

Investment Climate and Opportunities in Nepal

ネパールの投資環境と機会

Tokyo, Japan
November 20, 2018

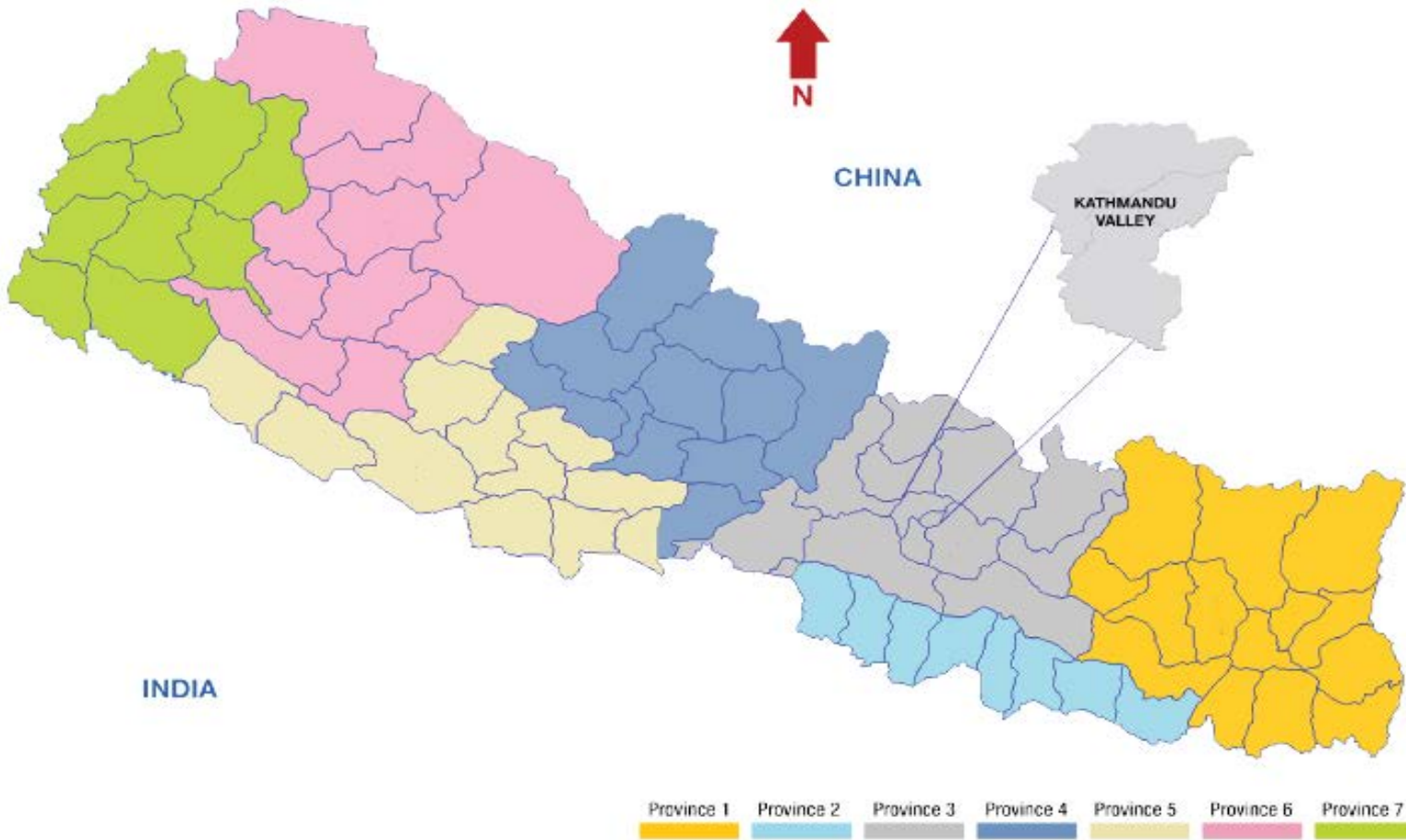


GOVERNMENT OF NEPAL
OFFICE OF THE INVESTMENT BOARD

Presented by,
Maha Prasad Adhikari
CEO, IBN



Country Overview 国の概要



Indicator	Nepal	Japan
Population	28.9 Million	127.19
Area	147,181 sq.km	377,973
GDP	USD 26 Billion	\$ 4872 Billion
GDP Growth	6.4%	1.7%
Inflation	5.3%	0.47%
Per Capita GDP	\$1,004	\$ 38,937
Debt to GDP	27%	253%
Remittances	USD 5.403 billion	
Forex Res	\$ 9 Billion	\$ 1193 B

Source : NRB Macroeconomic update & CBS National Accounts 2017/2018



Members of Regional Agreements 地域協定のメンバー国



Members of Multilateral Agreements 多国間協定のメンバー国



Market Access 市場アクセス

BIPPA

- ✓ India
- ✓ Germany
- ✓ France
- ✓ Mauritius
- ✓ United Kingdom
- ✓ Finland

- ✓ Duty free and open border access to India (except some products)
- ✓ Duty free access to China for around 8,000 products
- ✓ Duty free, quota free market access to European Union under Everything But Arms (EBA) arrangements
- ✓ Duty free US market access to (77 products) 66 types of garment items for 10 years (starting from 2016) (GST facility market)

