



IBN

DISPATCH

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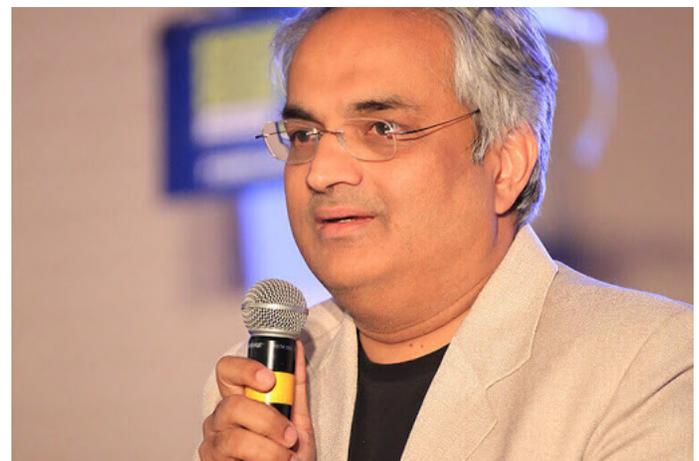
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KEY TARGETS OF THE GOVERNMENT OF NEPAL

	2019/20 A.D. 2076/77 B.S.	2023/24 A.D. 2080/81 B.S.
 <p>POVERTY</p>	18.7%	9%
 <p>PER CAPITA INCOME</p>	1,047 US DOLLARS	1,595 US DOLLARS
 <p>LITERACY</p>	70%	99%
 <p>GDP CONTRIBUTION</p>		
 <p>SERVICES</p>		57.6%
 <p>AGRICULTURE</p>		22.1%
 <p>INDUSTRY</p>		20.3%

INVESTMENT WORTH NPR38.68 BILLION APPROVED FOR THREE PROJECTS



KATHMANDU: The 45th meeting of Investment Board Nepal (IBN) was held under the Chairmanship of the Right Honorable Prime Minister Mr. KP Sharma Oli, on 10th November. The meeting approved investment worth NPR 38.68 billion for three hydropower projects to be implemented under the Public-Private Partnership (PPP) modality. The approved investments are for 77.5-MW Ghunsakhola Hydropower Project (NPR 17,624 million), 57-MW Himchuli Dordi Hydropower Project (NPR 10,619.1 million), and 65-MW Dudhkhola Hydropower Project (NPR 10,436 million).

The meeting also decided on developing a IBN-Project Bank and a Strategic Plan, in consultation with relevant stakeholder agencies, for the institutional development of Office of the Investment Board Nepal (OIBN). The meeting also took decision to begin the necessary preparation to develop an IT platform for One Stop Service (OSS) and its automation. Similarly, the meeting also decided to introduce a Knowledge Management Portal (KMP) at OIBN to provide necessary information, knowledge and services to investors.

Presiding over the meeting the Right Honorable Prime Minister Mr. Oli stressed the need to apply new technology to avoid delays in the implementation of projects stating that COVID-19 taught a new lesson

to all. PM Oli also emphasized on making joint efforts among relevant agencies for formulating plans not only for generation but to focus on increasing consumption of energy within the country.

On the occasion, OIBN's CEO Mr. Sushil Bhatta presented updates on the implementation of IBN projects and highlighted recent activities being carried out by OIBN. Similarly, the meeting welcomed newly appointed Honorable Minister for Finance Mr. Bishnu Prasad Poudel and CEO of OIBN Mr. Sushil Bhatta as IBN Vice-chair and Member Secretary.

Other dignitaries present on the occasion were Honorable Minister for Industry, Commerce and Supply Mr. Lekhraj Bhatta, Honorable Minister for Energy, Water Resources and Irrigation Mr. Barshaman Pun, Honorable Minister for Forest and Environment Mr. Shakti Bahadur Basnet, Honorable Vice-chair of National Planning Commission Prof. Dr. Pushpa Raj Kandel, Governor of Nepal Rastra Bank Mr. Maha Prasad Adhikari, representatives from private sector in IBN (Ms. Bhawani Rana, Mr. Hari Bhakta Sharma, Mr. Rajesh Kaji Shrestha, Mr. Bal Krishna Siwakoti), secretaries of relevant ministries and other high ranking officials of the Government of Nepal. ♦

