

Seize the Investment Opportunities in Nepal

Introduction:

Geographically, Nepal is located in between India and China, both being the largest country in terms of size and population. A landlocked country with an area of 147,181 Square Kilometre of landmass and 27 million of its population, Nepal is relentlessly pursuing for achieving commendable economic growth and socio-economic transformation for the greater good of its people through prudent economic plan and policies.



Nepal's proud history with unbroken independence and sovereignty has been cherished by its people with the fruits of development for which they have been desperate for decades. Nepal's remarkable entry into the 21st century with the advent of people-centred politics that relies on democratic governance heralded with hope and expectations of people demonstrates its commitment to building Nepal as a stable, peaceful and prosperous nation. It is disheartening that despite having immense potential of harnessing natural resources, Nepal remains as one of the list developed country.

The process for socio-economic transformation has begun with immense hope and aspiration of the people after the historic people's movement in 2006 which had successfully, without letting any bloodshed, reinstated the democracy at first and proclaimed Nepal as a federal republic ending 240 years of monarchy in Nepal. With the advent of democracy and election of the Constituent Assembly to draft a new constitution, a ray of hope has glimmered once again for nation building. As a late beginner in country's development practice and experiencing tumultuous period in

the past, the nation is well prepared and set a course with full determination to move ahead in the path of economic prosperity in unison of all stakeholders. Since Nepal has embarked upon a new era of political stability and economic prosperity the expectation of the people has also raised. In order to fulfil the expectations of its people, the Government is determined to accelerate the economic growth opening up its market to the foreign investors and call upon all the stakeholders the private sector to actively participate in development activities, including through investments.

On the basis of the existing social and economic indicators, Nepal has set a target of graduating from LDC status to developing status by 2022. In some sectors including the education and health, Nepal has achieved remarkable progress in meeting the target as set by the millennium development goals. While maintaining the momentum of developmental speed, Nepal is desperate to speed up the development pace basically in economic sectors with the larger investment in industries and infrastructures. In this process, bilateral and multilateral cooperation also plays pivotal role in creating synergies for economic growth. Nepal's credit rating is trustworthy, and we have maintained international debt repayment obligations.

Nepal's quest for economic prosperity, physical development and social transformation is genuine. On one hand, considerable efforts have to be made for poverty reduction through rapid economic growth. On the other, we also have to take into account concerns of environmental sustainability. In cognizant with the capital formulation through investment equal thrust on overall factors that hinge on development is essential. Therefore, the Government has prioritised the investment in the sectors of hydropower, tourism, infrastructures and agriculture as basis to support for overall development. However, industries, trade, commerce, service sectors including health, education as well as development of information technology and maintain and preserving biodiversity are also equally important for the development. Addressing the global concerns for climate change, preserving and protecting natural endowments carry the prime concern of the state.

Since power and infrastructure are the basis for economic development and Nepal's potential to generate energy through harnessing hydropower from the snow fed rivers flowing down from mesmerising high snow capped mountains, the theme of the seminar has been titled as "**Himalaya our Pride: Rivers our opportunity.**"

During the three-day seminar, experts in related fields will present their papers which will shed light on the present day burning issues and suggest appropriate means and remedial measures to address those issues. Our objective to bring these experts together is to explore the possibilities to attract capital, technology and

modern scientific management to Nepal in our pursuit to applying in our development practice.

Investment and business potential:

Nepal's endowment of natural resources is unharnessed and untapped despite having its full potential of commercially exploiting them. Favourable climatic condition and availability of technical and professional manpower as well as a large pool of friendly workforce have made Nepal an ideal location for foreign investors.

The commitment of the Government, adoption of liberal economic policies along with the investment friendly national policy and legal instruments provide protection to the foreign investments and the transfer of technology to Nepal. Nepal, however a landlocked country, possess huge market opportunities domestically in itself and in the ever-growing markets of India and China in the neighbourhood.



