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Accessing Private Equity and Venture Capital Investment in Nepal

PFAN-Asia



Sujan Paudel
PFAN-Asia Country Coordinator

CTI-PFAN operates to bridge the gap between
INVESTMENT and **CLEAN ENERGY BUSINESS**



7 Regional Networks

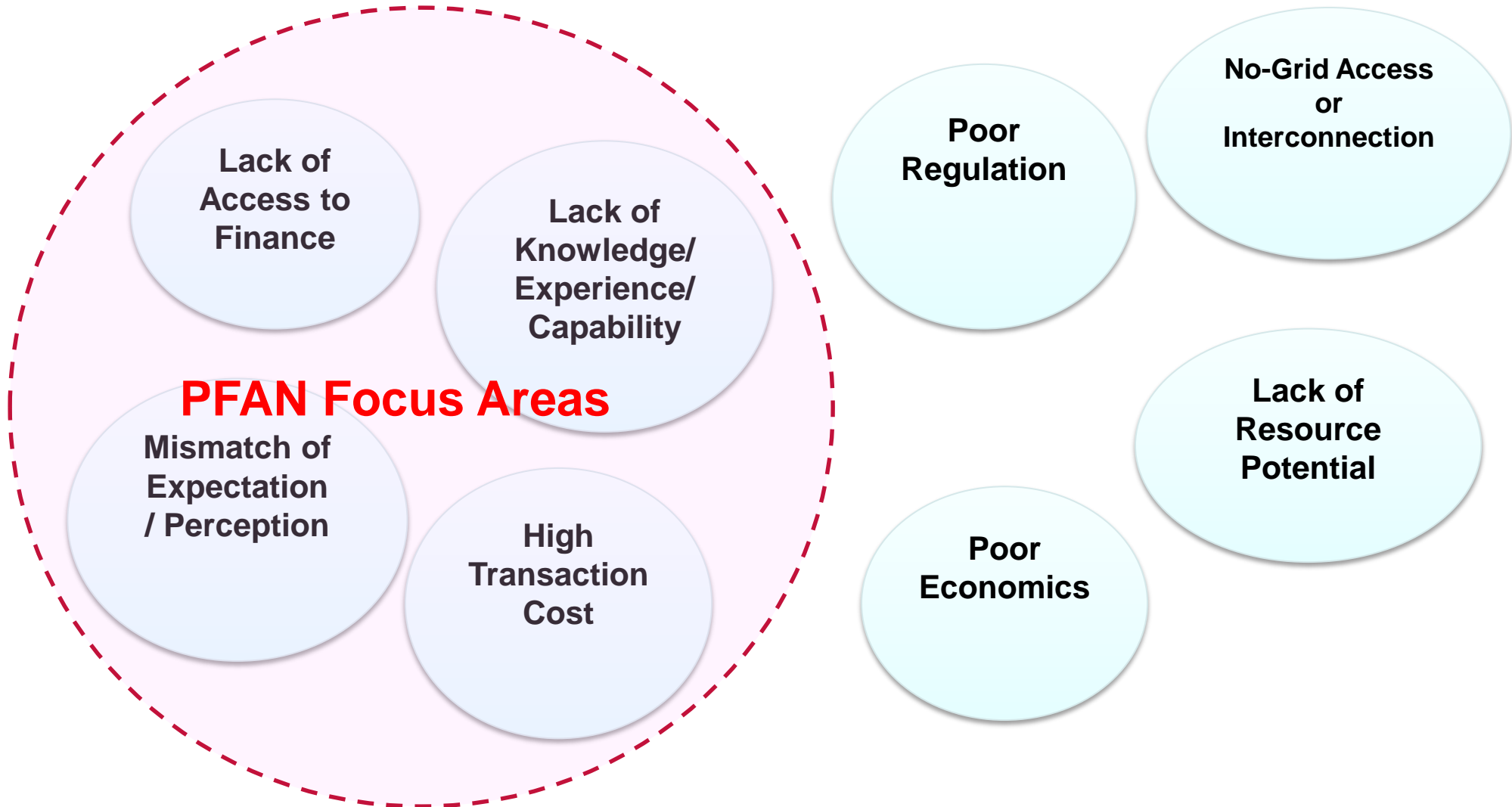
1. PFAN-Asia
2. PFAN Latin America
3. PFAN Central America & Caribbean
4. PFAN West Africa
5. PFAN East Africa
6. PFAN South Africa
7. PFAN CIS & Central Asia

