



*Harnessing Investment Opportunities in Nepal*  
2-3 MARCH, 2017. KATHMANDU NEPAL

# OPPORTUNITY For Growth



March 3, 2017

Newsletter

## Nepal Investment Summit 2017 begins with political commitments to support economic agenda

Kathmandu, March 2

Leaders of the major political parties of the country have expressed their commitment to give high priority to foreign investment that can help reduce the existing infrastructure gap and support Nepal's economic development. They assured the participants to extend all needful support to facilitate their investment in the country.

Addressing the inaugural session of the Nepal Investment Summit 2017, Prime Minister Pushpa Kamal Dahal, said the country has completed a unique journey of peace process and has moved on to a path of economic prosperity. "We have already promulgated the constitution thus attaining political stability," Dahal said. "Now our main agenda is economic development as sustainable peace cannot be achieved without economic prosperity."

Economic development is impossible without the private sector's involvement as public investment alone is not sufficient to attain the economic growth that Nepal strives for, he added. "Therefore, we will move ahead by joining hands with the private sector and give utmost priority to public private partnership (PPP)," Dahal mentioned.

Speaking at the event, KP Oli, chairman of opposition party CPN UML, said both the ruling and opposition parties are on the same page when it comes to welcoming foreign investment in the country. "On behalf of the opposition, I want to assure you that your investment is safe in Nepal," Oli assured the potential investors in the event.

Nepali Congress President Sher Bahadur Deuba stressed the role of a



**'We will move ahead by joining hands with the private sector and give utmost priority to public private partnership.'**

robust private sector that is responsible for creating jobs, paying taxes and helping Nepal attain economic

prosperity. Speakers at the event also pointed out the benefit of the huge market of 2.5 billion people in India and

China. "Investors might be concerned about the market before investing in Nepal," said Deputy Prime Minister

and Finance Minister Krishna Bahadur Mahara. "Nepal's trade relation with the neighbouring countries will give Nepal's produce a lucrative access to rapidly growing market there."

Asian Infrastructure Investment Bank President Jin Liqun expressed his commitment to work with Nepali government and private sector to make a meaningful difference in Nepal's economic and social development through investment in infrastructure and other productive sectors. "We will invest in projects that are financially sustainable and environment friendly and those that are accepted by the local people," said Liqun. "We will work with the Nepali people to tap the natural resources for the benefit of the Nepalis."

The two-day summit, organised by the Ministry of Industry and Investment Board Nepal with the objective of inviting foreign investment in nine key sectors that form the backbone of the country's development, kicked off on Thursday.

The event will witness presentations of working papers during various thematic sessions like energy, infrastructure, tourism, information and communication technology, financial sector, mines and minerals, agriculture and forest products.

Around 250 institutional and individual investors from 24 countries including India, China, Bangladesh, Sri Lanka, Singapore, Hong Kong, Malaysia, Australia, France, Italy, Japan, America, Russia, Canada, Britain, South Korea, Finland, Iran, Turkey and Vietnam are participating in the ongoing summit.

## India deeply committed to Nepal's 'great desire'

Kathmandu, March 2, 2017

Indian Finance Minister Arun Jaitley said on Thursday that India was deeply committed to help Nepal in its 'great desire' for economic growth as the country is hosting 'Nepal Investment Summit' to attract domestic and foreign investments.

Addressing the summit jointly organized by Industry Ministry, Investment Board Nepal and National Planning Commission in Kathmandu, Jaitley said that the two neighbouring countries are cooperating in the areas of hydropower, development of transmission lines, new roads and railway network from India to Nepal to enhance connectivity, establish educational institutions in the areas of engineering and medical sector and develop irrigation sector.

Nepal is organizing the two-day event for the first time after more than two decades where over 600 investors

including more than 250 foreign delegates are participating.

Highlighting the key advantage of Nepal such as natural beauty, culture heritage, unexplored potential of water resources and hard working people, the Indian Finance Minister stressed on utilizing these natural, cultural and human resources for the benefit the nation.