DTAA

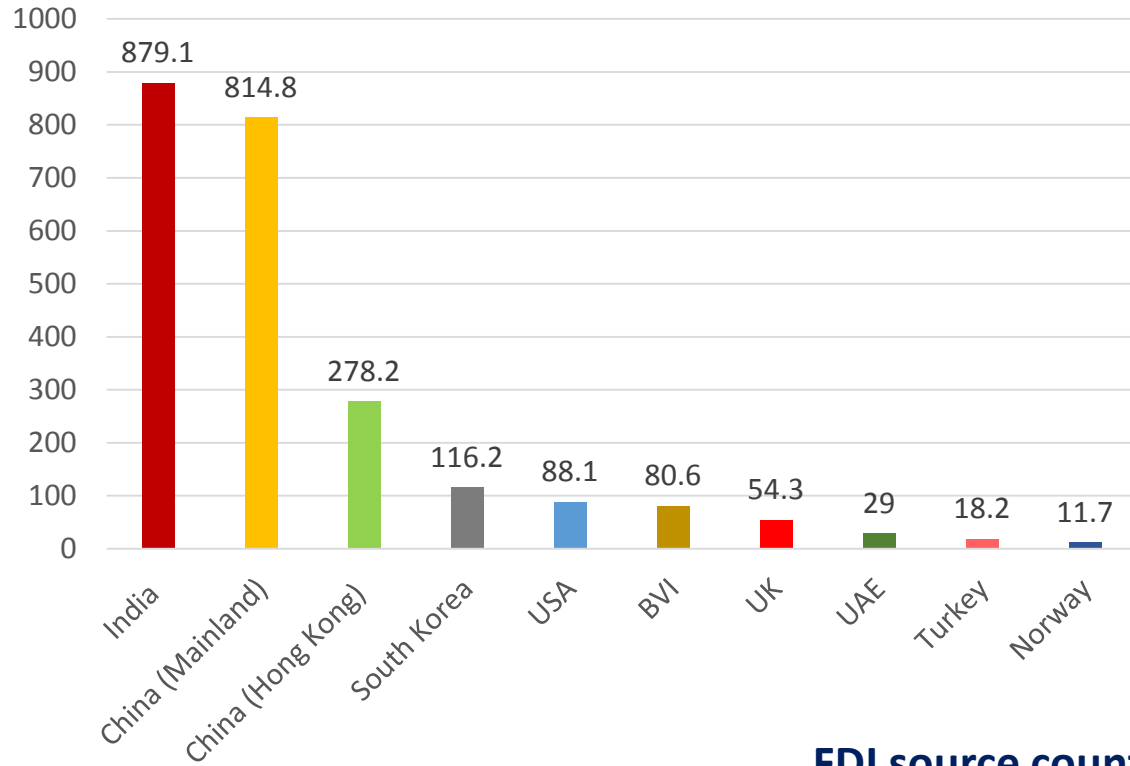
- | | |
|-------------|---------------|
| ✓ China | ✓ Norway |
| ✓ India | ✓ Thailand |
| ✓ Qatar | ✓ Sri Lanka |
| ✓ Mauritius | ✓ Pakistan |
| ✓ Austria | ✓ South Korea |



