

**BOARD
OF
DIRECTORS**

ASIAN DEVELOPMENT BANK

R135-00
5 July 2000

**TECHNICAL ASSISTANCE TO NEPAL
FOR COMPANY, INSOLVENCY, AND
SECURED TRANSACTIONS LAW REFORM**

The attached Report is circulated for the information of the Board. The President approved the technical assistance on 27 June 2000.

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ASIAN DEVELOPMENT BANK

TAR:NEP 34213

TECHNICAL ASSISTANCE

TO THE

KINGDOM OF NEPAL

FOR

COMPANY, INSOLVENCY, AND SECURED TRANSACTIONS LAW REFORM

June 2000

CURRENCY EQUIVALENT

(as of 24 May 2000)

Currency Unit – Nepalese Rupee/s (Nre/NRs)

Nre1.00 – \$0.0144

\$1.00 – NRs69.33

- (i) The Nepalese rupee is pegged to the Indian rupee (Re) at NRs1.60 to Re1.00. It is fully convertible on all current transactions.
- (ii) For the calculations in this report, an exchange rate of NRs69 is used.

ABBREVIATIONS

ADB	–	Asian Development Bank
CFG	–	corporate and financial governance
EA	–	Executing Agency
OCR	–	Office of the Company Registrar
TA	–	technical assistance

NOTE

- (i) The fiscal year of the Government ends on 15 July.
- (ii) In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. The Asian Development Bank (ADB) is assisting His Majesty's Government of Nepal (the Government) in the formulation of a project for corporate and financial governance (the CFG project) for which a loan and technical assistance (TA) cluster grant are included in ADB's country assistance plan for Nepal for 2000. During a consultation mission for the CFG project in November and December 1999, ADB and the Government agreed that improvement of company, insolvency, and secured transactions laws was a priority and, therefore, an advisory TA for this purpose should be processed prior to the approval of the CFG project.¹

II. BACKGROUND AND RATIONALE

2. Since the introduction of a democratic system in 1990, the Government has taken a number of measures to liberalize Nepal's trade and financial sectors. The Government's objective is to stimulate industrial growth through the development of the private sector. However, costs of doing business in Nepal remain high, and growth of the private sector has remained stagnant. A major reason for this is the state of the law and legal system. Legislation often allows Government officials to have wide discretionary powers, resulting in unexpected delays and costs. Weak implementation of rules and regulations, and a resource-starved legal system further raise the risks and costs of economic transactions.

3. In 1998, ADB approved two TAs² to identify the legislative and institutional reforms required for improved corporate governance and disclosure of information by companies. The purpose was to help the Government develop a regulatory system for financial governance of the nonbanking financial institutions. ADB's Office of the General Counsel also commissioned a report,³ carried out by a lawyer in Nepal, to examine legal impediments to the development of the private sector in Nepal. The major issues that emerge from these reports are as follows: (i) no express standard of care or a fiduciary duty forces directors or officers of a company to act in the interest of the company or its shareholders; (ii) minority shareholders' rights are inadequately protected and such rights are difficult to enforce; (iii) there is a multiplicity of laws in the financial sector that contain provisions relating to corporate governance and that often supersede or conflict with the Company Act, 1997 (the Act); (iv) the Office of the Company Registrar (OCR) and the Company Board are inefficient and fail to meet the needs of business; (v) there is no efficient system for settling disputes between the main stakeholders in a company (shareholders, directors, and management/company); (vi) lack of disclosure and transparency undermine corporate governance; (vii) no efficient system for dealing with corporate liquidation or restructuring; and (viii) credit is hindered by the lack of an efficient system for creating, perfecting and enforcing security interests over property.

4. The proposed CFG project is expected to support capacity building of institutions such as the OCR which are responsible for regulating and supervising companies in the private sector. Strengthening of OCR or establishment of new institutions under the CFG project requires that the legal and institutional framework under which these institutions will operate is modernized and unambiguously defined in a new company law. OCR is inefficient and understaffed. One of the reasons for this is that the role of the OCR, as defined under the Act, is

¹ The TA first appeared in ADB *Business Opportunities* in April 2000 (Internet edition).

² TA NEP-3135: *Financial Sector Regulation and Governance*, for \$150,000 approved on 22 December 1998; and TA NEP-3136: *Improvement of Disclosure and Corporate Governance*, for \$150,000 approved on 22 December 1998.