- Key activities are carried out by the regional PFAN Coordinators
- > 90 Network Members
- Resource Partners
 - Broad Ranging MoU for business development, outreach, project introductions and mutual support

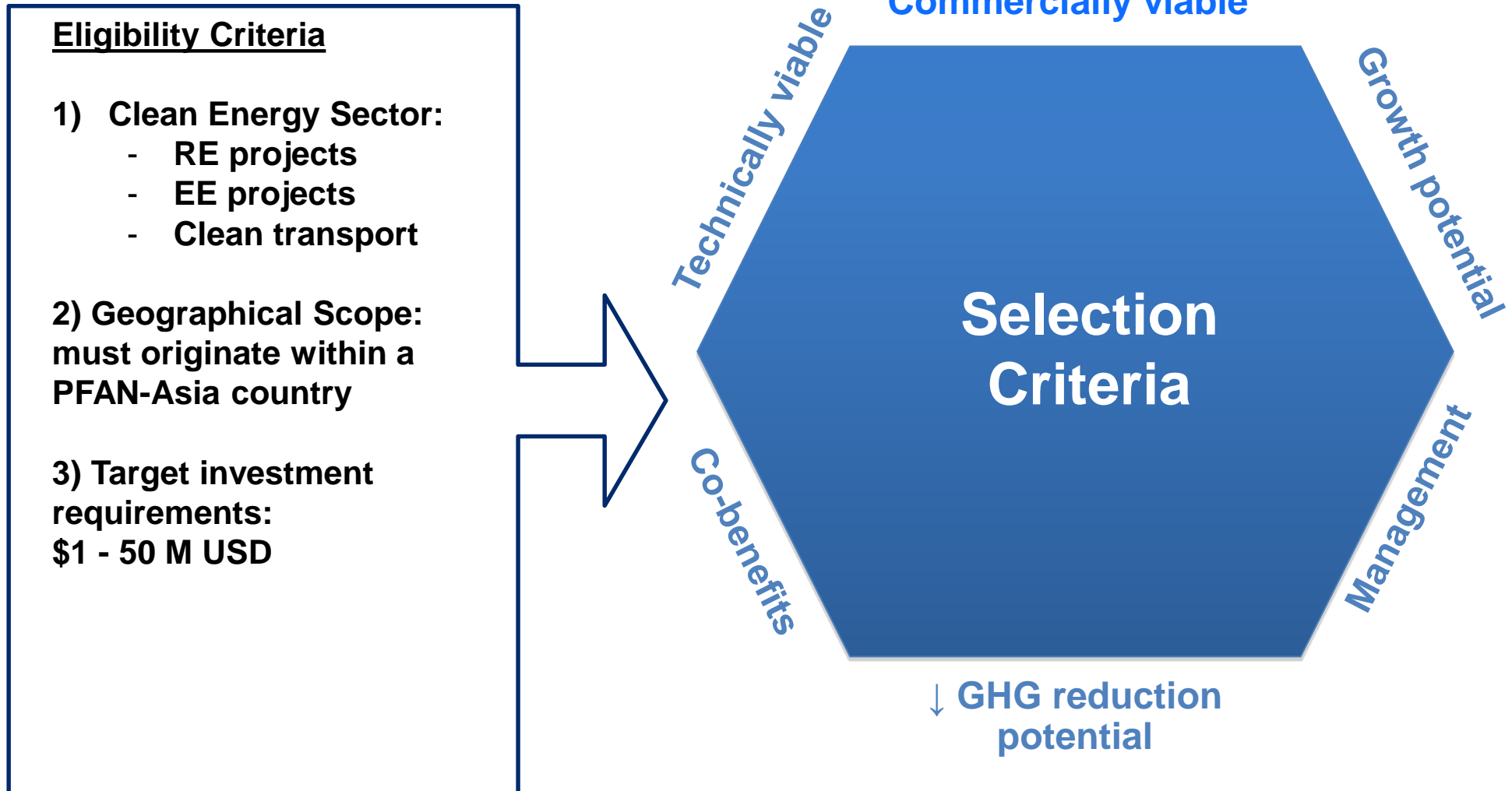
PFAN-Asia program

- Funded by USAID to serve as a regional operation and to strengthen CTI PFAN activities in Asia.
- 5 Years: August 2013 - August 2018
- Mandated for 12 developing countries in Asia (**Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Vietnam, Bangladesh, India, Maldives, Nepal and Sri Lanka**).
- Goals:
 1. Mobilize \$1 billion in clean energy investment
 2. Reduce GHG by 40 million tons of CO₂e
 3. Make a sustainable platform to run PFAN-Asia
- Implemented by Deloitte Consulting, SSG Advisors, DFDL and Tetra Tech

PFAN Addresses a Subset of the Many Obstacles Facing RE Projects



PFAN-Asia Program: evaluates projects for support along six dimensions



PFAN Offers Four Primary Modalities of Support for Program Participants

PFAN-Asia Service	Service Offering Description	Key Outputs / Deliverables
1) Investment Readiness Assessment	<p>A thorough review of the existing business plan and related documents by a suitable expert, identified by PFAN and mutually agreed upon, in an effort to uncover key gaps and other necessary actions that need to be undertaken in order to initiate/advance discussions with potential investors.</p>	<ul style="list-style-type: none"> • Completed investment readiness assessment • Action plan and timeline
2) Strategic Advisory and Mentoring	<p>Through the support of a PFAN-assigned mentor, participants will receive strategic advisory and guidance on the preparation and refinement of key documents necessary for effective investor outreach. This may also include introductions to outside resources, partners, and other individuals and organizations that might be beneficial in accelerating and supporting business development.</p>	<ul style="list-style-type: none"> • Revised Business Plan • Revised Executive Summary • Revised Teaser sheet
3) Investment Promotion and Outreach	<p>Once the key documentation has reached a ready-state, PFAN will leverage its resources to promote the investment opportunity through its own investor network, as well as identify other potential investors outside of it.</p>	<ul style="list-style-type: none"> • List of potential investors • Introductions to investors • Term sheet