TOP 10 INVESTORS IN TERMS OF AMOUNT OF INVESTMENT

金額別上位10の外国投資国

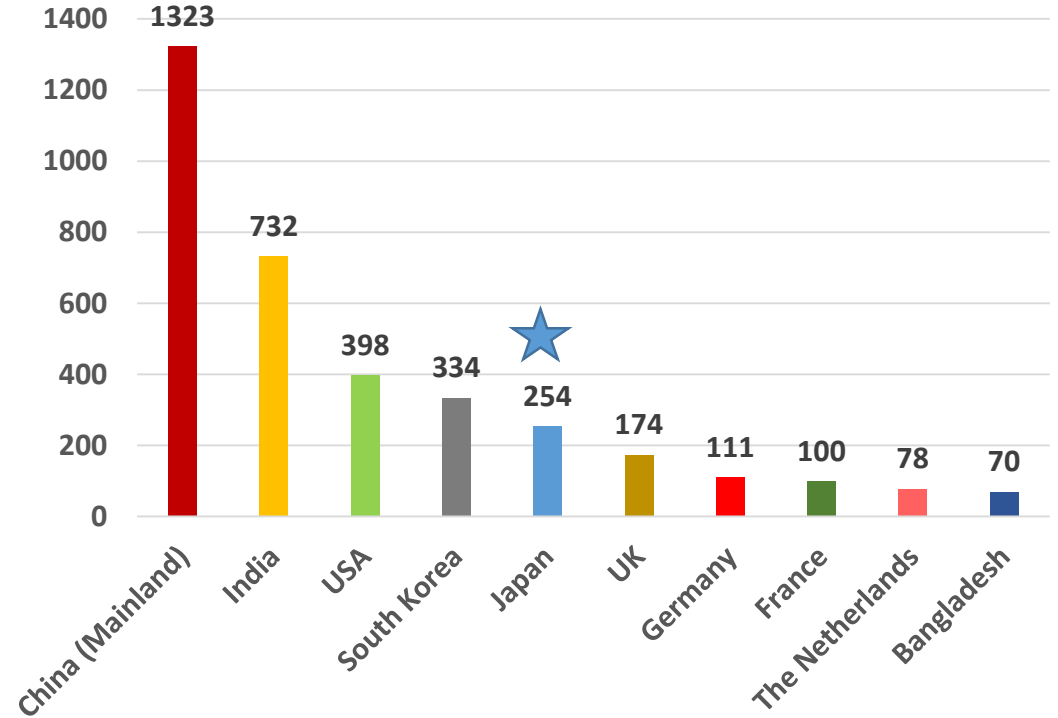
FDI amount in USD Mil



TOP 10 INVESTORS IN TERMS OF NUMBER OF INDUSTRIES

投資家の数で上位10の外国投資国

Number of Industries



FDI source countries Up to F.Y. 2017/2018

2017/2018 までの外国投資国

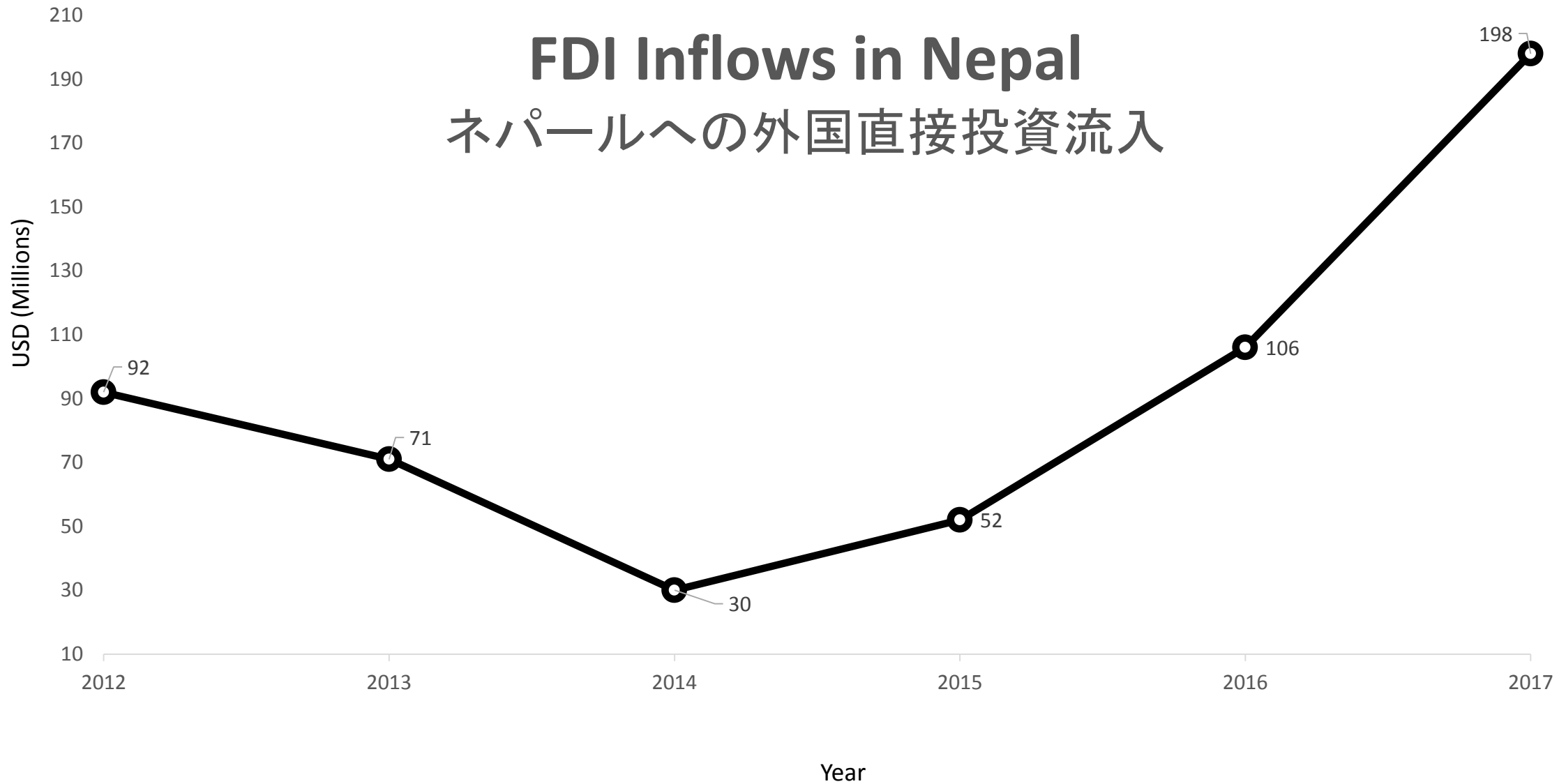
- ✓ FDI inflow from **Japan** has mostly been directed towards the manufacturing and service sector (information technology & hospitality). 日本からの直接投資は、ほとんどが製造業とサービス業(情報技術とホスピタリティ)に向けられている。





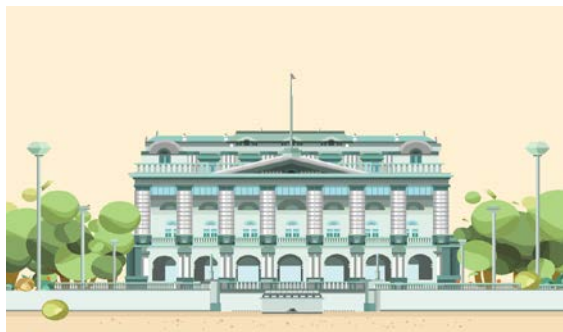
FDI Inflows in Nepal

ネパールへの外国直接投資流入



- Ended prolonged political transition - New constitution promulgated in 2015- Nepal became Federal Democratic Republic
- Clear political commitment, Political consensus towards economic transformation & FDI.
- Completion of all levels of election- Government with Majority in all levels - Political stability.
- Vision: " Prosperous Nepal, Happy Nepali"





Stable Government

Central, provincial and local level elections Completed
Focus on **economic transformation**



Decentralization with federalism-
Inclusive growth
Formation of provincial governments might minimize the bureaucratic process



Legal and Policy reforms
FITTA , IBN act, IP Act, PPP related act amendment/ enactment in process



Improved labor relations
New Labor act in place



Target : **Double Digit growth** in 5 years
Middle income country by 2030



On average, **49% of GDP** worth investment required each year to attain SDGs by 2030
Approx. NPR1770 Billion/year

Corporate Tax Rates in Nepal नेपालの法人税率

Nature of Entity	Tax rate
Normal rate for entities	25%
Manufacturing industries (which excludes tobacco, alcoholic beverages, etc.) are entitled to 20% discount on the applicable tax rate (currently 20%) making the effective tax rate 16% under Industrial Enterprise Act 2016	20%
Enterprises operating roads, bridges, railways hydropower stations, transmission lines on BOOT basis etc	20%
Banks and financial institutions	30%
General insurance 30%, life insurance 25%	25-30%
Enterprises involved in petroleum businesses	30%
Saving and credit cooperatives located in urban areas	20%

Nepal has one of the lowest **Corporate Income Tax (CIT)** rate amongst its neighboring countries

<u>Country</u>	<u>CIT rate (%)</u>
Bangladesh	27.5
China	25
India	25
Nepal	25
Pakistan	34
Sri Lanka	28



Companies act, Industrial enterprises act, SEZA act, FITTA, IBN act, PPP law...



