for enhanced cooperation in the fields of technology and innovation. Acknowledging China's contribution in sectors like tourism, infrastructure, and energy, Dhakal emphasized the potential for trade and investment partnerships between Nepal and Guangdong.

"There is significant potential for trade and investment with Guangdong. Its expertise in science and technology, combined with active efforts toward international and domestic partnerships, opens new doors for cooperation with Nepal," Dhakal stated.

He also briefed the Chinese delegation about FNCCI's initiatives to create a business-friendly environment in Nepal, including the government's recent amendment and revision of more than 30 laws following the federation's advocacy.

Emphasizing the need for a bilateral investment agreement between Nepal and China, Dhakal said, "Such an agreement will strengthen legal and institutional frameworks and encourage Chinese investors to invest in Nepal."

Dhakal also mentioned promising investment opportunities in energy, construction, information technology, tourism, and agricultural processing in Nepal and requested Guangdong's support in connecting with potential investors and organizations in these sectors. He expressed FNCCI's readiness to collaborate on joint ventures, trade delegations, and knowledge exchange programs.

Minister Wang Expresses Commitment to Strengthening Nepal-China Economic Cooperation. In his remarks, Minister Wang Shi highlighted the long-standing economic, social, and cultural ties between Nepal and China and reaffirmed China's commitment to support Nepal's economic development. He expressed China's readiness to partner with Nepal in the fields of technology and innovation, sharing the success stories and advancements China has achieved in these sectors. "Nepal can benefit greatly from our experience in these areas, and we are ready to cooperate," he said.

Minister Wang also showed interest in working together in Nepal's food processing, agriculture, and tourism sectors and expressed his commitment to taking the initiative to strengthen Nepal-Guangdong economic cooperation.

### Remittance-Sending Workers Must Be Respected: Kulman Ghising, Calls to Join the Ujyalo Nepal Campaign

Kulman Ghising, the former Executive Director of the Nepal Electricity Authority, stated that migrant workers in the Gulf countries who sweat and toil far from their families and send home-earned remittance money must be respected by the state.

He emphasized that around NPR 750 billion is sent annually by Nepalis working in the Middle Eastern countries like Bahrain, Oman, UAE, and Qatar, contributing about one-fourth of Nepal's GDP, and that a respectful environment for these workers must be established.

Speaking at a felicitation program organized by the Nepali community in Oman, Ghising remarked that without a culture of respecting labor, Nepal cannot achieve economic prosperity.

He said, "Nepalis returning from foreign employment are unnecessarily harassed right from the international airport in Kathmandu. Instead of making life difficult for those contributing to the economy, their problems should be addressed, and they should be treated with dignity. Rather than relying on foreign lands, opportunities for labor must be created within the country."

Ghising also urged everyone to join the 'Ujyalo Nepal Campaign', launched to inspire hope and belief that progress is possible from within the country. He explained that 'Ujyalo Nepal' is not just about electricity but a broader movement for good governance, efficient public service delivery, social justice, and economic prosperity—a campaign for an overall economic transformation in Nepal.



Currently touring the Gulf countries — Bahrain, Oman, UAE, and Qatar — Ghising has been meeting with Nepali workers, visiting their residential areas, and engaging in direct interactions.

At the event, the Nepali community in Oman honored Ghising for his vital contribution to the country's energy sector and for ending load-shedding in Nepal.

### NIMB's Customers To Get Special Discounts at Birat Medical College Teaching For Hospital and Birat Nursing Home

Customers of Nepal Investment Mega Bank Limited (NIMB) will now receive special discounts at Birat Medical College Teaching Hospital and Birat Nursing Home in Biratnagar.

Nepal Investment Mega Bank (NIMB) Limited has entered into separate agreements with Birat Medical College Teaching Hospital and Birat Nursing Home in Biratnagar to provide special discounts and priority services on medical treatments.

Birat Medical College Teaching Hospital

Under this agreement, NIMB customers will receive the following discounts at Birat Medical College Teaching Hospital:

- 50% discount on general OPD consultations
- 10% discount on basic lab tests, X-ray, USG/ECG, CT scan/MRI, open operation theater, and general bed services
- 5% discount on specialized tests, lab operation theater, and





ICU/NICU/PICU services  
Birat Nursing Home

Similarly, under the agreement, NIMB customers will receive the following discounts at Birat Nursing Home:

- 10% discount on general OPD consultations, X-ray, USG/ECG, open operation theater, and general bed services
- 5% discount on specialized tests, lab operation theater, ICU/NICU/PICU, ventilator services, cabins, and hospital pharmacy services
- Up to Rs. 750 discount on CT scan/MRI

To avail of these discounts, customers must make payments through NIMB debit/credit cards or the NIMB Smart App (mobile banking).

The bank has been collaborating with various hospitals, including those in the Kathmandu Valley and across the country, to offer such benefits to its customers. Details of the discounts are available on the bank's official website.

### Global IME Bank Receives Best Bank Award 2025

Global IME Bank has been honoured with the 'Best Bank Award 2025' of the Global Finance Magazine.

Global IME Bank scored high enough to be awarded as the best bank on the basis of reliability, mobilization of financial resources, expansion of access, establishment of strategic relations, development of commercial and client-friendly services, credit ratings and so on.

Surendra Raj Regmi, CEO of the Global IME Bank, viewed that the award has further motivated the bank to provide additionally superb services and thanked the government and the NRB for the support.



Global IME is the first Nepali bank to be awarded by this globally prestigious prize.

Global Finance Magazine also awarded different banks including HSBC of Hong Kong, State Bank of

India, China Construction Bank, UOB Malaysia, City Bank of Bangladesh, SMBC of Japan under different categories.

It is the second time that the Global IME Bank got this award. It had got it last year, 2024.

### Birendra Raj Pandey Elected President of the Confederation of Nepalese Industries (CNI); New Executive Committee Unanimously Elected

Birendra Raj Pandey has been elected as the President of the Confederation of Nepalese Industries (CNI). The 22nd Annual General Meeting of the Confederation elected Pandey as the Presi-

dent. Previously serving as Senior Vice President, Pandey was automatically appointed as President in accordance with the Confederation's statute.

Pandey, who has been involved with CNI's National Council and various committees for over a decade, has served as Vice President since 2018 (2075 B.S.). Born in Kathmandu, Pandey has been continuously engaged in the construction industry for over three decades. He has expertise in civil engineering, housing and urban development, roads and bridges, water resource management, and structural strengthening. He is also the Executive Director of Nepal Adarsha Nirman Company and is active in green material manufacturing, agriculture, and education sectors.

Outgoing President Rajesh Kumar Agrawal administered the oath of office to the newly elected President Birendra Raj Pandey and handed over responsibilities.

At the annual general meeting held in Kathmandu on Wednesday, the following were elected as members of the CNI National Council:

Gopal Kumar Agrawal, Milan Babu Mall, Parasi Agrawal, Rahul Kumar Agrawal, Varun Kumar Todi, Deepak Kumar Agrawal, Rohit Gupta, Hitesh Golchha, Amit More, Ashrayata Karki, Nirvan Kumar Chaudhary, Akash Golchha, Vikas Dugad, Bikram Singhania, Amit Kumar Begani, Gaurav Sharda, Dilip Agrawal, Yash Agrawal, Sandeep Sharda, and Rajiv Gupta.



Also elected were: Sanjiv Neupane, Hem Raj Dhakal, Anurag Goyal, Dhruva Rijal, Sanjay Golchha, Barsha Shrestha, Raj Bahadur Shah, Bidushi Rana, Laxmi Prasad Subedi, Ashish Jajodia, Pampha Dhamala, Manish Kumar Khemka, Ashish Garg, and Seva Pathak.

Likewise, Gokul Bhandari, Basanta Bahadur Chand, and Chandra Tandon were elected as well.

From the provinces, the following were elected as National Council Members: Bhim Ghimire (Koshi Province), Pramod Sah (Madhesh Province), Lekhraj Pokharel (Bagmati Province), Binod Neupane (Gandaki Province), Ejaz Alam (Lumbini Province), Chhatra Shahi (Karnali Province), and Raman Chandra Shrestha (Sudurpaschim Province).

Additionally, Badrinath Sharma (Makawanpur Industries Association), Madan Ghimire (Acting President of Chitwan Industries Association), KB Rana (President of Nawalpur Industries Association), Dilip Sapkota (President of Rupandehi Industries Association), and Rudra Shrestha (from Pokhara Industrial Area Industries Association) became ex-officio members of the National Council.

From among the elected National Council Members, seven Vice Presidents were unanimously chosen.

Nirvan Chaudhary was elected as the Senior Vice President. The other Vice Presidents elected unanimously were: Raj Bahadur Shah, Hem Raj Dhakal, Rohit Gupta, Amit More, Bhim Ghimire, and Gokul Bhandari.

Likewise, Sandeep Sharda, Bidushi Rana, and Prachi Agrawal were

## BUSINESS BRIEF

nominated as permanent invited members of the Confederation.

Newly elected President Birendra Raj Pandey administered the oath to the Vice Presidents and National Council Members.

Before assuming the presidency, Pandey stated that he would actively work to institutionalize the achievements made by the Confederation over the years and take it to new heights.

He also extended congratulations to outgoing President Rajesh Kumar Agrawal for his successful tenure. At the inauguration ceremony held on Tuesday, former CNI President and prominent industrialist Shatesh Kumar More was honored with the CNI President's Award.

Organizations contributing to exports were also honored by the Confederation. Under SAFTA, RMC Foods Pvt. Ltd., Ganapati Vanaspati Ltd., and Narayani Oil Refinery Pvt. Ltd. were recognized for their contribution to exports.

For exports to third countries, Nepal Express Parcel and Logistics Pvt. Ltd., Ascent Exports Pvt. Ltd., and Smooth Cargo Movers Pvt. Ltd. were honored.

In the Indo-Nepal category, Aarti Strips Pvt. Ltd., Reliance Spinning Mills Ltd., and Shivam Plastic Industries Ltd. were awarded.

The award for the Most Active National Council Member went to Gopal Agrawal. Among various CNI committees, councils, and forums, the Information Technology Council received the Most Active Committee Award.

The Bagmati Industries Confederation was awarded as the Most Active Provincial Confederation, and Himal Paudel, the Director, was named Best Employee.

Minister of Industry, Commerce, and Supplies, Damodar Bhandari, presented the awards to the honored individuals and organizations.

### **FNCCI President Dhakal Urges British Companies to Invest in Nepal**

President of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), Chandra Prasad Dhakal, has urged British companies to invest in Nepal.