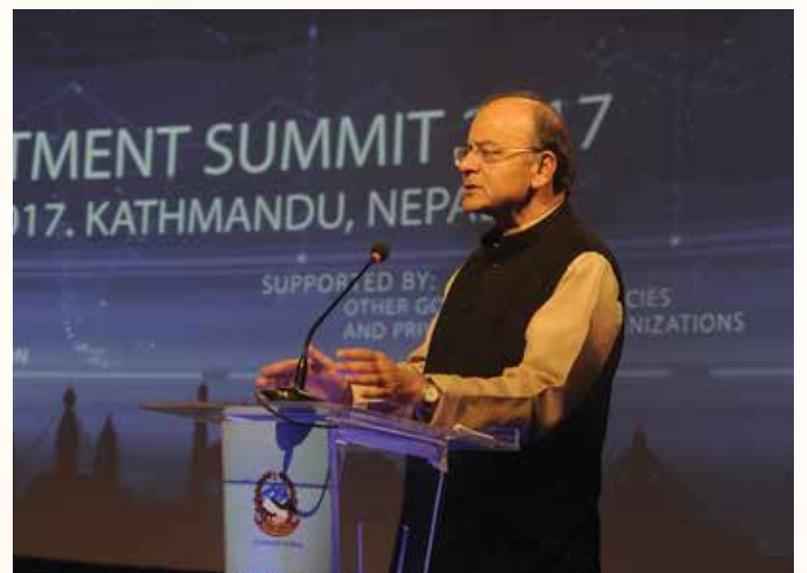
Stating that India and Nepal are facing infrastructure deficit in their respective countries, he also stressed on the need to increase investments in the sector which has potential of generating large amount of economic activities and creation of jobs, thereby ensuring better quality of life.

The Indian Finance Minister also shared the experiences of how opening up of the Indian economy in the early 1990s turned out to be successful experience for India and the measures the southern neighbour has

been taking to further liberalize the economy.

Explaining the reason behind sharing the Indian experiences, he said it was to underscore the fact that India suffered from 'unknown fear' when the economy was opened and there were a lot of skeptics. "When we look back, we feel a sense of sense of satisfaction with the road that we took which led us to a better future," he said. According to him, decision of liberalizing Indian economy was not well thought plan but it was taken under compulsion of circumstances when India had faced serious foreign exchange shortages.

Jaitley said that Indian growth story could be a roadmap for Nepal as well. "The kind of human resources Nepal has and kind of commitment Nepal government is displaying for growth, the roadmap for this country will almost be on similar ground," he said.



# Domestic private sector appeals for foreign investment in Nepal



Kathmandu, March 2

Officials representing various private sector bodies of the country today have appealed to foreigners to invest in different potential sectors of the country.

Speaking at one of the plenary sessions of the two-day Nepal Investment Summit in the capital that began on Thursday, they said that Nepal has been developing an investment friendly environment in recent years, thus creating immense opportunities for foreigners to harness the investment potential in different sectors of the country.

"The track record of those multinational companies who are currently operating in Nepal shows that they have been able to do good business in Nepal. This assures that foreign investors can earn good returns by investing in Nepal," Hari Bhakta Sharma, president of the Confederation of Nepalese Industries (CNI), said. As per him, infrastructure deficit in the country, Nepal's strategic location and low contribution of manufacturing sector in country's GDP are some factors that provide ample

opportunities for foreign investors to grow their business in Nepal. "As many mega projects planned by the government are ready to take off, I urge foreign investors to grab this opportunity," added Sharma.

Similarly, Bhawani Rana, senior vice-president of the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), said that good trust has been developed between the government and the private sector in Nepal in recent years which is crucial to any type of investment. "Our inputs have been incorporated by the government in its laws and policies. This has assured us of a friendly business environment in the country lately," Rana said, adding that tourism, energy, agriculture and infrastructure are the major sectors in the country where potential domestic and foreign investors can think of making investments.

Padma Jyoti, president of Jyoti Group, said that Nepal is a growing market for different products and has a huge business potential for those willing to invest in Nepal. "As our market is basically import based

and available domestic products have not been able to meet the actual aspiration of consumers, companies coming to Nepal and producing products as per consumers' aspirations can do good business," Jyoti said.

Suraj Vaidya, president of SAARC Chamber of Commerce and Industry, said that Nepal's strategic location between India and China is a major factor that provides foreign investors in Nepal with larger business opportunities.

Puneet Varshney, managing director of Bottlers Nepal, encouraged foreign companies to invest in Nepal informing that market and consumer choice here in Nepal are unique compared to other markets.

Similarly, Suyash Chauhan, managing director of Unilever Nepal, informed that the company has aggressive growth plans targeting the Nepali market.

On the occasion, Upendra Mahato, former president of Non-Resident Nepali Association (NRNA), urged



**Krishna Gyawali**

@ruru\_krishna

Ethiopia's soaring eco growth success mantras: post-conflict pol stability, democratic dividend, sound development policies #InvestinNepal2017

**Akash Shrestha**

@aaktung

Capital is mobile, so move at the speed of business - HE Richard Morris #InvestinNepal2017

**Prashant Raj Pandey**

@aka78pop

The ability to divest gives the confidence to invest. Lesson to Nepali policy makers. #InvestinNepal2017

**IFC South Asia**

@IFC\_SouthAsia

"IFC is keen to ramp up its investments in infra, manufacturing, #AgriBiz, & positive about pvt sector growth in #Nepal" #InvestInNepal2017

**Vinay Kumar**

@vkumar1969

Finance Minister Shri Arun Jaitley addresses the houseful audience at Nepal Investment Summit 2017 at Hotel Soaltee.