³ Pioneer Law Associates (B. Upreti), September 1999 Final Report to the ADB on Private Sector Development Issues.

not clearly delineated from those of the Securities Board or the Company Board. OCR has a two functions: (i) it registers the creation and dissolution of companies and maintains corporate records (memorandum and articles of association, resolutions passed at shareholders' meetings, share register, etc.); and (ii) it is expected to enforce more complex provisions of the Act such as approval of prospectuses issued in connection with an offer of securities to the public (a role shared with the Securities Board), approval of amalgamation of public companies, and issuance of directives to directors or employees of a company that act in contravention of the Act. Drafting of a new company law under this TA will provide a sound basis for the capacity building of OCR, to be undertaken under the CFG project. The TA will also review the Company Board in detail and make recommendations as to its future role, including its possible dissolution.

5. The proposed CFG project will also support the capacity building for efficient dispute resolution in corporate matters. However, prior to such capacity building, there is a need to review the existing dispute resolution system and recommend the most appropriate institutional arrangements for resolving disputes relating to corporate matters. Currently, three institutions have some power to settle disputes or to impose penalties on companies under the Act: OCR, the Company Board, and the district court. The existence of three authorities exercising jurisdiction on corporate matters results in confusion, uncertainties, and unnecessary delays. A reformed legal and regulatory framework should simplify the enforcement mechanisms of disputes in relation to companies, and vest exclusive authority to settle disputes in one institution only. Creation of such a legal and regulatory framework under this TA will establish the basis for the capacity building of the corporate dispute resolution institution under the proposed CFG project.

6. Although the Act includes provisions on liquidation of companies, these provisions are not satisfactory. Both the Report on Private Sector Development Issues (footnote 3) and the Financial Sector Regulation and Governance Technical Assistance (footnote 2) referred to in paragraph 3 have recommended that adequate protection of creditors requires a modern law on insolvency (covering both restructuring and liquidation). Such an insolvency law should establish an efficient institutional set up for dealing with insolvency proceedings. To the extent that ordinary courts in Nepal are ill-equipped to deal with complex business problems such as the insolvency of companies, alternatives to the courts need to be examined taking into account regional and international practices. The dispute resolution system for insolvency and its relationship to dispute resolution for other company matters will also need to be considered.

7. The provisions under the Muluki Ain (Common Code of Nepal) relating to the creation, perfection, and enforcement of secured transactions are inadequate and a deterrent to the development of credit in Nepal. A borrower should be able to provide assets as collateral to raise credit; conversely, if a borrower defaults, a lender should be able to enforce the security provided by a borrower without having to resort to expensive and protracted court proceedings. The TA will review business practices in Nepal and propose a comprehensive law on secured transactions that will provide an efficient regime for creating, perfecting and enforcing security interests, including efficient dispute resolution institutions. Creation of a computerized central registry and institutional strengthening of the institution(s) responsible for administering the new law will be covered under the proposed CFG project.

III. THE TECHNICAL ASSISTANCE

A. Objective

8. The TA will assist the Government to reform the laws relating to companies, insolvency, and secured transactions, with a view to enhancing corporate governance; enabling efficient restructuring or dissolution of companies in distress; and establishing an institutional framework for creation, perfection, and enforcement of security over property.

B. Scope

9. The TA will assess current laws and institutions, formulate reform proposals through a participatory approach, and draft laws in three areas.

10. Part A, company law will entail (i) a diagnostic study of existing laws and regulations relating to companies in Nepal and the institutional framework for administering such laws and regulations; (ii) identification through a participatory process of the reforms required in the legal and institutional framework for supervising of companies and enhancing corporate governance in Nepal, taking into account regional and international good practices; (iii) drafting of amendments to the Act or drafting of new legislation based on the reforms identified to enhance corporate governance and achieve consistency between company law and other laws such as the Securities Law, the proposed insolvency law, and the laws governing different financial organizations; and (iv) recommendations for setting up and operationalizing the new institutional framework.

11. Part B, insolvency law, will entail (i) a diagnostic study of laws and regulations relating to insolvency of companies in Nepal and the institutional framework for administering such laws and regulations; (ii) identification through a participatory process of the reforms required in the legal and institutional framework for insolvency, taking into account regional and international practices; (iii) drafting of legislation to enact the reforms; and (iv) recommendations for setting up and operationalizing the new institutional framework.