While addressing a program jointly organized by the Britain-Nepal Chamber of Commerce and the Embassy of Nepal in London, President Dhakal highlighted the attractive opportunities available in sectors such as hydropower, tourism, agriculture, information technology, infrastructure, and manufacturing, encouraging British entrepreneurs to explore investment in these areas.

The event, held at the Embassy of Nepal in London with the aim of further strengthening economic relations between Nepal and the United Kingdom, saw participation from businesspeople, investors, and community representatives from both countries.



In his keynote speech, President Dhakal emphasized the over 200-year-long historical relationship between Nepal and the UK, including the recruitment of Gurkha soldiers, development cooperation, education, and trade. He stated that

this longstanding relationship should now be elevated through enhanced trade and investment partnerships.

Discussing Nepal's abundant investment potential, he cited Nepal's strategic geographic location, young and skilled workforce, low labor costs, and an expanding middle class as factors that contribute to a favorable investment climate.

"There are attractive opportunities in hydropower, tourism, agriculture, information technology, infrastructure, and manufacturing in Nepal. Nepal has the capacity to generate over 40,000 megawatts of hydropower. Clean and green energy is the future, and we invite British companies to participate in these opportunities," Dhakal stated.

He also highlighted the skills and competencies of Nepali youth in the field of information technology, suggesting that Nepal could become a competitive hub for outsourcing and digital services. He reaffirmed the FNCCI's commitment to facilitating investment by providing a stable and supportive environment for investors in Nepal.

President Dhakal also acknowledged the commendable role of the Nepali diaspora in the UK in deepening bilateral ties and expressed hope that the community would continue contributing in areas like market promotion of Nepali products and tourism development. The event is expected to take trade, investment, and cooperation between the two nations to new heights.

### **Sutlej to sell electricity from Arun III to Uttar Pradesh**

Indian government company Sutlej Hydropower Corporation (SJVN) has signed an agreement to sell electricity generated from Nepal's Arun III to Uttar Pradesh.

According to Indian media, SJVN has signed a power sale agreement with Uttar Pradesh Power Corporation Limited (UPPCL).

The company did not provide further details on this, PTI reported.

The under-construction Arun III will generate 900 megawatts of electricity. SJVN is currently constructing it in Sankhuwasabha district. Its construction is expected to be completed by 2028.

Earlier, on February, the company had also signed a 200 MW power sale agreement with Damodar Valley Corporation (DVC) for the supply of electricity from Arun III in New Delhi.



### **MCA-Nepal Welcomes Continued U.S. Support for MCC Nepal Compact Implementation**

Millennium Challenge Account-Nepal (MCA-Nepal) welcomes the decision of the United States Government allowing the continued implementation of the MCC Nepal Compact under the previously approved specific exception to the pause on U.S. foreign assistance.

MCA-Nepal is working closely with the Millennium Challenge Corporation (MCC) to implement Compact activities which includes completing the pending procurements including the 297 km transmission line construction works and road maintenance works





among others. MCA-Nepal is also continuing with the implementation of three substations and an 18 km cross-border transmission line works that were in already in progress prior to the foreign aid review.

MCA-Nepal remains committed to delivering these

high-impact infrastructure projects to enhance Nepal's energy and transportation sectors and appreciates MCC's continued partnership on this compact.

### **Johannes Zutt Appointed World Bank Vice President for South Asia**

The World Bank has appointed Johannes Zutt as the new Vice President for the South Asia Region, succeeding Martin Raiser. His appointment is effective from July 1, 2025.

As the regional Vice President for South Asia, Mr. Zutt will manage



World Bank relations with Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka, and oversee a portfolio of projects, technical assistance and financial resources worth \$39 billion.

Under Mr. Zutt's leadership, the World Bank will continue to support the South Asia region to

address job creation, climate and disaster resilience, human capital development and private capital mobilization.

A Dutch national, Zutt joined the World Bank in 1999 and has taken positions of increasing responsibility. He has most recently served as the World Bank's Country Director for Brazil. Before this he was the Director for Strategy, Results, Risk and Learning in the Operational Policy and Country Services (OPCS) Vice Presidency. He has also served as Country Director for Bangladesh, Bhutan and Nepal, as well as for Türkiye, Comoros, Eritrea, Kenya, Rwanda, Seychelles and Somalia.

### **Global IME Bank Launches "Rice Farming Loan" on the Occasion of National Rice Day and Organizes Rice Plantation Program**

Global IME Bank Limited has launched a Rice Farming Loan on the occasion of National Rice Day.

The bank introduced this loan scheme to support the Government of Nepal's strategy, announced in the fiscal year 2082/83 budget statement, to make the country self-sufficient in rice production within the next two years.

Under this scheme, farmers can obtain loans of up to NPR 2 million from the bank to purchase rice seeds, chemical and organic fertilizers, agricultural equipment, and other necessary farming materials.

The loan aims to promote proper utilization of arable land, increase

farmers' income through rice farming, and uplift agriculture as a dignified and commercial profession, thereby encouraging farmers.

Additionally, to mark National Rice Day, the bank organized a rice planting event at a field near Radha Krishna Temple, Ward No. 1, Tokha Municipality, with the participation of bank staff and local residents.

The event was attended by the bank's Chief Executive Officer Surendra Raj Regmi, along with other staff and locals.

Speaking at the event, CEO Regmi highlighted that, in line with the Government of Nepal's strategy, the bank has been conducting such programs to increase rice production, modernize and commercialize agriculture, and boost farmers' morale.

He also expressed his belief that the newly launched Rice Farming Loan will motivate farmers to engage in rice farming and contribute to increased rice production.



### **Global IME Bank Grandly Celebrated International Micro, Small, and Medium Enterprises (MSME) Day and the 25th Week of Global Haat Bazaar**

Global IME Bank Limited has grandly celebrated International Micro, Small, and Medium Enterprises (MSME) Day.

With the aim of facilitating the market access of products made by micro, small, and medium entrepreneurs to whom the bank has provided loans, the bank had initiated the Global Haat Bazaar.

On Friday, marking both International MSME Day and the 25th week of the Haat Bazaar, the bank organized a special fair at its Haat Bazaar.

With the slogan "Entrepreneurs' Products, Global IME's Encouragement," the bank has been operating the Haat Bazaar every Friday at its Kamaladi branch in Kathmandu to expand market access for products made by MSMEs funded by the bank.

Speaking at the event organized to mark the occasion, the bank's CEO, Surendra Raj Regmi, highlighted the crucial role of MSMEs in the country's economy. He mentioned that the Haat Bazaar significantly contributes to promoting such enterprises.

He added that the Haat Bazaar plays a supportive role in expanding market access for MSMEs contributing to the sustainable and green economy, fostering direct connections between farmers and consumers, and helping farmers receive fair prices for their products.



# Behind Nepal's Political Instability: Flaws In Loktantra's Ethical Foundation



BY: DIPAK GYAWALI

Why would the very foundation of Nepal's republican order shake as if hit by a massive earthquake when King Gyanendra is referred to by ordinary folks as 'King' or when he delivers new year's greetings? That too after two decades of his being sidelined from statecraft duties and a decade after the new republican constitution was promulgated? A wide spectrum of Nepalis across the nation are asking these questions, and wondering if there is not some fundamental flaw underlying the current dispensation.

The answer lies in the old expression of someone being scared of his own shadow. It is not just the plentiful corruption scandals that are tumbling out every day: they are but symptoms of the deeper rot that began over three decades ago. It lies in the morally unjustifiable misdeeds of our Loktantricksters in ushering in the present federal, secular republic. Worth recalling are some critical incidents that help in understanding why the current leaders – who have been in power and top power positions both in their parties and in the government for the last three-and-a-half decades – exhibit such a total lack of self-confidence in their own absolute rule.

It begins way back in mid-2002 when there was a majority Nepali Kangress government led by PM Sher Bahadur Deuba. Two things happened, one openly and the other subterranean, the latter having been confessed to by India's Jawaharlal Nehru University academic and Nepal expert Prof. S.D. Muni in the notorious book edited by Canada's ex-ambassador to Nepal among others (Einsiedel, Malone and Pradhan (eds), *Nepal in Transition: from people's war to fragile peace*, Cambridge University Press, 2012). In it, Muni admits that India had decided to get rid of Nepal's monarchy by June 2002 because "it was not looking after India's interests". With that decision (first by prime minister Atal Behari Vajpayee and pursued more vigorously by Man Mohan Singh), India began to more openly use Maoist rebels and their leadership safely ensconced in Delhi against Nepal's multiparty democracy and constitutional monarchy.

The more open shenanigans began a few years earlier within Nepal that allowed foreign players to actively interfere in Nepal's affairs. KP Bhattarai had been elected as PM after the 3<sup>rd</sup> general elections in May 1999 that preceded multiple "musical chair" coalition governments and attendant cor-

ruption after the second general election. Bhattarai was successful in bringing Kangress back to power with a majority in parliament. By March 2000, Kangress party chief Girija Koirala, who exhibited no democratic character whatsoever and could not stand anyone becoming prime minister other than himself, had Bhattarai ousted for no reason other than to make himself PM. (It is widely suspected Girija had his eyes on the hefty commissions that could come his way from arms purchase for the Royal Nepal Army!). Increasing unpopularity of Girija following the Holeri Maoist humiliation in July 2001, forced him to hand over the PM position to Deuba, only to have Girija engaging in machinations to oust him, forcing Deuba to dissolve the parliament May 2002.

It must be noted that it was NOT King Gyanendra that dissolved the parliament (as party propaganda has it): it was Nepali Kangress infighting that led Deuba to do so, a move the constitutional monarch had no power to over-ride, and something the Supreme Court too approved. One accusation from Kangress ranks is that the King manipulated Deuba to get him to dissolve the parliament, that Deuba surrendered democracy to the palace; but this charge immediately backfires on them. If so, how is it that Kangress to this day keep the person that was so manipulatable and who so "destroyed democracy" as its party president and possibly future prime minister?

Deuba, however, was unable to hold elections within the six months stipulated by the constitution, and instead requested the King to extend his term by 14 months, something that would have been unconstitutional, unethical and would have sent the opposition UML into the streets in violent protests. The King had to dismiss him as incompetent. Two governments led by Lokendra Bahadur Chand and Surya Bahadur Thapa followed but while no corruption scandals were associated with them, they could not hold elections as the Kangress and UML would not go for elections unless they held the reins of government themselves. This period also saw the Maoists pull out of the peace process initiated by the Chand government in early 2003 under Indian pressure and resume violence. The King brought Deuba back as PM with the UML in coalition, but even this outfit was unable to bring the constitution back on track by holding elections. It forced the King to try doing that himself on 1<sup>st</sup>



February 2005.