PDA / PIA

- Easy entry & exit
- Tax incentives and holidays
- Dedicated agency for FDI
- PDA/PIA bankable deals
- Fair treatment
- Facilitation for Government clearance & Approval
- Easy Repatriations
- SEZA special facility
- Bilateral agreements, DTAA & BIT etc.

- 簡単な登録と退会
- 税制優遇措置と免除
- FDI外国投資専用機関
- PDA/PIA 収益性の高い取引
- 公正な手続き
- 政府の許可と承認の促進
- 簡単な本国送金
- 経済特区施設
- 二国間協定、DTAA & BIT など

Land acquisition allowed in the company name that is incorporated in Nepal. Government land can be leased.

ネパールに設立された会社名での土地取得が認められている。政府の土地を借りることができます。

Tourist, non-Tourist and business visa for foreign workers on recommendation of investment approving agencies such as DOI, IBN.

IBNなどの投資承認機関の推薦を受けた外国人労働者のためのツーリスト、非ツーリストおよびビジネスビザ。

Residential visa granted directly to investors who invest more than USD 100,000 in convertible currency.

居住ビザは、外貨で10万ドル以上を投資する投資家に直接発行されます。

100% foreign ownership in most of the sectors (with some exceptions).

ほとんどの部門で100%の外国人所有権(一部例外あり)

100% repatriation of company profits allowed.

企業利益の100%本国送金が認められている

Nepal - Japan Relation

ネパール - 日本関係



Nepal Japan Relationship

Diplomatic relations began **62 years ago** in 1956.

Residential Embassies in both countries.

Agreement on Technical Cooperation signed in 2003.

Bilateral Agreements

Air Service Agreement signed in 1988. Contributed for air safety

Economic Cooperation

Japan has been assisting Nepal in the form of **bilateral grant, bilateral loan, multilateral aid and technical assistance.**

Japanese Government made over **USD 260 million** grant for reconstruction works (earthquake).

With the financial and technical assistance of JICA, **En-route Monopulse Secondary Surveillance Radar (E-MSSR) and Terminal Monopulse Secondary Surveillance Radar (T-MSSR)** is installed for air safety.

Source : Ministry of Culture, Tourism & Civil Aviation, Department of Industry, Department of Customs and Embassy of Japan in Nepal

Economy and Trade relationship 経済と貿易関係

Total FDI from Japan (up to 2017/18): approx. USD 30 Million

日本からの直接投資(2017/18まで): 約 30百万米ドル

FDI from Japan (2017/18): approx. USD 4.332 Million

日本からの直接投資(2017/18): 4.332百万米ドル

Total employment generated (2017/18): 9,826

日本企業による総雇用(2017/18): 9,826

The Japanese delegates on 2017 Investment summit shown interest of around \$1 Billion investment

2017年開催の投資サミットでの日本人投資家のコミット額は、約10億ドル

Total trade Deficit :(2017/18): USD 67.12 Million

Major exports USD 10.37 million (2017/18) : pashmina products, ready-made garments, woolen goods, carpets, handicrafts, Nepali paper and paper products, leather goods, and silverware and ornaments.

Major imports USD 77.5 million (2017/18) : vehicles and spare parts, electronic goods, machinery and equipment, iron and steel products, photographic goods, medical equipment and fabric.

Tourist visiting Nepal 2017 : approx. 28000 Japanese visited Nepal.

Exchange rate : 1 JPY= 1.02 NPR

Source : Ministry of Culture, Tourism & Civil Aviation, Department of Industry, Department of Customs and Embassy of Japan in Nepal



Energy, Health, Tourism, Manufacturing & Infrastructure
エネルギー、健康、観光、製造、インフラ



Kaligandaki 'A' Hydroelectric Project (SHYANGJA) (1996)



Establishment of TU Teaching Hospital (1981 and 1982)



Udayapur Cement Plant Project (UDAYAPUR) (1987)



Tanahu Hydropower Project (2012)



National Tuberculosis Center (1987)



Company in Nepal:
TOWA Engineering Nepal Pvt. Ltd



Company in Nepal:
Hotel Himalayan (4star hotel)

Energy, Health, Tourism, Manufacturing & Infrastructure



Koteshwor : Bhaktapur Highway



Nagdhunga Tunnel



Sindhuli Road (2015) BP Highway.



