

## Nepal secures investment pledges worth \$13.52 billion

Nepal has been able to attract investment commitments, both domestic and foreign, worth \$13.52 billion during the Nepal Investment Summit - 2017 that concluded here on Friday.

A total of 16 companies from around the world signed Letters of Intent with the government, expressing their interest in investing in various sectors including aviation, hydropower, banking, railways, roads, mining and minerals, and manufacturing, according to the Investment Board Nepal.

Of the total investment pledge, China topped the list with six Chinese companies committing more than \$8.3 billion in sectors like hydropower, hospital, metro rail, airport, highway, mining and minerals, smart grid, and financial.

Bangladesh stood second, with \$2.4 billion investment commitment in food and construction, while Japanese and British firms expressed interest in investing more than \$1 billion each in Nepal's energy, agriculture and infrastructure sectors.

Investment commitments from companies from Sri Lanka, India, and Nepal stood at \$500 million, \$317 million and \$11.5 million, respectively.

Addressing the concluding ceremony of the summit, IBN CEO Maha Prasad Adhikari expressed his gratitude to all investors, particularly potential foreign investors, who have signed the Letters of Intent. "This has encouraged us to work with you," he said.

Stating that Nepal has several unexplored opportunities, he said the government has carried out various reforms, while several others are in the pipeline, to create an investment-friendly climate.

Adhikari said IBN, after reviewing the Letters of Intent signed during the summit, will follow up on the prospective investors seeking further information, required documents, concept notes, and proposals. "We have found these Letters of Intent very serious. We have set up committees that will constantly be in touch with you (the prospective investors)."

He also expressed his commitment to facilitate and recommend further course of action to the investors. "This is not the end, but just the beginning," he



### When the price of potatoes rises in India, it rises in Nepal too. But why is it not so when it comes to economic growth?

stated. Shankar Das Bairagi, Secretary, Ministry of Foreign Affairs said the greatest strength of Nepal is the tremendous goodwill and support from the international community. "This encouraging participation from the international community is a testimony to this fact," he said. "So I thank all of you in making this event a historic success."

Bairagi underscored the need for adopting the right policies, creating the right institutions and assembling educated resources to realise the country's development goals. "A perfect mix of these three elements is a must to move ahead," he said. "If Nepal can make its political transition a success story for the world to emulate, why can't we do the same for creating a success story in the realm of economic development?" he asked.

Minister of State for Industry Kanchan Chandra Bade shed light on

measures taken by the government, such as amendments to various acts and policy reforms, to create an investment-friendly environment. He said these measures will make it easier for potential investors to invest in Nepal.

"On behalf of the Nepal government, IBN, Industry Ministry, and personally, I would like to thank the international delegates for their active participation in the event, investment commitments, and their confidence in Nepal," Bade said.

In his concluding remarks, Industry Minister Nabindra Raj Joshi said the summit is the beginning of a great partnership in the nation building mission of Nepal.

"We are in the process of nation building, transforming it from a poverty-stricken least developed country to a vibrant, dynamic and growing economy. We want to assure all potential investors that Nepal is ready

for real and meaningful business."

Lauding the overwhelming response in terms of intentions and commitments by potential investors, the minister, on behalf of the people and government of Nepal, extended sincere gratitude for their response.

Expressing commitment to protect foreign investment, Minister Joshi said that the issues raised by the investors related to entry, operation and exit of companies will be taken seriously and addressed through appropriate strategic action.

Minister Joshi announced that within three months the government will launch online registration, online payment and digital signature system. "You may be in Japan, China or any other country in the world. You will still be able to register your firm from anywhere," he assured the investors.

Stating that Nepal's location between two of the fastest growing economies of the world is an opportunity, Joshi said that the pace of growth in Nepal should be more than that in Nepal and China. "When the price of potatoes rises in India, it rises in Nepal too. But why is it not so when it comes to economic growth," he joked.

Joshi also expressed his commitment to end corruption and urged all to work towards it. "Not having

\$1 dollar is better than having \$1 million earned through unfair means. Money alone can't buy happiness," he said.