(Cascading rivers with high potential to generate hydropower)

To discuss investment climate, benefits and constraints during the three-day programme, the Embassy of Nepal has invited renowned professionals in the respective fields. Their thoughtful presentation based on their experience and ground reality will provide thoughtful insights to potential investors who are considering Nepal in their entrepreneurial journey. The participants will be able to discuss with the experts their queries on any issues related to Nepal. This platform is dedicated to provide all necessary support including the opportunity of business to business dialogue future partnerships and joint endeavours. The Embassy is confident that the seminar will be successful in encouraging potential investors and businessmen from the Republic of Korea to explore the vast and largely untapped business opportunities in Nepal.



Infrastructure, construction of roads

Investment Seminar in the context of the 40th Anniversary of Nepal-Korea Diplomatic Relations:

This Seminar is being organized together with the celebration to mark the 40th anniversary of the establishment of diplomatic relations between Nepal and the Republic of Korea. For the last forty years, our excellent bilateral relations have been based on mutual respect, goodwill and cooperation. The warmth of friendship is also exhibited in our bilateral and multilateral partnerships through the exchange of cooperation and understanding. Our relationship at political, educational, cultural and people's level are increasing and consolidating to the satisfaction of the both sides. The Government of the Republic of Korea, through its cooperation under overseas agency KOICA programmes, has been an important development partner of Nepal.

However, in trade and investment fronts, the potentials are still to be fully realized. The volume of trade is negligible, and the flow of investment has not increased at a satisfactory pace. As a close friend, it has been the expectation of Nepal to have an augmented level of development cooperation. The Government of Nepal also welcomes and encourages the Korean private and public sectors to invest in the lucrative sectors for the mutual benefit.



At the final day of the seminar, a business to business meeting has been arranged with the objective of facilitating entrepreneurs and investors to find their matchmaking for business dealings and build up business partnerships. The Embassy hopes that business partners from Nepal and Korea will also sign MOUs.

Objectives of the seminar:

Pursuing and convincing the potential Korean investors to invest in Nepal, shed light on government policy, laws and bylaws in regard to foreign investment, promote tourism of Nepal in Korea and convince travel, tour and airline operator to sell Nepal package, following-up the progress on last year's seminar and business and investment commitment, listening to the views and opinion of the Korean investors on business and investment environment in Nepal how much they regard it conducive and luring, take note of business intention and investment proposal from the potential Korean investors, provide the platform for business people, entrepreneurs and investors from both the countries Nepal and Korea to promote their business and take the opportunity for future business connections, tie-ups and commitments, to attract investment in environment sectors in order to promote green economy, attracting foreign investment for Nepal's sustainable development and creating food security through the investment in agriculture sectors, attracting Korean expertise and investment in taming the rivers, building embankments and sideways as well as multipurpose Water management: water for drinking, irrigation and generating energy, and to encourage the Korean investors for its transfer of modern technology applicable for Nepal are the objectives of the seminar.

Sponsors and co-hosts:

The Ministry of Foreign Affairs of the Government of Nepal, The Ministry of Foreign Affairs of the Republic of Korea, Korea Water (K-Water), Korea South-East Power Co. (KOSEP), Daelim Industries Co. Ltd, Keirung, OCI Company Ltd, and Universal Peace Foundation are supporting this seminar as co-hosts.

Embassy of Nepal
Seoul
April 25, 2014

Business-friendly Nepal

By: Sushil Koirala, Prime Minister of Nepal

Nepal is in transition to peace and democracy. The peaceful transformation of Nepal from monarchy to a federal democratic republic shows the remarkable commitment of the people of Nepal to democratic means for changes. We now remain engaged through dialogue and cooperation in laying the foundation of constitutionalism based on the fundamental principle of democratic pluralism. Political parties have common commitment to have a democratic constitution promulgated through elected Constituent Assembly within a year.

Despite the fact that Nepal remains a landlocked and least developed country, it is a land of opportunities with rich natural resources, bulging youth population, strategic location between fastest growing economies and her closeness to the market of two-and-a-half billion people. There is no reason Nepal should be left untouched and continue to grapple with grinding poverty, pervasive unemployment and ballooning trade deficit, and continued outflow of the young, energetic, and dynamic population while neighbours cherish spectacular growth.