Many say this was a wrong move by the King, even though it was neither constitutionally nor intentionally incorrect for a head-of-state facing an impasse created by the parties. However, by now the Seven Party Alliance had begun co-zying up with the Maoists and their foreign handlers. And instead of going to the people for a fresh mandate, they began arguing (in reality most undemocratically) for a resurrection of the dead parliament they themselves had killed and whose 5-year mandate given by the people had expired. Another international incident – which this time, unlike the covert Indian government one in 2002, happened very much in the open – was the 12 November 2005 Dhaka SAARC summit where US-beholden Man Mohan Singh wanted to bring in US-occupied Afghanistan into SAARC as a member. King Gyanendra did not think this was a good idea as it would harm the non-aligned philosophy and image of South Asia. His resistance earned the ire not just of India but also that

of the US which had hitherto not been favourable to India's promoting the Maoist insurgency. (US ambassador James Moriarty even went to the undiplomatic extent of saying that the King would

have to leave Nepal hanging on the tail of a helicopter. Irony of ironies, the King is still very much in Nepal whereas it was the US that literally had to flee Afghanistan in that shameful manner!)

Before the King had even returned from Dhaka, India brought together the Delhi-based Maoists and leaders of the Seven Party Alliance (SPA) to sign the notorious 12-point Delhi Deal that had the full backing of both the US and EU. Anti-King agitations intensified with their succor and INGO largesse with the King ultimately agreeing to hand over power to the seven parties through a 5-point agreement on 24<sup>th</sup> April 2006. Item 2 of the agreement stipulated that the King through his command would resurrect the dead parliament and item 2 that multiparty arrangement would be continued, both of which the King fulfilled. (It must be noted that ex-PM KP Bhattarai and ex-Kathmandu Mayor PL Singh, both members of that dissolved house, refused to attend what they saw was an illegitimately resurrected parliament!)

Item 1 said all political changes would be done within the framework of the 1990 constitution and Item 4 stipulated that constitutional monarchy would be retained through the ages. Item 5 obliged both the King and SPA to honestly implement the above points, which unlike the King, however, the SPA on its part brazenly dishonored. They swore their

oath of office on the 1990 constitution but went on to tear it up, first by inducting over 80 Maoists into the parliament who had never faced the electorate, and later by tearing up the constitution without a single attempt at amendments.

They also passed a law through the resurrected parliament that said even a King's daughter could be "king" – which proved that the 2005/06 agitations were never about republicanism. Then they passed a motion saying that the forthcoming Constituent Assembly (CA) would, in its first sitting, declare the country a republic, violating the principle that each parliament is sovereign and cannot be ordered by anyone. And in that first sitting, the motion to declare Nepal a republic was tabled by someone who was not even a member of the house – home minister Krishna Sitaula who had lost the election! The fact that the CA could not even find a *bona fide* sitting member to table the motion and went

on to vote in its favour proved its spinelessness. When that CA dissipated ignominiously – despite several extensions of its expired natural life – without making the constitution, in a sense, that illegitimate republican declaration too died

with it.

Similar stories repeated themselves regarding other "imported" agendas such as secularism and federalism. Indeed, we have former chief whips, ministers, prime ministers and others surprisingly feigning innocence about how secularism was inserted into house resolutions! Today, a majority Kangressis seem to favour retaining Nepal's Hindu identity, although those voices surprisingly go silent when unholy coalitions are formed and ministerial berths are handed out. Kathmandu and Dhulikhel municipalities have openly declared that federalism and the resource sucking provincial governments should be done away with.

It is the knowledge of these profane actions and their corruption sagas galore going back to the mid-1990s – interestingly by the very same leaders of Loot-tantra who have been in power for over the last three decades – etched indelibly into Nepal's political history, that scares the living daylights out of them whenever the King is mentioned. He lives rent-free in their heads as a disturbing voice of conscience. On the other hand, in the minds of an ever-increasing number of ordinary Nepalis who have begun to understand with what calumny he was sidelined, he represents a national hope and salvation from the current kleptocratic cesspool.



## MONETARY POLICY

# Disappointing Outcome

*Despite high expectations from various stakeholders, the new governor Dr. Biswo Nath Paudel failed to impress with a lackluster Monetary Policy announcement.*

By A CORRESPONDENT

Dr. Paudel's presentation of promises, populist rhetoric, and commitments to boost growth left many disappointed. In a move that seemed to favor a select few powerful real estate and share brokers, Dr. Paudel compromised the interests of millions of depositors by lowering interest rates below the inflation level. In contrast to his predecessor Maha Prasad Adhikary, who stood firm on interest rate limits, Dr. Paudel chose to reduce interest rates to appease a small group of brokers.

"I am extremely disappointed with the new Monetary Policy unveiled by Dr. Paudel, a UC Berkeley graduate. I am puzzled by the approach he has taken,"

remarked a senior economist speaking on the condition of anonymity.

## Controversial Provision

The Nepal Rastra Bank (NRB) has made provisions in the upcoming monetary policy for the next fiscal year to allow banks and financial institutions (BFIs) to invest the regulatory reserve allocated for non-banking assets acquired in the past two years.

Governor Dr. Maha Prasad Paudel stated in clause number 93 of the newly released monetary policy that the regulatory reserve created from

non-banking assets taken over in the last two years can now be considered as supplementary capital. This means that BFIs can now invest the losses incurred from non-banking assets they have acquired, as these losses can be included in the capital structure.

Currently, BFIs hold non-banking assets totaling NPR 45.11 billion, with commercial banks holding NPR 28.79 billion, development banks holding NPR 4.16 billion, and finance companies holding NPR 2.74 billion.

The more non-banking assets a bank or financial institution holds, the larger the amount they must set aside as a regulatory reserve. With limited



recovery, most BFIs currently allocate significant amounts for this purpose. However, under the new monetary policy, BFIs will now be allowed to invest the reserve earmarked for the NRB. This provision is expected to alleviate capital pressure and encourage investment among stressed banks and financial institutions.

Despite the immediate relief this provision offers to capital-stressed institutions, bankers caution that allowing the investment of funds set aside for risk management could pose long-term risks.

The Rastra Bank has announced that the regulatory reserve, which has been built up from non-banking assets acquired in the past two years, can now be considered as supplementary capital,” the banker explained. “This decision provides some immediate relief to struggling banks and financial institutions. However, given the increasing amount of bad loans, utilizing these risk-provisioned reserves for lending could pose long-term risks.”

Most of the institutions facing challenges are development

banks and finance companies, with some even having negative capital. Additionally, two commercial banks are operating below the minimum capital requirement. Another banker shared similar concerns, noting that while clause 93 of the monetary policy offers some relief, it could also heighten systemic risk:

“At present, certain banks and financial institutions are unable to make investments due to capital shortages, despite having liquidity. They are facing difficulties in loan recovery. Allowing the regulatory reserve to be used for investments in such circumstances could potentially

increase risks,” the banker cautioned. “The implementation of this provision in the monetary policy may lead to further financial strain for development banks and finance companies.”

When loans secured by collateral remain unpaid, the collateral must be auctioned off. If the collateral cannot be sold, the institution must take possession of the asset and set aside provisions for the loss, with 100% of the loss being provisioned in such cases.

The upcoming Monetary Policy for the Fiscal Year 2025/26 aims to enhance private sector credit, address non-performing loans (NPLs) and non-banking assets, and boost the share market.



In the midst of increased liquidity in Banks and Financial Institutions (BFIs), the NRB has announced a reduction in the bank rate from 6.5 percent to 6 percent and the deposit collection rate from 3 percent to 2.75 percent. Additionally, the policy rate has been lowered to 4.5 percent from the current 5 percent, as stated by Dr. Poudel during the unveiling of the Monetary Policy.

The decreased bank rate makes borrowing from banks more accessible, while the lower policy rate decreases the overall cost of credit in the economy. The adjustment in the deposit rate reduces the incentive to

save and encourages more investment or spending. These measures combined could lead to increased liquidity in the market, higher demand, and potential inflation.

The central bank is optimistic that these actions will encourage increased lending by banks to businesses and individuals, resulting in lower lending rates for home, business, and personal loans without a significant risk of high inflation. NRB Spokesperson Kiran Pandit noted that the inflation rate was at a comfortable 2.72 percent in mid-May to mid-June, compared to 4.17 percent during the same period last year. With some room for inflation, the moderation in interest rates is not expected to disrupt this balance or significantly drive prices up.

He mentioned that the interest rate corridor has been slightly lowered to stimulate economic activities and enhance market dynamism. Additionally, the Nepal Rastra Bank (NRB) has implemented a flexible approach in real estate lending,

increasing the maximum limit for residential home loans for individuals purchasing a house to Rs. 30 million from the previous Rs. 20 million. Furthermore, first-time homebuyers can now avail residential loans of up to 80 percent of the property's assessed value, up from the previous limit of 70 percent. Similarly, the loan-to-value ratio for land and property purchases has been raised to enable financial institutions to finance up to 70 percent of the assessed value, compared to the previous allowance of 50 percent.

### Margin lending limit raised

Governor Dr. Poudel has raised the

## ECONOMY

limit on margin lending from Rs. 150 million to Rs. 250 million for personal share-backed loans. This change allows individuals to borrow up to Rs. 250 million by pledging shares as collateral across various banks and financial institutions, potentially boosting share market growth due to lower interest rates. Finance companies can now mobilize deposits without a cap, exceeding the previous limit of 15 times their core capital, which may attract more deposits and positively impact share prices.

Microfinance companies can now distribute dividends above the 15% limit from their profits, potentially increasing share prices for class 'D' microfinance institutions. Commercial banks can increase their capital with central bank approval and count regulatory reserves from non-banking assets towards supplementary capital for up to two years. T

The new monetary policy aims to strengthen banks' capital base, requiring central bank approval for capital increment plans. The government will facilitate the implementation of concessional loans mentioned in the fiscal year 2025/26 budget statement. Laws and regulations will be drafted to allow BFIs to establish asset management companies for managing non-performing assets and initiate the establishment of a Neo Bank to enhance financial inclusion as outlined in the government's budget.

