

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.**



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Digital Transformation

Minister Cancels NPR 500 Million Digital KYC System Project in Nepal

Minister of Communication and Information Technology, Rekha Sharma, has intervened in the implementation project of Nepal Telecommunications Authority's Digital Know Your Customer (KYC) system, which had an estimated cost of NPR 500 million. The minister has now canceled the project entirely. However, questions arose about the need for this expenditure given that various entities like Nepal Telecom, Ncell, banks, national identity cards, and citizen apps already possess integrated KYC systems. Minister Sharma criticized the project, asserting that service providers should bear the responsibility of implementing the Digital KYC system themselves. Consequently, the ministry directed the regulator to cancel the project, emphasizing the regulator's focus on its regulatory role, leading to the revocation of the NPR 50 million budget allocation for the project.

Digital signature to become reality from October 2

After seven years since its official adoption, the Office of the Company Registrar in Nepal is set to implement digital signatures starting from October 2. This move aims to streamline the company registration process and enhance convenience for investors. The initiative also aligns with the government's efforts to reduce administrative burdens, minimize in-person visits, and encourage private investment. Interested parties can obtain their digital signatures keys through government agencies. This transition to digital signatures is expected to not only expedite administrative process but also pave the way for boarder digitization efforts, potentially transforming trade and promoting transparency in Nepal's economy.

Neuralink Breakthrough and Its Potential Impact on Nepal's Healthcare

Neuralink, Elon Musk's brain-chip startup, has secured approval for the first phase of implanting chips in patients with paralysis, targeting individuals affected by spinal cord injuries or ALS for testing. While the exact number of participants in this initial phase remains undisclosed, Neuralink anticipates completing it within a year. Using brain-computer interfaces (BCIs) with robotic assistance, the company plans to implant chips in the brain's movement-control region, enabling users to control devices through their thoughts. Musk's broader vision is to expedite chip implantation for conditions like depression, autism, and schizophrenia, aiming to significantly enhance individuals' quality of life. Although Neuralink's breakthrough primarily focuses on therapeutic applications, its potential can benefit Nepal and Nepalese individuals by offering cutting-edge solutions for various neurological conditions prevalent in the country, potentially improving the lives of those affected by such disorders.

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Human Security

DDA issued a directive not to use 103 antibiotic drugs

The government has taken a decisive step to curb antibiotic misuse by issuing a directive cautioning consumers and stakeholders against the use of 103 types of antibiotics. The Director General of the Department of Drug Administration (DDA), Narayan Prasad Dhakal, emphasized that this directive aligns with global efforts to minimize, prevent, and control the improper use of antibiotics, a practice discouraged not only by the government but also by the World Health Organization (WHO). Dhakal underscored that there is no rational basis for employing these restricted antibiotics, and the DDA will neither register nor permit their usage, with only 13 out of the 103 types being an exception. The DDA has also formulated a national action plan to combat antibiotic resistance, which is awaiting final approval and has instructed relevant agencies to refrain from registering, renewing, importing, or using these antibiotics following the guidance of the Drugs Advisory Committee.

Rapti Highway turns into a death trap for travellers

The Rapti Highway, a vital transportation route connecting Dang, Salyan, and Rukum districts in Nepal, has become a concerning hotspot for road accidents, primarily on its Salyan stretch. In the past fiscal year, 22 lives were lost, and 110 individuals sustained injuries in 84 reported accidents on this highway. Deputy Superintendent of Police Nabin Karki notes that many unrecorded accidents go unnoticed due to survivors not reporting them. The prevalent causes of these accidents include poor road conditions, driver negligence, and traffic rule violations, with over 40 accidents occurring annually on average over the last five years. Safety concerns are exacerbated during festive seasons when increased traffic and overspeeding lead to higher accident rates. Despite various awareness initiatives and efforts, accidents persist, partly due to the road's hilly terrain, which is susceptible to landslides and floods. Residents and authorities are demanding better road maintenance, blacktopping, and safety measures like safety railings to address this pressing issue.

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Good Governance

Minister lays the first stone for the UT-1 dam

Minister Shakti Bahadur Basnet marked the commencement of the 216 MW Upper Trishuli-1 (UT-1) hydroelectric project in Nepal, which is a collaborative effort between the Nepal Water and Energy Development Company (NWEDC) and international investors. The project aims to fulfill Nepal's electricity requirements, particularly during dry seasons, while also diminishing the need for importing power. Construction commenced in January 2022 and is anticipated to conclude by December 2026. The project's funding structure consists of 70% debt and 30% equity, with the involvement of global lenders. UT-1 is expected to generate 1,533 GWh of electricity annually, with a substantial portion being produced during dry periods. This increased energy production will reduce the necessity for diesel imports and enhance the national power grid. NWEDC has secured a 30-year power purchase agreement with NEA for the project's electricity supply. In summary, UT-1 represents a vital initiative to meet Nepal's escalating energy demands and diminish reliance on external power sources.