IBN AND HUAXIN CEMENT MEET TO RESOLVE PROBLEMS

KATHMANDU: On October 13, a virtual meeting was held between the Office of the Investment Board Nepal (OIBN) and Huaxin Cement Narayani Project to discuss project progress and emergent problems in implementation. On behalf of OIBN, CEO Mr. Sushil Bhatta, Joint Secretary Mr. Dharmendra Kumar Mishra, Under Secretary Mr. Ramesh Adhikari, section officers (Mr. Ratnesh Shashi and Ms. Deepika Sitaula), Engineer Ms. Nisha Tripathee, and consultants Mr. Ratish Basnyat and Ms. Suvechha Nepal attended the meeting. Similarly, Mr. Suraj Vaidya (Nepali partner), Mr. Xiang Changhong (CEO), and Ms. Cynthia (Head of Kathmandu Office) represented Huaxin Cement in the meeting.

OIBN CEO Mr. Bhatta expressed his satisfaction with the progress made by the project even during the pandemic. Assuring the developer for continued support from OIBN, Mr. Bhatta asked them to provide OIBN with proper documentation and issues that required facilitation to avoid delays in service delivery

in the coming days. Joint Secretary Mr. Mishra asked the project developer's representatives to provide issues related to the acquisition of land so that OIBN can coordinate with the concerned agencies to resolve the problem.

Mr. Vaidya mentioned the urgent need to bring additional Chinese employees to Nepal for the construction of the project. Giving project updates, Ms. Cynthia elaborated on the implementation progress as well as the difficulties and issues faced by the project. Ms. Cynthia highlighted the problems faced in the process of acquiring private and public land and in getting approval for cutting trees to construct transmission line. She even shared the precautions, standard of practice, and health and safety protocols practiced by the company. She also gave a briefing on the corporate social responsibility (CSR) activities carried out by the company including support with medical equipment to federal, provincial, and local governments during the COVID-19 crisis. ♦

HUAXIN'S CONSTRUCTION WORK PROGRESS

Amid the COVID-19 crisis, Huaxin Cement Narayani has completed earth excavation, around 98 percent of concreting, manufactured 91.5 percent of the steel structures and non-standard equipment, and erected 48 percent of steel structures and equipment installations in the process of constructing the factory in Talti, Dhading. According to the latest updates provided by

the project, they have submitted the updated Initial Environmental Examination (IEE) including the private and public land required by the company to the Department of Industry (DoI) on October 10. The project got the mining scheme approval on September 23. ♦





OIBN FACILITATION TO HUAXIN

OIBN recently decided to send recommendations to the Ministry of Home Affairs to grant permission to 58 foreign employees of Huaxin Cement to enter Nepal. In addition to this, 60 employees from China were brought into Nepal in the last three months under OIBN recommendation and facilitation. Similarly, OIBN sent recommendations to concerned agencies to allow importing necessary equipment on various occasions. OIBN also organized the Investment Facilitation and Monitoring Committee chaired by the Vice-Chairman of IBN with secretaries and representatives from various line ministries and implementing agencies and discussed issues related to the project such as the timely completion of transmission lines, acquisition of additional private and public land, upgrading the access road, and other concerns with regards to the project .

Meanwhile, a high level team let by OIBN CEO Mr. Sushil Bhatta inspected ongoing construction work in Huaxin Cement recently. Joint Secretary Mr. Dharmendra Kumar Mishra, Under Secretary Mr. Ramesh Adhikari and Section Officers Mr. Ratnesh Shashi and Ms. Deepika Sitaula were also in the team. ♦





COVID-19 CAN BE AN OPPORTUNITY FOR THE GROWTH OF STARTUPS IN NEPAL



Mr. Mahesh Murthy
Startup Investor and Entrepreneur

*Mr. Mahesh Murthy is an innovative investor, entrepreneur and speaker. Mr. Murthy founded Passionfund, Seedfund and Pinstorm to invest in and guide startups. Seedfund, India's leading venture capital, was twice voted 'India's best early-stage fund' by an independent publication surveying Limited Partners in 2010 and 2013. A multiple award-winning creative writer and director, Mr. Murthy won 'Asia Best Commercial of the Decade' award. Mr. Murthy has delivered a number of keynote speeches in various countries on startup businesses. Talking to **IBN Dispatch**, Mr. Murthy, who has already invested in more than five dozen venture in different regions including South Asia and Europe, highlighted the status, challenges, and prospects of startups across the world. Mr. Murthy see immense prospect for the growth of startups in Nepal by taking advantage of the huge growth of startup investment in India. He believes that COVID-19 can be an opportunity for a beautiful country like Nepal to attract startup business entrepreneurs who want to work in a pleasant climate.*

Could you please shed light on the status of startup businesses in the South Asia Region?

