

Monthly Bulletin



RIGHTS Nepal

Digital Transformation | Human Security |
Good Governance | Strategic Engagements

Monthly Bulletin

RIGHTS Nepal is a think tank founded in 2020, based in Kathmandu with the mission of focusing on nationwide policies, decisions, plans, actions and their justified need, development and outcome.

This publication has been specifically designed to assess the important events of the past month on the basis of four major pillars: **Strategic Engagements, Good Governance, Digital Transformation and Human Security.**



RIGHTS Nepal

The content of this report is validated as accurate news extracted and summarized at the time of publishing. The report in itself is to be viewed and treated as an unbiased and impartial source of information.

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Digital Transformation

Digital Technology

E-governance Commission (Formation and Operation) Order, 2022 was issued by the federal government to promote the use of electronic systems in the provision of public services and government operations.

The government will establish an eight-member E-governance Commission that will be co-chaired by the Minister of Communications and Information Technology and led by the Prime Minister. The chief secretary of the Prime Minister's Office and Council of Ministers, the secretary of the Ministry of Communication and Information Technology, two individuals, including at least one woman, appointed by the government, and the commission's chief executive officer are also members of the commission.

The functions, duties, and powers of the commission are;

- 1.To offer the government the necessary advice for the creation of an all-encompassing cyber security policy.
- 2.To develop both short- and long-term information technology and e-governance policies through the establishment and operation of electronic systems in government organizations.
- 3.To formulate necessary policies and plans for the creation and promotion of employment in the information technology sector.
- 4.To develop and implement norms related to databases, communication equipment and networks to be set up in government bodies.
- 5.To ensure the security of electronic systems.

Digital Nepal Acceleration:

The Government of Nepal and the World Bank on September 18th, 2022 signed concessional financing agreements for \$275 million (equivalent to NRs. 34.96 billion) for the Accelerating Nepal's Regional Transport and Trade Connectivity (ACCESS) Project and \$140 million (equivalent to NRs. 17.79 billion) for the Digital Nepal Acceleration (DNA) Project.

The Digital Nepal Acceleration Project aids in the implementation of the Digital Nepal Framework, the country's digital economy strategy announced by the government in 2019. The project will raise private capital to expand access to broadband services in rural areas, benefiting people and businesses that are currently without high-quality and affordable internet connectivity. It will also support and secure the delivery of digital government services by improving Nepal's public data infrastructure and cybersecurity capabilities, as well as increasing access to digital services for women, ethnic and social minorities, and people with disabilities.

According to Anil Dutt, Joint Secretary of the Ministry of Communication and Information Technology,” Through the Digital Nepal Acceleration Project, the fundamentals for Digital Nepal will be an expansion of access to broadband connectivity, enhancement of capacity to move to the digital economy and strengthening of digital governance”.

Digital Transformation

Access to Broadband Connectivity

Estimated Budget: US\$71 million

The major development objective of the DNA project is to expand access to broadband connectivity in rural areas and improve the capacity of individuals and businesses to engage in the digital economy. It enhances the foundations for digital government.

Promote rural broadband access and use through;

- (i) Policy and regulatory reforms to reduce the costs of broadband network deployment;
- (ii) Funding one-time subsidies to service providers to de-risk private investments to expand climate-resilient high-speed broadband services in selected municipalities, including public institutions (e.g., health centers, schools);
- (iii) Provide digital literacy and broadband adoption among specific user groups (e.g., girls and women, students, persons with disabilities, low-income households, people from areas vulnerable to climate change, and small businesses).
- (iv) Improve international connectivity through the creation of a virtual landing station and prepurchase of bulk international bandwidth for the Government and priority users (e.g., educational institutions)

Nepal currently does not have access to submarine cables, so it must purchase bandwidth at exorbitant prices. To mitigate this, this project will provide access to the submarine cable to Nepal, as well as the construction of a virtual landing station. This will reduce the cost of internet access.

Engaging in the Digital Economy

Estimated Budget: US\$5 million

In order to improve the capacity of individuals and businesses to engage in the digital economy

- Develop advanced digital skills of individuals through a program responsive to private sector demand for digitally skilled workers (in IT-related sectors and possibly across other sectors and occupations).
- Increase the employability of participants (with a focus on women, persons with disabilities, and people from rural areas, or areas vulnerable to climate change-related economic transitions).
- Support digital businesses through:
 - (i) Incubation and acceleration programs for digital startups; and
 - (ii) Advisory support and feasibility studies to develop a planned IT Park and network of innovation and co-creation centers.

