



NEPAL: POTENTIAL OF MULTI-MODAL CONNECTIVITY

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MULTIMODAL CONNECTIVITY AND NEPAL

International multi-modal transport is the carriage of goods by at least two different modes of transport based on a multi-modal transport contract from a place in one country. The goods are taken in charge by the multi-modal transport operator and designated for delivery in a different country. Multi-modal transport essentially facilitates door-to-door transport of goods.

A multi-modal transport system is even more relevant for Nepal as the country is improving and upgrading its current border infrastructure, expanding road networks, developing railway, and signing waterway agreements (two riverine terminals of India for Nepali transit traffic). The insufficiency of Nepal's infrastructure and facilities in the gateway ports of India and Bangladesh is one of the challenges it faces in connecting with the global market. Surface transportation in India is being modernised, particularly motorways. However, the equipment used to move transit traffic is generally old. The projected riverine terminals for Nepali goods have yet to be fully completed and put into use. Combined intermodal transport services will bring efficiency, enhance local, regional and international connectivity and provide a least-cost solution to transport and logistics.

Nepal Economic Forum, Nepal, in association with CUTS International, India, Unnayan Shamannay, Bangladesh and Bhutan Media and Communication Institute, Bhutan has undertaken research entitled 'Enabling a Political Economy Discourse for Multi-modal Connectivity in the BBIN Sub-region (M-Connect).' The project is supported by the Foreign, Commonwealth and Development Office (FCDO), The UK and Asian Development Bank as a knowledge partner to understand the challenges and opportunities of establishing an efficient multi-modal transport network in Nepal.

ABOUT PROJECT: ENABLING A POLITICAL ECONOMY DISCOURSE FOR MULTI-MODAL CONNECTIVITY IN THE BBIN SUB-REGION (M-CONNECT)

FOCUS

Policy practices and institutional framework

Logistics and transport infrastructure

Stakeholders factors

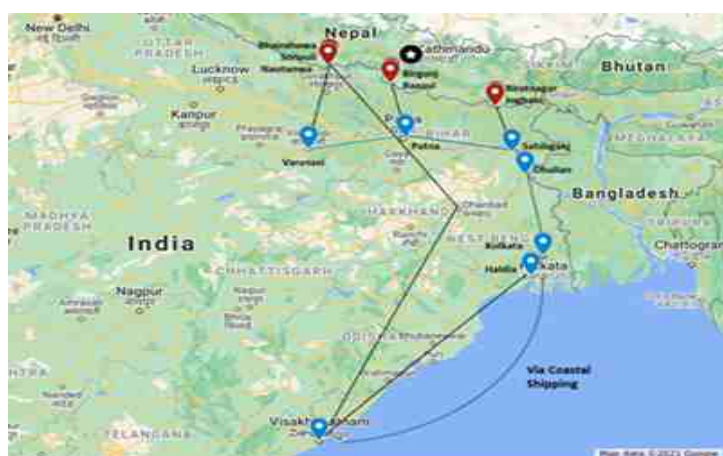
Stakeholders engagement perception

CORRIDORS

1. Kathmandu (Nepal) to Mongla and Chattogram Ports in Bangladesh via India (Kathmandu-Kakrabhitta/ Panitanki- Siliguri- Fulbari/ Banglabandha- Dhaka-Mongla/Chattogram)
2. Kathmandu to Kolkata/Haldia and Visakhapatnam in India - (Kathmandu- Birgunj/Raxaul- Biratnagar/Jogbani- Bhairahawa/Sunauli)
3. Bhutan to Dhubri and Jogighopa, in Northeast (NE) India to Chattogram and Mongla Ports (Bangladesh)
4. India to Northeast India via Bangladesh [Kolkata (West Bengal) to Agartala (Tripura), Dawki (Meghalaya) and Karimganj (Assam) and coastal shipping dimensions for the NE region, India

ACTIVITIES

- Multi-Stakeholders discourse mapping, including the perspective of grassroots people through research
- Advocacy messages to address implementation changes of BBIN MVA and other agreements to promote multi-modal connectivity
- Make a platform for multi-modal connectivity initiatives in the sub-region



M-CONNECT NEPAL FINDINGS

At a Glance



PAPERLESS TRADE

Effective implementation of Paperless Trade initiatives and adoption of the National Single Window requires stronger implementation support

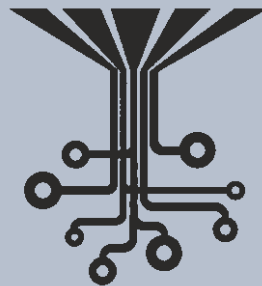


COORDINATION AND CONSULTATION

Effective communication and access to information by media from all levels regarding ongoing national, cross-border connectivity initiatives are required. Requirement of coordination between all levels of government and increased public-private policy dialogue between government and private sector.