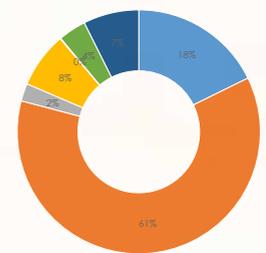
This is the second time the government has organised an investment summit, which was attended by Indian Finance Minister Arun Jaitley and Jin Liqun, president of the Asian Infrastructure Investment Bank (AIIB), a new multilateral lending institution founded by China. The first one was held in early 1990s.

The biggest investment summit held in the country attracted around 300 foreign delegates, mostly investors.

Organised jointly by the Ministry of Industry and the Investment Board Nepal, the summit was held at a time when the country has promulgated a new constitution and launched second generation of reforms to remove binding constraints to higher economic growth.

Nepal has been grappling with a long spell of subpar economic growth, with annual growth standing at two to five percent on average in the last 50 years. In 1965-1974, the country's average economic growth stood at less than two percent per year. In between 1975 and 1984, it stood at around three percent.

Country	Amount
China	\$ 8.3 bn
Bangladesh	\$ 2.4 bn
Japan	\$ 1 bn
UK	\$ 1 bn
Srilanka	\$ 500 m
India	\$ 317 m
Nepal	\$ 11.5 m
Total	13.52 Bn.



### Letter of Intent Received in Investment Summit 2017

S.N.	Company's Name	Country	Sector of interest	Tentative Amount of Intent (in USD)
1	Ashok Steel Industries Pvt. Ltd	India	Investment Bank, Solar, Steel Plant	\$ 300 m
2	China Machinery Engineering Corporation	China	Hydropower, Hospital, Kathmandu Metro (line 1 & 2)	\$ 3 bn
3	China State Construction & Engineering Co.	China	Airport, Highway, Tunnel	\$ 2 bn
4	CTCE Group	China	Water Supply, Hydropower, Railways, Road, Tunnel	\$ 1 bn
5	Everest Chamber of Commerce and Industries	India	Tourism	\$ 10 m
6	Frontier Power Ltd., London	UK	Energy, Agriculture, Infrastructure	\$ 1 bn
7	Himadri Food Pvt. Ltd (Pran- RFL Group)	Bangladesh	Food & Construction	\$ 2.4 bn
8	Himali Distillery Pvt. Ltd.	Nepal	Pulp & Paper	\$ 10 m
9	Medicare Environmental Management Pvt. Ltd	India	Industrial & Biomedical	\$ 7 m
10	Radiance Renewable Technologies	Sri Lanka	Hydropower, Solar, Wind	\$ 50 m
11	RN Group of Companies	Nepal	Construction & Manufacturing	\$50,000
12	Sichuan Baoxing Country Wopng Mining Co. Ltd.	China	Mining & Minerals	\$ 100 m
13	Sichuan Wanping Energy Science & Technology Co. Ltd.	China	Hydropower, Smart Grid, Financial	\$ 1 bn
14	Somudryak Kansai Form, Mahottari	Nepal	Agriculture	\$ 1 m
15	The Kansai Electric Power Co. Inc.	Japan	Hydropower (100 to 1000 megawatts)	\$ 1 bn
16	Wuling Power Corporation Ltd	China	Hydropower (Tamakoshi 3)	\$ 1.2 bn
	Total			13.52 BN

# Time apt to invest in ICT sector



Kathmandu, March 3

Investors and experts have said that this is the most suitable time to invest in information, communication and technology (ICT) sector in Nepal. Participating in a panel discussion of 'Nepal Investment Summit-2017', they emphasised on the growing importance of the ICT sector globally and urged the government, potential investors and business people to invest in the ICT sector. Discussing on the theme of 'marching towards a digital economy' experts and investors tried to identify the problems prevailing in the ICT sector and find ways to minimise such obstacles.