4) Tipping Point Assistance	<p>Targeted assistance that can meaningfully address obstacles that are preventing a stage or tranche of financing to occur, which may include co-financing: feasibility studies, scalable proof-of-concepts, ESIA, impact assessments, etc.</p>	<ul style="list-style-type: none"> • Variable, depending on needs and situation

- Early stage development tools like PFAN are important
- Access to Deal Pipeline for Investors
- Direct Access to Investors for Developers
- Credibility
- Network Benefits
 - ♦ On the ground Local Knowledge / We know what works
 - ♦ Global Leverage
- Risk Reduction through targeting of key risk points
- Reduction of Transaction Costs for all parties
- Resource Optimization
- Accelerated Development Progress

	Private Equity	Venture Capital
Investment Type	Invest across all industries	More focused on IT, bio-tech and cleaner technology
Stake	Usually majority	Usually minority
Investment Size	Large	Generally smaller
Investment Stage	Mature companies	Early stage companies

- Capital markets are not very mature in Nepal
- Alternative source of funding
- Infrastructure and energy projects need massive equity
- ‘Capital plus’ approach
- Invest in ‘idea’ than track record
- Enhances liquidity
- Adds credibility
- To develop entrepreneurship approach



- Few PE and VC already operating in Nepal
- Infancy stage
- Small portfolio
- Has potential to grow

Why Lack of PE and VC Investments in Nepal?

- Political instability
- Lack of government support for PE and VC
- Inadequate deal flow
- Lack of market innovation
- Entrepreneur's risk taking attitude
- 'Stealth mode startup'
- Difficult to exit
- Lack of skilled man power
- HNIs and groups are happy in traditional form of investment

- Tax incentive
- Active government involvement
- Better exit policies
- Make available better pool of investment avenues
- Better corporate governance
- Better regulatory framework

- Can help PE and VC firms find attractive projects

Contact Information

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For further information, please visit www.cti-pfan.net

Thank you