12. Part C, secured transactions law, will entail (i) a diagnostic study of laws and regulations relating to secured transactions (including immovable property and personal and contractual rights) in Nepal and the institutional framework for administering such laws and regulations; (ii) identification through a participatory process of the reforms required in the legal and institutional framework for secured transactions (including an efficient registration system for secured transactions), taking into account regional and international practices; (iii) drafting of legislation to enact the reforms; and (iv) recommendations for setting up and operationalizing the new institutional framework.

13. The end product of the TA will be three detailed draft laws on companies, insolvency, and secured transactions, and detailed reports with recommendations for operationalizing the new institutional framework. The TA framework is included in Appendix 1.

C. Cost Estimates and Financing Plan

14. The total cost of the TA is estimated to be \$295,000 equivalent, including \$207,000 as the foreign currency cost and \$88,000 equivalent as the local currency cost. ADB will provide the equivalent of \$250,000 on a grant basis from the ADB-funded TA Program, to finance the total foreign currency cost and \$43,000 equivalent for the local currency cost. The funds provided by ADB will finance the international and domestic consulting services, and materials and other costs for participatory processes, project coordination, and other administrative and office requirements. The Government's contribution (equivalent to \$45,000) will cover the costs of counterpart staff, office accommodation for international and domestic consultants, local communications and transportation, and general administration (including expenses of the drafting committee). The detailed cost breakdown and financing plan for the TA are shown in Appendix 2.

D. Implementation Arrangements

15. Services of international (for 6 person-months) and domestic (for 7 person-months) consultants will be required. The consultants will have expertise in legal areas related to company, insolvency, and secured transactions. The terms of reference for the consultants are given in Appendix 3. The consultants will be selected by ADB on an individual basis in accordance with ADB's *Guidelines on Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants.

16. The Ministry of Law and Justice will be the Executing Agency for the TA. A drafting committee will be established to review, comment on, and improve the draft laws prepared by the consultants. A corporate and financial governance (legal) subcommittee is currently being set up under the Corporate and Financial Governance Steering Committee⁴ formed by the Government in January 2000 to coordinate the formulation of the CFG project. However, the precise composition of this subcommittee is not yet known. This subcommittee may be used as the drafting committee. The drafting committee should comprise at least one representative each from the Ministry of Law and Justice, the Ministry of Industry, and Ministry of Finance; the domestic business law consultant; and one representative each from the financial private sector, the nonfinancial private sector, and accounting profession.

17. Participation of the larger public will be obtained in the TA through extensive consultations with key organizations and individuals comprising the stakeholder group. In addition, a domestic resource person, will organize a seminar where the drafts of the amendments to the Act, the insolvency law, and the secured transactions law will be provided to the participants, whose views will be taken into account when preparing final drafts of these laws.

18. The TA is expected to commence in July 2000 and be completed in December 2000.

⁴ TA NEP-3371: *Establishing a Focal Point for Financial Sector Reform*, for \$150,000 approved on 23 December 1999, provides for consultants to help the Ministry of Finance manage the reform process. Under this TA, a corporate and financial governance steering committee has been set up under the chairmanship of the Ministry of Finance.

IV. THE PRESIDENT'S DECISION

19. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance, on a grant basis, to His Majesty's Government of Nepal in an amount not exceeding the equivalent of \$250,000 for the purpose of Company, Insolvency, and Secured Transactions Law Reform, and hereby reports such action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Targets	Project Monitoring Mechanisms	Risks/Assumptions
<p>Goal</p> <p>Supporting a legal and regulatory framework for private sector development</p>	<p>Reformed and improved institutional framework for company, insolvency, and secured transactions laws</p>	<p>Technical assistance (TA) completion report and subsequent missions related to the proposed corporate and financial governance project</p>	<p>Government commitment</p>
<p>Objectives</p> <p>Improved corporate governance, including protection of minority shareholders' rights and efficient regulation of companies</p> <p>Efficient restructuring or liquidation of companies in distress</p> <p>Facilitate credit creation against collateral property</p>	<p>Amendment of the Company Law to improve corporate governance and to redefine the functions of public regulatory authorities</p> <p>Introduction of an insolvency law to establish an efficient insolvency procedure for companies</p> <p>Introduction of a secured transactions law to facilitate the creation, perfection, and enforcement of security over property.</p>	<p>Assessment of the impacts of various TA inputs and activities on the process of preparation and revision of the draft laws</p> <p>TA completion report</p>	<p>Government commitment</p> <p>Capacity of the Ministry of Law and Justice to coordinate the work</p>