Digital Transformation

Enhance the Foundation of Digital Governance

Estimated Budget: US\$63 million

- Enhance the digital ecosystem through the development of digital signatures, the cybersecurity regulatory framework, and capacity within the Government, including the establishment of a national cybersecurity cell, and enhancement of the personal data protection regulatory framework.
- Improve data center (DC) capacity by supporting policy development, standards, and compute, storage, and network capacity improvements, to improve the capacity, use, and climate resilience of the government's DCs.
- Implement select digital services through the design and implementation of at least ten DNF initiatives (beyond those supported through the other Project activities) including through partnerships with the private sector and other stakeholders (e.g., development partners, and civil society organizations).

Institutional framework for implementing DNA

To implement the Digital Nepal Acceleration Project, the government announced to set up of different organizational structures. A steering committee will be in charge of implementation, and it will be overseen by the secretary of the ministry of communication and information technology.

Members will include the heads of various organizations. Similarly, the Ministry of Communication and Information Technology will have a project management division. Along with the Ministry, the unit will also house the Department of Information Technology, Nepal Telecommunication Authority, and the National Information and Technology Center.

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Human Security

Protection and Promotion of Child Rights

On September 14, 2022, 57th National Children's Day was celebrated with the theme 'Foundation of Child-Friendly Society: Responsible Family, Accountable Society'. To implement the rights of children in Nepal, a work procedure related to the protection and promotion of child rights has been formulated in 290 local levels of the country so far.

As per the statistics of the National Child Rights Council, in the year 2021-22:

- 180 local levels have established child funds for the welfare of children which are still in operation.
- 206 local levels have formed a local child rights committees.
- 203 child welfare officers have been designated to different local levels for the continuity of protection of child rights.

According to the Child Labour Report of 2021, 15.3 percent of children aged 5-17 years are in child labor. On the eve of Children's Day, National Child-Friendly Local Governance Forum organized the workshop in collaboration with Jagrit Child and Youth Concern Nepal along with the support of World Vision International Nepal for the effective promotion and establishment of the Child-Friendly Local Governance concept. Among various topics discussed in the workshop, local governments were encouraged to implement the provisions of Acts concerning the welfare of children. According to various speakers at the program, the major factors responsible for the development of children were child marriage, sexual and physical violence, mental stress, gender minorities, social anomalies, and disabilities. According to the former commissioner of the National Human Rights Commission Gauri Pradhan, children should be placed in an environment suitable only for them; another age-centered environment would hamper their upbringing.

Increasing Dengue Cases in Nepal

During the period of three months (May till July), over 35 dengue cases were reported in Kathmandu valley which increased heavily after July. Over 700 infection cases were reported till August which rose to over a thousand by mid-September. Around 8000 cases in total were reported all around the country. Many local authorities in Kathmandu Metropolitan City carried out a search and destroy drive to eradicate the problem. According to Basanta Adhikari, chief of the Health Office, Kathmandu, search and destroy campaigns proved to be effective to eliminate the breeding sites of mosquitoes. According to a report published by the United Nations - 'Climate Change 2022: Impacts, Adaptation, and Vulnerability, at least six major vector-borne diseases affected by the climate drivers have recently emerged in Nepal and are now considered endemic. As per the report, global warming is considered to be one of the major factors extending the elevational distribution of Anopheles, Culex, and Aedes mosquito vectors above 2,000 meters in Nepal. As per the press release of the Ministry of Health and Population on September 12, a nationwide campaign has been launched to control the flow of the disease and instruction has been passed to the Ministry of Federal Affairs and General Administration to mobilize all the 753 local governments in a bid to control the disease.