"The government has plans to go digital and we have amended many ICT related policies to create an investment-friendly climate," said Birendra Kumar Mishra, director general of the Department of Information Technology (DoIT). "Since we have been focusing on digitalising the government sector investors will get ample opportunities to make investments during this process."

Most of the panelists were of the view that Nepal did not lack the required skilled human resources but they rued the fact that the opportunities available to attract them were few and far in between. "There is no scarcity of human resources in the

country but we have to create opportunities to attract and stop them from leaving the country," said Biswas Dhakal, founder of F1Soft Nepal. "The ICT business has a global market so we can absorb this skilled segment but we need to devise strategies to create more opportunities for them."

According to Dhakal, Nepal is a very favourable destination to engage in innovative activities because the government rules and regulations are not so stringent for new businesses such as the ICT industry. Citing the example of 'esewa', a payment gateway run by his company, Dhakal informed that the government is drafting new regulations for payment gateway by taking esewa as an example. "Thus, there will not be any hurdle for this business, which is good for innovators."

"Over the years we have always tried to diversify our business portfolio and we see ICT as an investment opportunity," said Nirvana Chaudhary, managing director of Chaudhary Group. "This is the right time to invest in this sector as people are shifting from 'feature' phones to 'smartphones' and we are planning to launch some ICT related products very soon." He mentioned that for the ICT sector to flourish a very good ecosystem needs to be developed. According to him, Chaudhary Group is going to invest in ICT sector by establishing a venture

fund of about USD 25 million. Though there are a few hurdles, ICT investors and business persons are still hopeful of creating opportunities in Nepal. "Initially, we faced many challenges but we persisted and now we are running a very successful ICT business in Nepal. We have realised that there are many youths in the country who have the potential, but they have not been able to get the proper opportunity," said Karmath Dangol, founder of Cloud Factory. "The ICT sector has the potential and viability to be a leading business sector in Nepal, which can give us a different identity in the world." He added that the ICT sector also does not have to face the problem of the country being landlocked and Nepal can export ICT products and services anywhere in the world.

Participating in the discussion, Allen Bailochan Tuladhar, country director of Microsoft Innovation Center Nepal, said that Nepali youths have great potential in the ICT sector but both the government and private sector have to focus more on harnessing that potential. "We as an innovation centre have been providing assistance in schools and colleges to generate innovative ideas," he said. "We now need to increase digital literacy in the country to harness the potential of the youths."

## VOX-POP

**'Govt's willingness to promote FDI has encouraged investors'**

**Timothy J Higgins**  
Country Manager, Radiance Renewable Technologies PTE LTD, Singapore



Previously, potential investors were nervous to invest in Nepal. However, the current willingness shown by Nepal's government and other stakeholders has encouraged investors a lot. I believe that the government of Nepal has hosted the Nepal Investment Summit at an appropriate moment and was also a much-needed event for the country. As Nepal went through political instability in the past, this directly affected the confidence of foreign investors. As the government of Nepal has vowed to introduce investment friendly policies, these policies should be implemented on time. Our company is aiming to invest in the hydropower sector of Nepal. Investing in Nepal is a win-win situation for both Nepal and investors.

**'Provision to compensate FDI needs to be introduced'**

**Jussi Ahonen**  
Investment Manager, Finnish Fund for Industrial Cooperation Ltd, Finland



The event was well managed. We are already working in Nepal in different projects through Dolma Impact Fund. However, we plan to work further in sectors like renewal energy and information and communication technology (ICT). Nepal has developed a good regulatory framework to lure investment. However, the government should also introduce a provision to compensate investors and their projects. We are looking forward to work in different projects in Nepal in close coordination with the country's private sector. We will also encourage Finnish investors to invest in Nepal. Nepal today has really developed a business friendly environment.