### **Loan to migrant workers to be 'deprived sector'**

A new provision has been announced

to classify loans (with or without collateral) up to Rs. 300,000 obtained by youth seeking foreign employment as 'deprived sector lending'. For women seeking jobs abroad, this amount could go up to Rs. 500,000. Additionally, there will be a review of the criteria for target groups, loan recipients, and lenders' qualifications for microfinance institutions. The limit on the amount of foreign currency Nepali citizens can carry while traveling abroad has been raised to USD 3,000.



The central bank will introduce a new program called 'Nepal Rastra Bank with Borrowers' to address borrower complaints, especially in rural areas.

Governor Dr. Poudel stated that the NRB will collaborate with relevant government agencies to mitigate risks associated with problematic activities during loan recovery or loan regularization by banks and financial institutions following legal procedures.

### **Concession to mid-hill businesses**

The central bank has introduced a new initiative by offering concessional loans to businesses located along

the Mid-Hill Highway and Postal Highway at an interest rate of the base rate plus 2 per cent. To be eligible for this benefit, businesses must be registered with the government and meet all specified quality standards.

Furthermore, financial institutions will now have the authority to provide agriculture or business loans up to Rs. 1 million by independently evaluating factors such as agriculture yield, land, and business structure.

Governor Dr. Poudel, while unveiling the monetary policy, emphasized the adoption of a cautious and flexible approach. The policy includes the approval and implementation of the second financial sector strategy. The bank rate, which acts as the upper limit of the interest rate corridor, has been set at six per cent, with the policy rate at four and a half per cent, down from the previous rates of 6.5 per cent and 5 per cent, respectively.

Additionally, the monetary policy has raised the limit for loans for private residential house construction and purchase from Rs 20 million to Rs 30 million. For the first house, a loan-to-value ratio of up to 80 per cent is allowed, while for subsequent houses, a maximum of 70 per cent can be availed.

The maximum limit for personal share collateral loans has been increased from Rs 150 million to Rs 250 million. Moreover, the amount of foreign currency Nepalese travelers can carry has been raised from two thousand five hundred US dollars to three thousand US dollars.

The monetary policy aims to achieve a 12 per cent increase in private sector loan disbursement in the upcoming fiscal year, although the strategy to achieve this target remains to be seen.





## RASUWAGADHI FLOOD **GLOF** Devastation

*Despite the absence of rain that could have caused such a severe flood to destroy a recently constructed concrete building connecting Nepal and China, a sudden flash flood swept away everything in a matter of minutes, causing damage to four hydropower plants with a total capacity of 216 MW along the Trishuli River. The flood also washed away over a hundred vehicles parked in the customs yard, along with other goods, resulting in the death of 13 individuals and leaving 18 missing. Studies have indicated that the flood was triggered by a Glacier Lake Outburst Flood in China. Originating from the Chinese region of Xizang, formerly Tibet Autonomous Region, many rivers in Nepal are at high risk of such floods due to melting glaciers.*

By KESHAB POUDEL

Not only has the rate of snow melting increased in the Xizang Autonomous Region of China, but also in Nepali mountains, leading to large-scale flash floods due to rising temperatures becoming almost commonplace nowadays. The temperature rise has begun to cause rainfall in the mountains and rapid snowmelt, posing a risk of glacier outbursts.

Experts suggest that the increased intensity of rainfall has accelerated the rate of snow melting, resulting in the formation of numerous lakes on the mountaintops larger than the

glaciers. A report indicates that there are more than 47 glacial lakes on the Nepal-Xizang border, not including newly formed ones.

Experts emphasize the need for a new study to assess the status of glaciers post-2015. They recommend the establishment of a joint government-level network in both countries to develop an early warning system.

China has a robust institutional and technical infrastructure that provides access to reliable information. Experts emphasized the need for a partnership with the Chinese government due to

the lack of satellites and advanced technology in Nepal. The devastating flood in Rasuwa was attributed to a supra-glacier outburst, as determined by the Department of Hydrology and Meteorology (DHM). Satellite data indicated that the flood resulted from the bursting of a supra-glacier lake located north of the Nepal-China border at Rasuwagadhi. The lake's size decreased significantly after the flood, confirming the outburst theory.

Flood expert Binod Parajuli stated that additional information from China and upcoming satellite images



will help clarify the incident.

The International Centre for Integrated Mountain Development (ICIMOD) had also previously suggested that the flood was caused by a glacier lake outburst.

#### **Hazards Experts Shocked By Growing Pace of Glacial Origin Floods**

The China-Nepal flood was caused by the draining of a 'supraglacial' lake that began forming as a small pond at the end of December 2024 and grew significantly by June 2025. The International Centre for Integrated Mountain Development (ICIMOD) has been mapping and monitoring glacial lakes and glacial origin hazards since 1985, following the Dig Tsho Lake incident in Khumbu, Nepal, which caused damage to a micro-hydro facility and nearly \$3 million in economic losses. The centre conducted a post-event assessment of this incident and has also carried out multiple major hazard assessments in various locations, including Melamchi, Birendra Tal, and Humla in Nepal, as well as Chamoli and the South Lhonak disaster in Sikkim, India.

Experts at the centre are alarmed by the increased frequency of glacial origin hazards. In the 2000s, experts would expect a glacial origin flood to occur in the Hindu Kush Himalaya region once every 5 to 10 years. However, in just two months, May and June 2025, three glacial origin floods hit the region in Nepal (Limi),

Afghanistan (Andorab valley), and Pakistan (Chitral, Hunza). On

Monday, two glacial origin floods struck Nepal in Rasuwa and Upper Mustang. A three-fold increase in GLOF risk across the HKH region is projected by the end of the 21st century.

Saswata Sanyal, ICIMOD Disaster Risk Reduction Lead, emphasizes the unprecedented acceleration of these events in the HKH region and the need to investigate the triggers leading to cascading impacts.

#### **Size no longer a determinant of potential danger:**

Experts also point out that the destruction caused by small lakes, some of which are so tiny or hidden

that we were previously unaware of their existence, is a new concern.

ICIMOD has been evaluating the danger posed by lakes for many years. Previously, the size of the lakes was a key factor in determining their potential threat, with only those larger than 0.02 km<sup>2</sup> being considered. Priority was given to lakes with potential downstream impacts and moraine-dammed glacial lakes due to their perceived instability. According to ICIMOD's 2020 report, Nepal has 21 potentially hazardous lakes, Tibet Autonomous Region of China has 25, and India has 1. However, recent GLOF events have been linked to the drainage of newly formed supraglacial ice-dammed glacial lakes, such as the flood in Bhotekoshi Nadi in Rasuwa and the rock avalanche in the bedrock-dammed glacial lake leading to the breach of a moraine-dammed glacial lake in Thame, Everest region last year. It is recommended that inventories of potentially dangerous glacial lakes be updated more frequently, smaller short-lived ice-dammed lakes be analyzed, and the dynamics of glacier retreat and lake formation be considered for a more dynamic and accurate hazard assessment.

#### **What is a supraglacial lake?**

Supraglacial lakes develop on the surface of glaciers, especially in





areas covered with debris. They are constantly changing and temporary, often starting as small pools of meltwater that gradually grow and sometimes combine to create larger supraglacial lakes. Detecting these lakes relies heavily on the resolution of satellite imagery. Available satellite data, like from Landsat and Sentinel-2, have limited resolution and can usually only spot lakes above a certain size threshold, potentially missing smaller or short-lived water bodies.

Early satellite images and analysis indicate that the lake that drained yesterday was a small pond in December 2024 and significantly expanded in June 2025.

### **The role of temperature in the increase of glacial-related events**

Temperature increase is a significant factor in the rising occurrence of glacial-related floods, in two main ways:

Firstly, the formation and gradual growth of glacial lakes – a process influenced by prolonged warming.

Secondly, short-term temperature spikes on specific days can trigger sudden events like ice avalanches, ice calving, or slope failures linked to permafrost thaw.

Floods carrying water heavily laden with debris, known as non-Newtonian flow, have much greater impacts



than floods involving just water. In recent incidents, such flows have become more frequent, with floods increasingly mixed with large amounts of sediment and debris, causing extensive damage downstream.

There are multiple factors contributing to this trend. One factor is the thawing of permafrost, which destabilizes the surface and increases susceptibility to erosion by floodwaters. Another factor is the changing precipitation patterns in periglacial areas, where increased rainfall, rather than snowfall, leads to more runoff and erosion. These changes are closely tied to climate change, particularly rising temperatures, which are altering the quantity and nature of downstream

flows. According to Sharad Prashad Joshi, a cryosphere monitoring specialist at ICIMOD, these events are indicative of rising temperatures and are more destructive than typical floods due to debris and steep topography.

The extent of the damage includes 19 people missing and 7 fatalities in the China-Nepal region. Additionally, 30MW of hydropower, 1 bridge, over 100 EVs, and trade with China have been affected by the flooding.

### **How can we make communities safe?**

GCF has approved \$36.1M for UNDP to mitigate the risks posed by four large glacial lakes in Nepal identified in ICIMOD's Potentially Dangerous Glacial Lake report: Thulagi, Lower Barun, Lumding Tsho, and Hongu-2.

However, early warning systems and monitoring for smaller lakes are lacking, except for Imja and Tsho Rolpa. Qianggong Zhang, head of Climate and Environmental Risks at ICIMOD, highlights the challenges of monitoring the vast terrain where these lakes can form and the need for improved data and methods to track changes.

ICIMOD's GLOF dashboard provides information on recorded glacial lake outburst floods (GLOFs) in High Mountain Asia since the 1830s, including details on fatalities, injuries, and filtering options by country, river







basin, and lake type.

The Hindu Kush Himalaya (HKH) region spans eight countries and is crucial for the food, water, and energy security of two billion people, as well as biodiversity. ICIMOD, based in Kathmandu, Nepal, aims to enhance the region's sustainability and resilience through its work. Explore ICIMOD's Strategy 2030 and website for more information.

### **NDRMA Says GLOF IS Behind Devastating Flood in Rasuwa**

The frequency of floods triggered by Glacial Lake Outburst Flood (GLOF) in Nepal is on the rise, posing a significant risk to life and property.

On Tuesday (8 July) morning, a major flood entered Nepal from the Himalayan region of Xizage, China, through the Nepal–China border. The flood was a result of a glacial lake located approximately 35 kilometers above Rasuwa, Nepal, bursting.

The melting snow had formed a large lake, which eventually led to the flood, as stated by Dinesh Raj Bhatt, Executive Chief of the National Disaster Risk Reduction and Management Authority (NDRMA). The glacial flood followed a path from Lhendekhola to Bhotekoshi and then Trishuli, affecting various areas in Nepal.