**Subhash Ghimire**

@subhash580

We have been talking about one expressway since 1974. #InvestinNepal2017 #NepalInvestmentSummit

**Sagar Uprety**

@sagar\_uprety

the question of investment. government and opposition are always together. KP Oli. This is very good message to investors. #InvestinNepal2017

**Bishal Khatri**

@bishalkc321

'Nepal is one of the most beautiful country in the world.' #InvestinNepal2017

**IBN Office, Nepal**

@IBNOffice

Nepal has huge resources but technical competency of Resources is vital for Company like Microsoft to consider Nepal. #InvestinNepal2017

**NepalInvestSummit**

@NpInvestSummit

#InvestinNepal2017 is trending. Thank you all for your overwhelming responses.

## VOX-POP

**'We are planning to set up water storage manufacturing unit in Nepal'**

Sunil Uplap  
Managing Director,  
Shubham Acqualink,  
India



I have been to Nepal to explore the investment opportunities. My company has already initiated a small project related to water supply management with the government of Nepal. This time my company is planning to set up an industry related to water storage technology in Nepal and the total budget of this project is worth almost \$1 million. The planned water storage manufacturing unit in Nepal basically aims to replace concrete water storage tanks in Nepal with more scientific and technological reservoirs. I am quite happy with the commitment that all stakeholders have expressed to facilitate investment in the country.

**'We are interested to work in energy sector of Nepal'**

Lu Yanhu  
Representative, Geghepa  
Group, China



We are basically interested in the energy sector of the country and want to work together with the government of Nepal and the private sector to utilise water resources and generate energy. Moreover, we have already registered a company called Power Investment Nepal Limited in Nepal to begin some energy related projects here. However, though our project proposal has been passed by other government agencies, the central bank of the country is yet to approve the project. We will invest in some energy related projects of the country once the central bank approves our proposal. We are happy that political leaders today have expressed their commitment to promote investment.

**'We will promote Nepal's investment potential in Turkey'**

Tevfik Bilgen  
Chairman, Turkey-  
Greece Business Council



A team of our organisation is currently preparing a report of the Nepal Investment Summit. Once the report is finalised, we will take it to Turkey and circulate it to the business community there. Once we circulate the report, we assume that a large chunk of investors from Turkey will be encouraged to invest in potential sectors of Nepal. We basically aim to connect private sector of Nepal and Turkey and look into the investment possibilities. Directly connecting the private sector of both the countries means that politicians of both countries will not get a chance to play games. We are currently analysing investment atmosphere of Nepal and the existing government policies related to investment.

**'Consensus among stakeholders to promote investment in Nepal is encouraging'**

Urs Fluckiger  
Consul, Head of Consular  
Affairs, Embassy of  
Switzerland in Nepal



I have been in Nepal since long and I am happy with the development in the investment climate of the country in recent years. The Nepal Investment Summit is a timely event hosted by the government and I believe that the event will be a milestone event to draw huge investment in different potential sectors of the country. The Swiss Embassy will report all the outcomes and agendas of the Nepal Investment Summit to potential investors in Switzerland and encourage them to come to Nepal and invest. The recent consensus among stakeholders of Nepal for the country's economic growth will certainly encourage foreign investors to come to Nepal and explore investment opportunities.

# 'Climate conducive to invest in Nepal'

Kathmandu, March 2

There are nearly 113 projects in various sectors in Nepal where investors can make investments, according to Maha Prasad Adhikari, CEO of Investment Board Nepal (IBN).

As per Adhikari, there are 21 projects whose feasibility study has been carried out while some level of study has been conducted for 21 other projects. Similarly, IBN has prepared idea notes of 71 more projects. Speaking at a plenary session entitled 'Investment Opportunities in Nepal', IBN CEO Adhikari said that Nepal provides ample opportunities for investment. Agriculture, energy, transportation, tourism, manufacturing, mines and minerals, financial services and ICT are some of the sectors where there is high potential for investment, he informed, while presenting a sectoral overview of investment.

"There are so many unexplored potential areas of investment in the country," he said.

He further added that the stable macroeconomic climate in the country at present could be a positive aspect for bringing in foreign investment.

