

Background

Invest for Impact Nepal (formerly Nepal Invests) launched in February 2021 and is funded by British International Investment (BII); FMO, the Dutch Entrepreneurial Development Bank; and the Swiss Agency for Development and Cooperation (SDC). It aims to complement existing efforts to attract more investments and advance the development of Nepal by channelling efforts to unlock the possibilities of investing patient, flexible impact capital to support private sector growth and innovation.

Discovery Phase: Key Activities and Achievements (Feb'21 – Jun'22)

- Established **relationships with key stakeholders**.
- Established a **DFI technical working group** to help **identify three investable options in the FI space for an SME financing facility** and engaged with multiple DFIs on investment challenges.
- Developed a **demonstrative case study of NMB Bank's 'Environmental and Social Capabilities journey'**.
- Supported SDC in the **convening of the DFI working group** in Nepal.

Identified over

35

transaction-specific challenges and opportunities within the current and evolving Nepali foreign direct investment (FDI) framework.

Assessed over

50

capabilities of investment personnel and piloted training to address these needs.

Deepened analysis with

22

leading corporate houses to identify challenges in absorption of DFI capital.

Lessons Learned During the Discovery Phase

- DFIs and DPs have **significant appetite** to play a larger role in Nepal.
- Information and capacity gaps** in the market prevent the private sector from fully accessing DFI capital.
- Many DFIs also have a **limited understanding** of the Nepali market.
- Market shaping initiatives such as Invest for Impact Nepal require a **long-term outlook**.
- DFIs can build **productive partnerships with DPs** to leverage networks, share risks, resources and expertise.
- New innovations and capital tools** will leverage more investment in Nepal.
- Effective stakeholder coordination** through the investment ecosystem is necessary to create more investment outcomes.

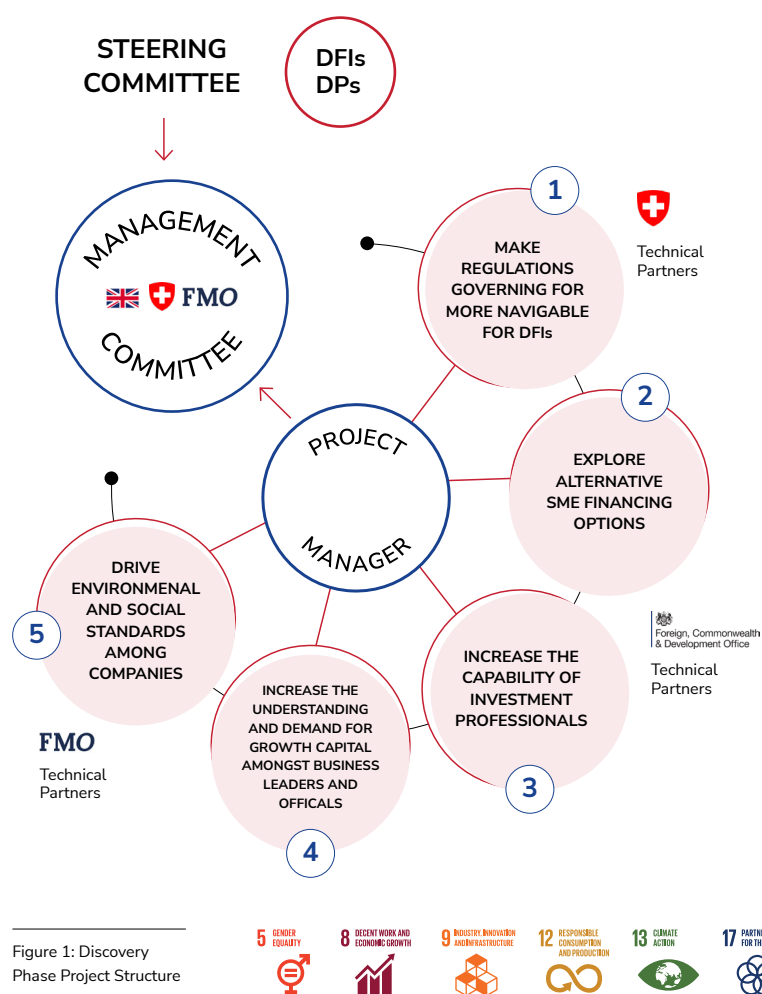
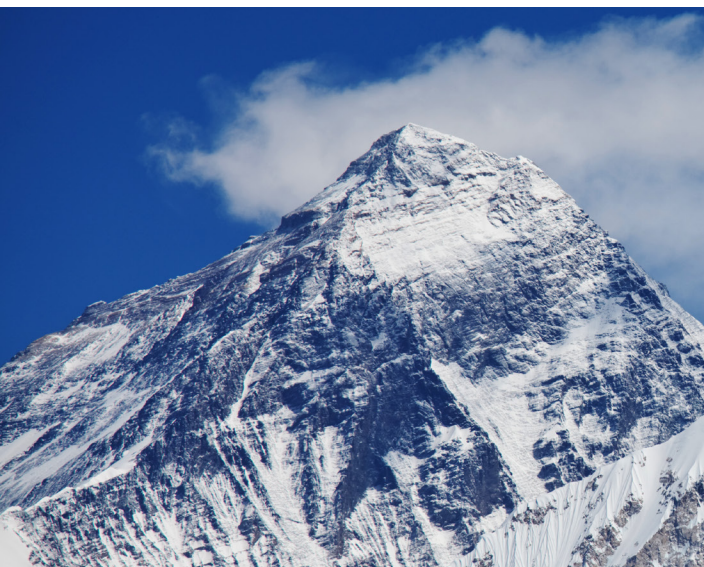


Figure 1: Discovery Phase Project Structure

Shaping the Markets of Tomorrow:

Competitive FI and PE/VC fund/capital partnership sector attracts more DFI capital, leading to greater investment in inclusive Nepalese businesses. This increases productivity and inclusive growth, thereby increasing incomes and job creation in Nepal.



Scale-Up Phase (Jul'22 – Jun'25)

In its new phase, Invest for Impact Nepal will concentrate on a new two-pillar approach focused on FIs and funds. Activities will be expanded to shape and build the markets of tomorrow in Nepal whilst maintaining a line of sight to investments.

This will create concrete results on an improved financial intermediary sector that leads ultimately to increased investment, increased impact on gender empowerment and climate-resilience, and to increased productivity, incomes and job creation in Nepal.



Objective

Financial institutions and funds receive DFI investment to invest in Nepalese businesses that grow and create impact

Potential Activities

- › Establishing ESG and fund growth technical assistance support facilities.
- › Building upstream investments in the FI space.
- › Promoting increased ESG understanding and compliance.
- › Building the ESG services sector in Nepal.
- › Producing missing information to aid evaluation of potential investments by DFIs and to provide missing data needed for effective fund investment.
- › Supporting the emerging PE/VC industry.
- › Upskilling investment professionals.
- › Equipping FIs with key information and strategies to mobilise regulators.
- › Promoting blended-finance partnerships with existing DP programmes in Nepal.
- › Encouraging FIs and funds to make inclusive investments.

Strengthening Nepal's Investment Ecosystem

- › Increase ESG capabilities of FIs and funds.
- › Make inclusive businesses more aware of and able to access DFI investment.
- › Create a conducive FDI regulatory framework by better informing regulators on FDI.
- › Strengthen the abilities of investment ecosystem stakeholders.

Partners

Invest for Impact Nepal is honoured to be working with partners who share our goals, including:

DFIs | DPs | Government | Professional Associations
Banks and FIs | PE/VC funds and the Nepal Private Equity Association | Private Sector

CONTACT US

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