Satellite images from China and other sources confirmed the origin of the floodwaters from the glacial lake. The size of the glacial lake had significantly reduced from 638,000 square meters on Sunday to 435,000 square meters after the flood on Tuesday. The previous week, the lake had contained 525,000 square meters of water.

Bhatt noted that the floodwaters created a substantial depression as they entered Nepal, with some areas still showing remnants of water. He attributed the GLOF event to the impacts of climate change, which are accelerating the melting of snow. In Mustang's Lomanthang, a recent flood is also suspected to have been caused

by a glacial lake burst or leakage in the upper region, prompting a local team to investigate. Additionally, in the month of Jestha (May–June), two glacial lakes above Tilgaon in Humla burst, leading to floods.

In previous years, floods from glaciers in Nepal's high mountains have reached villages. Last year, in the final week of Shrawan (July–August), a glacial lake burst in Solukhumbu destroyed Thame village. In 2021 (2078 B.S.), a similar flood occurred in the upper Himalayan region above Melamchi. Bhatt emphasizes that due to the increasing number and bursting of glacial lakes in the Hindu Kush Himalayan region, dedicated studies are required.

Dr. Nitesh Khadka, a scientist at the Chinese Academy of Sciences, explained that the flood in Rasuwa was caused by water leaking from a supraglacial lake covered by snow and debris. Such supraglacial lakes, which form due to fluctuating temperatures in mountainous regions, are dynamic and temporary in nature.

Many of the lakes seen in Xizage today did not exist before 2021. Dr. Khadka stated that small lakes seen in 2022 had grown significantly by 2023, and one of those lakes, which had disappeared in December 2024, reappeared last Saturday.





Glaciologist Amrit Thapa mentioned that a large amount of snow melted a few days before the flood in Rasuwa. He explained that image analysis showed snow present on Friday had completely melted by Sunday. "This melted snow and ice chunks collected in a large pond formed on the glacier. The surrounding land was weak and couldn't support the pressure, resulting in the flood," he elaborated.

The fact that water still remains in the large pond on the glacier's surface supports his assessment. Thapa noted that as temperatures rise in the summer, snowmelt increases, and the concurrent rainfall further increases the risk of glacial lake outbursts in every Himalayan region.

Researcher Sudeep Thakuri pointed out that the increasing temperatures caused by climate change in Nepal's Hindu Kush Himalayan region are hastening the melting of snow. The International Centre for Integrated Mountain Development (ICIMOD) has also raised concerns about the growing number of glacial lake outbursts and leaks in Nepal, underscoring the importance of ongoing monitoring and research. Nepal has 21 high-risk glacial lakes, and there are 47 such lakes in border areas where drainage into Nepal poses a heightened risk. No comprehensive study on glacial lakes has been conducted since 2015.

"Rasuwadaghi Hydropower, along



with the 60-megawatt Trishuli-3A, the 21-megawatt Trishuli, and the 15-megawatt Benighat hydropower project, have all experienced damage," Maharjan stated. "The flood damage has led to a complete halt in the 200-megawatt generation since Tuesday," he added.

### Rescue Operation

Despite the sudden and unprecedented flash flood, the rescue operation carried out by the Nepal Army, Nepal Armed Police, and Nepal Police was commendable. They successfully rescued dozens of people.

The Nepali Army utilized two helicopters to evacuate and rescue 55 individuals from flood-prone areas along the riverbanks to safer

locations, as reported by Assistant CDO Adhikari. Additionally, a couple who had climbed a tree to escape the flooded Trishuli River in Nuwakot was also rescued.

### PM inspects flood-hit area

Prime Minister KP Sharma Oli has returned after conducting an on-site inspection of the flood damage in the Bhotekoshi River in Rasuwa.

During his visit on Tuesday afternoon, he discussed the damage, rescue, and relief efforts with local authorities, elected officials, and residents. Concern was expressed over the missing individuals in the affected areas, the damage to the dry port at the Rasuwagadhi customs point on the Nepal-China border, and the loss of cargo containers swept away. The Prime Minister's secretariat reported these details.

With rising temperatures increasing the risk of glacial lake outburst floods (GLOF) and extreme rainfall, there is a likelihood of significant floods and damage to roads and other infrastructure in Nepalese rivers. To mitigate potential damage, Nepal should establish a mechanism with China to share information.



## Beyond The Mirage Of Glacier Preservation: 2025 And The GLOF Crisis



BY: ARUP RAJOURIA

The world entered 2025 with high hopes, as the United Nations declared it the International Year of Glaciers' Preservation. The intent was noble: to unite nations in the urgent mission of saving Earth's vanishing glaciers which sustains billions of people, ecosystems and biodiversity. Yet, as the months unfolds, it becomes painfully clear that this year would be remembered not for preservation, but for the destructive surge in glacial lake outburst floods (GLOFs) that have left communities reeling across continents.

Glacial lake outburst floods are sudden, catastrophic releases of water from lakes dammed by glacial ice or debris. As global temperatures rise, glaciers retreat at unprecedented rates, leaving behind unstable lakes. These lakes, often held back by fragile natural dams, are ticking time bombs—awaiting a landslide, avalanche, or heatwave to trigger disaster. The frequency and scale of GLOFs have increased dramatically, transforming them from rare events into a harbinger of disaster of our era.

By midway through 2025, the reality of this new era has become unmistakable. Headlines are dominated by stories of destruction from the Himalayas to the Andes, with scientists and policymakers recognizing that the crisis was unfolding faster than ever anticipated. The first half of the year alone saw multiple high-profile GLOF events, underlining the urgent need for adaptation and international cooperation.

The preservation of glaciers is, at its core, inseparable from the trajectory of global temperatures. Scientific consensus is clear that glaciers can only be preserved if global warming is halted and reversed. However, with current emission trends and insufficient climate action, the prospect of actually reducing global temperatures appears increasingly out of reach—more a mirage than an achievable goal. Even the most optimistic climate scenarios suggest that many glaciers are already committed to melting, regardless of future efforts, unless there is a dramatic and unlikely reversal in global temperature rise.

A recent and tragic example of this phenomenon occurred on 8 July 2025 in Nepal's Rasuwa district. A sudden flood, likely triggered by a glacial lake outburst in Tibet, caused the Bhotekoshi River to surge, sweeping away the vital Nepal-China Friendship Bridge at Rasuwagadhi. The disaster destroyed hydro-power infrastructure, left at least 18 people missing and dead—including Nepali and Chinese nationals—and halted cross-border trade. Electric vehicles were washed away, the dry port yard has been destroyed, and rescue operations were severely hampered by adverse weather. Notably, experts found no evidence of extreme rainfall prior to the flood, reinforcing the suspicion that a glacial lake outburst, not monsoon rains, was the reason.

The Rasuwa floods are not an isolated incident.



Around the world, GLOFs have left a trail of destruction. In the Himalayan region, often called the “Third Pole,” there has been a fivefold increase in GLOFs since 1950. Over 400 dangerous glacial lakes threaten billions across Nepal, India, Bhutan, and Pakistan. The 2021 Melamchi flood in Nepal and the 2013 Kedarnath flood in India serve as grim reminders of the scale of devastation. In the Andes, countries like Peru and Chile face repeated GLOFs that have wiped out villages and critical infrastructure. Efforts to artificially lower lake levels are ongoing, but new lakes form faster than old ones can be secured. Europe is also not immune, the

2022 Marmolada glacier collapse in Italy, which killed 11 people, highlighted that even smaller European glaciers can trigger deadly avalanches and floods as they destabilize. Meanwhile, Alaska and British Columbia have seen GLOFs damage roads, bridges, and

salmon habitats, threatening local economies and Indigenous communities.

While the preservation of glaciers remains crucial, the cruel reality is that even the most ambitious climate action will not save many glaciers in time. Scientific studies indicate that up to half of the world’s 200,000 glaciers could disappear by the end of this century, even if global warming is limited to 1.5°C. This plain projection underscores the urgent need for adaptation—especially in preparing for and addressing GLOFs induced impacts.

The global and transboundary nature of glacier-related hazards demands coordinated, science-driven action. An International Center for Glaciers (ICG) would serve several vital functions. It could coordinate early warning and disaster response by pooling data and

expertise to enhance GLOF prediction, monitoring, and emergency preparedness, particularly in regions where rivers and risks cross national borders. It could foster research and innovation by developing and testing engineering solutions to stabilize glacial lakes, slow glacier melt locally, and preserve unique glacier biodiversity. It could support policy and community adaptation by guiding governments and communities on risk reduction, infrastructure planning, and climate adaptation. Finally, it could preserve cryospheric her-

itage by acting as a biobank for glacier ice and its unique microbial life, safeguarding knowledge for posterity.

What was meant to be a year of hope for glacier preservation has become a year of analyzing with the harsh realities of GLOFs. By



the midpoint of 2025, it is clear that the preservation of glaciers is increasingly appearing as a distant mirage without a drastic global temperature decrease. The Rasuwa floods in Nepal and similar disasters worldwide are glaring warnings that the world must face the dual challenge of saving what glaciers remain and protecting communities from the hazards unleashed by their loss. Establishing an International Center for Glaciers is not just a desirable goal—it is an essential step toward a safer, more resilient future.

*Rajouria is an internationally recognized expert in climate change and natural resources management, with an impressive career at renowned organizations such as the former CEO of NTNC's CEO, UNDP, UN-Habitat, UNEP, and USAID. He obtained an MPA degree from Harvard*

# ERC Nepal Is Focused On Expanding Distribution And Transmission To The Private Sector: ERC Chair Dr. Dhital

*The REEP-GREEN Project has responded positively to our requests. The commission has already received some initial technical assistance to conduct a study. Given that the Secretary of Energy, Water Resources, and Irrigation chairs the steering committee of REEP-GREEN, we have also discussed our needs with the Ministry.*

*With extensive experience in the renewable energy sector, **Dr. RAM PRASAD DHITAL**, the Chairperson of the Electricity Regulatory Commission (ERC) in Nepal, is well-versed in the country's energy industry. Dr. Dhital, who was appointed as chairman nearly a year ago, is working to enhance the technical capabilities of the commission to address tariff and other related issues. Established as an autonomous body seven years ago to regulate electricity tariffs, the commission is now making significant progress under Dr. Dhital's leadership. In a conversation with **KESHAB POUDEL**, Dr. Dhital discussed various issues related to the commission's work*

### Can you elaborate on the role and responsibility of Electricity Regulatory Commission (ERC)?

The ERC is tasked with determining and regulating electricity tariffs to ensure a fair balance between the interests of consumers and electricity providers, as well as promoting competition in the electricity market. Additionally, the ERC oversees the technical management aspects of electricity generation, transmission, and distribution, and works to enhance the organizational capacity of licensed entities.

