Brainstorming Consultation on Diaspora Engagement for Employment Creation and Sustainable Development

Ministry of Youth, Labour and Employment, and the International Organization for Migration (UN Migration Agency - IOM)

INVESTMENT OPPORTUNITIES IN NEPAL

Organized by
Ministry of Youth, Labour and Employment, and the International Organization for Migration (UN Migration Agency - IOM)
3-5 JULY 2026

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BRIEFING ROADMAP

What This Briefing Covers

THE OPPORTUNITY

Nepal's Diaspora Opportunity, at a Glance

7M+

Nepalis abroad, across 112 countries — one of the world's largest diaspora-to-population ratios

~29%

of GDP comes from remittances (Rs 12.6B, in 11 months of FY 2025/26) — among the highest ratios globally

<$120M

in annual FDI — a fraction of what comparable remittance economies attract in investment

$3–6B

in diaspora capital mobilizable per year under a reformed investment ecosystem

Target: a USD 100 billion economy by 2030 — the diaspora's capital, skills and networks are central to closing the annual USD 5–6 billion financing gap.

Source: FDI, Remittances & Diaspora Engagement Policy Report (N.R.N. Nepal Development Fund, May 2026)

REGIONAL PRACTICE

What India, Bangladesh, Sri Lanka & Thailand Do Differently

Dimension	India	Bangladesh	Sri Lanka	Thailand
FDI facilitation	NSWS digital one-stop (DPIIT)	Bangladesh Investment Development Authority (BIDA) one-stop service	Investor Facilitation Centre Board of Investment (BOI)	FastPass System (2025) — 20–50% faster 'Quick Big Win' policy,
Diaspora status	OCI Card (4.3M+ issued)	Non-Resident Bangladeshi status	Dual citizenship	Long-Term Resident visa
Diaspora bonds	NRE/FCNR accounts, sovereign bonds	Wage Earner Development Bond, USD bonds	Limited instruments	Territorial tax system
Flagship engagement	Pravasi Bharatiya Divas (biennial)	Probashi Divas	Diaspora investment forums	N/A
FDI inflow (latest)	**USD 81.0B (FY24-25)**	**USD 1.27B (2024)**	**~USD 1B (2024)**	**~800B baht approved (2025)**

Nepal's parallel: ~7M NRNs generate Rs 19.1B in remittances (29% of GDP) but under USD 120M in FDI — the structural gap this briefing addresses.

Diaspora & Investment Commitments in the National Budget

Diaspora Development Bond

Annual issuance of NPR 100 billion in diaspora Rupee denominated forex bonds — SEBON-approved bonds, debentures & equity via NRN Nepal Development Fund

Clean Energy Bond & Offshore Bond

Sovereign clean-energy bond alongside an offshore bond issued in Nepali currency in international markets, plus hedging services against forex risk.

Motherland Fund (Matribhumi Kosh)

New sovereign wealth fund to channel reserves into strategic assets, including AI infrastructure and fuel-security stockpiles.

FITTA & Repatriation Reform

Foreign Investment Act amended to remove NRB prior approval for profit/capital repatriation; NRNs enabled to trade in the secondary securities market.

Diaspora Expert Network & Knowledge Bank

Structured platform linking NRN capital, skills and technology to national development priorities.

"Supreme Angel Investor" Status

NRNs formally recognized as Special Nature Investors, with fast-track access to infrastructure and production-oriented projects.

Source: GoN Budget Speech FY 2083/84 (Hon. Finance Minister Dr. Swarnim Wagle, May 29, 2026); Kala Legal, Nepal Budget 2026-27 Analysis; National Commitment 2026

Five Focus Areas Shaping the Investment Climate

Energy & Technology

- NEA split into 3 companies (generation, transmission, trading)
- Sovereign AI Computing Centre, Syuchatar
- Cross-border private electricity trading
- Clean Energy & Diaspora bond issuance

Agriculture Revival

- 40% capital subsidy for commercial farmers (up to Rs 2 crore)
- 80% premium subsidy on crop & livestock insurance
- Agriculture Bill introduced in Parliament

Infrastructure & Connectivity

- Roads to all district HQs within 5 years
- Hybrid annuity model for infrastructure financing
- Growth Poles & Regional Quads strategy

Investment Climate

- 'Investment Express' one-stop clearance
- Company law, FITTA & insolvency law reforms
- Commercial dispute arbitration tribunal

Tourism & Trade

- Visit Nepal Year 2085 & Wellness Year 2027
- High-value resort & wellness tourism push
- Civil Aviation Authority restructured for EU compliance

Investment Opportunities in Nepal

Priority Sectors • Investment Facilitation Mechanisms • Public-Private Partnership Opportunities • Diaspora-Focused Investment Windows

Where Nepal's Comparative Advantage Meets Diaspora Capability

Energy & Hydropower

30,000 MW generation target within a decade; NRN Hydropower Investment SPV targeting a USD 300M initial raise; take-or-pay PPAs and cross-border trade open new entry points.