Project for the Construction of Public Facilities



Company in Nepal:
TOWA Engineering Nepal Pvt. Ltd



Company in Nepal: Miracle Interface
Pvt. Ltd

Investment Approving Agencies

外国投資承認機関

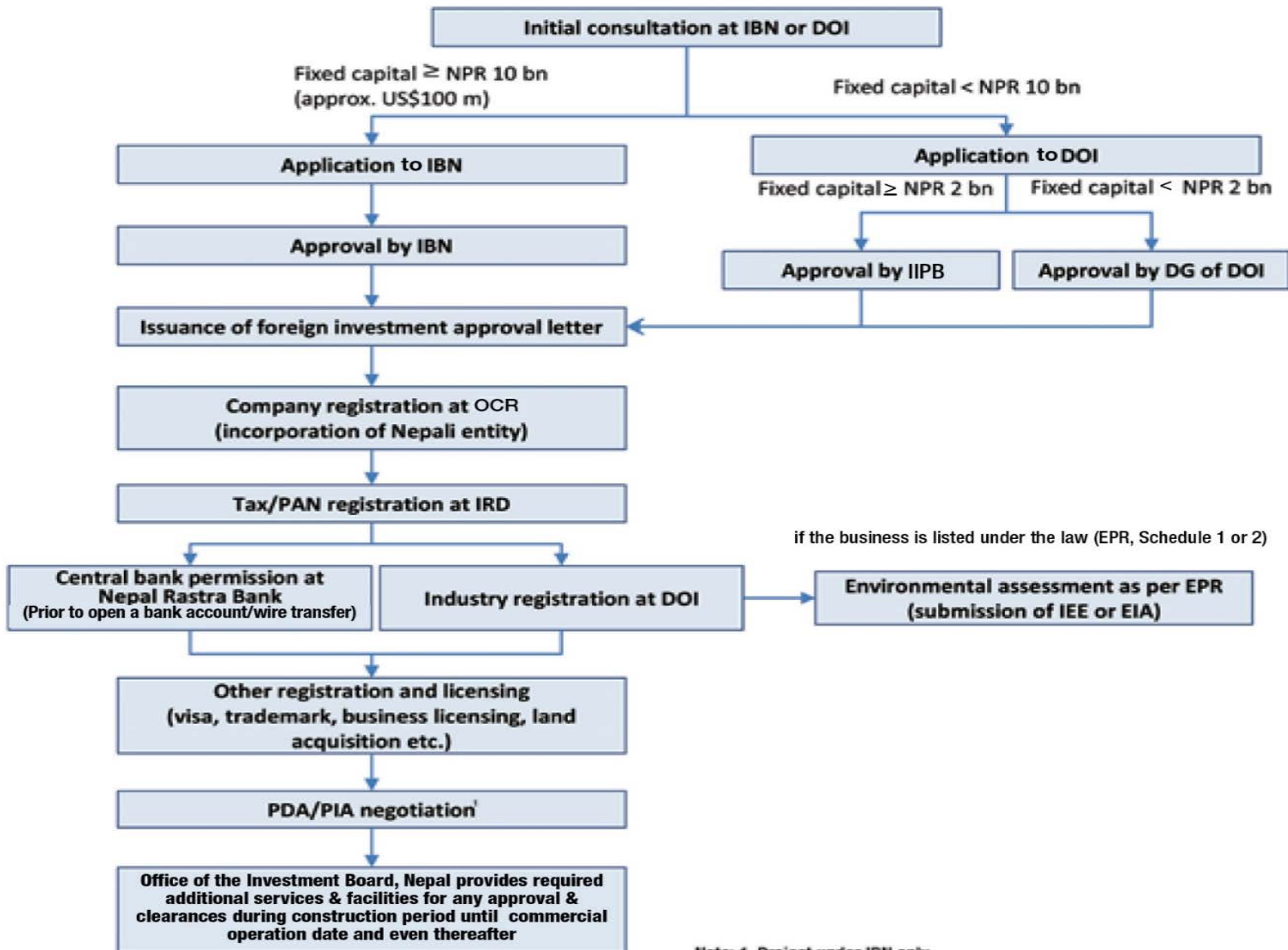


Government of Nepal

INVESTMENT SIZE (FIXED CAPITAL) 投資規模(固定資本の額)	APPLICATION AT 投資規模(固定資本の額)	APPROVAL AGENCY 投資規模(固定資本の額)
> & Equal to NPR 10 BN (APPROX USD 100 M) 100億ルピー(1億USD相当)以上	INVESTMENT BOARD NEPAL (IBN) ネパール投資庁	INVESTMENT BOARD NEPAL (IBN) ネパール投資庁
< & NPR 10 BN > Equal to NPR 2BN (APPROX USD 20 M) 20億ルピー(2千万USD相当)以上、100億ルピー(1億USD相当)未満	DEPARTMENT OF INDUSTRY (DOI) 産業省産業局	INDUSTRIAL AND INVESTMENT PROMOTION BOARD (IIPB) 投資促進庁
< 2 BN (APPROX 2 BN) 20億ルピー(2千万USD相当)未満	DEPARTMENT OF INDUSTRY (DOI) 産業省産業局	DIRECTOR GENERAL OF DOI 産業局局長



