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 with high-impact investment opportunities in Nepal through Financial Institutions and Private Equity Funds.

NEWSLETTER

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Events

Funds' Connect

On March 5, 2024, Invest for Impact Nepal (IIN), in collaboration with the Nepal Private Equity Association (NPEA), hosted second networking event "Funds' Connect" that brought together 6 Development Finance Institutions (DFIs) and 15 Private Equity and Venture Capital (PEVC) funds. The key objective of the event was to update Limited Partners (LPs), including DFIs, on the evolving PEVC landscape in Nepal and facilitate them to engage with new and existing General Partners (GPs). The previous event was organised in March 2023 where 6 DFIs and 10 PEVC funds had participated.

During the event, NPEA shared a presentation on the PEVC landscape and evolving alternative investment ecosystem in Nepal and showcased the opportunity to invest in PEVC funds. In the interactive session, DFIs shared their investment experience in similar frontier markets and what they consider while making investment decisions. The questions from the PEVC funds focused on clarifying DFIs priorities in terms of sectors and learn more about what it would take for a DFI to invest in Nepali funds.

Representatives from British International Investment (BII), Dutch Entrepreneurial Development Bank (FMO), Finnish Fund for Industrial Cooperation (FinnFund), Swedfund International AB (Swedfund), U.S. International Development Finance Corporation (DFC) and Japan International Cooperation Agency (JICA) participated in the event. Similarly, representatives from Onshore FDI Funds, Offshore FDI Funds, Local Funds and Specialised Investment Fund (SIF) licenced funds attended the event.

Term Sheet and Negotiation Training

During 18-19th March 2024, IIN, in collaboration with the NPEA and the USAID Trade and Competitiveness Programme, organised a two-day training session on Term Sheet and Negotiation at Hotel Tibet in Lazimpat, Kathmandu. 31 participants representing 17 PEVC funds attended the training.

Led by industry expert Mr. Arvind Mathur, the training focused into various facets of Term Sheet and Negotiation, covering topics such as the Anatomy of Term Sheet, Negotiation Environment, Instrument Choices, and Negotiation Techniques. The training included case studies discussion and group exercises that further enhanced the effectiveness of the session.

IIN is hopeful that trainings as such, will play an important role in addressing capacity gaps while advancing knowledge and expertise within Nepal's growing PEVC industry.

"Overall, the training was enriching, equipping me with practical skills for effective negotiation and term sheet analysis. It boosted my confidence in handling complex business agreements". - Aagya Khatiwada (Senior Investment Analyst, Global Equity Fund)

Second DFI Mission in Nepal on the Horizon

Invest for Impact Nepal organised the First DFI Mission in April 2023, welcoming investment teams of 8 DFIs and Impact Investors to Nepal. The mission provided the opportunity for DFIs to interact with Ministry of Finance (MoF), Nepal Rastra Bank (NRB), Securities Board of Nepal (SEBON) and potential investees in the Financial Service Industry. It also provided the valuable opportunity to showcase investment opportunities, particularly in Class A Banks, resulting in a significant inflow of investments from DFIs in Class A Banks ($156 million), with several additional investments currently in pipeline.

Based on the success and tangible outcomes of this first mission, IIN is organising an epxanded upcoming Second DFI Mission from 23rd to 25th April 2024, hosting investment teams from 16 DFIs. This Mission will feature technical, and networking sessions focused on Financial Services Industry beyond Class A Banks including Class B and D

Banks as well as Digital Financial Service Institutions. Additionally, the mission will facilitate interactions between DFIs and the Government of Nepal through one-on-one meetings and networking sessions to discuss the opportunities and bottlenecks to increase DFI investment in Nepal. The mission is being hosted a week prior to the Nepal Investment Summit 2024 by the GoN, also aims to present to the DFIs, the opportunity to invest beyond the Financial Services Industry in Nepal.

IIN Publications

The Foodmandu Story

Invest for Impact Nepal has released a brief case study highlighting the growth trajectory of Foodmandu, a technology-driven food delivery business, supported by PEVC financing. The case study reflects on Foodmandu's resilience and success, particularly in overcoming unexpected challenges such as the 2015 earthquake and the economic embargo.

Following the challenging period, Foodmandu secured investments from three PEVC funds: True North Associates, Team Ventures and Dolma Impact Fund. These strategic partnerships proved instrumental in the company's subsequent growth and expansion. With a collective investment of more than USD 4 million from these funds, Foodmandu has achieved successful partial exits from two of its key investors as it continues to expand.

The journey that Foodmandu has taken not only celebrates its success but also illustrates the symbiotic relationship between innovative businesses and the supportive role of PEVC firms in driving entrepreneurial growth in Nepal.

DFI Investments

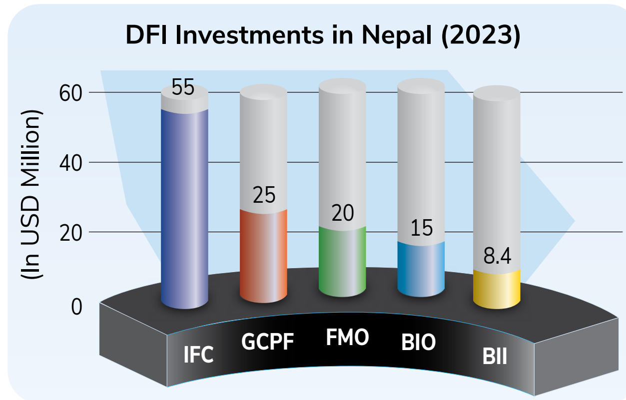
The First DFI Investment of 2024

The International Finance Corporation (IFC) has made a USD 56 million investment in Global IME Bank Limited to increase financial accessibility for smaller businesses in Nepal, with a specific focus on supporting women-owned enterprises and promoting climate-friendly projects. As per the agreement, half of the loan amount will be evenly allocated for climate and gender financing to benefit the bank's SME and retail clients. The remaining 50 percent will be exclusively dedicated to on-lending for SMEs within the country.

Nepal Attracts Substantial DFI Investments in 2023

In 2023, three financial institutions and one telecommunication company collectively secured a total DFI investments of USD 123.4 million.

International Finance Corporation invested USD 55 Million in Siddhartha Bank Limited to increase access to finance for small businesses and foster climate change in Nepal. Global Climate Partnership Fund which is managed by responsAbility Investments AG invested USD 25 Million to Global IME Bank Limited to fortify bank’s portfolio and solidify its commitment to climate change Mitigation. In September 2023, FMO invested USD 20 Million to NMB Bank Limited to create a sustainable banking portfolio in Nepal, focusing on sustainability and green financing initiatives. In April 2023, BIO Investing also invested USD 15 Million in NMB Bank Limited. Similarly, British International Investment invested USD 8.4 Million in WorldLink Communications to accelerate internet expansion activities across the rural areas and support.



Additionally, Symbiotics, a market access platform for impact investing, has played a crucial role by making investments in Prabhu Bank Limited and Laxmi Sunrise Bank Limited (the amounts are not disclosed). As we enter 2024, our optimism remains high for Nepal to leverage even greater quantities of DFI investment.

Contact Us

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