IT, Digital Economy & AI

Declared a national strategic industry; Sovereign AI Computing Centre under development; NRN Technology Investment Zones offer a 10-year tax holiday; USD 1B+ IT export target.

Infrastructure & Connectivity

Rs 268B allocated; Hybrid Annuity Model and Mission Mode delivery for national pride projects; Growth Poles anchor rural-urban PPP investment.

Where Nepal's Comparative Advantage Meets Diaspora Capability

Agriculture & Agro-processing

40% capital subsidy for commercial farms; 80% insurance premium subsidy; agro-processing zones and contract farming policy open supply-chain investment.

Tourism & Wellness

Visit Nepal Year 2085 and Wellness Year 2027; high-value resort development; religious-cultural circuits (Lumbini, Pashupatinath, Muktinath) seeking diaspora-anchored capital.

Health & Education

Rs 75B health + Rs 120B social security allocation; telehealth expansion; fast-track licensing pathways proposed for NRN medical and academic professionals.

Making It Easier to Invest, Approve and Repatriate

'Investment Express' One-Stop Clearance

New flagship FY 2083/84 reform: automated, single-window clearance for investment approvals across agencies.

Digitalized IBN Approval Portal

Investment Board Nepal portal with real-time tracking; a 30-day approval Service Level Agreement (SLA) targeted for standard NRN investment applications.

FITTA Threshold & Repatriation Reform

Proposal to cut the NRN minimum investment threshold from NPR 20M to NPR 5M; NRB prior approval for repatriation removed under the FY 2083/84 budget.

Company Law & New LLP Law

Company Act amended for clarity on conflicts of interest and dissolution; new Limited Liability Partnership law enables venture capital and angel investment structures.

Commercial Dispute Arbitration Tribunal

Dedicated tribunal for investor disputes, alongside a proposed independent NRN Investment Ombudsman for grievance redress.

Diaspora Investment Management System (DIMS)

Dedicated digital channel routing NRN investment approvals under the NRN Act, FITTA and Industrial Business Act, National ID and Rights under NRN Citizenship.

Where Government Is Actively Inviting Private Capital

Hybrid Annuity Model

Activated for national infrastructure and 'Mission Mode' pride projects — private financing repaid through fixed annuity payments.

SOE Divestment & PPP Management

Direct divestment agreements planned for 7 state enterprises (incl. Gorkhali Rubber); Rastriya Beema Co & Bishal Bazaar shares offered publicly; Nepal Airlines to seek a strategic partner.

Energy Sector Restructuring

NEA unbundled into generation, transmission & trading companies; Take-or-Pay PPA model for new power purchase agreements; private cross-border electricity trade permitted.

Asset Monetization Pipeline (illustrative, GoN-identified)

Telecom	NTC — 30% stake	Rs ~ 76.7B
Banking	RBB / NBL / ADBL (partial)	Rs ~ 118B
Power generation	919 MW — 50% monetization	Rs ~ 137.9B
Stadiums & venues	Dasharath Rangasala, ANFA, Halchowk	TBD
Broadcast	Radio Nepal, NTV, Gorkha Patra	TBD
Roads, transport, airports	Rights-based lease model	TBD

Model: monetize usage rights, not ownership — assets revert to government at contract end.

Instruments Built Specifically for the NRN Investor

Diaspora Development Bond

NPR 100 billion annual target — SEBON-approved bonds, debentures & equity via NRN Nepal Development Fund, payable in foreign currency.

NDF & AIF Act Vehicles

NPR 10B (Nepal Development Fund Act) plus NPR 100B (Alternative Investment Fund Act) authorized for diaspora-channeled investment; up to 85% of an issuance reservable for NRNs.

NRN Secondary Market Access

FY 2083/84 legal amendment enabling NRNs to trade in Nepal's secondary securities market for the first time.

NRN Hydropower Investment SPV

Dedicated vehicle open exclusively to NRN equity, targeting a USD 300M initial raise with a proposed 5-year dividend tax holiday.

NRN Technology Investment Zone

Designated IT-park zones in Kathmandu & Pokhara offering a 10-year income tax holiday and duty-free hardware imports.

‘Supreme Angel Investor’ Recognition

NRNs formally recognized as Special Nature Investors with fast-track access to sports cities, research centers, health and cultural-tourism projects.

