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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Second DFI Mission 2024 Brings Together 14 DFIs and Impact Investors

The second DFI Mission held in Kathmandu in April 2024 brought together 14 DFIs and Impact investors **(ADB, BII, BIO, DAI Capital, DFC, Finnfund, FMO, IFC, JICA, KFW, MicroVest, responsAbility, SIFEM and Symbiotics)**. This mission provided the investors an opportunity to look beyond investments in commercial banks and interact with other financial sectors that has promise, including 5 development banks, 9 microfinance institutions and 5 digital financial services institutions. In addition, the mission provided the investors a platform to engage with Ministry of Finance (MoF) and Nepal Rastra Bank (NRB) to address key constraints to increasing FDI investment in Nepal. Furthermore, the mission brought together DFIs, and Development Partners (DPs) working in Nepal to develop a deeper understanding of each other's goals and improve alignment of their activities to maximise development outcomes.

Critically, the 3-day mission provided investors and investees opportunities to network and establish relationships, and develop insights on new types of financial institutions and investment opportunities. As in past missions, the DFI investors were able to

discuss high level regulatory issues with senior officials from both the MoF and NRB that will pave the way for further improvements in the enabling environment for investment. The MoF initiative to assign a DFI desk at MoF and NRB's latest amendment in the Foreign Investment and Foreign Loan Management Bylaws to accommodate and recognise DFIs and Impact Investors was highly appreciated. During the GoN- DFI interactions, there was a clear commitment from the government to further improve the foreign investment climate by creating a level playing field for all the investors including DFIs and Impact Investors. The government also expressed its appreciation in the increasing number and value of investments into the country by DFIs and Impact Investors in the financial service industries over the past 3 years, which currently stands at $625 million and declared pipeline of around $300 million.

The Second DFI Mission was attended by more than 200 representatives from DFIs, DPs, Diplomatic Missions, Financial Institutions, Private Sector Associations, Private Equity Funds and the Media.

MoU Signing Between IIN and SOMTU

In June 2024, IIN and Tribhuvan University, School of Management (SOMTU), signed a Memorandum of Understanding (MoU) to launch a Post Graduate Diploma in Management (PGDM) in Sustainable Business course focusing on Environment, Social and Governance (ESG). This programme will help to equip future leaders with the essential skills to address current skills gaps and enact positive change through the promotion of sustainable methodologies, and effectively tackle pressing environmental, social, and governance issues that hamper the development of key sectors in the economy, including the financial sector.

IIN's partnership between University Pompeu Fabra- Barcelona school of Management (UPF-BSM) and SOMTU, aims to develop a robust curriculum, build faculty capacity, and assure academic excellence. It is expected that this partnership will be marked as a significant milestone in advancing sustainable business education and practices in Nepal.

First Cohort of 40 Participants Complete ESG Certified Course

Effective risk management is crucial for sustainable finance, and the successful implementation of ESRM guidelines hinges upon well-trained professionals in the banking industry. Addressing this need, Invest for Impact Nepal, in collaboration with Nepal Bankers' Association, has successfully completed the first cohort of **Certified Training on ESG and Sustainable Finance**, catering to 40 banking professionals from 14 commercial banks in Nepal. The training was delivered in partnership with University of Pompeu Fabra, Barcelona School of Management (UPF-BSM) Spain. This was a comprehensive 64-hour curriculum delivered through a mix of face-to-face and online modules.

In addition to classroom-based training, the course also included a site visit to the Bhotekoshi hydropower project, offering participants a practical understanding of how ESG considerations impact the project's investment viability and sustainability.

The training received very positive feedback from the participants with **82.5%** reporting highly satisfied, with **100%** participants willing to recommend the course to their colleagues.

The second cohort of this training, with an additional 40 professionals, is scheduled to begin from September 2024.

DFIs at Third Investment Summit 2024

British International Investment (BII) and Invest for Impact Nepal jointly hosted a panel discussion on the "Innovative Financing Landscape" during the Third Investment Summit 2024 in Kathmandu, Nepal. Mr. Rabi Rayamajhi, Country Representative, BII, delivered a presentation on Development Finance Landscape in Nepal, highlighting investment activities spanning from 2008- 2023, which totalled a DFI investment of $1.1 Billion in sectors such as Financial Services, Hydropower, Private Equity Funds, Technology and others.

The panel discussion was moderated by Mr. Buddhika Samarasinghe, Programme Director at IIN. The panellists included Dr. Danielle Meuwly Monteleone, Ambassador of the Embassy of Switzerland in Nepal; Mr. Habib Yousuf, Regional Director, South Asia, BII; Mr. Ajay Rao, Regional Managing Director, South Asia, U.S. International Development Finance Corporation; Mr. Tim Gocher, Founder and CEO of Dolma Impact Fund; and Mr. Jae Hyung Kwon, Head of India Office, Multilateral Investment Guarantee Agency, The World Bank Group, and the session was chaired by the Governor of Nepal Rastra Bank, Mr. Maha Prasad Adhikari.

The discussion was focused on the opportunities and challenges for investors in Nepal's growing economy and the potential role of DFIs, Impact Investors and donor partners in attracting more investments in established and emerging sectors of Nepal's economy.

IIN Publications

Sustainable Banking in Nepal: ESG Landscape Analysis Report

Invest for Impact Nepal, in partnership with the Nepal Bankers' Association, has conducted a comprehensive study assessing the maturity of E&S risk management within the Nepalese banking sector. Covering 15 banks, including Class A and B banks, with and without DFI investments, as well as internationally owned banks, the study provides a detailed analysis of current E&S policies, processes, and reporting practices.

Through desk research and in-depth interviews with key stakeholders, the report provides a peer comparative analysis, identifies best ESG practices, highlights implementation challenges, and provides actionable recommendations to improve sustainable financing practices and enhance the commitment of Nepalese banks to a more sustainable financial industry.

Second DFI Mission: Watch the Highlights

During the second DFI Mission, Invest for Impact Nepal partnered with the Media Helpline to broadcast four videos on Image Channel HD's "Talk of the Town" episodes. Please find below the links to the aired videos:

1. Informing the general public about DFIs in Nepal and investees' perspectives on DFI investments.
2. Featuring remarks from various stakeholders, including DFIs, development partners, and regulators.
3. Featuring a panel discussion on Nepal's growing financial service industry, and
4. Sharing investors' views on investing in Nepal.

DFI Investments (April- June 2024)

SIFEM's Investment in Global IME Bank

The Swiss Investment Fund for Emerging Markets (SIFEM) has approved a USD 10 million loan to Global IME Bank, a leading commercial bank in Nepal. This investment is poised to boost economic growth by supporting MSMEs and promoting job creation in the country.

This marks SIFEM's second investment in Nepal. In 2021, it extended a USD 12 million loan to NMB Bank Limited, aimed at supporting MSMEs and contributing to the development of financial sector. This transaction was made possible by a guarantee provided to SIFEM by the Swiss Agency for Development and Cooperation SDC.

OPEC Fund's Investment in Global IME Bank

The OPEC Fund for International Development (the OPEC Fund) has signed USD 25 million loan agreement with Global IME Bank Limited in Nepal. This investment aims to increase access to financing for micro, small, and medium enterprises (MSMEs), including women- owned enterprises as well as climate-smart projects.

This marks Global IME Bank's sixth DFI investment, raising the total DFI investments in the bank to USD 181 million.

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