Three highways are to be constructed

Baglung Municipality, with support from the World Bank, plans to construct three roads within 1.5 years through the Urban Government and Infrastructure Development Program. These roads will span a total of 12.5 kilometres and facilitate easier transportation of local products to markets. The World Bank will provide a grant of Rs 600 million for this project. The construction is expected to begin in November and will involve removing houses and structures along the road. This initiative builds upon previous World Bank-supported projects, including a 7 km road in Baglung's wards 4 to 6. The municipality aims to establish a circular road connecting all wards, improving transportation and benefiting farmers. Additionally, efforts are underway to address the Dabhyang landslide in Ward No. 1. The construction plans include compensation for affected residents and farmers.

National transmission line extension, brightening of Karnali

The introduction of electricity through the national transmission line has had a positive impact on various municipalities in Karnali, Nepal, including Tilagufa Municipality-6 in Kalikot. All nine municipalities in Kalikot are now connected to the national transmission line, thanks to efforts led by former Energy Minister Mahendra Bahadur Shahi. Currently, 9 out of 10 districts in Karnali have access to electricity from the national transmission line, with plans to connect Humla within two years. This initiative aims to provide reliable electricity to the entire Karnali province. Presently, 22 municipalities and 21 rural municipalities have electricity, while three municipalities and 33 rural villages await connection, with 393 out of 718 wards now electrified.

Increased cross-border electricity transmission has been agreed upon between Nepal and India

Nepali and Indian officials have agreed to enhance electricity trade by opening several transmission corridors between the two countries. The agreement includes increasing the power capacity traded through the Dhalkebar-Muzaffarpur cross-border transmission line, using spare capacity from the Dhalkebar-Sitamarhi line, and completing new 132kV transmission lines for import and export. They also plan to study the feasibility of a 220kV line and expedite the 400kV Dodhara-Bareilly cross-border line. These developments

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come as Nepal seeks to expand its power exports to meet India's commitment to purchase 10,000 MW of electricity from Nepal in the next decade.

Over Rs 5.43 billion worth of power was exported by NEA to India in only two months

In the first two months of the current fiscal year, the Nepal Electricity Authority (NEA) exported power worth more than Rs 5.43 billion to India. This comprised approximately Rs 1.95 billion in the first month and Rs 3.48 billion in the second month. The average unit selling price was Rs 8.13 paisa in the first month and Rs 12.27 paisa in the second month, with a two-month average of Rs 10.37 paisa per unit. NEA exports excess power to India via the Day-Ahead Market of the Indian Energy Exchange Limited. About 110 megawatts of electricity were exported to NTPC Vidyut Vyapar Nigam Limited under a mid-term agreement, and India has permitted the import of 632 megawatts of electricity from Nepal. NEA's Managing Director, Kulman Ghising, noted that this power trade has boosted Nepal's foreign exchange reserves and reduced the trade deficit with India.

Agricultural and nutrition sectors to receive 2 billion 650 million in subsidies from the World Bank

The World Bank has granted approximately \$20 million to Nepal for the Food and Nutrition Security Enhancement Project. This initiative aims to enhance agricultural productivity and nutritional practices while promoting climate-smart agricultural measures. Over 55,000 small farmers in 16 rural Nepalese villages are expected to benefit from this project. The program aligns with Nepal's national goal of achieving food and nutrition security, reducing poverty, and advancing the Sustainable Development Goals. It focuses on climate and nutrition smart agricultural technologies, income generation and diversification, and improving nutrition security.

Establishing a national immigration strategy

The Nepali government is working on a new labour migration policy to improve the management of foreign employment, following issues with the existing Foreign Employment Policy-2068. Problems such as fraud and exploitation persist, and many Nepali workers have to pay fees to secure employment abroad. Only a small percentage of skilled workers find jobs overseas, highlighting a skills gap. Stakeholders emphasized the need for an integrated immigration policy that involves public input and addresses the challenges comprehensively, including improving worker protection and adapting to changing labour standards in destination countries.

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Strategic Engagements

Nepal-China Diplomatic Relations after 68 Years

The 68th anniversary of the beginning of diplomatic ties between China and Nepal falls on August 1st. The bilateral relations between the two close neighbours have successfully endured the test of time throughout the previous 68 years of diplomatic connections, despite substantial changes in domestic, global, and regional circumstances. Both nations fully believe in the peaceful resolution of bilateral and international conflicts and uphold the UN charter and the five principles of coexistence. Nepal has remained steadfastly committed to the One China policy, recognizing that Xinjiang and Tibet are internal Chinese affairs while Hong Kong and Taiwan are fundamental components of China. Nepal has also regularly given China assurances that its interests won't be compromised when using its soil. Because both parties have consistently upheld their fundamental interests, their relationship is one of mutual respect and trust. In contrast, Nepal now has fresh prospects thanks to China's rise. China has constantly helped Nepal's efforts to develop socially, economically, and culturally, becoming a crucial ally in Nepal's quest for prosperity. China is now Nepal's biggest commercial partner, second-largest source of tourism, and third-largest source of FDI (foreign direct investment). It is also a significant development partner.