**'Quick decision making capacity should be developed'**

**Dilip Sutradhar**  
Chief Engineer and Senior Project Manager, Kulekhani III



The government of Nepal should have organised this event much earlier as such events are an open platform where investors come, study and decide to inject their investment. I believe that there are immense investment opportunities for foreign investors in sectors like roads, hydropower and tourism in Nepal. The Indian company, Wapcos Limited, which I represent, is currently working in four different hydel projects in Nepal. As per my experience, though regulatory framework in Nepal is good, government lacks timely decision making capacity. This has to be improved as delay in decision making process from the government will directly affect the project. Moreover, delay in decision making will delay the completion of the project thereby increasing production cost of projects, especially of hydropower projects. I believe that a significant number of foreign investors will be willing to come to Nepal after this summit. The government should assure that these investors are well-facilitated.

**'The summit has certainly developed positive mindset among foreign investors'**

**Willem Grimminck**  
Director, One to Watch, the Netherlands



I am certainly inspired to invest in Nepal and I believe that other investors have been equally inspired by the event and by the commitments expressed by Nepali stakeholders to promote investment. I believe that major potential foreign investors have participated in the event and the event has been able to develop positive mindset among them. I have found that agriculture and infrastructure sectors like transportation are the major investment potential sectors in Nepal. It is positive to note that the government has expressed its commitment to deliver better regulatory framework in a bid to promote foreign investment. Moreover, I am moved by the effort and willingness of the Ministry of Industry (MoI) of Nepal to facilitate foreign investment in the country. I have already brought few investors from my country to Nepal and will certainly encourage a few more Dutch investors to come to Nepal and invest in different potential sectors.



**NepalInvestSummit**

@NpInvestSummit

The Summit excites the foreign investor, Letter of Intent received in summit is worth of \$ 13.52 billion. #InvestinNepal2017

**आकाश**

@echoesofnepal

We need create an environment for investors to invest in innovative #startups , esp in Tourism, Agronomy & IT sector. #InvestinNepal2017

**Mike Bolsover**

@mikebolsover888

#InvestinNepal2017 #NepalInvestmentSummit excellent Summit. Platform for progress. We are already FDI in Nepal & promise more w. support

**Alaina B. Teplitz**

@USAmbNepal

Agree. Proof is in implementation. Still, momentum is in right direction. #InvestinNepal2017 <https://goo.gl/3Y0TDv>

FOREIGN DIRECT INVESTMENT IN NEPAL OVER THE PAST TWO DECADES



**Anil Shah**

@AnilKesharyShah

Energy and Industrial Infrastructure session. Some hard truths being put forth... Hope the government is listening!!!

**KARMA /SAGA #MGWV**

@Akashmalla73

There are potential business plan in Nepal #InvestinNepal2017

**Sajan Rajbhandari**

@sazanrjb

It is somewhat urgent, to save millions of youngsters going abroad due to lack of employment.. #InvestinNepal2017

**SamriddhaAnna**

@SamriddhaAnna

#InvestinNepal2017 — feeling hopeful

**Manjeet**

@manjeetdhakal

Truely appreciate standing PrimeMinister @cmprachanda & former PMs @DeubaSherbdr & @kpsharmaoli for speaking with 1 voice at @NpInvestSummit

**Richard Morris**

@Richard\_Nepal

Good to attend Investment Summit opening and hear various political leaders speak in favour of improving conditions for investment.

**Sumitpant**

@120Sumitpant

Minister of Industry assured the int'l investors to take the responsibility of protecting their investment in Nepal. #InvestinNepal2017

**Rupesh Shrestha™**

@Roopess

Positive responses flowing from the audience and the participants. Mostly, regarding the management of the event. #InvestinNepal2017

**Ganga Thapa**

@GulmiGanga

So happy that more than Rs 10 billion investment already pledged in Nepal Investment Summit. This is very very good news

**Sanjeev Giri**

@sanjeev1974ad

Total pledge (7 countries): \$13.52b China: \$8.3b BDesh: \$2.4b Jpn, Uk: \$1b each S.Lnk: \$ 500 m Ind: \$ 317m Nep: \$ 11.5m #InvestinNepal2017

**Guna Raj Luitel**

@gunaraj

Happy ending! Performance before the concluding session of #InvestinNepal2017. #Nepal