I have been investing in the South Asia Region (SAR) for 21 years. My investment have concentrated in Europe and the SAR, including India. I started looking at Nepal 3-4 years ago for investment. My experience has not been so good. I came back from the US when India was liberalizing its investment climate with no limit on startup investments. Today, India has developed a thriving ecosystem of investments with different layers of investment in terms of investment amount.

To make the ecosystem, you need to allow everybody to come in from the bottom to the top. If you do not have the bottom, the top will have nothing to invest in. If you don't have the top, the bottom investment will not find an exit. So, you have to build the entire ecosystem.

I have already invested in a total of 65 ventures in

Thailand, Sri Lanka, Mauritius, Malaysia, Eastern and Western Europe, three of these ventures received grants from the European Union. I have found that the world is becoming competitive to attract investors in recent days.

Could you elaborate on your attempts to invest in Nepal?

I have been trying to invest in Nepal for the past 4 years and approached the then CEO of Investment Board Nepal. As an investor for startups, I found some issues. First, I cannot make an investment less than NPR 50 million. Most startups are IT-based which need minimal investment or not more than NPR 50 million. In India, you can start with INR 5-10 lakhs. The huge investment requirement is harming startup investments in Nepal. The 'Global Entrepreneurs

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List – World's Most Bizarre Working Destination' put Kathmandu 3rd at the global level. Second, IT businesses do not fall under the ambit of the Ministry of Information and Communication Technology nor with the Ministry of Industry – it is like an orphan without parents. In Nepal, because of this, Nepal Rastra Bank refuses to grant permission to remit the money. This situation discourages small innovative investors and only helps big business houses. Even in India, we have to get RBI approval but it is a bit easier.

Third, startups require pleasant places to operate with high bandwidth and good connectivity. They are small investments with their business overseas. If I am in Nepal and want to have business overseas, I cannot do this from Nepal. Among other ventures, I have already funded three companies in India which have launched two satellites into space. My total funding for the companies was just INR 20 million.

My reason to come to Nepal is because it has very good manpower. But, when we try hiring staff from Nepal, they put themselves as a consultant, not as an employee. This is because they have to contribute 35% to the Social Security Fund as per the relevant regulations.

How are you assessing the COVID-19 situation? As an opportunity or challenge for startup businesses?

COVID-19 is a great opportunity for startups except for those in the hospitality sector (hotels, resorts). What we have seen during COVID-19 is people want to go back to their home and work from there through data services. They have moved to beautiful places and they are saying that they can work for any company in the world from anywhere in the world. They are working remotely, and people want to work remotely. Several countries are providing visas for entrepreneurs to come and work in their countries. Even taxes are very low. People are looking for better places to work from. COVID-19 is a net positive for people who are trying to start startups. Especially because people do not care about the location anymore. Nepal can take advantage of the COVID-19 situation as one of the most beautiful places in the world. COVID-19 can be a good opportunity for Nepal and it can offer a pleasant climate for startup investors from across the globe. It has a huge opportunity to attract startups from all over the world. Nepal can offer entrepreneurial visa or remote working visa to facilitate people from around

COVID-19 is a great opportunity for startups except for those in the hospitality sector (hotels, resorts).

the world to visit.

Some news reports suggest that Indian startups are facing a host of challenges. What is your take?

Some 20 years ago, the annual investment in startups was USD 20 billion in India. Today, the amount has reached USD 30 billion annually. Now, the downturn we talk about is that it went down from its peak of USD 40 billion to USD 35 billion.

Then, the government changed the laws because it lost investment. India has changed some laws because 3 years ago, 40% of our entrepreneurs moved to Singapore to get favorable tax treatment. Singapore is modern in term of tax treaties and their compliance. Investors do not want to invest in China and opt for countries like the US and India. They have business friendly policies. It still creates 200-300 business plans per month, I get 2,500 business plans. I have been getting this number constantly for the last ten years. Some are from Nepal as well. They want the funding, but it is hard for me to fund them because it is hard to take the company to the Nepal stock exchange.