(Reference in text: page 3, para. 13)

<p>Outputs</p> <p>Draft amendments to the Company Act, 1997 and recommendation for implementing the institutional framework</p> <p>Draft insolvency law and recommendation for implementing the institutional framework</p> <p>Draft Secured Transactions Law and recommendation for implementing the institutional framework</p> <p>Final report on the Company Law Reform</p> <p>Final report on the Insolvency Law Reform</p> <p>Final report on the Secured Transactions Law Reform</p>		<p>TA review missions</p> <p>Seminar proceedings</p> <p>Draft legislation with the TA inputs</p> <p>Draft reports</p>	
<p>Inputs/Activities</p> <p>Diagnosis of existing laws and regulations relating to company law, insolvency, and secured transactions</p> <p>Drafting of laws by international and domestic legal consultants through a participatory process</p> <p>Seminar</p> <p>Drafting Committee</p>	<p>Identification of the issues to be addressed by each law to be drafted</p> <p>Initial draft of good quality taking into account international experience</p> <p>Improvement of the draft legislation through discussion and exchange of views among wide range of the concerned sectors and experts</p> <p>Improvement of the draft legislation proposed by the International consultants</p>	<p>Consultants' reports</p> <p>Consultants' draft legislation and their inputs or impacts on revision of the draft legislation</p> <p>Seminar proceedings and materials</p> <p>Comments of the drafting committee on the draft legislation submitted to it</p>	<p>Ability of consultants to understand the local context</p> <p>Ability of consultants to understand the local context</p> <p>Effective functioning of the seminar and participation of the public</p> <p>Government commitment</p> <p>Participation of representatives of the private sector</p>

COST ESTIMATES AND FINANCING PLAN
(**\$**)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. International			
i. Remuneration	141,500	0	141,500
ii. Per Diem	8,000	0	8,000
b. Domestic	0	35,000	35,000
2. International Travel	30,000	0	30,000
3. Seminar	0	2,500	2,500
4. Contingency	27,500	5,500	33,000
Subtotal (A)	207,000	43,000	250,000
B. Government Financing			
1. Counterpart staff	0	21,000	21,000
2. Office accommodation	0	20,000	20,000
3. Local transportation & communications	0	3,000	3,000
4. General Administration (Drafting Committee)	0	1,000	1,000
Subtotal (B)	0	45,000	45,000
Total	207,000	88,000	295,000

a

on a grant basis from ADB-funded Technical Assistance Program.

Source: Staff estimates

(Reference in text: page 4, para. 14)

TERMS OF REFERENCE

A. Implementation Activities

1. Drafting Committee

1. The drafting committee will include one representative from each of the Ministry of Law and Justice (MLJ), the Ministry of Industry, the Ministry of Finance, the domestic business law consultant, and one representative from each of the financial private sector (nominated by the Bankers' Association), the nonfinancial private sector (nominated by the Federation of Nepal Chambers of Commerce and Industry), and the accounting profession (nominated by the Institute of Chartered Accountants in Nepal). The drafting committee will review and provide comments on (i) the first draft of the amendments to the Company Act, 1997 or a new company law to be prepared by the domestic business law consultant and reviewed by the international company law consultant, (ii) the first draft of the insolvency law and the secured transactions law prepared by the international insolvency and secured transactions law consultant, and (iii) the draft inception reports relating to these three laws prepared by the international consultants. The drafting committee will also discuss the second draft submitted by the international consultants in a two-day discussion session, one to be held for each law. The drafting committee, Asian Development Bank (ADB), and the relevant consultants will be present at the discussion sessions.

2. Seminar

2. A seminar will be held in Nepal to review and comment on the second draft of the company law, the insolvency law, and the secured transactions law. The seminar will serve as a forum to discuss and exchange views on the draft legislation among MLJ officials and staff involved in the drafting work, staff from the other concerned Government ministries or agencies, international and domestic consultants, legal professionals, representatives of the private sector (in particular the financial sector), and the general public. MLJ will provide to all the participants, prior to the seminar, the relevant draft legislation; draft reports prepared by the consultants on the company law, the insolvency law, and the secured transactions law reforms; and other related materials. The seminar will be organized by the domestic resource person.