Human Security

India's ban on the Export of Rice to Nepal

The Russian invasion of Ukraine followed by climate change has caused many security issues around the world. Food security is one of the security issues faced by many dependent countries like Nepal. Followed by India's wheat export ban to Nepal in May 2022, Narendra Modi-led Indian Government has recently imposed a ban on the export of broken rice and a 20 percent duty on the export of various types of rice. This decision has been made by the Indian Government to maintain its domestic supply of rice. As Nepal's agricultural production is not sufficient to maintain supply to all the residing citizens, the strict restrictions imposed by India will only lead to the shutdown of many rice mills while also degrading the relationship between Nepal and India. According to Subodh Kumar Gupta, president of the Association of Nepalese Rice, Oil, and Pulses Industry, the 20 percent duty will disrupt food supplies, and quicken food inflation which will affect the Nepali market, and encourage illegal trade. This decision will also have an impact on other industries like livestock, beverage, and trade industries along with consumers.

The 20 percent increase on duty will increase the price of paddy by five rupees per kilogram and of rice by up to seven rupees per kilogram to industries which in turn will affect the quantity of paddy procured by rice mill owners and ultimately the consumers will be affected more because of higher prices charged by rice mill owners. Given the decision of India to secure its supply of food products to its consumers, Nepal has no option but to be independent in its production of agricultural products in the long run. This will help Nepal become independent in its own products without having to be dependent on its neighboring countries. Farmers are currently deprived of high-quality seeds and fertilizers for farming as they have to import high-quality fertilizers from India illegally at a cost of Rs. 2000 to Rs. 2500 for 45 kgs of fertilizers while the same could be procured at Rs. 800 for 50 kgs in Nepal. According to Subodh Kumar Gupta, the government should integrate modern technologies in the agriculture sector, as well as the introduction of policies with private sectors, which could help Nepal become self-sufficient in the production of food products.

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Good Governance

Nepal clears India to develop \$2.4 billion hydropower projects left by China

In mid-August, 2022, Investment Board Nepal signed a Memorandum of Understanding (MoU) with India's state-owned NHPC Limited to develop two hydropower projects namely: West Seti Hydropower Project and Seti River Project which are a joint storage project totaling up to 1200 MW of energy consisting of 750 MW West Seti and 450 MW SR6 projects. The MoU had been signed by Sushil Bhatta, CEO of Investment Board Nepal, and Abhay Kumar Singh, chairman and managing director of NHPC Ltd. This project is located on the Seti river located in the Far Western region of Nepal spread over four districts: Achham, Dadeldhura, Doti, and Bajhang.

Originally, the project was handed over to Three Gorges International Corporation of China on August 29, 2012, and a final agreement was signed between the Chinese company and Nepal Electricity Authority on November 2017 to set up a joint venture to develop the 750 MW West Seti Project. But within a year later, the Chinese company found the project financially unfeasible because of the steep resettlement and rehabilitation costs. After the election of Sher Bahadur Deuba as prime minister in July last year, this project was handed over to India, four years after the withdrawal of China, as an attempt to mend soured relations between India and Nepal. According to PM Sher Bahadur Deuba, this agreement would serve as an important instrument in enhancing Nepal-India energy cooperation while also expanding and strengthening bilateral trade and investments. As per the MoU, the application for a survey license for the West Seti project has to be applied within 45 days after signing the agreement and within 6 months for the SR6 project. According to the Investment Board, the total cost of the two projects is estimated at around \$2.6 billion.

Upper Arun Hydropower Project signs MoU with Financial Institutions

In mid-September 2022, a Memorandum of Understanding (MoU) was signed by Nepal Electricity, Upper Arun Hydropower Ltd, the promoter of the project, Nepal Bank Ltd, Rastriya Banijya Bank and Citizenship Investment Fund for loan investment to construct 1061 MW Upper Arun Hydropower Project in Bhotkhola Rural Municipality Sankhuwasabha. This was done under the leadership of Hydroelectricity Investment and Development Company Ltd (HIDCL). Minister for Energy, Water Resources, and Irrigation, Pampha Bhusal was also present at the ceremony. This marks Upper Arun Hydropower Project as the biggest hydropower project and is also the first four-digit hydropower project in Nepal. The MoU, which guaranteed investment from local Financial Institutions, was signed and exchanged between the MD of NEA Ghising, Managing Director of Upper Karnali Hydropower Company Phanindra Raj Joshi, CEO of Nepal Bank, and Rastriya Banijya Bank.

Other investment plans included raising money from equity by issuing shares to the general public. The overall estimated cost of this project is Rs 214 Billion where Rs 150 Billion is to be financed from loans and Rs 64 Billion from the issuance of equity shares.

