British International Investment

FMO Entrepreneurial Development Bank

Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development and Cooperation SDC
स्वीस सरकार विकास सहयोग एसडिसि

Invest for Impact Nepal

Invest for Impact Nepal is a platform dedicated to connecting Development Finance Institutions and Impact Investors with high-impact opportunities in Nepal through Financial Institutions and Private Equity Funds.

NEWSLETTER

October-December 2024 Issue 10 www.investforimpactnepal.com

Wishing you continued success and a rewarding 2025!

Seminar on Unlocking Nepal's PEVC Potential

On October 2024, Invest for Impact Nepal in collaboration with Nepal Private Equity Association (NPEA) hosted a seminar on "Unlocking the Potential of PEVC Investments in Nepal", bringing together 100+ representatives from development finance institutions, development partners, private equity and venture capital funds, insurance companies and high net worth individuals.

During the seminar, NPEA provided an overview of PEVC landscape and highlighted key investment trends in Nepal. According to the NPEA's market snapshot, USD 101 million has been invested in businesses through 16 funds as of 2023 and USD 35 million was invested by 8 funds in 2023 alone, including 5 SIF-licensed funds. Similarly, the leading sectors for investment were IT, renewable energy, agribusiness, and real estate, and founder buyouts were the most common exit strategy, with 5 funds completing 17 exits from their portfolio companies.

One of the highlights of the event was the launch of NPEA's Investment Platform, an initiative to provide valuable data on PEVC investments, which was jointly inaugurated by H.E. Mr. Rob Fenn, British Ambassador to Nepal, and H.E. Dr. Danielle Meuwly, Ambassador of Switzerland to Nepal.

The seminar concluded with an interactive panel discussion on the opportunities to further promote PEVC growth in Nepal. Moderated by Mr. Buddhika Samarasinghe, Programme Director at IIN, the discussion featured Mr. Srini Nagarajan, Managing Director and Head of Asia, British International Investment (BII); Dr. Nabaraj Adhikari, Executive Director, Securities Board of Nepal (SEBON); Mr. Khagendra Basnet, Director, Department of Industry (DOI); Ms. Nikita Bajracharya, Senior Investment Manager, Dolma Impact Fund; and Mr. Rajendra Khetan, Chairman of Khetan Group.

One of the takeaways from the panel discussion was the need to continue to develop a vibrant Private Equity and Venture Capital industry that can nurture a new generation of entrepreneurs. The discussion also highlighted the role of the regulatory environment and the need to continue reforms for a more favourable ecosystem that will help attract foreign investors, including DFIs and impact investors to support the growth of the industry.

Chhimek Microfinance Leads the Way in Client Protection Pathway

Invest for Impact Nepal has collaborated with Chhimek Laghubitta Bittiya Sanstha Ltd., a leading microfinance institution in Nepal, on its journey to enhance its client protection practices. In partnership with Cerise+SPTF, a global leader in setting client protection standards, Chhimek has taken proactive steps to improve its operations in alignment with international social, environmental and governance standards.

The first milestone of this collaboration was a three-day workshop facilitated by Cerise+SPTF, focusing on embedding the eight key client protection principles into Chhimek's business practices. These principles will guide Chhimek implement the client protection practices necessarily to avoid harming clients and communicate the progress with stakeholders. The pathway will serve as a roadmap for implementing the client protection standards.

Training the Trainers for Nepal's Growing PEVC Sector

Invest for Impact Nepal (IIN), in partnership with the Nepal Private Equity Association (NPEA), organised a five-day intensive Training of Trainers (ToT) programme designed for investment professionals in Nepal's growing PEVC sector.

This first-of-its-kind initiative brought together 25 participants from 15 private equity fund managers and 3 law firms within the NPEA network. The training was led by Mr. Gavin Ryan, a seasoned expert from Wider Europe Capital Management Ltd, who guided participants through six critical modules, including Valuation, Deal Making, Portfolio Management, and Exits.

Beyond technical skills, this ToT has empowered participants to become trainers themselves, enabling them to deliver specialised training within the industry and in academic institutions. This effort is set to contribute significantly to the growth of Nepal's PEVC ecosystem and address the rising demand for skilled professionals in this sector.