"Since there is a need for nearly \$18 billion by 2020, domestic private resources and government resources will not be adequate. Thus, we need foreign investment," he said. Stating that many foreign investors were able to earn huge profit and repatriate dividends even during a tumultuous period in the country, he said that the investment environment in the country



has been better now.

Also speaking in the plenary session, Shankar Prasad Koirala, secretary at the Ministry of Industry, said that several reform initiatives taken by the government have made Nepal a lucrative destination for investment. "Many acts related to investment have been passed while there are more laws that are in the pipeline. These will help

create a conducive environment for investment," stated Koirala. He said that reforms to modernize company registration process and provide a 'one-stop' window for investors will help facilitate investment in the country.

According to Koirala, the government is in the process of amending the Company Act, which will allow companies an easy exit

provision. The recent endorsement of Special Economic Zone Act with incentives offered by the government to industries opened in special economic zones will attract more investment, he said. He added that the government has identified 14 SEZs and feasibility study of eight SEZs has already been completed. Stating that there are more policies in the pipeline to facilitate investment, he said that investors can reap huge benefits in Nepal where there is possibility of high returns. "The policy reforms that we have initiated will encourage foreign investment and aid in the economic development of the country," he added.

Both speakers urged foreign investors to invest in Nepal. During the floor discussion, investors raised the issue of having to face problems with the visas and the frequent transfer of government staff, among other issues, that have plagued foreign investment. "The Department of Industry has a policy whereby an investor can apply for a visa if there is investment worth Rs 5 million. However, how can they invest without conducting any study for making such investment," reasoned an investor from Bangladesh. Another participant mentioned that investors always face the problem of having to deal with too many staffs during the process of making investment due to frequent transfers of government employees.

Vice Chair of the National Planning Commission, Dr Min Bahadur Shrestha, was the chair of the session.

## Demand for infra investment comes from power, transport sectors

In 2016, the first year of its operations, the AIIB completed a lending program of \$ 1.73 billion covering nine projects. Twenty-five percent of the operations are prepared by our own professional teams and 75 percent are the operations co-financed with ADB, the World Bank and other institutions. This \$1.73 billion dollar is able to leverage \$12.5 billion of the total investment. This year, we will push for operations in new countries and new areas. Moving into the second year, we are working to do something, which is critically needed. For instance, we have come through a number of consultations about energy strategies. Energy would be an important sector for our investment programs. A well worked-out and thought-out energy strategy to be approved by the AIIB board would be crucial. This is something we expect to be done by June when the second board meets. Also, we are working on the program of our operations for the next couple of years. They are going to be rolling programs. Actually, the great demand for infrastructure investment comes from two sectors: power and transport. Nepal can also develop hydropower, which is a renewable energy and good for environment and also could be exported to India and other neighboring countries. Possible sectors that AIIB could get involved in are power and power generation in Nepal as Nepal has natural hydropower resources. Melamchi Water Supply Project is going to be completed soon. May be in a couple of months you would be getting fresh water from this project. But much remains to be done in urban development. It is crucial for your government to provide basic needs and facilities to the people. Financial sustainability, environmental protection and social acceptance are main conditions for the AIIB to get involved in any project. Similarly, close collaboration with local people in any project is also equally important because it's



possible to do the project only when people understand its long term benefit. Reasonable demands of local people should be met.

AIIB, in the first year, had very successful cooperation with the World Bank, ADB, IFC in projects, for instance in Indonesia, Myanmar and Pakistan. It is also very keen to work through both our own resources and co-financing with the World Bank, ADB and other

institutions. Though AIIB is not going to have a big office here, it may have liaison officers in the future when it has more programs here. It can be very lean. Nepal's development depends on connectivity with the world. So, the AIIB can also help to improve the connectivity with other countries. It's important to have sufficient resources that can generate revenue to service the debt.

### Program Schedule

Day 2  
3 March 2017  
Parallel Sessions (Moderated Panel Discussions)

0900-1030 Hrs  
**Energy And Industrial Infrastructure: Steering Nepal's Economic Transformation**

**Special Address:**

- Hon'ble Mr. Janardan Sharma 'Prabhakar', Minister of Energy
- Hon'ble Mr. Ramesh Lekhak, Minister of Physical Infrastructure and Transport

**Panelists:**

- Mr. Kul Man Ghising, NEA, MD
- Mr. Li Yanfeng, Power China Resources Ltd
- Harvinder Manocha, Chief Operating Officer, GMR Energy
- Mr. Ashish Garg, Executive Director, Lower Solu Hydro Electric Project
- Dr. Er. Chandika Prasad Bhatta, Executive Director, SEZ Authority