India agrees to allow explosives

India, which has halted the import of explosives, has simplified the project given to it by Chinese and Nepali contractors. The distributors claim that India has begun the simple distribution of "No Objection Certificates" (NOC) for the import of explosives. Balram Khatiwada, the general secretary of IPAN, recently claimed that the Indian Embassy has been accommodating about NOC for investment projects in Nepal. "India has issued NOC for indigenous projects," he declared. India, which obstructed Nepal's ability to import the explosives it required for its road and hydropower projects, submitted a letter to stop the construction after setting up a system to allow it a day to assess the projects that were being carried out in Nepal. India set a restriction that the explosives imported from their nation should only be utilized for the projects for which they were requested in a letter it issued to the government in the third week of May.

American Ambassador Thompson and Prime Minister Prachanda meet and discuss the implementation of the MCC

Dean Thompson, the US ambassador to Nepal, met with Prachanda, or Pushpa Kamal Dahal, the prime minister. On August 01 morning, Ambassador Thompson visited Prime Minister Prachanda, who is also the Chairman of the CPN Maoist Center, at the Prime Minister's mansion in Baluwatar. According to reports, the discussion included the execution of the Millennium Challenge Corporation (MCC), ties between the two nations, and US assistance for Nepal's economic growth. High-level sources claim that Ambassador Thomson was worried about Prachanda's decision to attend or abstain from the UN General Assembly. For Prime Minister Prachanda's trip to China, the Ministry of Foreign Affairs is getting ready.

Vice President Yadav leaves for China

Vice President Ramsahay Prasad Yadav of Nepal embarked on a six-day trip to China, where he attended the 27th China Kunming Import and Export Fair and the 7th China-South Asia Exposition. His delegation included his wife, secretary, personal physician, and security officers. During the China-South Asia Expo, he met with

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Chinese Foreign Minister Wang Yi. Yadav requested easier export of Nepali agricultural products, affirmed Nepal's commitment to the one-China policy, and assured that no anti-China forces would exploit Nepali territory. Wang praised Nepal's consistent support for its relationship with China, both from the government and the opposition.

Chinese military delegation visiting Kathmandu

A Chinese military delegation, led by Major General Yue Ande, has arrived in Nepal on an official visit. The delegation, consisting of eight people, is expected to meet with Chief of Army Staff Prabhuram Sharma and other individuals. The summit will focus on border security and military ties between the two nations. The COVID outbreak has halted Nepal and China's bilateral military and defence activities, including ministry exercises and military training courses. A date for the combined military exercise has not been set, but it is expected to take place in Nepal. Since 2017, platoon-level cooperative military drills have been conducted between the two nations.

India imposes export restrictions on onions after those on grains and rice

Following the export of essential foods like wheat and rice, India has developed a tight policy regarding onions. In anticipation of a potential spike in onion prices on the local market, the Indian government has placed a 40% export levy on the vegetable. Onions are now subject to export taxes for the first time. The Ministry of Finance reports that the tax on onion exports will be in effect until December 31, 2023. Onions from India are also successfully imported into Nepal. It is anticipated that Nepal will pay more for onions as a result of India's most recent move.

Dahal's strategy for China may include two north-south corridor roadways

The two cross-border transmission lines between Nepal and China are scheduled to be built, and there may also be an agreement on bilateral power exchange, according to Prime Minister Dahal, who has already made the announcement. The documentation for the building of two transmission lines, the 220kV Chilime-Kerung and Kimathanka-Zhentang (Chentang), which are situated in China's Tinkey County, is being prepared by representatives of the Ministry of Energy and the state-owned Nepal Electricity Authority (NEA). Speaking at a public event on August 21 in Surkhet, Dahal indicated that during his future trip to China, the development of the Hilsa-Surkhet road portion will be prioritized. The Karnali Corridor includes the Hilsa-Surkhet project. According to the government, some potential projects that the government of Physical Infrastructure and Transportation wishes to include on its wish list for the prime minister's visit to China are the Gandaki Corridor, Koshi Corridor, and the upgrading of the Araniko highway.

The map of Nepal's bordering region not included in the new map that China issued

China released an updated map that includes Nepal's territory and Taiwan. This follows India's annexation of Nepalese land and Nepal's new map. China's new map, resembling their 2023 edition, replaces Border expert Shrestha suggests China omitted Nepal's updated map due to strained diplomacy and disregard. Shrestha also

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highlights China's ambassador establishing a Nepal-India-China tripoint border in 2056 at Lipulek Bhanjang, asserting Kalapani is Nepal's and historical evidence supports extending the border to Limpiyadhura. Nepal hasn't responded to China's new map yet, citing the need for clarity. In 2015, India's border trade deal concerning Lipulekh upset Nepal, resulting in a protest note from Nepal that remains unanswered.

Elford, Vice President for MCC Implementation Agreements in Nepal

In order to carry out the Millennium Challenge Corporation (MCC) initiative, which combines American funds and Nepalese investment, starting on Wednesday (August 30), MCC Vice President Cameron Elford has come to Nepal. On August 29 he landed in Kathmandu for the MCC project implementation (coming into force) agreement. In the presence of Vice President Cameron, the agreement to carry out the project, with a total cost of 697 million US dollars, was reached on Wednesday at the Ministry of Finance. The project's execution will thereafter be officially announced (publicly) by MCA Nepal.

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