**IBN Office, Nepal**

@IBNoffice

Very Excited to announce. The letter of Intent received in @NpInvestSummit is worth of US\$13.52 billion. #InvestinNepal2017

## ENERGY AND INDUSTRIAL INFRASTRUCTURE: STEERING NEPAL'S ECONOMIC TRANSFORMATION

KATHMANDU, MARCH 3

Investors have blamed the lack of coordination between various government agencies, bureaucratic red tape and impractical laws, among others behind Nepal's inability to attract foreign investment. Participants at the Nepal Investment Summit 2017, which concluded on Friday in Kathmandu, were vocal about various difficulties being faced by domestic and foreign investors who are willing to invest in large infrastructural projects in Nepal.

They criticised different government agencies for adopting policies and practices that were not conducive to attract foreign direct investment. Speaking at one of the sessions in the summit, Ashish Garg, executive director of Lower Solu Hydro Electric Project, said none of the government systems in the country is accustomed to foreign direct investment. "It has been decades that Nepal has not received large FDI in infrastructural projects. Hence, our system is not accustomed to ways in how FDI could be facilitated," stated Garg.

Harvinder Manocha, chief operating officer of GMR Energy, the developer of the 900-megawatt Upper Karnali Hydropower Project, questioned if Nepal was really ready to welcome foreign investment. "With the types of laws that prevail in Nepal, it is difficult for any investor to invest in infrastructural projects," said Manocha. "We need radical reforms in our laws if we are to attract foreign investment."

Manocha's dissatisfaction indicated towards difficulties faced by his company to acquire forest land to build the 900MW hydropower project. The



project needs to acquire 273 hectares of forest land to develop the power plant. But, the acquisition process is in limbo after the Forest Ministry asked the developer to buy an equivalent amount of land and plant a forest on it.

A joint meeting of the parliamentary Agriculture and Water Resources and Development committees on April 3, 2016, had directed the Forest Ministry to simplify the forest land acquisition process.

They had directed the Forest Ministry to put in place a legal provision within a month under which infrastructure projects could acquire forest land by paying a certain fee. According to the directive, the amount, which would be determined by the ministry, would be used to develop a new forest equivalent in size to the deforested area.

However, the ministry ignored the joint directive issued by the House panels and is planning to introduce a guideline based on the directive issued by the Natural Resources Committee

under the previous Parliament. It directs the government to put in place a legal provision barring forest land from being used for other purposes. If forest land has to be used for any other purpose, the acquirer must return land that is equivalent in size to the forest area being acquired to the government.

Likewise, Li Yanfeng, chief representative of Power China Resources, expressed doubt if the tariff rates being introduced by Nepal Electricity Authority will attract foreign investors in hydropower sector. "Initial tariff and escalation proposed in the guideline might not be very attractive to investors," Yanfeng mentioned. "The government's policy of signing the power purchase agreement in US dollar terms until the payback period of the loans taken by the projects or a maximum period of 10 years might not be applicable to all projects. It is because payback period of the loans taken by some projects might be beyond 10 years."

## Can Nepal attract 2.5m tourist per year by 2025? Definitely says yes expert?

KATHMANDU, MARCH 3

Travel trade experts have said that the target set by the government to attract 2.5 million tourists annually by the year 2025 is attainable and it will also open the tourism industry as an avenue for investment.

Speaking at a session titled 'Tourism: Inspiring Sustainable Development', they said that the strategic plan to bring 2.5 million tourists from the below 1 million mark at present would create substantial space for investors.

The success of the tourism vision of the government will significantly depend on stable and secure circumstances and in a time of uncertainty, this must be guaranteed, they opined. "This continuing development of Nepal implies a growing demand that can keep up with the significant large-scale investment in new tourism infrastructure and facilities."

The Ministry of Culture, Tourism and Civil Aviation has launched the new National Tourism Strategy 2016-2025 which envisages a fivefold increase in arrivals annually by the year 2025.