### What is the significance of technical capability in the operations of the ERC?

The Electricity Regulatory Commission Act 2017 and Electricity Regulatory Commission Rule 2018 grant the ERC the authority to maintain a balance between electricity supply and demand, regulate various aspects of the electricity market, and ensure the reliability and quality of electricity services. However, the commission acknowledges that it has limited technical capacity to effectively oversee its broad mandate. Technical capability is crucial for the commission to fulfill its functions and strengthen its operations.

### As the chairperson of the commission, how do you view the authority of the ERC?

The ERC is empowered by the Act to regulate electricity generation, distribution, transmission, and trade. The commission, consisting of five members including the chairperson, is operational and currently focused on regulating the hydropower sector in Nepal.

### How does the ERC establish grid and distribution codes?

When developing grid and distribution codes related to electricity services, the commission ensures align-

ment with national and international grid standards to maintain consistency with the transnational distribution system. Technical expertise is essential in this process to ensure effective regulation and implementation.

### How do you establish standards?

The Commission is in the process of developing standards related to licensee performance, the quality and safety of the National Grid System, and defining the responsibilities of electricity system operators. In addition to setting standards, we also assess whether the grids are meeting these standards or not.

### What is your perspective on the current state of the electricity market?

There are numerous electricity suppliers, but there is a monopoly with a single buyer. Approximately 80% of the electricity, including that generated by Nepal Electricity Authority's subsidiary Hydropower Company, enters the market through Power Purchase Agreements with Nepal Electricity Authority (NEA). NEA is currently the sole buyer and distributor, creating a monopolistic market environment. Our goal is to promote a competitive market by ensuring an equal number of suppliers and buyers.

### How do you plan to promote competition?

The Commission is actively working to create a competitive environment by establishing benchmarks for generation costs, implementing cost-reflective tariffs, encouraging private sector participation in transmission, gradually allowing private sector entry into distribution, and providing options for consumers. We are facilitating the purchase of electricity from alternative sources and utilizing NEA's distribution infrastructure to deliver electricity to buyers. Additionally, we are exploring ways to allow the private sector to utilize NEA's national grid and distribution



system by paying reasonable charges. We are also categorizing prices based on different types of NEA transmission, ranging from 66 kV to 33 kV.

**If private sectors are allowed to participate in distribution, NEA stands to lose a significant portion of its revenue generated from industries. This could potentially enable NEA to further expand rural electrification efforts. How do you view this potential scenario?**

Cross subsidy plays a crucial role in supporting rural electrification, with NEA leveraging revenue from industries to fund projects in rural areas. Various mechanisms will be put in place to mitigate any revenue losses for NEA, while also ensuring the sustainability of current revenue streams. The decision to limit private sector involvement to up to 5 MW is aimed at safeguarding NEA's financial stability. The focus is currently on establishing a wholesale market rather than a retail market, with the goal of achieving a balanced market where buyers and sellers have equal opportunities.

**How can the commission achieve balance?**

The commission is working towards opening the market by allowing up to 5 MW of electricity purchase from the competitive market through the national grid. Short-term, medium-term, and long-term strategies will be determined by the commission. The passage of the Nepal Electricity Bill, currently under consideration in parliament, will facilitate the transition to a competitive market. While operating under the existing NEA Act, the commission recognizes the importance of private sector participation in driving innovation and cost efficiency.

**As you mentioned, the commission is in need of technical support to strengthen its capacity and capabilities. Have you been in discussions with any international partners regarding this technical support?**

The Commission is specifically seeking technical support in three key areas. Firstly, we require assistance in developing technical capacity for green grid systems aimed at small producers. Secondly, we are looking for support to enhance our capacity and tools for distribution management. Additionally, as Nepal is becoming a major exporter of electricity, particularly to Bangladesh, we are interested in exploring various models, such as the Nordic model, to optimize our operations. Furthermore, the commission is also seeking support to improve technical supply and create a more consumer-friendly environment.



**In terms of immediate technical support, which development partners are you currently engaging with?**

Germany has shown interest in supporting Nepal's energy transition, and the European Union has been promoting clean energy initiatives in Nepal, particularly in the solar and wind sectors. The Commission is in discussions with the REEP-Green Project for potential technical support. We are also seeking assistance from GIZ to develop mechanisms that protect consumer rights and ensure quality electricity supply. Additionally, we are looking for support to diversify the market and develop tariff tools. Strengthening our digital capacity, knowledge management, and communication are also areas where we require technical assistance. We are currently engaging with the European Union and Germany's REEP-GREEN Project for potential collaboration.

**What has been the response from the REEP-GREEN Project regarding your requests for technical support?**

The REEP-GREEN Project has responded positively to our requests. The commission has already received some initial technical assistance to conduct a study. Given that the Secretary of Energy, Water Resources, and Irrigation chairs the steering committee of REEP-GREEN, we have also discussed our needs with the Ministry. Our specific areas of interest for technical support include digital communication, tariff development, green energy connections, and consumer rights.

**Is the Commission receiving support from other development partners in Nepal?**

Yes, the Commission has received a grant from the British Embassy to conduct studies on energy efficiency

## INTERVIEW

and renewable energy. Discussions are also underway with the World Bank and Asian Development Bank regarding potential support to institutionalize the Commission and enhance its technical capacity. Nepal's development partners have responded positively to our requests for support.

### **How do you evaluate the progress made during your one-year tenure at the commission and the visible changes that have been implemented?**

To begin with, our team has made decisions to formalize the commission by recruiting our own staff and digitizing all documentation. We are in the process of digitalizing our systems and are working on referencing the costs of hydropower projects to make more informed decisions. We expect to see results within three months. Despite having a fund, we have not been able to utilize it effectively. We are also developing guidelines for interactions, metering standards, and balancing. As a relatively new commission, our team took over just a year ago with the goal of supporting provincial and local governments in areas such as pricing, tariffs, and hydropower costs. We are also creating models to incentivize efficient electricity consumption, where higher usage results in higher costs. Additionally, we are exploring the potential of solar energy as a new source of power generation.

### **What is the current status of energy in Nepal and how crucial is it to have a diverse energy mix?**

In Nepal, there is a notable disparity in power generation, with capacity peaking at 3600 MW during the rainy season but dropping to 1200 MW in winter. Given this situation, prioritizing a diverse energy mix is imperative. While run-of-the-river projects have been the traditional focus, there is now a shift towards storage-based projects, including solar, wind, and hydropower. Building storage capabilities is vital for ensuring energy security, and efforts are underway to develop tariff models for various storage options such as hydro storage and upcoming battery storage for solar energy. Additionally, pump storage projects are being explored. It is essential to diversify energy sources to reduce risks associated with dependence on a single power source.

### **What are the criteria for fixing electricity tariffs?**

When determining the electricity tariff to be paid by consumers, the Commission considers various factors such as the operational costs of the electricity system, depreciation rates, repayment of principal and interest, maintenance costs, construction and operation of electricity structures, return on investment, power purchase agreements, changes in the consumer price index, revenue rates, and any changes therein.

### **How is the power purchase/sales rate determined?**

The power purchase rate is established through

mutual agreement between the generation licensee and the electricity-consuming industry or institution, with the consent of the ERC. This rate should be consistent with rates agreed upon with other industries or institutions of similar types.

### **Do you have the necessary tools for this process?**

The Commission has developed and implemented standards for determining power purchase/sales rates between distribution licensees, generation licensees, trade licensees, and government-established corporate bodies. Two methods are used to determine power purchase tariffs: capacity charges, which include debt costs, and energy



charges, which include equity, return, tax, royalty, operating and maintenance costs.

### **What is the role of the Commission?**

The Commission plays a significant role, although its capacity is currently limited. As a new institution, we require a skilled team and readiness for the ecosystem. Support from development partners is needed to enhance our technical capabilities and strengthen the regulatory ecosystem. We are also working on implementing an e-hearing system. Public hearings are conducted before making decisions on matters such as electricity tariff fixation, power purchase/sales rate determination, transmission charges fixation, and power trade.



REEEP-GREEN

## Empowering Communities With MEP

*Co-funded by the European Union (EU) and the Federal Republic of Germany, and implemented by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) in close collaboration with the Ministry of Energy, Water Resources and Irrigation, along with the Alternative Energy Promotion Center (AEPC), the Renewable Energy and Energy Efficiency Program – Green Recovery and Empowerment with Energy in Nepal (REEEP-GREEN) has introduced the Municipal Energy Plan (MEP) as a strategic tool to promote renewable energy and energy management for Halesi Tuwachung Municipality in Koshi Province.*

By KESHAB POUDEL

In the hills of Khotang, Halesi Tuwachung Municipality, located 240 kilometers east of Kathmandu, is making strides in clean energy adoption and energy efficiency. With the technical support from AEPC, Mayor Bimala Rai Tilung is leading the implementation of the MEP.

Home to over 200 hotels and a revered destination for Hindu and Buddhist pilgrims, Halesi is transitioning from traditional energy sources to clean energy alternatives and empowering the people through power. Hoteliers and tea shop owners are switching from LPG and firewood



*Caption: Jointly launching MEP In Halesi by mayor Bimala Rai, Nawa Raj Dhakal, Executive Director of the Alternative Energy Promotion Centre (AEPC); Dr Geertrui Louwagie, Deputy Head of Cooperation at the European Union Delegation to Nepal, Dr Frank Fecher, Programme Manager, and GIZ Nepal and others in February. Photo Courtesy REEEP-GREEN*



*A Woman Cooking in firewood in Halesi*

to electric stoves and sustainable alternatives.

Prem Shrestha, owner of Halesi Royal Hotel, mentioned the municipality's support in upgrading transformers for reliable electricity, enabling the use of induction stoves and eco-friendly leaf plates.

Dhan Bahadur Basnet, a tea stall owner near Halesi temple, now uses an induction cooker and rice cooker, reducing his monthly reliance on LPG cylinders from three to one.

The municipality has approved the five years Municipal Energy Plan (MEP) with a budget of Rs. 1 billion (approx. 6 Million Euro). The plan emphasizes using green electricity and renewable energy—particularly solar power—to lift water from the Sunkoshi and Dudh Koshi rivers for irrigation and drinking water. The plan also includes detailed feasibility studies for two solar lift irrigation projects and outlines

over 30 cost-effective activities based on market assessments.