How can startups contribute to the national economy?

In the year 2006, I invested in a startup which was selling bus tickets at the rate of 4 tickets a day. Over a period of 7 years, we enabled it to sell over 125,000 tickets a day. It has brought over 10,000 private bus operators into its network. Bus service revenue increased by 20-30% making the service more reliable. Today, they are selling around 400,000 bus tickets per day. They have strengthened their capacity to transport more people through comfortable services and systems. Similarly, in the case of satellites, we have estimated an annual revenue of INR 3 billion when dealing with 5 different countries. We launched a satellite at the cost of INR 200 million, which is far lower than the cost estimate of INR 5 billion by the

◀ Continued to Page 14...

HIGH-LEVEL TEAM VISITS INDUSTRIAL INFRASTRUCTURES OF PROVINCES



KATHMANDU: A high-level team from the Government of Nepal led by Honorable Minister for Industry, Commerce and Supply Mr. Lekh Raj Bhatta recently inspected various industrial infrastructures in Lumbini and Sudoorpashchim provinces. Other members of the team were Industry Secretary Mr. Chandra Kumar Ghimire, Commerce Secretary Mr. Baikuntha Aryal, Office of the Investment Board Nepal CEO Mr. Sushil Bhatta, and Chairperson of Industrial District Management Limited, Mr. Nanda Kishor Basnet.

The team observed the proposed sites of dry port, industrial districts, and proposed Special Economic

Zone (SEZ) in Kanchanpur, Kailali, Banke, and Rupandehi from October 30 to November 4. The key purpose of the six-day visit was to take stock of border and trade industrial infrastructures in the visited districts and collect suggestion from relevant local stakeholders on construction and development of such border and trade industrial infrastructures and future steps to be taken by the government for their implementation. The visit was instrumental to identify fresh perception of the local stakeholders about the significance of those industrial infrastructures. The team interacted with local business people, people's

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HIGH-LEVEL TEAM VISITS...

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representatives, local government agency officials during the observation of the Attariya-Dhangadi Industrial Corridor, Daiji (Chhela) Industrial District, Haraiya SEZ, Lamki Industrial District, Naubasta Industrial District, Khajura Industrial District, Butwal (Motipur) Industrial District. During the field inspection, Honorable Minister Mr. Bhatta announced that the government would establish a dry port and cross border Economic Zone at Mayapur and Gaurishankar Community forest area of Mahakali Municipality-1 of Kanchanpur district. Commerce Secretary Mr. Aryal said the process of developing the Detailed Project Report (DPR) of the proposed dryport would move forward soon. Industry Secretary Mr. Ghimire highlighted that industrial infrastructures are necessary to promote exports of Nepali products to international market by boosting the competitive edge of Nepali industries. CEO of OIBN Mr. Bhatta

expressed his commitment to extending support to bring in investment and assured of necessary facilitation for the implementation of the proposed industrial infrastructures. During the interaction with the team, local stakeholders demanded that all federal, provincial and local bodies move forward jointly to accelerate the process of implementing the planned industrial infrastructures. They also asked Investment Board Nepal to play a special role to promote investment for the development of industrial infrastructure and industries in Nepal. ♦

IBN AND IDML COLLABORATION FOR INDUSTRIAL AREA DEVELOPMENT



KATHMANDU: Chief Executive Officer (CEO) of the Office of the Investment Board Nepal (OIBN) Mr. Sushil Bhatta had a meeting with Chairperson of the Industrial Development and Management Limited (IDML) Mr. Nanda Kishor Basnet to make collaboration and coordination more effective between the two government agencies.

In the meeting, held at OIBN on November 20, 2020, Mr. Basnet said IBN and the IDML should collaborate to bring in suitable investors for the development of industrial districts across the country. “We have secured land and necessary infrastructure for investors, and IBN can now look for potential investors suited to the proposed industrial districts,” said Basnet.

He also urged the OIBN leadership to make joint efforts for a holistic development of the industrial districts and SEZ under the government portfolio.