ESG Certified Training for Second Group of Banking Professionals

Building on the success of the first cohort, where 40 banking professionals completed the ESG certified training, the second cohort commenced in September 2024. This intensive 60-hour course was organised by Invest for Impact Nepal in collaboration with the Nepal Bankers' Association (NBA) and delivered in partnership with Universitat Pompeu Fabra-Barcelona School of Management (UPF-BSM), Spain. The training has equipped 40 additional banking professionals from 12 financial institutions with the tools and knowledge to champion Environmental, Social, and Governance (ESG) practices within Nepal's financial sector.

The training concluded with a site visit to the Bhotekoshi Hydropower Plant, providing participants with hands-on insights into real-world ESG scenarios. This practical experience bridged theory and application, strengthening their understanding of sustainable finance in action.

Training of Trainers at Laxmi Sunrise Bank

Laxmi Sunrise Bank, in collaboration with Invest for Impact Nepal, organised a three-day intensive Training of the Trainers (ToT) programme for the Women's Financial Service Department of the bank. As part of IIN's technical assistance, the ToT was provided trainers with the skills to support the bank enhance the skills of their relationship officers to better serve their women clientele.

The training brought together 21 trainers from the various departments within the bank, equipping them with the skills to design and deliver a customised training programme for women entrepreneurs.

Continued Networking

During this trimester IIN had the opportunity to engage with FinnFund's Head of Digital Infrastructure and Solutions Portfolio, FMO's Environmental & Social (E&S) team, FMO's MASSIF fund team and representatives from the Dutch Ministry of Foreign Affairs.

Discussion with FinnFund focused on their recent equity investment and other opportunities in the digital financial service industry.

Similarly, the meeting with FMO's E&S team focused on Environmental & Social compliance within Nepal's hydropower sector and also explored the opportunity to document learnings from the Livelihood Restoration and Development Programs (LRDP) and develop case studies that could be used by the SOMTU-PGDM Course.

IIN also had the opportunity to share its progress with the delegates of Dutch Ministry of Foreign Affairs and FMO's MASSIF team. The team also had consultations with IIN's stakeholders including the Nepal Bankers' Association (NBA), the Nepal Private Equity Association (NPEA) and School of Management, Tribhuvan University (SOMTU).

DFI Investments in this Trimester

Finnfund's €10M Investment Fuels WorldLink's Growth in Nepal

Finnfund, Finland's Development Finance Institution, invested €10 million (approximately $10.4 million) in WorldLink Communications, Nepal's largest internet service provider and a pioneering ICT company. This strategic investment will support the expansion of WorldLink's fiber network and the development of its first Tier 3 data center, further strengthening its digital infrastructure.

Prior to Finnfund's investment, WorldLink received its first DFI investment from British International Investment (BII) in 2019, amounting to $12 million. In 2023, the company secured Series B investments jointly from BII ($8.4 million) and Dolma Impact Fund ($6.9 million).

With Finnfund's latest contribution, the total DFI investment in WorldLink has now reached $37.7 million, demonstrating a significant milestone in enhancing connectivity and ICT innovation in Nepal.

Swedfund and Finnfund Invests $ 20 million ($10 million each) to Siddhartha Bank to Strengthen Nepal's Financial Inclusion

Swedfund and Finnfund made their first direct investment Nepal's banking sector, each providing a $10 million loan to Siddhartha Bank Limited.

This investment will support the growth of micro, small, and medium enterprises (MSMEs), agriculture, agribusiness, and hydropower sector in Nepal. The investment will also promote gender equality and women's empowerment, with at least 30% of the loan proceeds allocated to women. Siddhartha Bank has shown strong commitment to women entrepreneurs by offering tailored products and serving a client base where 41% of customers are women.

Contact Us

Sanepa Marg 50, Lalitpur 44700

info@investforimpactnepal.com
www.investforimpactnepal.com
www.linkedin.com/company/invest-for-impact-nepal/
www.twitter.com/Invest4Nepal