Government of Nepal



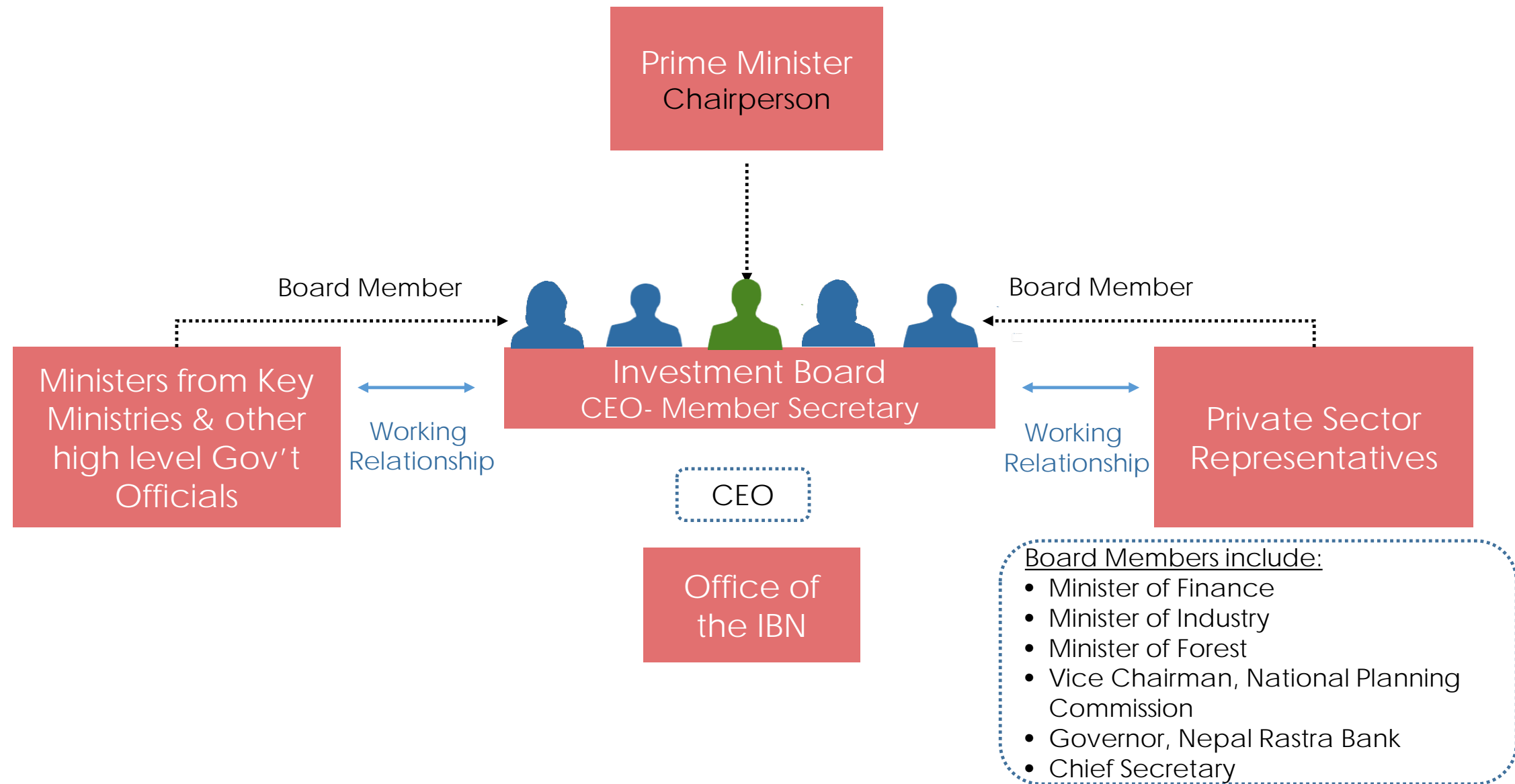
if the business is listed under the law (EPR, Schedule 1 or 2)

Note: 1. Project under IBN only



About

Investment Board Nepal ネパール投資庁について



IBN's Major Ongoing Projects

IBNの進行中の主なプロジェクト



Hydropower Project

Upper Karnali Hydropower Project

アッパーカルナリ水力発電プロジェクト

Capacity: 900 MW

Location: Dailekh & Surkhet District, Province 6 & Achham of Province 7

Total Project Cost (USD): 1.16 Billion

Status: MoU between Developer & NTPC Vidyut Vyapar Nigam Limited (NVVN) for onward sale of entire saleable power (792 MW) has been completed; Generation license has been issued.

Cement Project

Huaxin Cement Narayani Project

フアシン・セメント・ナラヤニプロジェクト

Capacity: 3000 TPD

Location: Dhading District (plant site & mine site) Province 3;

Total Project Cost (USD): 140 Million

Status: Land acquisition

Solar Project

Dolma Fund Management (Solar Project)

ドルマファンドマネジメント(ソーラープロジェクト)

Capacity: 170 MW (150 MW Solar power + 20 MW Battery (Phase I))

Location: Mustang district, Gandaki Province

Total Project Cost (USD): USD 200 million

Status: Applied for survey license

Cable Car Project

Muktinath Cable Car Project

ムクティナートケーブルカープロジェクト

Location: Mustang District, Gandaki Province

Section: 6 section and in total 83.5 km

Total Project Cost (USD): 360 Million

Status: DPR study has been initiated



Arun III Hydropower Project

アルン3水力発電プロジェクト

Capacity: 900 MW

Location: Sankhuwasabha District, Province 1

Total Project Cost (USD): 1.04 Billion

Status: Construction phase



Hongshi Shivam Cement Project

ホンシシバムセメントプロジェクト

Capacity: 6000 TPD Phase I; 6000 TPD Phase III

Location: Nawalparasi District (plant site) Province 5;
Palpa District (mine site), Province 4

Total Project Cost (USD): 336 Million

Status: Production and Distribution of Cement



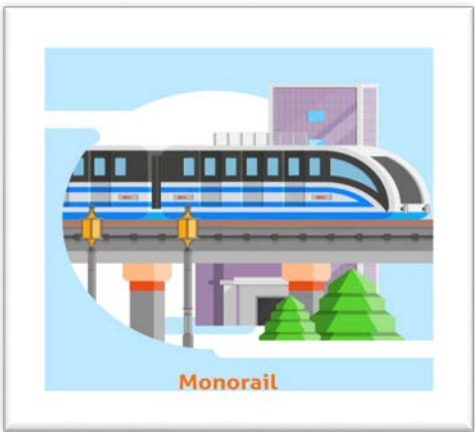
IBN Conducting Feasibility Study

IBNが実施したフイージビリティスタディ(F/S)



Conducting Feasibility Study Through IBN

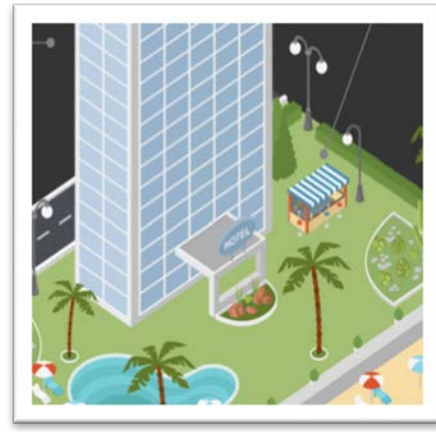
KATHMANDU VALLEY METRO カトマンズバレーメトロ



Sector : Transport

- **Line Agency:** Ministry Of Physical Infrastructure And Transport
- **Distance:** Dhulikhel-Nagdhunga approx 40 Kms (Connecting East-West Ktm)
- **RFP** evaluation initiated. 4/6 shortlisted companies submitted proposals to conduct the feasibility study of metro rail project
- **Time:** Study to be completed after 18 months of RFP award

