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Nepal's endeavors towards Startup Ecosystem 2024



Welcome to the presentation



MOUNT EVEREST



Nepal Delegates

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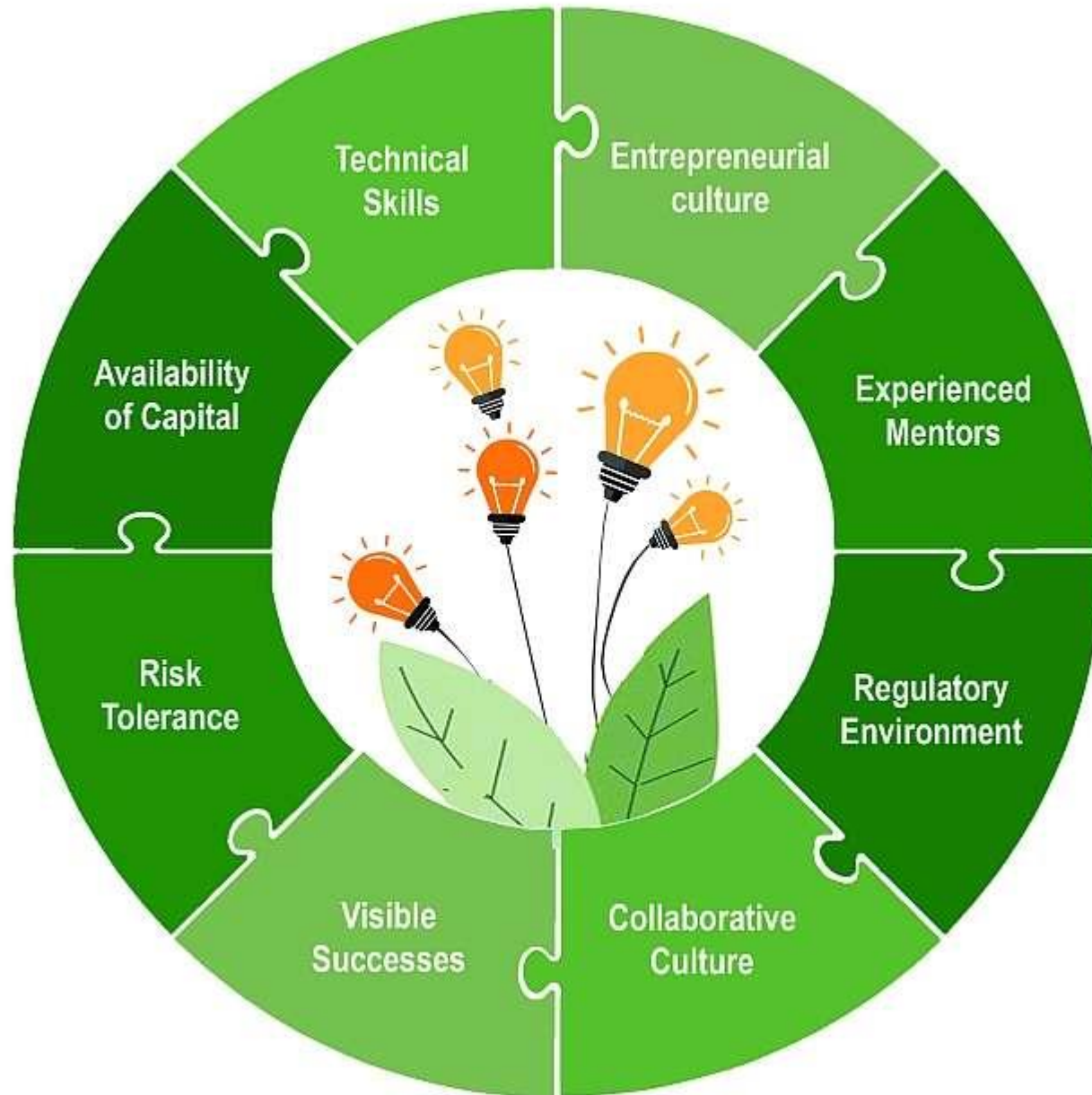
*Joint
Secretary*

Ministry of Finance

Introduction of ecosystem features:

- **Government of Nepal** is leading the Startups echo system- National Startup Policy is in place and there is progress in supporting the startups echo system
- **Private sector** is well involved and closely working with Government of Nepal . All the associations participate in the stakeholder meetings and provide their inputs- NYEF, CNIYEF, FNCCI, CNI, FWEAN, FNCSI etc
- **Academia-** Academia including the representatives from different universities are working. University Grant Commission (UGC) is supporting colleges for the startup ecosystem and providing funds, KU, TU etc
- **Development Partners-** UN agencies, multilateral and bilateral donors, Implementing partners, INGOs, NGOs and social activists are supporting these activities and few of them have shown their interest to design projects to support startups in Nepal
- **Technical partners:** PUM Netherlands