ROADMAP

NRN Investment Mobilization Milestones, 2026–2030

Phase 1 — 2026

Corrected NRN Bill passed; FITTA threshold lowered; Rupee denominated NRN savings accounts launched; **Diaspora Investment Authority (NDIA) established;** NRN Economic Ambassador Programme; **NDF operationalized**

Mobilization

USD 300–500M

Investor confidence baseline established

Phase 2 — 2027–28

Diaspora Development Bonds issued; NRN Technology Investment Zone activated; GCC double-taxation treaties signed; **digital IBN portal live**

Mobilization

USD 1.5–2.5B cumulative

GDP growth lift of 0.5–1.0pp; hydropower & IT momentum

Phase 3 — 2029–30

Full DTAA coverage; NRN Hydropower SPV operational; diaspora mutual funds scaled; mature private-sector-led investment ecosystem

Mobilization

USD 3–6B / year (steady state)

GDP target: USD 80–100 billion economy

A POLICY BRIEF · NON-RESIDENT NEPALI (NRN) RIGHTS

The Barriers

Rethinking property, investment, and citizenship rights for Nepal's global diaspora.

Property Rights

Investment & Business Rights

NRN Citizenship

01 Property Rights

The NRN Act, together with the FITTA and other legislation, should guarantee broad economic rights, including the right to:

Acquire & Manage Property

Acquire and manage movable and immovable property.

Purchase Land & Housing

Purchase land and housing for residential purposes.

Inherit Property

Inherit property in Nepal without restriction.

Transfer or Sell

Transfer or sell property legally.

WHY IT MATTERS

Reduces the legal uncertainty that previously discouraged diaspora investment.

02 Investment & Business Rights

The NRN Act, together with the FITTA and other legislation, should guarantee broad economic rights, including the right to:

Invest in All Sectors

Allow investing in all sectors of the economy.

Start & Operate Businesses

Start and operate businesses in Nepal as a Resident Nepali.

Open Bank Accounts

Open bank accounts in local or foreign currency.

Repatriate Capital

Repatriate capital and profits through the Automated Route.

WHY IT MATTERS

Aligns the NRN Act with FITTA, plus additional cultural and social privileges.

03 NRN Citizenship

NRN citizenship is intended to entitle Nepal's diaspora to:

Visa-Free Entry

Visa-free entry to Nepal.

No Residential Visa

No residential visa requirement.

Freedom to Travel & Reside

Freedom to travel and reside in Nepal.

CURRENT BARRIER

NRN citizenship remains unrecognized or inconsistently acknowledged by several authorities, limiting its effective implementation.

WHAT STILL NEEDS TO CHANGE

Structural Barriers & Priority Reforms

Persistent Barriers

- High NRN investment threshold (NPR 20M) classified as ordinary FDI
- No double-taxation treaties with the US, UK, Canada, Australia or Gulf states
- Incomplete NRN property rights on inherited land and business premises
- No dedicated diaspora investment authority — functions fragmented across ministries
- Bureaucratic delays: only 35.6% of the FY 2024/25 capital budget was executed
- 2082 NRN Bill risks rolling back the 2064 Act's investment tax exemptions and repatriation guarantees

Immediate Priority Reforms

- Restore capital-gains & remittance tax exemptions omitted from the 2082 NRN Bill
- Lower the FDI classification threshold for NRN investment to NPR 5 million
- Fast-track DTAAs, prioritizing GCC states (1.8M Nepali workers) and the US/UK
- Enact an NRN Property Rights Act with a voluntary-declaration amnesty clause
- Establish a Nepali Diaspora Investment Authority under the PMO or Finance Ministry
- Publish an Annual Diaspora Investment Report for transparency and accountability

Turning Diaspora Goodwill into Investment

For Government

- Enact the corrected 2082 NRN Bill before passage
- Operationalize the Diaspora Development Bond & NDF
- Digitalize IBN approvals with a 30-day Service Level Agreement (SLA)

For Diaspora Investors

- Engage via SEBON-approved NDF/AIF vehicles for scale and legal certainty
- Track sector-specific windows: hydropower SPV, tech zones, agro-tourism
- Use the NRN The Economic Ambassador and Expert Network channels for due diligence

For the Private Sector

- Co-invest through PPP and Hybrid Annuity structures in infrastructure
- Partner on asset monetization opportunities as they are tendered
- Build joint ventures anchored on returning NRN technical talent

Thank You

Nepal's diaspora is not merely a community abroad — it is Nepal's global economic power, ready to be integrated into the mainstream of national development.

N.R.N. Nepal Development Fund

nepaldevelopmentfund.com

Sources: FDI, Remittances & Diaspora Engagement Policy Report (May 2026) • GoN Budget Speech FY 2083/84 • Kala Legal Economic Outlook • National Commitment 2026