SHEY-PHOKSUNDO NATIONAL PARK シックスフォクサンダ国立公園



Sector : Tourism

- Shey-Phoksundo National Park, spread over 3,555 sq. km. houses the Phoksundo Lake, one of the largest lakes in Nepal. Endowed with national beauty this is an ideal location for a luxury resort
- **Line Agency** : Ministry of Culture, Tourism and Civil Aviation
- EOI Published, Submitted and assessment for shortlisting ongoing to call RFP
- **Time:** Study to be completed after 6 months of RFP award

SKI RESORT MANANG スキーリゾートマナン



Sector : Tourism

- Situated in the Northern part of Nepal in the south of the Annapurna mountain. Manang is the ideal place in Nepal to set up a Ski Resort.
- **Line Agency:** Ministry of Culture, Tourism and Civil Aviation
- EOI Published, Submitted and assessment for shortlisting ongoing to call RFP
- **Time:** Study to be completed after 6 months of RFP award

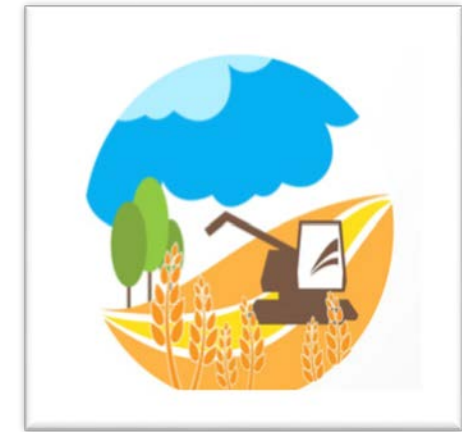
EDUCATION, HEALTH & SPORTS CITY 教育、健康、スポーツ都市



Sector : Education

- **Line Agency:** Ministry of Education
- EOI Published, Submitted and assessment for shortlisting ongoing to call RFP
- **Time:** Study to be completed after 6 months of RFP award

INTEGRATED AGRICULTURE PROGRAMME 統合農業プログラム



Sector : Agriculture

- Commercial farming, processing, livestock farming and processing
- **Line Agency:** Ministry of Agriculture Development
- EOI Published, Submitted and assessment for shortlisting ongoing to call RFP
- **Time:** Study to be completed after 6 months of RFP award





Sectoral Opportunities

セクターごとの投資チャンス



ENERGY
エネルギー



ROAD AND TRANSPORT INFRASTRUCTURE
道路と輸送インフラストラクチャ



TOURISM
観光



AGRICULTURE
農業



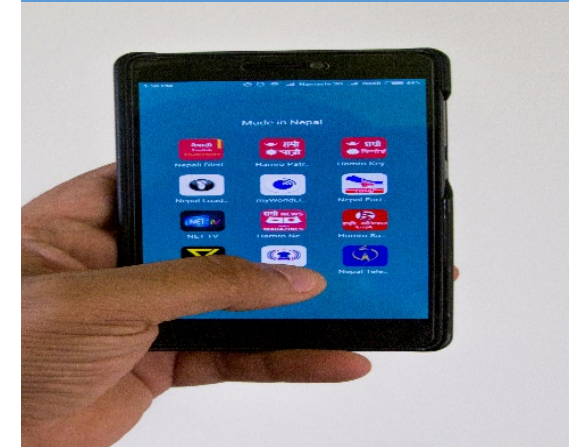
HEALTH AND EDUCATION
保健と教育



MANUFACTURING
製造



ICT
情報通信技術



Potential Projects for Japanese Investors

日本の投資家のための推奨プロジェクト

HYDROPOWER PROJECTS

水力発電プロジェクト



Karnali Chisapani (10,800 MW) カルナリ・チサパニ
Project Location: Chisapani
Project Cost (USD): 6,808 million approx.
Form of Investment: Public-Private Partnership

Aadhi Khola (180 MW) アディ・コリア
Project Location: Syangja District
Form of Investment: Public-Private Partnership

West Seti Hydropower Project (750 MW) ウェストセティ水力発電プロジェクト
Project Location: Doti, Dadeldhura, Bajhang & Baitadi
Project Cost (USD): 1.75 Billion approx.
Form of Investment: Public-Private Partnership

Tamor Storage Hydroelectric Project (762 MW) タモール貯水型水力発電プロジェクト
Project Location: Terhathum, Taplejung and Panchhar
Project Cost (USD): 1.35 billion approx.
Form of Investment: Public-Private Partnership

Nalsing Gad Storage Hydroelectric Project (410MW)
ナリングガッド貯蔵水力発電プロジェクト
Project Location: Jajarkot District
Form of Investment: Public-Private Partnership

Lower Seti (140 MW) ロウアーセティ
Project Location: Tanahu District
Project Cost (USD): 220 million approx.
Form of Investment: Public-Private Partnership

TRANSPORT PROJECTS 輸送プロジェクト



Second International Airport 第2国際空港
Project Location: Nijgadh, Bara District, Province.2
Project Cost (USD): 1.21 billion approx.
Form of Investment: Public-Private Partnership

Expansion of East West Highway 東西高速道路の拡張
Project Location: from Mechinagar in the east to Bhim Datta in the west.
Distance (Km): 1028
Form of Investment: Public-Private Partnership