B. Consultants

3. The services of two international consultants will be required: (i) an insolvency and secured transactions law consultant, who will also be the Team leader (for 4 person-months); and (ii) a company law consultant (2 person-months). The services of two domestic consultants will also be needed: a business law consultant (4 person-months), and a domestic resource person (3 person-months).

1. Insolvency and Secured Transactions Law Consultant – Team Leader

4. The consultant will be an expert in insolvency law and secured transactions law with experience in advising countries preferably in Asia.

5. The consultant will carry out the following tasks pertaining to the diagnostic study to identify the reforms required:

- (i) During an inception mission in Nepal for about 18 days, consult all stakeholders and initiate a diagnostic study to identify the reforms required for the insolvency law and the secured transactions law.
- (ii) The consultant will, with inputs from the domestic consultants:
 - (a) Examine whether the corporate and financial governance (legal) subcommittee (the Legal Subcommittee) established by the Government for the proposed corporate and financial governance project (CFG project) can be used as the drafting committee to review, comment on, and draft the laws prepared under this technical assistance (TA) or whether a specific drafting committee should be established under the Legal Subcommittee for this purpose. The consultant will make recommendations to ADB and MLJ on this subject at the end of the inception mission.
 - (b) Review and assess the functioning of the provisions of the Company Act, 1997 relating to liquidation of companies (Chapter 10) and the provisions of the Muluki Ain relating to secured transactions and all laws and regulations related to these matters.
 - (c) Taking into account the recommendations of the reports of the consultants under TA 3135: Financial Sector Regulation and Governance, TA 3136: Improvement of Disclosure and Corporate Governance, the report on "Private Sector Development Issues", the reports of consultants under the regional TA 5795 (Insolvency Law Reform) and regional TA 5773 (Secured Transactions Law Reform), and reports by other international organizations, define the principles that should underpin the new insolvency law and secured transactions law to be drafted.
 - (d) In close consultation with the domestic business law consultant and the international company law consultant and after consultation with all stakeholders, recommend as to the most appropriate institutional framework for corporate insolvency and for creation, perfection, and enforcement of secured transactions.

- (e) Within 50 days after the inception mission, submit to the drafting committee, ADB, and the team leader (i) draft inception reports identifying the reforms required for insolvency and for secured transactions, and (ii) a first draft insolvency law and a first draft secured transactions law.

6. The consultant's responsibilities pertaining to drafting of the insolvency law and the secured transactions law will include:

- (i) Assuring that the draft insolvency law contains, inter alia, provisions relating to
 - (a) the institutional framework for dispute resolution and the rules and procedures for liquidation and restructuring of companies; and
 - (b) the liquidation and restructuring of companies.
- (ii) Assuring that the draft secured transactions law contains, inter alia, provisions relating to the creation, perfection, and enforcement of secured transactions. Enforcement should be through clearly defined "self-help" procedures. Design a registration system for secured transactions, taking into account use of information technology.
- (iii) After receiving the written comments of the drafting committee and ADB on the draft inception reports and the first drafts of the insolvency law and the secured transactions law, submit to the drafting committee, ADB, and the other consultants the second drafts of the insolvency law and the secured transactions law, with their final inception reports.
- (iv) In Nepal, discuss the second drafts of the insolvency law and the secured transactions law and draft final reports in the discussion session. On a third visit to Nepal, present the same in the seminar.
- (v) Within 15 days of this third visit to Nepal, and based on the comments of the discussion session and the seminar, submit to ADB and MLJ the final draft insolvency law and draft secured transactions law and a final report for each law.

7. While supervising the other consultants, the team leader will review the drafts of the laws and of the reports they prepared to ensure consistency among all them.

2. Company Law Consultant (International)

8. The consultant will be an expert in commercial law with specialization in company law and will have experience in providing advice to other countries, preferably in Asia.