OIBN CEO Bhatta said IBN would take it as an opportunity to work together with IDML for exploring



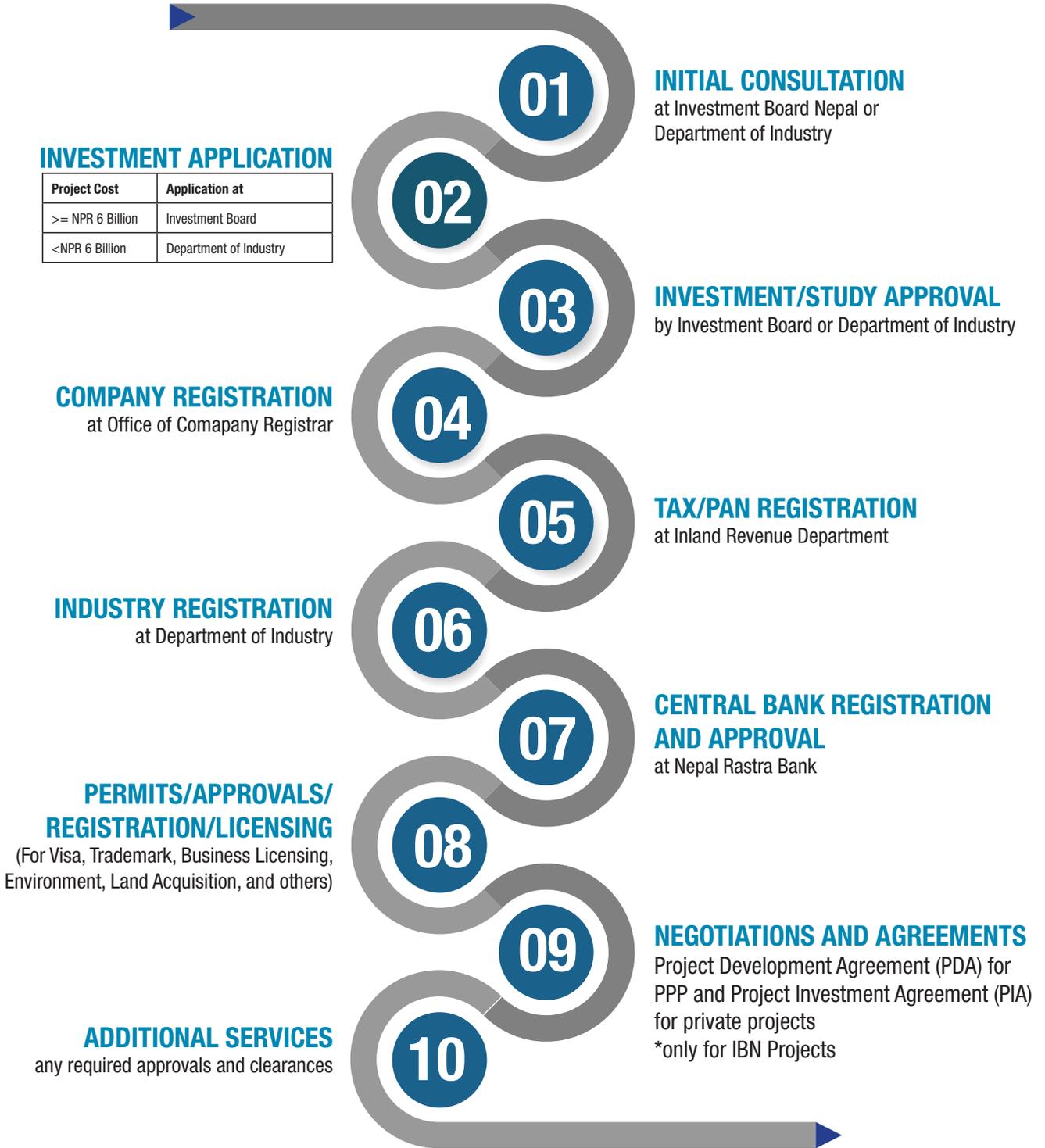
potential investors and developing the industrial areas. “We would like to work in close coordination with the IDML for the development of all industrial areas, and such collaboration has already begun for the development of Damak Industrial Park,” said Bhatta.