Interstate and Intrastate Transportation Project 州間および州内輸送プロジェクト
Possible Location: Gandaki Province: Pokhara, Baglung Bazar, Kusma, Gorkha Bazar, ...
 Province 7: Possible Location: Dhangadhi, Mahendranagar, Dipayal, Dadeldhura, ...
 Province 1 Possible Location: Bhojpur, Dhankuta, Ilam, Bhadrapur, Biratnagar, Gaighat,..
Project Cost (USD): 10 million approx.
Form of Investment: Public-Private Partnership

Dhangadhi Regional International Airport ダンガディ国際空港
Project Location: Dhangadhi, Kailali District, Province.7
Project Cost (USD): 150 million approx.
Form of Investment: Public-Private Partnership

Tunnel Transport トンネル輸送
Project Location: Kathmandu District, Province. 3
Form of Investment: Public-Private Partnership

Kohalpur Surkhet Highway コハルパール・サーケット・ハイウェイ
Distance (Km): 108.0 Km
Form of Investment: Public-Private Partnership

Potential Projects for Japanese Investor

AGRICULTURE PROJECTS 農業プロジェクト



Organic Fertilizer Industry Project
 有機肥料産業プロジェクト
Basic Features : Fertilizers manufactured from plant or animal residues or mixtures thereof
 Fulfilling unique requirements to quality as organic fertilizer
Project Cost (USD): 20 million approx.
Form of Investment: Public-Private Partnership/ Blended Financing

Herbal Production, Collection and Processing Project
 ハーブの生産、収集および加工プロジェクト
Basic Features : Production and Processing facility of herbs
 Collection centers
Project Cost (USD): 20 million approx.
Form of Investment: Public-Private Partnership/ Private Investment

Meat Processing Industry 食肉加工産業
Project Location: Butwal, Rupandehi District, Province 5
Project Cost (USD): 20 million approx.
Form of Investment: Private Investment

TOURISM PROJECTS 観光プロジェクト



Swargadwari Cable Car Project
 スワルガドワリケーブルカープロジェクト
Project Location: Province 5; Mahabharat Range; Elevation 2,100 m (6,890 ft)
Project Cost (USD): 66 million approx.
Form of Investment: Public Private Partnership

Khaptad Integrated Tourism Development Project
 Khaptad総合観光開発プロジェクト
Project Location: 4 districts (Bajura, Achham, Bajhang, Doti) Province. 7.
Source of Investment : Public Private Partnership

Gosaikunda Integrated Tourism Project ゴシクンダ総合観光事業
Project Location: Rasuwa District, Province 3
Basic Features : Gosaikunda Lake is one of the most famous religious and pilgrimage sites of Nepal and located at an altitude of 4,380 m (14370 ft.) and surrounded by peaks in Langtang National Park in Rasuwa District with a surface of 13.8 ha (34 acres)
Project Cost (USD): 176 million approx.
Form of Investment: Public Private Partnership

Potential Projects for Japanese Investor

ICT & COMMUNICATIONS 情報通信技術



Strategic Investment Partner in Existing Agency
 既存機関の戦略的投資パートナー

Basic Features : Communications service provider
 Intelligent network service (IN service)
 Internet service provider (ISP)
 Service layer
 Value-added service

Form of Investment: GoN to GoN or Public Private Partnership

MANUFACTURING 製造



Upgradation & Modernization of existing Udhaypur Cement
 既存のウダイプルセメントのアップグレードと近代化

Form of Investment: Public Private Partnership

HEALTH PROJECTS 健康プロジェクト



Lumbini Maternity Centre Project
 ルンビニマタニティーセンタープロジェクト

Basic Features : World class international specialist maternity hospital to service the needs of the local, regional and international communities
 Health infrastructure (including operating rooms, accommodation for in-patients)
 Retail spaces
 Health Education and Training Center
 Leisure facilities

Project Cost (USD) : 100 million
Form of Investment: Public Private Partnership

Some Important Facts: いくつかの重要な要因:

Company Registration upon Investment Approval- Online registration.
投資承認時の会社登録 - オンライン登録。

Private Land acquisition on Company Name. Govt land on lease.
私有地は会社名で取得することができます。政府の土地をリースすることができます

Non-tourist Visa to Investor and all foreign staff workers
投資家および外国人スタッフ全員に対する非観光ビザ

One window service for the Foreign investor from IBN & DOI
IBN & DOIから外国人投資家へのワンウィンドウサービス

All most all sectors are open for FDI. 100 % Foreign Ownership is allowed
ほぼすべてのセクターはFDIに開放されている。100%外国人所有権が許可されています

Some Important Facts:

- Markets for product including power market 電力市場を含む製品市場
- Cheap labor with Demographic dividends 部門ごとに適応する安価な労働
- Attractive returns in most business ほとんどのビジネスで魅力的なリターン
- Political commitments for FDI FDIのための政治的コミットメント
- Policy consistency and predictability ポリシーの一貫性と予測可能性
- Repatriation of dividend, royalty, principal, interests, and capitalized value of its investment. 配当金、ロイヤルティ、元本、利息、および投資の資産価値の帰還。
- Protection from the change in law. 法律の変更からの保護。

NEPAL INVESTMENT SUMMIT 2019

ネパール投資サミット2019

Proposed dates: During March 25---29: Two days

提案日：3月25日～29日：2日間

To be jointly organized by

✓ Investment Board Nepal , Ministry of Finance, Ministry of Industry, Commerce and Supplies

ネパール投資庁, 財務省, 産業商務省

✓ And in partnership with other government agencies, private sector organizations development partners

他の政府機関、民間セクター組織、開発パートナーとのパートナーシップ

Objective

- Present projects ready for investment to potential investors
- Present the initiatives taken by the government to reform policies and procedures to make doing business in Nepal more investor friendly

Target Audience

- Investors (Foreign, Domestic and NRN)



Thank You for your kind attention!
ご静聴ありがとうございました

MAHA PRASAD ADHIKARI
Chief Executive Officer
INVESTMENT BOARD OF NEPAL
mpadhikari@ibn.gov.np