9. The consultant will carry out the following tasks pertaining to diagnostic study to identify the reforms required:

- (i) During a 10-day inception mission to Nepal, the consultant will consult all stakeholders and initiate a study to diagnose the reforms required for the company law.
- (ii) With inputs from the domestic consultants, the consultant will do the following:
 - (a) review and assess the functioning of the Company Act, 1997 and all regulations related to this law, and the institutional framework for its administration;
 - (b) review the first draft company law prepared by the domestic business law consultant;
 - (c) taking into account the recommendations of the reports of the consultants under TA 3135: Financial Sector Regulation and Governance, TA 3136: Improvement of Disclosure and Corporate Governance, and the report on Private Sector Development Issues, redefine the role of the regulatory authorities under the Company Act, 1997; in particular redefine and rationalize the role and powers of the Office of the Company Registrar and redefine the role of the Company Board or recommend its dissolution;
 - (d) in close consultation with the domestic business law consultant and the team leader and after having wide consultation with all stakeholders, define the institutional framework for settlement of all disputes relating to companies, and assure that the company law reflects this by specifying the composition and financing of the institutions and the measures to ensure their independence; and
 - (e) within 15 days after the inception mission, submit to the drafting committee and ADB a draft inception report identifying the reforms required and the amendments proposed to the first draft company law prepared by the domestic business law consultant.

10. The consultant will do the following pertaining to improving the company law drafted by the domestic business law consultant:

- (i) After receiving the written comments of the drafting committee and ADB on the draft inception report and the first draft company law, submit a final inception report and a second draft company law to the drafting committee, ADB, and the other consultants.

- (ii) Visit Nepal to present and discuss the second draft company law and a draft final report in the discussion session. Visit Nepal a third time to present the same in the seminar.
- (iii) Within 10 days after the third visit to Nepal, based on the comments of the discussion session and the seminar, submit the final draft company law and the final report to MLJ and ADB.

11. The international company law consultant will submit the draft laws and reports to the team leader so that the team leader can ensure consistency in the draft company law, the draft insolvency law, and the draft secured transactions law.

3. Business Law Consultant (Domestic)

12. The consultant will be a recognized expert in Nepal business law, particularly company law.

13. The consultant will carry out the following tasks pertaining to drafting of a new company law or amendments to the Company Act, 1997:

- (i) Assure that the company law contains, inter alia, provisions relating to corporate governance, including:
 - (a) stipulation of legal obligations on directors and management of companies for protecting investors of the company and its shareholders, and remedies and punishments for breach of such obligations;
 - (b) the efficient protection of minority shareholders rights (e.g., representative action enabling a minority shareholder to present a claim on behalf of the company); and
 - (c) disclosure requirements based on the Improvement of Disclosure and Corporate Governance Technical Assistance (TA 3136).
- (ii) Submit the first draft of the company law (paper and electronic form) to the international company law consultant at least one week before the latter's first trip to Nepal.

14. The consultants will provide inputs to and review all drafts submitted by the international consultants, and will

- (i) be a member of the drafting committee;
- (ii) provide inputs to the team leader for the preparation of the insolvency and secured transactions laws;

- (iii) review all draft laws and reports submitted by the international consultants (including the draft company law as revised by the international company law consultant), make comments on these drafts, and advise the international consultants and ADB on Nepalese law;
- (iv) consult with Nepal private sector including chambers of commerce, accounting professional bodies, lawyers, etc.;
- (v) provide advice and background information to the international consultants during their visits to Nepal and in particular during their first and second visits; and
- (vi) participate in the discussion sessions for each law and in the seminar.

15. The consultant will translate all drafts of the company law into Nepalese.

4. Resource Person (Domestic)

16. The resource person will be a domestic legal expert in business law capable of coordinating activities in Nepal. The resource person will assist the international consultants during their visits in Nepal for all logistical matters including arranging meetings for them. The resource person will facilitate consultation with the professional bodies, other institutions, and other stakeholders that have interest in the reform of company law, insolvency law, and secured transactions law. He or she will coordinate the relations between the different parties involved in this TA including MLJ, other ministries, ADB, the domestic business law consultant, and the international consultants. He or she will organize the seminar.

17. The resource person will translate all drafts of the insolvency law and the secured transaction law into Nepalese.

C. Outputs

18. For each component, each international consultant concerned will submit a draft inception report, a final inception report focusing on the diagnosis and the reform required, a draft final report, and a final report to the Government and ADB, with copies to the members of the drafting committee and the other consultants. There will be continuing consultation with ADB staff during all report preparations. The draft final report will include a summary of the analysis, recommendations for each component, the reasons for making these recommendations, and recommendations for implementing the new institutional arrangements proposed. The consultants will submit the following to the Government and ADB as the end-product of the TA: final reports incorporating comments from the Government, ADB, and the drafting committee; and the final draft company law, insolvency law, and secured transactions law.