Being Nepal's largest hydropower project, this also marked minister Bhusal and MD Ghising's one of greatest achievements in their tenure. According to Minister Bhusal, this MoU was a matter of pride and history for her along with crediting her party's predecessors for their contributions. MD Ghising, in his tenure as MD of NEA, has signed MoU to construct almost 1700 MW capacity hydropower projects.

Good Governance

According to MD Ghising, NEA will construct the project in time as the World Bank had already agreed to invest in Upper Arun and has opened opportunities for Financial Institutions to invest in the project.

Nepal and the World Bank sign an agreement for financing of \$100 Million

On August 29, 2022, the Government of Nepal and the World Bank signed a concessional financing agreement for \$100 million (equivalent to Rs. 12.7 billion) for Green, Resilient, and Inclusive Development (GRID). This agreement is the first of a programmatic series of three concessional loans on GRID. The agreement was signed by the Joint Secretary, International Economic Cooperation Coordination Division, Ministry of Finance, Mr. Ishwori Prasad Aryal on behalf of the Government of Nepal, and World Bank Operations Manager for Maldives, Nepal, and Sri Lanka, Ms. Lada Strelkova. This agreement will help Nepal in creating a green and climate-resilient environment and also support the inclusive development of the country.

According to Lada Strelkova, World Bank Acting Country Director for Maldives, Nepal, and Sri Lanka, through this operation, the World Bank will be supporting the Nepal Government's key policies across various sectors like land, water, agriculture, forest management, urban and rural infrastructures, pollution control and waste management along with sustainable and productive use of natural and human capital.

This operation provides investment opportunities for many private sectors in creating a green economy while also creating job opportunities in areas such as agriculture, forestry, waste management, and pollution control. It also supports improvement for strengthening development decisions and plans with access to assets and services.

According to Joint Secretary Ishwori Prasad Aryal, Nepal's shift to the GRID approach will help Nepal continue to make progress in expanding and protecting prosperity while reducing poverty amidst various challenges which are affecting Nepal's development plans and activities, including economic recovery from COVID and ongoing inflation, climate and environmental risks.

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Strategic Engagements

Global Security Initiative (GSI)

Chinese President Xi Jinping made a new Global Security Initiative (GSI) proposal at the Boao Forum for Asia Annual Conference on April 21. The Beijing-led alliance has been organized around the themes of upholding multilateralism and international solidarity, creating a better world beyond the pandemic, maintaining world peace, and preventing conflicts and war. As per the Chinese Ministry of Foreign Affairs, the GSI is a means of preserving world peace and tranquility.

According to the Vice Foreign Minister of China, Le Yucheng, the idea behind the GSI is to take a new vision of security as the guiding principle, mutual respect as the fundamental requirement, indivisible security as the important principle, and building a security community as the long-term goal—all in order to foster a new type of security that replaces confrontation, alliance and a zero-sum approach with dialogue, partnership, and win-win results. ("Acting on the Global Security Initiative To Safeguard World Peace and Tranquility", 2022)

On three separate occasions, Chinese officials made remarks insisting that Nepal supports the Global Security Initiative (GSI) and Global Development Initiative (GDI), both of which are spearheaded by Beijing. On July 6th, Hou Yanqi, the ambassador of China to Nepal, stated that the Nepali government actively supports and participates in the GDI and GSI. According to a statement released by China's Ministry of Foreign Affairs in August, the Chinese side once more insisted that Nepal agrees with the concept of the Global Development Initiative and the Global Security Initiative and is willing to actively study and participate in the connection after the meeting between Foreign Minister Narayan Khadka and his Chinese counterpart Wang Yi. In September, the Chinese state-owned news agency (Xinhua) reported that Wang Yang, chairman of the People's Chinese People's Political Consultative Conference (CPPCC) National Committee told Rt. Hon. Mr. Ganesh Timilsina that China welcomes Nepal to support and participate in the Global Development Initiative and the Global Security Initiative.

However, the Ministry of Foreign Affairs has not yet responded to the Chinese claim, especially regarding the GSI. (Giri, 2022) The foreign ministry remained silent during all three instances. Nepal does not participate in or belong to any security alliances, in accordance with its publicly stated foreign policy.