All OIBN senior officials, including Under Secretaries and consultants were present during the meeting. ♦

PROCESS OF INVESTING IN NEPAL

INVESTMENT APPLICATION

Project Cost	Application at
>= NPR 6 Billion	Investment Board
<NPR 6 Billion	Department of Industry



01

INITIAL CONSULTATION
at Investment Board Nepal or
Department of Industry

02

INVESTMENT/STUDY APPROVAL
by Investment Board or Department of Industry

03

COMPANY REGISTRATION
at Office of Company Registrar

04

05

TAX/PAN REGISTRATION
at Inland Revenue Department

INDUSTRY REGISTRATION
at Department of Industry

06

07

**CENTRAL BANK REGISTRATION
AND APPROVAL**
at Nepal Rastra Bank

**PERMITS/APPROVALS/
REGISTRATION/LICENSING**
(For Visa, Trademark, Business Licensing,
Environment, Land Acquisition, and others)

08

09

NEGOTIATIONS AND AGREEMENTS
Project Development Agreement (PDA) for
PPP and Project Investment Agreement (PIA)
for private projects
*only for IBN Projects

ADDITIONAL SERVICES
any required approvals and clearances

10

SAMRAT CEMENT PLANS TO COMMENCE PRODUCTION WITHIN 2020



KATHMANDU: On October 13, a virtual meeting was held between the Office of the Investment Board Nepal (OIBN) and the project developer of Samrat Cement to discuss the planned memorandum of understanding (MoU) and project investment agreement (PIA) to clear the ground for implementation of the project. On behalf of OIBN, CEO Mr. Sushil Bhatta, Joint Secretary Mr. Dharmendra Kumar Mishra, Undersecretary Mr. Ramesh Adhikari, Engineer Ms. Nisha Tripathi, and Mr. Ratish Basnyat (Consultant), and Ms. Shriju Dhakal (Consultant) attended the meeting.

Speaking on the occasion, OIBN CEO Mr. Bhatta expressed his satisfaction on the progress made by the project despite the ongoing pandemic. Mr. Bhatta also asked the developer to share details on the progression of the project along with any bottlenecks in a timely manner so that OIBN can provide the facilitation required for the project. Joint Secretary Mr. Dharmendra Kumar Mishra expressed commitment to finalize the MoU soon. He stressed on the need to establish better communication procedures between the developers and IBN.

Mr. Mukunda Prasad Timilsina (Chairman), Mr. Anil

Kumar Rungta (Vice-Chairman), Mr. Sudhir Prasad Timilsina (Director), and Mr. Bashudev Pandeya (Managing Director) among others had represented the developer company. Chairman Mr. Timilsina stated that the company is working smoothly despite the COVID situation and hoped to commence production by the end of 2020. The company has a plant capacity of 4,500 tons of cement per day. He also expressed satisfaction with the pace the work has been progressing and hoped for support and facilitation from IBN in the future if any issues arise.

Mr. Anil Kumar Rungta raised the issue of bringing in foreign investment from an Indian Company, Kamper Finance and Securities Pvt. Ltd., and asked about the necessary procedure to be followed by the company. OIBN consultant, Mr. Basnyat, gave an overview of the private investment process at OIBN and informed the developer company's representatives about the required mandatory provisions. A Project Investment Agreement (PIA) needs to be signed within a year of investment approval as per the Public Private Partnership and Investment Act 2019. ♦

DEVELOPERS OF IBN-FACILITATED PROJECTS PROVIDE BRIEF PROGRESS UPDATES TO OIBN

KATHMANDU: Developers of the Upper Marsyangdi Hydropower Project, Upper Karnali Hydropower Project, and Hongshi Shivam Cement recently updated OIBN officials about the progress in implementation of the projects. Updates were made over virtual platforms and physical meetings at OIBN, Kathmandu. Mr. Uttar Kumar Shrestha, Chairman and Prateek Man Singh, Vice-chairman of Upper Marshyangdi Project's developer company briefed on the progress made so far by the company and shared different issues that need to be settled before starting the Project Development Agreement (PDA) negotiations. Similarly, senior officials including Mr. Bishwo Nath Goel and Mr. Satish More

of Hongshi Shivam Cement briefed OIBN on the status of the project and talked about issues that need to be resolved. Senior officials of GMR Ltd. updated OIBN on progress made in the Power Purchase Agreement (PPA)/Power Sale Agreement (PSA) with the Bangladesh government and other activities by the developer. Mr. Harvinder Manocha, Mr. Rajiv Mishra and Mr. K.K. Sharma from GMR Ltd. attended the meeting. In all these meetings, OIBN CEO Mr. Sushil Bhatta and Joint Secretary Mr. Dharmendra Kumar Mishra, the then Joint Secretary (Technical) Ms. Mon Shrestha assured representatives of the respective projects of continued support and facilitation for the smooth implementation of their projects. ♦

