25/04/2024

Press Release

Development Finance Institutions committed to increase investments in Nepal

Kathmandu 25 April 2023: The Second DFI Mission in Nepal, started on April 23, 2024, concluded today with a commitment to explore investment opportunities in Class B Banks, Micro-Finance Institutions, and Digital Financial Service Providers, following productive deal facilitation sessions held during the three-day mission. During a meeting with Finance Minister Barsha Man Pun yesterday, DFI representatives received assurance of the government's commitment to facilitating foreign investments. In this regard, the Finance Minister highlighted several amendments made earlier this week to laws aimed at simplifying foreign investments.

"The agendas linked to challenges to ease investments by Development Finance Institutions are gradually being addressed by the government, which is a positive sign to mobilise local saving and attract foreign investments. The recognition of DFIs as development and economic growth partners by the government is very encouraging for our investments" said Jörg Frieden, Chairman of the Board, of the Swiss Investment Fund for Emerging Markets (SIFEM).

The DFI Mission, organised by Invest for Impact Nepal, was attended by 14 Development Finance Institutions and Impact Investors from the United States, Europe, and the United Kingdom and Multilateral Agencies such as the IFC. The mission's primary focus was on accelerating DFI investments in Nepal's financial service industry beyond Class A Banks. During the mission, DFIs delegates also had meetings with the Finance Secretary, Madhu Kumar Marasini and Nepal Rastra Bank's Governor Maha Prasad Adhikari and the Deputy Governor, Bam Bahadur Mishra, to discuss on the execution of the Memorandum of Understanding between the Nepal Government and Development Finance Institutions signed in October 2023 and the issues related to easing entry and exits for DFI investments, respectively. Representatives of the Nepal Bankers' Association and DFIs also explored opportunities to scale up Nepal's Financial Service Industry and the role of DFIs to promote sustainable financing.

Note to Editors

- The First Development Finance Institutions (DFI) Mission in Nepal was held in April 2023.
- The Government of Nepal - Ministry of Finance and Development Finance Institutions signed a Memorandum of Understanding on 31st October 2023. The MoU outlines an agreement to enhance the inflow of private capital investment from DFIs into Nepal, the need for transformative investments to achieve UN SDG goals, to foster favorable investment climate, and transfer of technical know-how and knowledge to enhance Nepal's competitiveness.
- Nepal Rastra Bank in its amendment to the Foreign Investment and Foreign Loan Management Bylaws -2080 (February 2024), has recognised DFIs as a category of investors (government/inter-government owned institutions).
- The DFI Investments in Nepal from 2008-2023 has amounted to $1.1 billion with the financial sector comprising for 59% of the total. Remarkably, between 2021 and 2023, the financial sector attracted $629.9 million investments from DFIs.
- Attendees of the second DFI Mission included Asian Development Bank (ADB), British International Investment plc (BII), Société Belge d'Investissement pour les Pays en Developpement (BIO), Nederlandse Financierings Maatschappij voor Ontwikkelingslanden nv (FMO), Swiss Investment Fund for Emerging Markets (SIFEM), Deutsche Investitions- und Entwicklungsgesellschaft (DEG), Finnish Fund for Industrial Cooperation (FINNFUND), International Finance Corporation (IFC), U.S. International Development Finance Corporation (DFC), Japan International Cooperation Agency (JICA), MicroVest, DAI Capital, responsibility and Symbiotics.

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