

Panel Discussion:

Investing in Nepal – Experiences and Suggested Improvements (50 minutes)

Moderator: Sashin Joshi, CEO, Nabil Bank

Format:

- Introduction (5 minutes): Moderator invites 5 panelists with a brief introduction, sets the ground rules and summarizes the key elements and expected outcomes of the discussion
- Opening Remarks by panelists (5 minutes each): Free format --- to focus their Nepal experience and major challenges faced / successes achieved
- Questions (2-3 minutes each): 1 or 2 questions to the panelists by the moderator
- Q&A with audience (10 minutes)
- Wrap up by moderator

Possible questions for the panelists (not necessarily in same order). Questions could be different depending on the opening remarks of the panelists :

➤ **Allard Nooy (Infraco Asia) ---**

- Infraco Asia has experience of investing in power projects in Pakistan, Vietnam and Sri Lanka. If there were a few regulatory changes Nepal could make for attracting FDI by emulating some of the good ones in these countries, what would they be?
- Is the current power off-take price (~ 6 US cents) in Nepal attractive enough bring in large investments? If not, what would be right price point?
- What was the biggest challenge you faced in getting approvals? What suggestion do you have for cutting the red tape?

➤ **RN Mishra (SJVN Ltd) ---**

- Arun III is the largest power project being undertaken in Nepal till date and one of the few for which a Project Development Agreement has been signed. What were the key elements in your negotiation that ensured the successful outcome?
- Many power projects in Nepal have stalled resulting in both time and cost escalations primarily due to political disturbances and unreasonable expectations of the local community. How will SJVN mitigate these risks? Did you face similar problems when implementing projects in India?

➤ **Stephan Barbeau (IFC) ---**

- Nepal's hydro power potential can be tapped fully only if there is free market access with and full market integration with India. Is this a pipe dream? What needs to be done?
- With India giving a major push to renewables like solar and wind supplemented by cheaper gas-based and nuclear plants and power exchange prices expected to come down significantly over the next few years, will export of power from Nepal-based large hydro power plants be still viable in the long run?

- Based on your knowledge of global practices, what would be the best way to award development licenses for hydro power projects?
- **Bidhya Sigdel (Dolma Fund) ---**
 - What is the biggest hurdle in attracting private equity in Nepal? What's your suggestion on removing the bottlenecks?
 - Can you share any success story of Dolma Impact Fund in other countries?
- **Dr. Sandip Shah (Statkraft) ---**
 - Recently SN Power gave up its license for the development of the 650 MW Tamakoshi III power project despite having invested so much time, energy and money. Was the question of viability – due to uncertain power off take and low off take price --- the critical concern or were there other issues?
 - You have been extensively involved in the development of power projects in Nepal including the first two privately developed projects with foreign investments Upper Bote Koshi and Khimti in the 1990's. Two decades later, there is still a huge power deficit in the country. Who is to be blamed? Have we learnt our lessons? What needs to be done?
 - If you were to suggest 3 regulatory changes with a view to attracting more FDI in power, what will they be?