TL LAND PRICE FIXED IN DHANUSHA, MAHOTTARI

KATHMANDU: Office of the Investment Board Nepal granted consent to SJVN Arun-3 Power Development Company (SAPDC) to disclose its Resettlement Action Plan (RAP) for compensation and other benefits to concerned land owners at the Dhalkebar substation, Dhanusha. The Compensation Determination Committee (CDC) of Mahottari district fixed the price of land required for 75 Tower Foundations (TFs) for the Arun-3 Hydropower Project. A CDC meeting held on October 5 at the District Administration Office using a virtual meeting platform was chaired by the Chief District Officer of the district, Mr. Krishna Bahadur Katuwal.

A total of 88 TFs are to be erected in the Mahottari sector of the 217 km long Arun-3 transmission line on Nepali side. The meeting was attended by then Senior Divisional Engineer Mr. Jayaram Prajapati, section officer Mr. Khilaraj Rai and relevant consultants from the Office of the Investment Board (OIBN). Similarly, representatives of Sutlej-Arun Power Development Company (SAPDC) from Janakpur and Tumlingtar participated in the meeting along with

mayors/chairpersons from affected municipalities/rural municipalities.

The CDC of Dhanusha district has already decided upon the price of land acquired for the Dhalkebar sub-station of the transmission line. Prices for the acquired land for the sub-stations were fixed through negotiations between the CDC, people's representatives and representatives of the concerned landowners. The resettlement action plan (RAP) drafted by SAPDC, and revised by OIBN, is going to be disclosed to the affected families before it is proposed for approval by the high level project facilitation committee chaired by the finance minister. The RAP is primarily aimed at scientifically evaluating the value of non-land properties for compensation. Out of the seven affected districts, six districts (except Sankhuwasabha) have already issued public notices to acquire land for the transmission line. The transmission line stretches through Sankhuwasabha, Bhojpur, Khotang, Udaypur, Mahottari, Siraha and Dhanusha districts. ♦

OIBN WELCOMES AND BIDS FAREWELL TO SENIOR OFFICIALS

Incoming



Mr. Indra Dev Bhatta
Joint Secretary (Technical)



Mr. Sagar Raj Goutam
Senior Divisional Engineer

Outgoing



Ms. Mon Devi Shrestha
Joint Secretary (Technical)



Mr. Jaya Ram Prajapati
Senior Divisional Engineer

KATHMANDU: Joint Secretary (Technical) Mr. Indra Dev Bhatta and Senior Divisional Engineer (SDE) Mr. Sagar Raj Goutam joined Office of the Investment Board Nepal (OIBN) recently. Both posts

were vacant after Joint Secretary (Technical) Ms. Mon Devi Shrestha and SDE Mr. Jaya Ram Prajapati were transferred to the Ministry of Energy, Water Resources and Irrigation. ♦

COVID-19 CAN BE...

« Continued from Page 7...

Indian Space Research Organization (ISRO).

Though still being among poor countries like Nepal, India has made big strides in startup investment. Even in the farming sector, startups are making a difference. I have a small farm outside Mumbai where young farmers launched startups that earn them twice as much as what their fathers earned. It is the direct advantage of startups.

How can Nepali entrepreneurs be linked with Indian startup investors for the benefit of both countries?

There is a lot of scope for collaboration between India and Nepal regarding startup investment. It makes geographical sense. If I want to invest in India, I will look for investment in Nepal, Bangladesh and Sri Lanka too. Indian entrepreneurs are looking for ways to reduce cost. If it is possible, they can set up a subsidiary in Nepal to develop technology and

software. But when we invest in Nepal, we need to be able to remit money back.

In the case of tourism, tourists who come to India and visit cities like Agra, Delhi, Jaipur can go to Kathmandu. It is because connectivity from Delhi to Kathmandu is better than from any other city in the world. In travel and tourism, there are a lot of prospects.