It is my firm belief that Nepal's future is best secured in an atmosphere of peace, stability, democracy, freedom and prosperity. Economic distress lies at the core of political instability. We have learned over the years that economic development has to be responsive to people's needs and aspirations and has to be achieved within an overall democratic framework. My government is committed to people-centered development and strong and pro-active government to ensure economic freedom.

We believe that vibrant private sector is an essential component to boost growth and stability and is necessary for achieving meaningful development outcomes that lift people out of poverty and put them on the road to prosperity. It is the primary source of economic growth, job creation, government revenue to finance essential public services, and the goods and services required to improve people's quality of life.

Investment is the key to economic development. It is our firm belief that investments in hydropower development and other vital sectors such as tourism, agriculture, information technology, and manufacturing have the potential to free our people from grinding poverty and change the economic face of Nepal.

Post-conflict years have been marked by increasing liberalization, governance reforms, growing political consensus on the need to attract private investments, and efforts to collaborate with the fast-growing economies of the Asia-Pacific region. People endorsed our commitments to enhancing the investment climate in Nepal in recent elections. I take this opportunity to assure you that we stand by our promises

and will take all necessary measures to ensure that investors will be able to operate businesses in a safe and favourable condition in this country.

Drawing from the successes of the emerging Asian economies, we will work to reposition Nepal as an emerging market. This requires economic synergies with other economies and countries. We are committed to reaping the benefits of globalization by providing incentives to the private sector to expedite the cross-border flows of investments, goods and services, and information. We believe that private sector equipped with its innovative ways and efficiency, remains an indispensable partner to establish Nepal as an emerging market destination.

Public-private partnership in Nepal can be a win-win situation. While we have certain expectations from the private sector, we are here to provide you incentives, to support you, and to allow you to operate in a favourable and efficient business environment. We have introduced governance reforms in the recent past to ensure that administrative hurdles both for domestic and foreign private investments do not stand in the way.

Reforms have significantly reduced time for FDI approval, streamlined Company Registration process, and providing 'one window' service to investors for investments larger than US \$100 million through Investment Board Nepal (IBN). A high level Investment Board led by the Prime Minister has a dual mandate: leveraging public-private synergies for the implementation of large-scale projects, and investment promotion.

Good governance, transparency and accountability are top priorities of my government. Necessary reforms will continue to develop efficient delivery mechanisms and combat corruption. Revision of the existing Acts and introduction of new Acts to facilitate private investments will be the locus of government's priority.

The work is on to ensure more legislative and bureaucratic reforms necessary to eliminate inefficiencies and establish Nepal as a top investment destination. We have a high respect and security for property rights. We have put in place powerful institutions to provide 'one-window' service to foreign investors. We have a political consensus on the need to create an investment climate in the country. I promise that all necessary measures will be taken to allow the private investors a free and fair opportunity to compete without obstructions.

Let me conclude with a quote from B.P. Koirala, the first elected Prime Minister of Nepal in 1959. He said, 'democracy is not only for political rights and democratic rights but also for the purposes of mobilizing people, getting people involved in the process of development, getting people involved in the process of the formulation and implementation of policy.'

Nepal is awakening to a new era with peace, and democracy at the center of development process. It is my firm belief that with appropriate democratic political institutions in place, there is no reason why we cannot work more closely and

cooperatively for development and prosperity and provide a decent life to our people.

I am confident that there can be a common platform for sharing ideas and information among the investors from both home and abroad, the Government authorities, and provide impetus to forging collaborative partnership and charting out a long-term vision for socio-economic transformation of Nepal. If you are looking for investment opportunities for the next decade, for the next generation, for the twenty first century, Nepal is the strategic entry point. Welcome to Nepal!