FOCUS ON INFRASTRUCTURE

The government is prioritising infrastructure development to facilitate regional and international trade. Special focus is being given on rail connectivity and development of Integrated Check Post/Inland Container Depot (ICP/ICD)



DOMINANCE OF MANUAL LABOUR



Land Ports and Rail Ports face a shortage of inter-modal trans-shipment infrastructure as the process is still heavily dependent on manual labour, adding to the cost of doing business. Any attempt at mechanising the process will need to take labourers into confidence.

LACK OF GENDER-FRIENDLY INFRASTRUCTURE

All the land ports and rail ports lack basic gender-friendly infrastructure.



LOCATION SPECIFIC FINDINGS

Knowledge gathered during the field visit to Nepal's four trade and transit corridors uncovered the immense potential of multi-modal connectivity in Nepal. The implementation of an efficient multi-modal network requires the identification of gaps in terms of infrastructure and policy. This report elaborates on the issues and stakeholder considerations found which was unique to each location.



COMMERCIAL AND INDUSTRIAL HUB



BIRGUNJ

- **Connectivity:** Birgunj is a border city located south of Kathmandu and the primary entry point to Nepal from India in terms of land routes. Birgunj, through neighbouring Simara airport, has direct air connectivity with Kathmandu. It has a fully functional ICP with rail connectivity to Raxaul. ICD in Sirsiya of Birgunj is the first terminal in Nepal linked by railroad to India. It is the busiest border town of Nepal through which a large volume of cross-border trade takes place
- **Available infrastructure:** ICP with rail connectivity, ICD, International airport (under construction), road and rail connectivity
- **Challenges:** Requirement of 24*7 electricity and internet, digitisation and trade-related software and applications. Relevant supporting infrastructures, such as cold storages, Container Freight Stations, security, roads, parking and washrooms, to be made inclusive for differently-abled people and women
- **Stakeholder Consideration:** Advocacy is required with support from civic bodies, government and development agencies to encourage more women in cross-border trade activities. Likewise, the prospect of the Rohanpur-Zero Point-Biral-Radhikapur-Raxaul (Bihar)-Birgunj (Nepal) should be explored so that Nepal can benefit from trade with and through Bangladesh
- **Ongoing Infrastructure Projects:** Upgradation of the roads connecting to the ICP and ICD

COMMERCIAL AND INDUSTRIAL HUB



KATHMANDU

- **Connectivity:** Kathmandu is the largest and the capital city of Nepal. It is a major hub of the economic activity of the nation. All trade-related policies at the national level are made at government institutions based in the capital city. Major towns and cities are well connected to the capital via roadways and airways. Kathmandu is connected with Birgunj through the Tribhuvan highway. Kathmandu is connected with Kakarbhitta by road (Tribhuvan highway, B.P Koirala highway and by air through a nearby airport located at Bhadrapur. Kathmandu is well-connected with Bhairahawa, Biratnagar via road and air. Ropeways were also being operated in Kathmandu, between Kathmandu and Hetauda and between Mathatirtha, Kathmandu to Dhorsing, Makawanpur. These ropeways are no longer operational.
- **Available infrastructure:** Dry port, international airport and road connectivity (Kathmandu-Terai expressway under construction) and Kathmandu-Naubise Tunnel (under construction)
- **Challenges:** Requirement of inter-modal infrastructure transshipment facilities, development and upgrade the road infrastructure, up-gradation of Warehousing capacity, building gender-friendly infrastructure at trade and transport-related offices.
- **Stakeholder Consideration:** Concepts such as border 'Haat' applied in India-Bangladesh and India-Myanmar border should be adopted to provide economic opportunities to small entrepreneurs and women traders.
- **Ongoing Infrastructure Projects:** Upcoming railway connectivity to India and Kathmandu



BIRATNAGAR

- **Connectivity:** It is the industrial and foreign trade hub with three connectivity modes, including road, rail, and air connectivity (domestic). The ICP in Biratnagar corresponds to the Jogbani ICP in India
- **Major infrastructure points:** ICP, Biratnagar Airport, Road and rail connectivity with India
- **Challenges:** Infrastructures such as adequate cold storage, warehousing with functional restrooms, more extensive parking facilities, and a robust risk management framework is required.
- **Stakeholder Consideration:** Government inputs for providing equal opportunities for women, encouraging and creating a safe and secure working environment are required. The prospect of a Mongla-Khulna-Rohanpur (Bangladesh)-Zero point-Singabad (India)-Jogmani (India)-Biratnagar (Nepal) link can result in a win-win situation for all parties involved: India can profit from rail and transit fees, Bangladesh can profit from port fees, and Nepal can benefit from trade with and through Bangladesh.
- **Ongoing Infrastructure Projects:** Construction of 6 lane highway that connects Biratnagar to East-West Highway at Itahari. Completed construction of broad-gauge rail line from Jogbani (India) to Biratnagar (Nepal).