### **Empowering Local Industry and Livelihoods**

Developed through inclusive consultations, the MEP provides a comprehensive framework for sustainable energy planning, focusing on local prosperity and environ-



*Dairy Onwer Karki*

mental conservation.

The MEP has transformed local energy practices and mindset, demonstrating that sustainable and green energy solutions can benefit livelihoods and community pride. Mayor Rai and her team have gained valuable in-

sights through their participation in the MEP process, using it as a learning tool and roadmap for sustainable energy initiatives.

Mayor Rai is actively encouraging local businesses to use electricity from the central grid. Enterprises, such as dairies, a bakery, and leaf plate manufacturing enterprise, are already reaping the benefits of clean energy solutions supported by the municipality and the REEEP-GREEN project.

The leaf plate enterprise, owned by a women's cooperative, is producing leaf plates to reduce plastic waste and promote sustainability at the sacred site of Halesi and beyond. The owner highlighted the role of electricity in creating jobs, improving livelihoods, and also encouraged women to seize this opportunity to



*Caption: Nawa Raj Dhakal (Left), Executive Director of the Alternative Energy Promotion Centre (AEP) and Dr Geertrui Louwagie, Deputy Head of Cooperation at the European Union Delegation to Nepal inspecting leaf plate during their visit in Halesi in February. Photo Courtesy REEEP-GREEN*



expand their business and explore new markets.

Faud Singh Karki, owner of Halesi-Tuwachung Dairy in Bahun Danda (Ward 1), shared: “Since connecting to the grid, our LPG and petrol use has halved. We used to rely on petrol generators for refrigeration and LPG for cooking—now, we use electricity for both.”

In addition to businesses, households are also shifting to clean cooking solutions. Sunti Nepali, 18, and her sister Juna Nepali, 20, from Ward 1 of Halesi Tuwachung Municipality, used to / or need to gather leaf and firewood in the forest twice a month. With the grid connection, families like theirs have reduced their dependence on biomass, LPG and petrol.

The municipality’s electri-

fication initiative, that started two years ago, has achieved 80% coverage in the municipality. Mayor Rai is seeking collaboration with the federal and provincial governments, private sector, and development partners in Nepal to further this progress.



*Juna Nepali collecting fuel wood*

used in the municipality, due to limited local involvement. For instance, a 1000-watt solar panel in Bahun Danda of Ward 1 sits idle, supported by the federal government.

“Two years ago, we declined 200 subsidized induction stoves from the federal government due to the lack of appropriate utensils for induction cooking. Instead, the municipality distributed 200 infrared stoves based on the people’s needs,” explained Mayor Rai.

The MEP has shifted this dynamic by placing planning power in the hands of local authorities. Dr. Mukesh Ghimire, Director at AEPC, confirmed that 16 municipalities, including Halesi Tuwachung, have completed their MEPs, while 55 more are in progress. “MEPs support municipalities in establishing frameworks for energy management and renewable integration,” he added.

Deputy Mayor Ramesh Kumar Raut highlighted the



*Caption: Inspecting Dairy and sweet store in Halesi  
Photo Courtesy REEEP-GREEN*

## From Energy Deficiency to Local Ownership

Previously, Haleshi Tuwachung Municipality, like many others in Nepal, lacked a local energy plan and depended on the federal government’s energy planning. Several dysfunctional projects, such as solar lifting projects and solar grids, remain un-



*Fuel Wood for household use*



*Hotel Owner Shrestha*

need for cost-effective and feasible outcomes in MEP implementation.

### **Inclusive and Equitable Energy Access**

Women and marginalized communities, despite being key energy users, are often excluded from decision-making. The MEP has intentionally prioritized inclusivity. “I have made every effort to include the voices of women and marginalized communities in the Municipal Energy Plan (MEP) with the motto ‘power for empowerment.’ Our energy subcommittee has ensured that all voices are represented in our MEP, making it one of the most inclusive,” Mayor Rai stated.

The municipality is addressing water scarcity through solar-powered water lifting projects. They are planning

to use solar pumps to extract water from major rivers, as recommended by the MEP. Mayor Rai has confirmed that the implementation is in its final stages and within the budget.

The plan outlines a nine-step process to guide energy initiatives over the next five years, focusing on renewable

energy technologies for sustainable development.

### **About MEP**

The MEP was developed through a nine-step planning process, including stakeholder identification, energy sub-committee formation, vision and mission creation, goal setting, strategy development, activity prioritization, funding source identification, plan compilation, finalization, implementation, and monitoring.

The plan aims to accelerate the deployment of Renewable Energy Technologies in municipalities cost-effectively and feasibly. It includes over 30 energy sector activities with cost estimates based on market assessments for feasibility and effectiveness. Detailed feasibility studies



*Halesi Temple with light*



for two solar lift irrigation projects have been provided by REEEP-GREEN to offer sustainable agricultural solutions in the municipality.

## Shift towards Green

Nepal's MEP represents a shift towards green, sustainable, decentralized energy governance in alignment with the country's federal structure and commitment to achieving Sustainable Development Goal 7 and supporting Nepal's NDC for zero emissions by 2045.

The MEP is a strategic tool for municipalities to create sustainable energy solutions tailored to their needs. It includes Energy Baseline Assessments, Renewable Energy Integration, and energy efficiency measures. Community engagement and capacity building are key components, empowering local



governments to ensure equitable and sustainable energy access in Nepal.

In February, the Halesi MEP was jointly launched by mayor Rai, Nawa Raj Dhakal, Executive Director of the Alternative Energy Promotion Centre (AEPIC); Dr Geertrui Louwagie, Deputy Head of

*Deputy Mayor Ramesh Kumar Raut*

Cooperation at the

European Union Delegation to Nepal, Dr Frank Fecher, Programme Manager, and GIZ Nepal With technical support from the EU and Germany, the MEP has capacitated and empowered the local government to support Nepal's journey toward zero emissions. Aligned with Nepal's target of achieving net-zero emissions by 2045, the MEP contributes to global climate goals by promoting green energy adoption and reducing carbon emissions.



*Mayor Rai*

# Navigating Change: From Skepticism To Support



BY: MANEESH PRADHAN

Change, especially when it challenges established norms, often meets resistance. The initial response is usually dismissive: “We don’t need this”, “This won’t work”, or “It’s impractical.” Such scepticism often stems from deeply held convictions, fear of disruption, doubts about the change’s credibility, or a lack of trust in those proposing it. Yet over time, ideas once firmly rejected can slowly gain acceptance. This shift plays out across many areas of life, from personal relationships to organisations and broader social norms. These shifts in perspective are not anomalies but reflections of evolving individual and societal attitudes. Whether within an organisational culture or the context of social reforms, the journey from rejection to acceptance tends to follow familiar patterns. Despite differing motivations — from inner convictions to external pressures — the process of change usually unfolds in four stages: refuse, confuse, infuse, and diffuse.

**REFUSAL** is often the first stage in the change process, where individuals reject new ideas. The greatest challenge at this stage lies in unlearning and the willingness to relearn. Stepping out of one’s comfort zone to question long-held beliefs can be difficult. Refusal may take many forms — from passive disinterest to active resistance. Yet within this resistance lie the seeds of transformation, ready to take root if change is approached in the right way. It’s important to recognise that resistance to change is not innate. More often, it’s not the change itself that people resist, but the perceived or real loss that comes with it. By addressing these concerns with empathy, transparent communication, and meaningful involvement, fears can be eased and trust built. When individuals begin

to see the value in change, they become far more open to embracing new possibilities.

**CONFUSION** is a pivotal stage in the change process, signaling a softening of initial resistance and a growing openness to new ideas. Human curiosity often propels people into unfamiliar territory, even amid hesitation. As individuals begin to explore unfamiliar perspectives, they often experience internal conflict between old beliefs and emerging understandings. While this state of uncertainty can be uncomfortable, it is not inherently negative. Rather, it marks the beginning of meaningful transformation. Confusion reflects a willingness to question assumptions and engage in discovery. During this phase, timely support, clear communication, and empathetic guidance are essential to help individuals navigate their doubts. If left unaddressed, prolonged confusion can lead to frustration and a return to resistance, making future change efforts more difficult. By recognising confusion as a natural step in the process and actively helping individuals work through it, we lay the groundwork for lasting acceptance.

The next stage is **INFUSE**, where people move beyond acceptance and fully internalise new ideas, integrating them into their beliefs and behaviours. As they begin to see tangible benefits, their engagement deepens, often turning them into advocates who actively promote the value of change for others. For this stage to be meaningful, however, the transition must be authentic — rooted in real understanding and personal conviction. At times, individuals may appear to adopt new ideas, but only on the surface, driven by social pressure, a desire to conform, or to appear politically correct. This superficial buy-in, characterised more



by lip service than genuine conviction, can erode trust and weaken change efforts. Therefore, fostering genuine understanding and belief is essential to ensure that the infusion of new ideas is not merely superficial but deeply ingrained in individuals' values and actions.

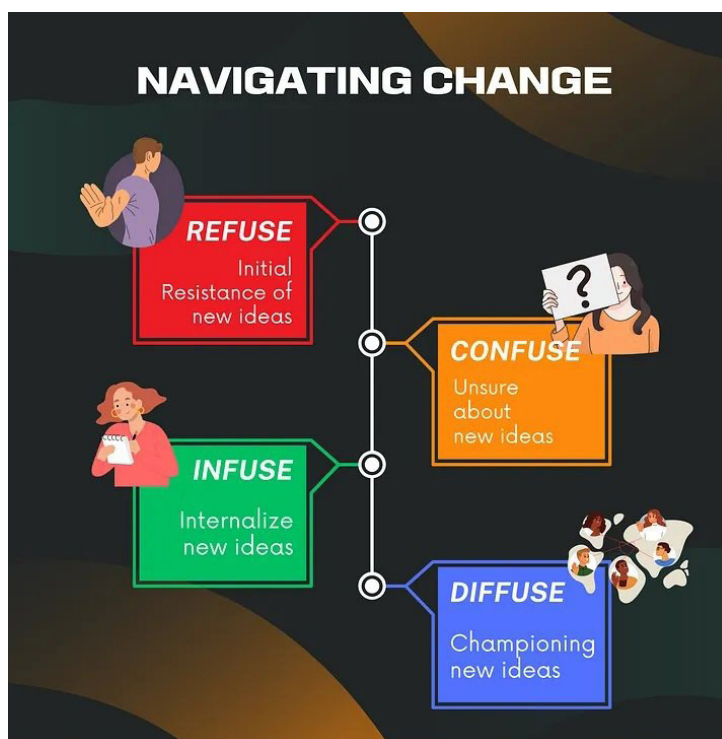
**DIFFUSE** is the stage where individuals actively advocate and disseminate new ideas, drawing from personal conviction and lived experience. Effective diffusion, however, relies on genuine internalisation of these ideas. When people attempt to promote change without fully understanding or believing in it, they risk creating confusion and even reigniting resistance. This problem worsens when individuals only pay lip service to the ideas they promote, lacking genuine conviction. Entrusting such individuals with leading the change process can be counterproductive. For example, a leader who fails to embody the values they promote is unlikely to inspire trust or motivate others. To ensure the integrity and effectiveness of change, it is essential that those promoting new ideas genuinely understand, believe in, and embody what they advocate, ensuring their message is both credible and compelling.