(Excerpts from Prime Minister Sushil Koirala's address at the Business Conclave in Kathmandu on March 24; Courtesy: the República, 2014-04-03)

In a series of “Empowering Nepal” a Seminar on
“40 Years of Nepal-Korea cooperative partnership and future perspective”

Tuesday, May 15, 2014

Venue: 664, Cheonho-daero, Gwangjin-gu, Seoul, 143-847 (new Navigation address), the old navigation address is 25 Neun-dong, Gwang-gu, Seoul)

*1st Session of the First-day: **Hall No. 1***

Panelist:

Chief Guest Hon. Mahendra Bahadur Pandey, Minister for Foreign Affairs of the Government of Nepal, His Excellency Kaman Singh Lama, Ambassador of Nepal to the Republic of Korea, Mr. Madhav Paudel, Former Secretary for Law, Justice and Constitutional Affairs, Mr. Kim, Young-ho, Senior Manager of Overseas Business Division, K-Water

Chair and Moderator: Mr. Krishna Gyawali, Secretary, Ministry of Industry

Time	Topics	Paper Presenter
12:55 to 13:00	Welcome remarks	
13:00 to 13:30	Opening Remarks	Hon. Mahendra Bahadur Pandey, Minister for Foreign Affairs, Government of Nepal
13:30 to 14:30	Nepal-Korea Friendship: Comprehensive Partnership on Development	H.E. Kaman Singh Lama, Ambassador of Nepal to the Republic of Korea
14:30 to 15:15	Legal Framework of Foreign Investment in Nepal	Mr. Madhav Paudel, Former Secretary for Law, Justice and Constitutional Affairs
15:15 to 16:00	The Prospects of Investment in the sectors of Hydropower and Drinking Water in Nepal	Mr. Kim, Young-ho, Senior Manager of Overseas Business Division, K-Water
16:00 to 16:30	Comments over the paper	
	Conclusion of 1 st day’s programme	

Friday, May 16, 2014

Venue: Conference Hall of K-Water, Gwacheon

Morning Session

Panelists:

Mr. Madhav Prasad Regmi, Secretary, Ministry of Commerce and supplies, Mr. Krishna Gyawali, Secretary, Ministry of Industry, Nikolaus Schultze, Assistant Director General, Global Green Growth Institute and Mr. Sunil Sharma, Nepal Tourism Board

Chair and Moderator: Mr. Radesh Pant, CEO, Nepal Investment Board

Time	Topics	Paper Presenter
09:00 to 09:30	Tea/coffee	
09:30 to 10:00	Trade Relation Enhancement of Nepal and Korea: Possibilities and Necessities	Mr. Madhav Prasad Regmi, Secretary, Ministry of Commerce and supplies
10:30 to 11:00	Importance of Foreign Investment and Technology Transfer for the Industrial development of Nepal	Mr. Krishna Gyawali, Secretary, Ministry of Industry
11:00 to 11:30	Protection of biodiversity and sustainable development	Nikolaus Schultze, Assistant Director General, Global Green Growth Institute
11:30 to 12:00	“Naturally Nepal” Once is not enough	Mr. Sunil Sharma, Nepal Tourism Board
12:00 to 12:15	Comments over the papers	
12:15 to 12:45	Cultural performance	Artists of ARI Art Company
	End of morning session	

Afternoon Session

Panelists:

Mr. Pradeep Jung Pandey, Chairman of Federation of Nepalese Chamber of Commerce and Industry, Mr. Radhesh Panta, Chief Executive Officer, Nepal Investment Board, Prof. Jun Kyun Choi, Director, KI for IT Convergence, Korea Advance Institute of Science and Technology (KAIST), and Mr. Kim, Yong-ki, KOSEP, Mr. Kim TaeHo, Manager, Korea Hydro and Nuclear Power Co. and Yup Heo, CEO, Daelim

Chair and Moderator: Mr. Jaymukunda Khanal, Secretary, Ministry of Agriculture, Government of Nepal

Time	Topics	Paper Presenter
14:00 to 14:30	Opportunities and challenges in the foreign investment from the private sectors	Mr. Pradeep Jung Pandey, Chairman of Federation of Nepalese Chamber of Commerce and Industry
14:30 to 15:00	Foreign Investment and company registration procedures	Mr. Radhesh Panta, Chief Executive Officer, Nepal Investment Board
15:00 to 15:30	Deployment Strategies of ICT Infrastructure for Creative Economy in Korea	Prof. Jun Kyun Choi, Director, KI for IT Convergence, Korea Advance Institute of Science and Technology (KAIST)
15:30 to 16:00	Upper Trisuli-1 Hydroelectric Project in Nepal	Mr. Kim, Yong-ki, KOSEP