The scheme, which incorporates a five-year action plan and a 10-year horizon for the country's tourism sector, has envisaged increasing foreign exchange earnings from the tourism sector to Rs 340 billion annually from Rs 49.78 billion in 2015. The tourism sector's contribution to the country's GDP has been projected to jump to 9.29 percent from 2.44 percent in 2015.

"It was an inspiring commitment by the leaders of the three major political parties on Thursday with all of them saying that the political revolution was over now. It's now time for an economic revolution," said Yogendra Shaky, chairman of Ace Hotels & Resorts. "The major factor to attract investment in tourism is peace."

The Kathmandu Valley is on course to add 4,000 hotel rooms by 2018-19. "There has been euphoria-like atmosphere recently to invest in the hospitality sector in Nepal," he said.

Shakya said that the government's target of hosting 2.5 million tourists annually by 2025 is achievable. "It needs an average annual growth of 15 percent, which Nepal had succeeded previously."

Tourism entrepreneur Rabindra Raj Pandey said that Nepal has the advantage of being a country in between two emerging global powers and also the world's fastest growing economies — India and China. "We don't have to go very far



to bring tourists. We just need to concentrate on these two markets, which together account for one-third of the total world population."

Sugat Ratna Kansakar, managing director of Nepal Airlines Corporation (NAC), said that aviation sector is one of the areas that has the potential to attract investors. Three more international airports will be built in the near future, which will open an avenue for investment, he said.

Tourism Minister Jeevan Bahadur Shahi said that the government has accorded high priority to cooperate with and attract the private sector for infrastructure development. He added that the government is also planning to announce incentive packages for those who want to invest in the rural areas.

"The government plans to promote tourism in each and every corner of the country through the public private partnership investment model," he said. "If you can attract tourists, you need better infrastructure. In other words, tourism has a vital role to play in the local economies as well."

Nepal is endowed with attractive landscape and cultural and religious diversity. The combination of these unique resources has created immense potential for Nepal to position itself at the top of natural tourist destinations in the world, he said. "It's a private sector driven industry. So, it can emerge as one of the attractive sectors for investment."

## Market access key to promote agro business



KATHMANDU, March 3

Nepal needs to focus on value chain, branding and improving market access to benefit from agricultural and forest products business. To harness the high potential, the country called for participation of global investors to reap the benefits of these sectors which have tremendous potential to yield high value products, expressed stakeholders on the second day of Nepal Investment Summit in Kathmandu on Friday.

Commerce Minister Romi Gauchan Thakali said that the government has also given priority to foreign investment to promote agriculture and forest products business. "As Nepal has a geographical advantage in this sector, increased investment can connect the value chain in the regional and global context to ensure a market for the products," he added.

The government in recent days has given priority to these sectors also with an aim to bridge the widening trade deficit of the country. Agriculture and forest based products hold around 33 percent share in the country's total exports worth \$710 million and it occupies 20 percent share when it comes to the country's total imports. Nepal is expecting to reduce its trade deficit of more than \$7 billion through promotion of this sector. In addition, the government has endorsed Sustainable Development Goals that has set a target to reduce the existing poverty rate of 21.6 percent by improving the livelihood of the people through utilisation of locally available resources.

To achieve the goal, the government has initiated policy reforms. Lately, the government has endorsed a number of laws such as Trade Policy 2015, Foreign Direct Investment Act 2015, Business Enterprise Act 2016, Special Economic Zone Act 2016 and Investment Policy 2015, among others. Similarly, the government has launched the Nepal Trade Integration Strategy 2016, which has identified 12 products that have high export potential. Of them, four are related to agriculture and forest based products.

The country was able to draft the new constitution one-and-a-half years ago, which also focuses on creating a conducive

environment for the participation of the private sector.

In addition, Nepal is rich in biodiversity. The country has over 1,000 species of agricultural and forest products that include high-value herbal products and aromatic plants. Gauchan said the government invites investment to integrate these sectors to the international supply chain.

Anand Bagaria, managing director of Nimbus — a company that is working in agro-based products for over a decade — said Nepal has been taking huge strides in the agro business over the past few years. "At a time when the country's agro business is shifting towards commercialisation from traditional farming practices there is a need for huge investment in order to create market linkage," he said.