Third high-level visit from China: Li Zhanshu arrives in Nepal

The Head of the Chinese National People's Congress Standing Committee, Li Zhanshu arrived in Kathmandu on 12th September for a three-day visit at the request of Speaker Agni Prasad Sapkota. The 67-member delegation included officials from the People's Congress, the Communist Party of China, and the Chinese Foreign Ministry. After the Deuba government's formation in July of last year, Li's is China's third high-level visit.

Monday, September 12, 2022

Meeting with H.E. Mr. Li. Zhanshu and Speaker Agni Sapkota

- Delegation-level talks between visiting Chinese officials and Agni Sapkota took place at the parliamentary building.

Strategic Engagements

- According to the parliament secretariat, Speaker Sapkota was accompanied by chief whips, whips of political parties representing the legislature, and representatives of the Nepal-China Parliamentary Forum.
- Both parties incurred the need to improve interparliamentary communication and cooperation. Additionally, they emphasized the importance of Parliamentary Friendship Groups in further fostering goodwill and mutual understanding between the two legislatures. A six-point Memorandum of Understanding(MoU') was signed on bilateral issues.
- The Speaker hosted a dinner in honor of the visiting Chinese delegation. Top officials from the major parties attended, along with Prime Minister Sher Bahadur Deuba.

Tuesday, September 13, 2022

Meeting with H.E. Mr. Li Zhanshu and Rt. Hon. Mr. Ganesh Prasad Timilsina

- Inter-parliamentary exchanges and cooperation, among other Nepal-China relations issues, were covered during the meeting at the Parliamentary House.
- According to Speaker Timilsina's secretariat, the Nepali side stressed three key points
 - I. Development of bilateral ties.
 - II. Reaffirmed support for the One-China policy.
 - III. Reopening of the border between the two countries before Dashain.
- The Chinese delegates emphasized legislative and multilateral partnerships, including BRI

Wednesday, 14th September 2022

Meeting with H.E. Mr. Li Zhanshu and Rt. Hon. President Mrs. Bidhya Devi Bhandari

- Bilateral interest-related topics were covered at a delegation-level goodwill meeting on Wednesday at the President's Office, Sheetal Niwas.
- Chairperson Li stated that the purpose of his visit was to put into effect the agreement that was signed during Chinese President Xi Jinping's trip to Nepal in October 2019.
- He emphasized that the visit was meant to strengthen political trust between the two countries and expand bilateral cooperation across a range of fields.
- An on-site inspection of the post-quake reconstruction efforts and the local art and culture in Bhaktapur Durbar Square was conducted by the Chinese delegation led by Li.

Foreign Secretary of Nepal's visit to India

At the Ministry of External Affairs in New Delhi, Foreign Secretary Mr. Bharat Raj Paudyal met with India's External Affairs Minister, H.E. Dr. S. Jaishankar. The Indian Foreign Secretary, Shri Vinay Mohan Kwatra, invited the foreign secretary to visit New Delhi on September 13th for an official visit.

In a press release from the Ministry of External Affairs, India it was stated that the two secretaries " held talks on the progress on many projects and initiatives announced during the recent high-level visits of the Prime Minister of India to Lumbini, Nepal in May 2022 and the Prime Minister of Nepal to India in April 2022."

Strategic Engagements

The two foreign secretaries went over all facets of bilateral cooperation between India and Nepal, including trade, culture, and people-to-people ties, as well as economic and commercial cooperation, improving connectivity, and development cooperation.

Energy

The recent advancements in bilateral cooperation in the power sector, including the export of power from Nepal to India, were also discussed by the two parties.

- They decided to collaborate in order to further strengthen this cooperation in accordance with the Joint Vision Statement on Power Sector Cooperation that was adopted during the visit of Nepal's Prime Minister to India in April 2022.
- Additionally, both parties agreed to swiftly put into action the expansion of the petroleum pipeline from Amlekhgunj to Chitwan and the building of an LPG pipeline from Motihari to Chitwan.
- Both parties welcomed the MoUs that were recently signed by NHPC, India and IBN, Nepal regarding the advancement of the West Seti and SR-6 projects.

Connectivity

- The operationalization of the Kurta-Bijalpura segment of the Jayanagar-Bardibas rail link and the Bathnaha-Nepal Custom Yard segment of the Jogbani-Biratnagar rail link, which are important steps in strengthening the people-to-people links, was noted with satisfaction, according to the press release.

People-to-People links

- Both sides agreed to progress on project proposals for the Ramayana Circuit.

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