16:00 to 16:30	Chamelia Hydropower Project and our interest in other New Projects in Nepal	Mr. Kim TaeHo, Manager, Korea Hydro and Nuclear Power Co.
16:30 to 17:00	Comments over the papers	Mr. Yup Heo, CEO, Daelim
	Comments over the papers by panelist	

Saturday, May 17, 2014

Morning Session

Venue: 664, Cheonho-daero, Gwangjin-gu, Seoul, 143-847 (new Navigation address), the old navigation address is 25 Neun-dong, Gwang-gu, Seoul)

Panelists:

Kulman Ghising, CEO, Chilime Hydropower Co. Ltd., Chairman, Nepal Hydropower Development Association, and Mr. Jay Mukunda Khanal, Secretary, Ministry of Agriculture

Chair and Moderator: Mr. Madhav Paudel, Former Secretary, Ministry of Law, Justice and Parliamentary Affairs

Time	Topics	Paper Presenter
09:00 hrs	Coffee	
09:30 to 10:00	Importance of multi-purpose high-dam projects in energy development in Nepal	Kulman Ghising, CEO, Chilime Hydropower Co. Ltd.
10:00 to 10:30	Hydropower development and foreign investment in Nepal	Chairman, Nepal Hydropower Development Association
10:30 to 11:00	Food Security, Processing and Product Development	Mr. Jay Mukunda Khanal, Secretary, Ministry of Agriculture
11:00 to 11:30	Comments over papers	
12:00	Lunch Break	
13:00 hrs	Business to Business Meeting	
	Signing of Memorandum of Understandings and Business dealings	
15:00 hrs	Cultural performance	By the artists of ARI Art Company
16:00 hrs	Closing remarks	HE Kaman Singh Lama, Ambassador fo Nepal to the Republic of Korea

Embassy of Nepal
Seoul
April 25, 2014

Ambassador's Message

The Embassy of Nepal takes the pleasure of celebrating 40th anniversary of the establishment of diplomatic relationship between Nepal and the Republic of Korea this year with the fervor of making it further cordial and stronger. The cooperative relationship which is based on friendliness, mutual respect and goodwill between us is growing every passing day and becoming more matured to our mutual satisfaction. In the meantime, as a part of the celebration, the Embassy is also hosting an investment seminar to create a platform for the business entrepreneurs and potential investors from both the countries for business dealings and further exploring investment opportunities in Nepal. I have firm belief that the investment seminar could be able to play a catalyst role in encouraging business ventures in both the countries as well as enhance economic partnership between Nepal and Korea.

Nepal's commitment to democratic governance, good governance, rule of law and respect to the fundamental human rights boasts the market economy to meet its development needs. Holding its belief on free economy as a fundamental contributing factor to steer the socio-economic advancement, Nepal is determined to create its economy as investment friendly. In order to make Nepal a favoured foreign investment destination, the Government of Nepal has been consistently working on amending and revising the existing foreign investment policy and relevant regulatory instruments conducive to foreign investment.

As a member of World Trade Organization and Multilateral Investment Guarantee Agency, Nepal assures and guarantees the safe trading and investment. In addition to this, Nepal has also signed an agreement on avoidance of double taxation and fiscal evasion with the Republic of Korea, which should also encourage Korean investors to invest in Nepal.

As we celebrate the 40th anniversary of the establishment of diplomatic relationship, we are committed in maintaining and promoting bilateral relationship at the government level as well as fostering economic partnership among the business community and people to people contact is pivotal. Hosting investment seminar is also one of our efforts to that end.

I would like to take this opportunity to congratulate both the Governments of Nepal and Korea for excellent bilateral relationship nurtured over the years and express my assurance, as the Ambassador, to discharge all my ambassadorial duties with utmost sincerity, diligence and intellectual capacity for our bilateral relationships to reach new heights. At this moment, as a good friend of the Korean people, I would like to sincerely congratulate them for the remarkable progress they have achieved in transforming the Republic of Korea as an economic and technological leader in such a short span of time.

Long Live Nepal-Korea Friendship !!!