Niraj Rathi, managing director of Himal Tea Industry, stressed on the need for branding and value addition in Nepali agro products. Citing the example of Sri Lankan tea, Rathi said that branding, packaging and marketing are the most effective tools for ensuring high value for Nepali agricultural products.

Participants also highlighted the opportunities in small and medium enterprises by utilising the country's high potential products. Shyam Giri, president of Federation of Nepal Cottage and Small Industries, stressed on the need for mechanisation and diversification of agricultural and forest products in order to produce high value goods to benefit from exports.

Suresh Kanthaliya, general manager of Patanjali Nepal, said they invested in Nepal eyeing the high potential of mountain based products. Patanjali, an Indian company, recently established its production plant in Nepal.

Technology transfer, infrastructure development, improvement in backward and forward linkages and focus on niche products were among the priority areas that the participants highlighted during the summit.

Minister Thakali said that the government has adopted clear cut policies to synchronise various sectors to help foster business of agricultural and forest based products. "For the purpose, the government is ready to join hands with the private sector," he said.

# Financial sector leaders see need of regulations to govern private equity as alternative source of investment

KATHMANDU, March 3

Leaders of the banking and financial sector have said that private equity fund and venture capital could become an alternative source of investment provided that the government comes up with necessary regulations to govern and regulate the relatively new sector. Similarly, they also highlighted the need to ease the process to repatriate profits for foreign investors from Nepal as long as they follow procedures while bringing investment into the country. Speaking at a plenary session titled 'Financial Institutions/Alternative Investments: Creating Value for Money' held on Friday, Nepal Rastra Bank (NRB) Governor and executives of banks and venture funds operating in Nepal said that there was no major bottleneck for foreign investors to come to Nepal to make investments in any sector that has been opened for foreign investors. In his special address to the session, NRB Governor Dr Chiranjibi Nepal said that they are planning to introduce a regulation to facilitate private equity investment fund and venture capital fund. "We are drafting necessary rules and regulations to resolve the problems that investors like venture capital and private equity funds are facing in Nepal," said Dr Nepal. He, however, said that the central bank and the government have to be stringent to ensure anti-money laundering compliances.

"After remaining in a gray area until recently, we are now struggling to remain in the normal level," he said, referring to the blacklist that Nepal was in the list of Financial Action Task Force (FATF).

"We have to follow international standards and practices to make our banking and financial system compatible with global trends," he said.

He also mentioned that foreign investors look at two aspects — inflation and political stability — before making any decision to commit investment in any country. "Nepal is becoming an attractive



destination for investment if we assess the country through these two conditions," he said, citing the slowdown in inflation rate and improvement in consistency in policy environment.

Tim Gocher, CEO of Dolma Impact Fund, lauded the efforts of various government agencies and regulators including initiatives to draft necessary policies to facilitate foreign investment in Nepal. Presenting some examples of the central bank officials' support to their fund in facilitating investment, Gocher, urged the government to enhance capacity and quality of staffs at the Department of Industry so that they could help in promoting investment. A problem he highlighted in the session was unnecessary delay in foreign direct investment registration including the know-your-customer process as part of anti-money laundering effort. "If Nepal wants FDI to increase from \$50 million to \$2 billion, there is no way of achieving it unless an automatic route for foreign investment in some sectors is set up, like India did," he said.

Anil Keshary Shah, president of Nepal Bankers' Association, said that the banking industry in Nepal will gradually be capable in financing many big projects as the domestic banks are in the process to raise their paid-up capital by four times. "Despite some blips like excess liquidity at times and credit crunch at other times, we are able to finance projects to steer the economy towards growth," said Shah, who is also the CEO of Mega Bank

Ltd. "However, there are projects of certain sizes and in certain sectors where we need foreign investment," he added. According to Shah, Nepal offers flexible foreign currency exchange regime that allows investors to repatriate the dividends in convertible currency as well as take back their capital when they want to do so. Joseph Silvanus, CEO of Standard Chartered Bank Nepal Ltd, echoed Shah's sentiment. "We have been operating here for many years. We have never faced any problem in repatriation of profits. But, there are certain procedures that you have to follow before you enter the Nepali market," said Silvanus. "Nepal has necessary laws and policies related to foreign investment. Some are in the process of being drafted. Rule of law is necessary as nobody is above the law. Nepal has policy stability and predictability and its laws on arbitration are clear and you can close out any arbitration case in three months, which are crucial aspects," he said.

