

Terms of Reference

Conflict Management and Mitigation for Energy Projects in Nepal

Background

Nepal is a land-locked country that is facing major development challenges. With 27.8 million people, Nepal had per capita income of US\$730 in year 2013. Of the population, 25.2 percent live on less than US\$1.25 per day and 82 percent live in rural areas. Nepal has made remarkable progress in poverty reduction and human development. Nepal attained the first Millennium Development Goal to halve extreme poverty, ahead of time. Poverty reduction was accelerated sharply from 1.5 percentage points per year over 1996-2004 to 2.5 percentage points over 2004-2011. In 2014, out of 187 countries Nepal ranked 145 as compared to 157 in year 2011 in the Human Development Index. In addition, Nepal has achieved gender parity in education and sharp reductions in infant and maternal mortality. To maintain momentum, Nepal will need to exploit its demographic opportunity, helping its reasonably-educated youth to raise agriculture productivity and incomes and transition to non-farm employment in the urban areas.

Under the new Country Partnership Strategy, World Bank Group (WBG) engagement is geared toward shifting from post-conflict assistance towards establishing the foundations for faster, sustained and inclusive growth. Efforts to support increasing economic growth and competitiveness focus on expanding hydroelectric power generation, enhancing transport connectivity, and improving the business environment. Efforts to support inclusive growth and opportunities for shared prosperity aim to enhance the productivity of agriculture and equalize access to health care, skills development and social protection. At the same time, WBG efforts focus on improving the effectiveness, efficiency and accountability of public expenditure.

World Bank is currently supporting Nepal in Transmission Line (T/L) projects, Hydropower Generation, and Renewable energy Projects. Majority of the projects are T/L projects which faces issues like, like conflicts with local communities in the process of land acquisition and compensation for right of way (RoW). These conflicts have resulted in serious delays in and suspensions of construction of T/L projects, with almost 3 years of suspension in the case of the construction of the Khimti Dhalkebar (KD) 220kV T/L project. A list of ongoing projects with brief details are given in Annex 1.

Conflict management has become a priority area for T/L and other energy projects that involves land acquisition and social impacts. There is need to analyze the causes and impact of the conflicts on ongoing World Bank-supported energy program, and strategically adapt the energy portfolio to optimize opportunities for prevention, identify resolutions, and minimize negative effects of conflicts. Therefore this study seeks to combine an analysis of the root causes of

conflicts in the country and sector context, with an understanding of the triggering factors which have determined the trajectory of the conflicts.

Objective of the Study

The purpose of the study is to analyze the causes and impacts of the conflicts on the ongoing energy program supported by the Bank, and prepare proposal for conflict prevention and management, including conflict resolution services and process, for T/L and hydropower project development.

Scope of Work

Phase I

Scoping Mission

The aim of the scoping mission is to get an overview of the energy sector in Nepal and energy projects financed by the World Bank, initiate dialogue with relevant stakeholders (such as Nepal Electricity Authority), site visits to collaboratively plan for the next phase of the study.

The detailed scope of work in Phase I is listed below

1. Analyze the conflicts under the on-going KD T/L project and review the action taken by World Bank and the Nepal Electricity Authority (NEA), a state owned utility.
2. Review of potential issues in KD T/L, Bharatpur Bardaghat (BB) T/L t and Kabeli T/L line projects.
3. Review of types of conflicts that could emerge in energy projects in general and particularly in T/L projects and possible main reason for the conflicts.

Phase II

The Phase II will aim for recommendations and implementation of preventive measures identified for project studies under Phase I.

The detailed scope of work in Phase II is listed below

1. Recommendations for conflict prevention and management, including conflict resolution mechanism and processes for on-going and future projects in Nepal.
2. Implementation of the recommendations once confirmed by NEA, Government of Nepal and The World Bank.

Key Deliverables

Phase I

1. Inception Report: to be submitted within a week of scoping mission
 - a. Overview of types of conflicts observed in energy projects
 - b. Conflicts under ongoing KD T/L. BB T/L and Kabeli T/L projects
 - c. Observations and suggestions on action taken by WB and NEA under KD T/L project.

Phase II

- Detailed Assessment report covering
 - a. Conflicts and potential issues with KD, BB and Kabeli T/L projects and proposing short term actions associated to BB and Kabeli T/L to solve the existing issues.
 - b. A proposal for conflicts prevention and management, including a conflict resolution mechanism and processes, for on-going and future energy projects in Nepal.
 - c. Recommendations of conflict resolution services and capacity building programs
 - d. A plan made to implement the proposed action plans for the KD, BB and Kabeli T/L projects.
- Completion report for implementation of agreed recommendations

Contract Duration

The contract duration will be from April 27, 2015 to December 31, 2015.