LAND PORT AND RAIL PORT



KAKARBHITTA LAND PORT

- **Connectivity:** The Kakarbhitta-Panitanki-Phulbari route is the shortest way to Bangladesh from Nepal through India. Kakarbhitta falls under a major trade route with Bangladesh, Bhutan and India. Besides, this land port is linked to the East-West highway that connects the corridor to other major land ports such as Birgunj, Biratnagar and Bhairahawa.
- **Major Infrastructure Points:** LCS, ICD
- **Challenges:** Lack of larger warehouses and other storage facilities, insufficient parking space, mechanised handling equipment, no Container Freight Stations (CFS), quarantine facilities, and lack of single window compliance with supporting infrastructure.
- **Stakeholder Consideration:** There is a need for strong supply chains to ensure continuity and stability in cross-border trade. There is a need for investing in women's entrepreneurship and skill development.
- **Ongoing Infrastructure Projects:** Railway project (East-West Railway) connecting Kakarbhitta to Kanchanpur is in progress, up-gradation of the East-West highway (Mahendra Highway), connecting Kakarbhitta to Kanchanpur.



BHAIRAHAWA

- **About:** Bhairahawa is an important entry point from India. It is a prominent trading corridor with several small- and large-scale industries. Bhairahawa has a fully operational ICD connected by road and air with Kathmandu. The ICD is also linked to the port of Kolkata via road. Part of two major highways of Nepal, the East-West Highway (AH2), also known as Mahendra Highway and Prithvi Highway, connects Bhairahawa by road to Kathmandu.
- **Major Infrastructure Points:** ICD, Special Economic Zone (SEZ), International Airport (under construction), Road and rail connectivity.
- **Challenges:** There is an unavailability of inter-modal trans-shipment facilities, inadequate parking facilities, insufficient warehousing facility and cold-storage facility, and similar infrastructure capacity. Furthermore, a National Single Window Compliance System, gender-friendly infrastructure, security personnel, and basic amenities, such as washrooms and restrooms, are required. Also, participation of the private sector should be enhanced to utilise the Bhairahawa SEZ.
- **Stakeholder Consideration:** Requirement of inclusive and devised skill development activities, such as training programmes and workshops.
- **Ongoing Infrastructure Projects:** Construction of a six-lane highway that connects Bhairahawa to East-West Highway.

CASE IN POINT

New ICP same old problems in Biratnagar corridor

The Biratnagar ICP is a relatively new one and the latest achievement of the Government of Nepal in its effort to boost trade and connectivity in the region. However, despite all efforts to enhance trade and connectivity, familiar issues have surfaced that have highlighted gaps in policies regarding inclusive progress and development.

For instance, the Biratnagar ICP is still not considered women-friendly. There is unsurprisingly minimal participation of women in various roles in the ICP. Women's presence and participation are limited to desk jobs or low-skilled administrative tasks. The working environment is not considered safe, particularly outside of the desk jobs for women and thus, they refrain from other cross-border trade-related tasks.

Another issue is broken promises wherein the locals had assured jobs at the ICP when the government took their lands to construct the ICP facility. However, promises have not been delivered and even getting jobs as labourers would require recommendations from high officials.

INFRASTRUCTURE AND POLICY SUPPORT



- Development of the Trans-Himalayan railway network between Kathmandu, Tibet and Mainland China to be extended to build railway connectivity of the BBIN sub-region with the rest of the world
- Need to facilitate private sector linkages and participation among the BBIN sub-region
- Expedition of rail connectivity projects within Nepal and with other countries, including the BBIN sub-region
- Bhairahawa SEZ needs the participation of private and public partners to become fully functional
- The concept of 'Border Haats' to be introduced between India and Nepal as well
- Efficient and effective coordination between all levels of governments for the smooth development of new initiatives in Nepal



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Nepal Economic Forum (NEF) is a not-for-profit organisation aiming to be Nepal's premier private sector-led economic policy and research institution.

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