Similarly, another key sector is clean and green energy. There are global investment organizations that come to us and show their interest in promoting green energy. Money can flow into Nepal in clean and green energy if good governance is strengthened. The government has to be liberal and stop distrusting entrepreneurs. In an economy, trickle down does not work and we have now figured out that small enterprises can greatly help make countries like India and Nepal rich. ♦

**EXPERTS'
VIEW**

THE IMPACT OF COVID-19 ON NEPAL'S ECONOMY



Dr. Ram Saran Mahat
Former Finance Minister

The biggest impact of COVID-19 is clearly observed in the demand and supply of consumer goods, not only in Nepal but across the world. Amid a massive disruption in consumption, our GDP is going to shrink to 0.6 percent as per the World Bank's fresh estimation. Other countries including developed ones are also going to suffer economic growth. The pandemic is short term and will continue until the COVID vaccine is developed. However, its economic impact can be long term in affecting Foreign Direct Investment (FDI) flow. The service sector, which accounts for around 60 percent of our economy, has suffered significantly and the industrial sector is also facing a similar fate. However, comparatively, the agriculture sector has witnessed the least impact.



Dr. Biswo Poudel
Economist

The attractiveness of Nepal as a FDI destination should not be diminished in the aftermath of COVID-19. It remains an underexploited country offering a significant return on investments. It has a robust foreign exchange reserve, swelling demand for both durable and non-durable goods, and a stable and welcoming government. In the aftermath of the last Investment Summit, the government has also changed many relevant laws. Nepal's relative ranking in the Doing Business Report of the World Bank has also improved significantly. The government has some weaknesses: apart from its failure to address investment related administrative inefficiencies at home, it has also done a poor job informing about new regulatory developments to foreign investors and clarifying where good opportunities exist. But there should be no qualm that, politically, a conducive environment for foreign investment exists in Nepal.



Prof. Dr. Govind Nepal
Economist

Mainly, the COVID-19 crisis results in problems in the management of financial, technical, and human resources for infrastructure projects. Generally, ongoing projects and those which have already signed agreements will somehow be able to manage moving forward amid the pandemic. However, fresh Foreign Direct Investment (FDI) will be impacted due to an adverse environment for implementing large-scale projects. Global investors are now in a 'wait and see' mood due to the unfavorable climate for new investment. During this time of crisis, the government should incentivize investors in different ways offering new facilities and services.



Rameshwor Khanal
Former Finance Secretary

We have witnessed a changing global dynamics in Foreign Direct Investment (FDI) amid the worsening impact of COVID-19. Global investors are closely watching the impact of COVID-19 in prospective host countries and assessing the resilience capacity of these destinations. They are eyeing countries such as Thailand, Myanmar, Vietnam, Laos, and Bangladesh which have proven themselves to be more capable of handling such a big health crisis with far less impact, compared to other destinations. Investors are accordingly diverting and diversifying investment destinations, switching from traditional host countries to those which performed better in dealing with the pandemic. However, Nepal failed to manage the crisis properly. Our experience over the past few months since the COVID-19 pandemic demonstrated that Nepal was not capable of handling the crisis and failed to benefit from the opportunities the pandemic created while other destinations developed strong health infrastructure.

MY STORY...



I am Hit Bahadur Magar, a resident of Talti in Benighat Rorang-2, Dhading of Bagmati Province. I have been running a small tea shop which is at my home adjoining the Huaxin Cement Narayani Project. With the start of construction work in the project two years ago, I made some additional investments in my tea shop, which was established in 2012. Most of the customers who frequently visit my shop are project workers. My business surged by 30 percent with the commencement activities at the project site. I am 45 years old with a wife, two sons and a daughter. Though I am not literate, I have been able to comfortably arrange for my family's expenses through the business. I have been able to arrange money to send my children to good schools. With the savings

I made from my business, I have been able to repay half of my loans worth around one million rupees which I had borrowed to build my home. I have been witnessing an increase in business activities in the project area with the start of the project's construction works. The project has provided a myriad of business for locals including local transport entrepreneurs, hotels, groceries, small eateries, vegetable farmers, and heavy equipment operators among others. The project offered employment opportunities to a number of Nepali youths including locals in line with their experiences and skills. In my view, even a single project can bring about economic changes in the project's area through business opportunities and employment. ♦



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