Reporting

The consultant will report to Jie Tang, Program Leader, World Bank

Annex 1

Nepal Energy Program

1. Power Development Project

Description: The Power Development Project (PDP) scope included financing of critical transmission and distribution facilities needed to deliver the output from power generation stations to the load centers, as well as improving access of rural communities to the grid. Scaling up of community based micro hydro program was also planned to increase the access to electricity for the rural population of Nepal. The project had three components; the PDF component, the Microhydro village electrification component and the NEA component. Although the project is closed the ICR submission date has been extended for one of the sub component (Khimti-Dhalkebar Transmission line) of the project. The WB's Inspection Panel received complaints from the locals of the project implementation site and is under investigation for the moment.

2. Kabeli Transmission Project

Description: Kabeli Transmission Project supports the addition of transmission capacity to the integrated Nepal Power System; and provides access to electricity and cooking fuel to communities in the area of the Kabeli 132 kV transmission line. This project has 3 components. Component 1 will construct a new 132 kV transmission line in eastern Nepal. Component 2 will install distribution lines and associated infrastructure to provide access to electricity to communities in the area of the transmission line. Component 3 will provide access to electricity and cooking fuel through off-grid schemes in communities for which grid extension (Component 2) is not a feasible option.

3. Nepal-India Electricity Transmission and Trade Project

Description: Nepal-India Electricity Transmission and Trade Project (NIETTP) establishes cross-border transmission capacity of about 1000 Megawatts (MW) to facilitate electricity trade between India and Nepal; and (b) increase the supply of electricity in Nepal by the sustainable import of at least 100 MW of electricity. The project has five components in total; Component A1: Muzaffarpur-Sursand 400 kV Transmission Line (Non-IDA financed); Component A2: Dhalkebar-Bhittamod 400 kV Transmission Line (non-IDA financed); Component B1: Hetauda-Dhalkebar-Inaruwa Transmission Line and Substations; Component B2: Synchronization of Operation of the Nepal and Indian Grids and Component C: Technical Advisory Services.

4. Kali Gandaki A Hydropower Plant Rehabilitation Project

Description: Kali Gandaki Hydropower Plant Rehabilitation Project for Nepal will help improve the reliability of power supply through rehabilitation and safety measures and to improve the response capacity of Nepal in case of an emergency. The project has four components. The first component is civil works. The second component is electro-mechanical works. The third component is technical assistance and capacity-building. The fourth component is contingent emergency response.

5. Kabeli A Hydroelectric Project

Description: Kabeli-A is a peaking run-of-river hydroelectric project with an installed capacity of 37.6 megawatt (MW). It will be built in Panchthar district in the eastern hills of Nepal. The energy output will be connected to the national grid via the Kabeli Corridor Transmission Line, a separate project under construction with World Bank financing. The Project also supports IBN and MoE with capacity building activities.

6. SREP-Supported Extended Biogas Project

Description: The SREP- Supported Extended Biogas Project development objective is to promote large off-grid biogas energy generation in Nepal. SREP seeks to deliver two primary categories of benefits from the use of its financial support: (i) increased access to renewable energy and (ii) increased production of renewable energy.

7. Grid Solar and Energy Efficiency Project

Description: The Projects aims to increase the generation capacity of NEA by developing grid connected solar farm of 20 MW capacity. The proposed project consists of two components: (a) Grid-connected Solar Farms Development; and (b) Distribution System Planning and Loss Reduction in two pilot distribution centers of NEA.

8. Upper Trishuli Hydropower Project

Description: The proposed project will used the WB Partial Risk Guarantee facility to provide security package to mitigate default risk from NEA and GON.

9. Power sector reform and Sustainable Hydropower Development

Description: This Project intends to offer a single window for a holistic and coherent set of technical and analytical studies, capacity-building activities and policy dialog on the energy sector and preparation of next-step critical hydropower and transmission line projects to prepare Nepal for upcoming large-scale private and public investments in hydropower. The proposed Project has three components: i) Preparation of hydropower and transmission line investment projects; ii) Studies for policy recommendations and sector reform; and iii) Capacity Building for Safeguard Management and Hydropower Development

10. Nepal Village Micro Hydro Project

Description: The Project will support the development of micro-hydropower mini-grids to meet the electricity and motive power needs of the rural people of Nepal through provision of subsidy assistance and program technical support. It will also bring together the rural electrification activities supported through the micro-hydro component of the World Bank Power Development Project and the donor-financed Energy Sector Assistance Program (ESAP II).

11. Developing Improved Solutions for Cooking (DISC)

Description: This project will support govt. to prepare Investment Prospectus for mass deployment of improved cooking stove. The project will also help in study of market assessment and product development that will help in achieving the target set by government to reach 3 million households by 2017.

12. Renewable Energy Resource Mapping Project

Description: The project will help in preparation of mesoscale wind map using the latest data and methodologies and initiation of wind measurement campaign with data collection in at least five high potential sites for model validation purposes and to enhance the chances of commercial wind development in the near term.

13. Addressing Public and Private Sector Opportunities for Scaling up Decentralized Renewable Energy Access

Description: The project will help deliver three products under NLTA as follows; Assessment of micro hydro mini-grids including scale-up options; Assessment of mainstreaming OBA/RBF approaches in NRREP and Strengthening roles of private sector and MFIs in decentralized RE.