**Session Chair:**

- Dr. Jagadish Chandra Pokharel, Former Vice Chair, National Planning Commission

**Information Communication And Technology: Marching Towards A Digital Economy**

**Panelists:**

- Mr. Birendra Kumar Mishra, DG DOIT
- Mr. Allen Bailochan Tuladhar - Country Director, Microsoft Innovation Center, Nepal
- Mr. Karmath Dangol - VP of Engineering, Cloud Factory
- Mr. Nirvana Chaudhary, MD, Chaudhary Group
- Mr. Biswas Dhakal, Chairman and President, F1Soft

**Session Chair:**

- Mr. Manohar Bhattarai, Former Vice-Chair, High Level Commission for Information Technology

1030-1100 hrs  
Tea/Coffee Networking Break

1515-1600 hrs  
Concluding Session

**Opening:**

- Mr. Shanker Das Bairagi, Secretary, Ministry of Foreign Affairs Rapporteur, Declarations and Announcements:
- Office of the Investment Board Nepal

**Concluding Address:**

- Hon'ble Mr. Kanchan Chandra Bade, State Minister, Ministry of Industry
- Hon'ble Mr. Nabindra Raj Joshi, Minister, Ministry of Industry

**Vote of Thanks:**

- Mr. Shankar Prasad Koirala, Secretary, Ministry of Industry

1700-1900 hrs  
Reception

# Political and policy stability must for economy

Kathmandu, March 2, 2017

Political and policy stability, strong political leadership, predictability, infrastructure and transparency are the crucial factors for attracting foreign investment, said international experts here on Thursday.

Speaking at a session on 'International Experiences Sharing' at the Nepal Investment Summit on Thursday, they shared the experiences of growth in countries like Bangladesh, Ethiopia, the United Kingdom and Malaysia and what Nepal could learn from those experiences.

M. Kayveas, former minister and current advisor to Malaysia's Transport Ministry said that political stability and facilitation of business people are keys to attract investment. "If the government is not stable and you spend time fighting, you can do nothing," he said, adding that such issues tend to frustrate business people who are eager to invest in the country.

According to him, besides a stable government, proactive planning, adoption of new technologies and policy prioritisation are also equally important.

He highlighted the strong leadership of former Malaysian Prime Minister Mahathir Mohammad behind Malaysia's economic rise.

According to Kayveas, the focus on developing a strong transport network since the 1970s also resulted in increased investment and growth in Malaysia. Nepal is struggling to start the construction of the Kathmandu-Tarai Fast Track Project, but Kayveas informed that Malaysia has 2000 such roads.

Sharing the experiences of Ethiopia, which is also a developing nation and landlocked like Nepal, Asfaw Dingamo Kame, Ethiopian ambassador to India said that political stability and adherence to democratic process are very important for attracting investment.

The Sub-Saharan country which aspires to



become the fifth largest economy of the region by 2027, has been witnessing double digit growth in recent years.

According to the Ethiopian envoy, the country focused on harnessing the potential of the youth, encouraged the private sector and increased public investment in areas where the private sector had minimal investment. He also informed that the government brought together people of all ethnicities for national development and created a

market through regionalism.

British Ambassador to Nepal Richard Morris shared the experiences on how the United Kingdom has been one of the key destinations for foreign investment. "Based on our experiences, I can say that predictability in politics, rules and regulations, transparent legal system, simplicity in industry registration with provision that investors should not engage with the government, are important to attract investments," he said.

He also said that better infrastructure, developing capable human resources in the areas where investors want to invest in and urgency displayed by the bureaucracy to attract investors also play a crucial role.

Michelle Simmons, country general manager of Microsoft for nine countries including Nepal, stressed on how Nepal could attract investment in information and communication technology sector.

According to her, Nepal should focus on developing proper human resources, making available basic connectivity through smartphones, strong intellectual property rights related legal regime and transparency in legal system. "Nepal drafting the new law on Intellectual Property Rights is a good step," she said.

Wendy Jo Werner, country director for International Finance Corporation (IFC) for Nepal, urged the country to adopt the best practices followed worldwide regarding the industry registration process.

"One of the steps could be to remove the provision of having to take the approval of the government for doing business here," she said, questioning why approval is needed if the company has adopted all legal procedures for registration.

She also stressed on making the exit process easier. "Clear exit route gives the investors the confidence to invest," she said. Sharing the experiences of Bangladesh's effort to reduce erratic power crisis, she said that they have improved the situation because of better coordination between the government agencies for development of power sector.

On the occasion, member of National Planning Commission Swornim Wagle, said Nepal has been serious in reforming the policies and laws to attract domestic and foreign investment. "Nepal is becoming more open and liberal for attracting investment," he said.

## Glimpses