The recent shift toward remote work illustrates how organisations have undergone various stages of change. Initially, many resisted the idea, questioning its feasibility and impact on productivity. However, the COVID-19 pandemic forced a rapid transition, triggering a period of confusion as organisations scrambled to adapt to new technologies and communication methods. Over time, the benefits of increased flexibility and reduced commuting became apparent, leading to the gradual integration of remote work into standard practices. Today, many organisations have adopted remote or hybrid models, and there is growing advocacy for this approach.

Another example at the policy level is renewable energy. Initially, there was scepticism towards renewable energy sources due to concerns about scalability, cost, and reliability. As technologies improved and adoption increased, confusion arose about integrating these sources into existing energy grids. With continued investment and the observed benefits of reduced emissions and energy costs, renewable energy has

gained widespread acceptance. Now, governments and corporations actively promote renewable energy, highlighting its advantages.

Navigating the complexity of change requires patience, persistence, and genuine engagement. Resistance should be expected as a natural reaction to the unfamiliar, even as some individuals remain



open to new ideas. Confronting challenges head-on, rather than avoiding them, is crucial. Quick fixes without deep understanding often only prolong issues. By engaging people meaningfully, addressing their concerns with empathy, and fostering true understanding, we nurture champions who drive lasting transformation. These champions, living the principles they advocate, become powerful inspirations and catalysts for change.

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# Energy And Climate Agenda In ADB And World Bank's Partnership Strategies For Nepal



BY: MUKESH GHIMIRE, PHD

Nepal is currently at a crucial point where its development objectives rely heavily on global commitments. The Asian Development Bank (ADB) and World Bank Group (WBG) are major contributors to Nepal's official development assistance, providing approximately 70% of the funding. Recently, both institutions have unveiled their country priorities and strategies for Nepal: ADB's Country Partnership Strategy (CPS -FY2025–2029) and WB's Country Partnership Framework (CPF- FY2025–2031). These strategies are in line with Nepal's 16th periodic National Plan and Green, Resilient and Inclusive Development (GRID) framework. ADB's CPS aims to support inclusive, resilient, green, and job-creating economic growth with three main priorities: 1) Promoting private sector-led, job-intensive, green economic transformation; 2) Enhancing inclusive and high-quality human capital development and public services; 3) Strengthening environmental sustainability and climate resilience, along with addressing cross-cutting themes. Similarly, WB's CPF focuses on two key development challenges: creating jobs and building resilience to natural disasters. The framework emphasizes the importance of balancing transformational goals with immediate results, aiming for three main outcomes: 1) Increased and improved employment opportunities; 2) Enhanced connectivity within communities; 3) Sustainable and resilient environments. Both institutions' strategies provide a clear roadmap for advancing clean energy expansion, enhancing climate resilience, and fostering inclusive growth in Nepal.

## Clean Energy Expansion and Regional Integration

Nepal has made significant progress in electrification, with installed capacity exceeding 3600 MW by 2025, primarily from hydropower sources. Over 95% of the electricity is generated from hydropower, and almost all households in the country now have access to electricity, a remarkable achievement given Nepal's challenging terrain and scattered population. Despite these advancements, Nepal's power system still faces challenges, including seasonal variations in hydropower generation, leading to supply fluctuations, frequent power outages, and disruptions in industrial activities. The transmission infrastructure is also inadequate, with limited reserve capacity, making the system susceptible to blackouts.

The World Bank's Country Partnership Framework (CPF) aims to improve energy connectivity, reliability, and resilience by supporting large-scale energy projects like Upper Arun and Dudhikoshi Storage Hydroelectric, in collaboration with the Asian Development Bank (ADB), and complementing existing initiatives such as Upper Trishuli-1. These projects not only aim to expand domestic

energy access but also position Nepal as a clean energy exporter, particularly to India under the 10,000 MW electricity trade agreement. The CPF recognizes the energy sector's crucial role in enhancing productivity in various sectors like digital services, connectivity, tourism, and urban development through reliable power supply and sustainable infrastructure. With a significant portion of Nepal's GDP dependent on remittances and limited domestic job opportunities, the energy sector presents an opportunity to attract private investment and create employment opportunities.

The ADB's Country Partnership Strategy (CPS) acknowledges hydropower as a key driver of Nepal's development, offering benefits such as clean energy, export revenue, industrial productivity, ecotourism growth, and foreign investment opportunities. The ADB places emphasis on prioritizing peaking run-of-river and storage projects to store excess monsoon energy, thereby stabilizing the energy supply. It also plans to upgrade transmission infrastructure, including cross-border connections with India, and implement smart grid technology to improve reliability. The ADB will support the diversification of Nepal's energy sources beyond hydropower to include solar and other renewables, while encouraging private sector involvement through policy and regulatory changes. Climate adaptation and disaster resilience will be integrated into the design of hydropower projects, transmission systems, and substations. Nepal is actively engaged in regional electricity trade, with India committing to import 10,000 MW from Nepal in the next decade and Nepal already exporting power to Bangladesh, indicating a growing regional demand and confidence.

To accelerate Nepal's energy development, significant investments, regulatory adjustments, and private sector engagement are necessary. The World Bank (WB) backs the promotion of hydropower-driven, low-carbon growth by advancing policy reforms, enhancing governance, and creating a conducive environment for Independent Power Producers (IPPs). The ADB and WB jointly aim to mobilize substantial investments over the next 5-7 years, while also providing policy guidance and capacity-building assistance to attract private investments and enhance sector governance. These initiatives will modernize Nepal's electricity sector, making it more reliable, resilient, and integrated within the region, which is crucial for sustained economic growth and poverty alleviation.

## Climate Resilience and Social Inclusion

Nepal is highly vulnerable to climate change, ranking second in multi-hazard mortality risk due to various natural disasters. The



country has experienced an annual temperature increase of approximately 0.06°C, leading to accelerated glacier melting and increased disaster risks. Despite its low greenhouse gas emissions of around 1.06 tons per capita, Nepal faces significant climate impacts, especially in rural and mountainous regions that rely on agriculture and natural resources.

Nepal's GRID framework focuses on integrating climate adaptation and mitigation measures across different sectors. Investments are made in climate-resilient infrastructure, nature-based solutions such as reforestation, and climate-smart agriculture programs. Capacity building is a key priority for implementing Nepal's Nationally Determined Contributions (NDCs), Long Term Strategy for Net Zero Emission (LTS), and National Adaptation Plan (NAP).

Both ADB and WB support Nepal's efforts with a comprehensive approach that includes energy transition, sustainable forestry, resilient urban development, and low-carbon transport. They also assist in establishing early warning systems and shock-responsive social protection measures to enhance disaster preparedness and reduce vulnerability. Inclusivity is emphasized, with a focus on providing reliable electricity access to all households, particularly in remote hilly districts like Karnali and Sudur-paschim. ADB and WB promote decentralized renewable energy solutions for last-mile electrification and community resilience, empowering women and fostering community ownership to improve health, livelihoods, and reduce emissions.



ADB and the WB are working together to support Nepal in enhancing its climate resilience and environmental sustainability. ADB is focusing on clean energy projects such as hydropower and grid upgrades, as well as promoting low-carbon solutions like electric transport and e-cooking. ADB will also work on strengthening policies and institutions aligned with Nepal's climate goals and integrating resilience into infrastructure. The organization aims to expand access to climate finance through various mechanisms and increase private sector participation. The WB, on the other hand, is prioritizing gender equity and local governance reforms, helping municipalities improve energy access and climate service delivery. The WB has identified potential projects in its Country Partnership Framework, including the Nepal Clean Air and Prosperity Project, to address air pollution. Both partners are committed to improving governance, implementing digital procurement processes, and enhancing federal-provincial coordination to accelerate project implementation and ensure accountability.

### Financing and Implementation

Nepal has set ambitious climate and energy goals in NDC 3.0, LTS, and NAP, requiring innovative financing and systemic reforms beyond traditional subsidies and concessional loans. The estimated cost to meet the NDC's mitigation target is \$73.7 billion until 2035, with the NAP projected to cost \$47.4 billion until

2050. Due to limited domestic resources, multilateral development partners like ADB and WB play a crucial role in meeting these financial needs. ADB has allocated \$1,915 million for Nepal from 2025-2028, while WB has allocated US\$1,956 million from FY26-31, with additional support expected from other funding sources.

ADB aims to mobilize innovative finance for climate through blended finance, attracting private investments, creating domestic bonds, opening carbon markets, and supporting disaster risk financing. It also promotes green bonds and integrates climate priorities in public finance. The WB Group will mobilize private investment through PPPs and instruments like the WBG guarantee platform, IDA's private sector window, and MIGA guarantees. The WB complements these efforts with DPCs, supporting fiscal reforms, PPPs, and results-based financing linked to resilience outcomes. These reforms embed climate priorities in national planning and enhance Nepal's access to global climate funds.

A landmark achievement is the development of strategies that align Nepal's development agenda, marking the first fully coordinated country partnership between ADB and the WB in Nepal. This alignment improves policy coherence, reduces duplication, and creates co-financing opportunities for large infrastructure projects that support Nepal's federal governance and Sustainable Development Goals (SDGs). Effective implementation is essential, with

both banks emphasizing the need to accelerate public investment reforms, enhance institutional capacity at all levels, and promote meaningful engagement with local communities and the private sector. Improvements in public financial management, procurement efficiency, and intergovernmental coordination are crucial to ensuring transparent and efficient use of resources. Nepal's coordinated partnership with the ADB and WB presents a unique opportunity to tap into its abundant clean energy potential, enhance climate resilience, and promote inclusive development. Through coordinated investments and a robust reform agenda, Nepal can position itself as a regional clean energy leader and a global model for climate-smart development in mountainous, disaster-prone regions.

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