Siddhant Raj Pandey, another panelist who is the CEO of Business Oxygen, said that private equity fund, which was unheard of until six years ago, is becoming a good alternative investment vehicle for many business projects that lack collateral. "Private equity is still an unregulated sector. It is governed by the Company Act. Now, it's time to have alternative investment regulation," he said. Another issue that prominently featured in the session was the sovereign rating of the country. While some speakers including participants from the floor underlined the need to get sovereign rating of the country to have access to tap huge international money market, few speakers said that it was not plausible for a country like Nepal to have such rating immediately.

Participants, speaking in the session chaired by Krishna Bahadur Manandhar, former acting governor of NRB, raised issues like the need to streamline various overlapping laws and regulations. An investor also urged the government to create a policy of providing sovereign guarantee to mega projects.

# Stakeholders urge investment in mining

KATHMANDU, March 3

Stakeholders have said Nepal has tremendous opportunities in the mines and minerals sector and urged prospective investors to invest in the sector.

Lauding several policy reforms and amendments to related laws carried out by the government to make the country investment-friendly, they said there are still some issues — such as foreign investors not being allowed to re-invest in the country — that have to be addressed to make the country more attractive.

Making a presentation during a session on 'Mines and Minerals: Unearthing the Path to Prosperity' during the Nepal Investment Summit - 2017 that concluded here on Friday, Rajendra Prasad Khanal, director general, Department of Mines, shed light on Nepal's mines and minerals sector, investment opportunities, the government's efforts to boost investment in the sector and policy reforms that have been carried out.

Stating that Tethys and Higher Himalayan regions are unexplored when it comes to mines and minerals, Khanal said Nepal has huge opportunities in the sector. He said there are 63 commodities identified under the categories of mineral showings, mineral occurrences, and sub-economic and economic deposits. Of them, 21 commodities are from the metallic and 42 from the non-metallic mineral group.

Bharat Kunwar of Rolpa Cement highlighted the fact on how Nepal, which has a glorious mining history dating back to the era of King Prithivi Nrayan Shah, had failed to capitalise on the huge natural resources available. "Our mining techniques are still endogenous. We have yet to adopt modern equipment and techniques," he said, adding this has led to Nepal's products becoming less

competitive in the market.

He also said mineral deposits in Nepal are more than what has been stated. "The estimate that we have of 1.3 billion tonnes of cement grade limestone reserves is very conservative," he said. "We have much more."

Kunwar urged the development of road network to exploit natural resources, and mentioned that the development of Mid-Hill Highway will be crucial in realising Nepal's mining and mineral potential.

Professor Krishna Prasad Kafle, an expert, said the given minerals are non-renewable resources, their sustainable development plays a vital role in industrial development, employment generation, minimising dependence on foreign goods and services, earning foreign currency, controlling trade deficit, and contributing substantially in national GDP.

Satish More of Hongshi Shivam Cement expressed happiness over the government's and three major political parties' commitment to the country's economic development. He said his company has already started civil works of the plant and would start production from early 2018.

He told prospective investors participating in the summit that Nepal has immense investment opportunities. Lauding the government's efforts to create conducive environment for businesses, he said Investment Board Nepal (IBN) has to be developed as a one-stop solution so that investors do not have to run from one agency to the other with their files to get their works done. "If we provide one-window facility to investors, more investment will come to Nepal," he said.

He also said foreign investors have to be allowed to re-invest in Nepal so as to make the country more attractive to foreign investment. 0

## Glimpses