Startup Echo System



Leading Start up Ecosystem

- Leading startup cities: Kathmandu, Biratnagar, Pokhara, Butwal and Birgunj
- Number of startups: **1000+**
- Number of active VCs (PEVCs): **21+**
- Startups Funds raised: **NPR 10 billions (Approx.USD 74.28 Million)**
- Strengths of startups:
 - Startup Policy in place, Startup loan scheme functional and started disbursing loans to the startup enterprises from last FY, business incubation centers in operation
- Weaknesses of startups:
 - Stakeholders are scattered, need strong coordination and collaboration among them, public private partnership should be implemented with support from development partners through IEDI

Coordinating bodies

- **Industrial Enterprise Development Institute (IEDI), GoN** for execution of activities for strengthening startups including startups loan, business incubation and entrepreneurship development
- **Ministry of Industry, Commerce and Supplies (MoICS)** for coordination with Ministry of Finance, Ministry of Law and other relevant agencies
- **Monthly Stakeholders coordination meetings** are conducted with all the agencies working in startup business every month by IEDI
- **Strengthening Business Incubation Center (BIC)** through regular Coordination and collaboration meeting by IEDI
- **Startup Nation 2030** initiative by consortium lead by GoN, IEDI

'Fund of Funds'

- “Fund of Funds” generated by private sector- FNCCI.
- A total of NPR 10 billions has been generated and ready to invest to VC.
- A government fund-of-fund acts as limited partner in a venture capital fund. The venture capital investment process is hereby delegated to external investors, which were selected by the government fund-of-funds. An investment fund that invests in other funds, and focuses on evaluating fund managers to potentially achieve higher returns

Start up Policy, 2023

- Preparation of infrastructures like Start Up policy, Start up Loan Guidelines, Start up loan Operational Guidelines to make it entrepreneur friendly
- Develop entrepreneurship and improve employment opportunities by focussing on startups
- Attract domestic and foreign investments in Startup Entrepreneurship.
- Coordinate and co-operate between three levels of government (Federal, Provincial and Local) and work together with private sector.
- Use financial instruments to make startup business more competitive.
- Establish a separate fund to ensure adequate and proper access of funds for startup business.

Start up Work Plan

- Amendment of relevant laws and legislations relating to the Start Up business to make it more friendly to the entrepreneurs.
- Establishment of corporate culture and relevant infrastructures for promotion of start up businesses.
- Establishment of Entrepreneur Promotion Center, Speedy programs without hassles, providing trained staffs and supervisors to create a new Start up Ecosystem.
- Internalisation of various regional, national and international studies on promotion of start up business.
- Creation of new employment opportunities with the country for smooth operation of Start up Ecosystem

Start up Work Plan

- Amendment of relevant laws and legislations relating to FDI from Non resident Nepalese and encourage them to enter the Capital Markets.
- Co-ordination, communication and partnership development for programs carried out at Regional, Local and Federal Government, Universities and banks and financial institutions.
- Providing Tax rebate, Seed capital, subsidized loans, cash subsidy for exports and other technical support to promote Start up businesses.
- Establishment of Nepal Start up Fund.

Our regulatory initiatives that made the biggest difference

There has been many initiatives and progresses through the Government of Nepal that has made the biggest difference to the Startups ecosystem.

1. Revision of Industrial Enterprise Act 2076 for
 - a) addition of startups enterprise registration process and support to startups enterprise
 - b) legal provisions for operation of business incubation centers to provide mentorship expertise and technical services to startups
2. Approval of National Startup Policy-2081

Our regulatory initiatives that made the biggest difference

2. Startup Loan disbursed to 165 startup enterprises
3. Inauguration of 'Startup Nation 2030 conference' in August 2024 by Rt. Honorable Prime Minister of Nepal in the presence of Deputy Prime Minister and Minister of Finance

- **Infrastructure / Facilities** (offices, labs, workshops, production, etc.)

Office building and basic infrastructure available , need support for labs and workshops/production area

- **Training / Mentoring / Advisory** (legal, financial, ESG, IP, etc.)

Training , coaching, mentoring and business consulting is going on. Need capacity building of IEDI staff on these areas

- **Networking** (local, national, global)

Local and national network established, need to connect with global network

- **Available Financing** (equity, seed, debt)

Only Government financing is available, need to bring development partners financing together

- **Subsidies** (matching funds raised, grants, tax breaks, etc.)

Matching funds are not raised yet, grants are expected from the partners

- **Business opportunities** (procurement windows, corporate partnership, etc.)

There is huge business opportunities and exploring on it

- **Talent** development, retention, visa support, etc

Need technical assistance (TA) project support in this area, huge potential to work together

Differentiating Factor for our ecosystem



Opportunities and Challenges

Biggest Opportunity

- Startup Policy in place,
- Startup loan scheme functional
- started disbursing loans to the startup enterprises from last FY,
- business incubation centers in operation

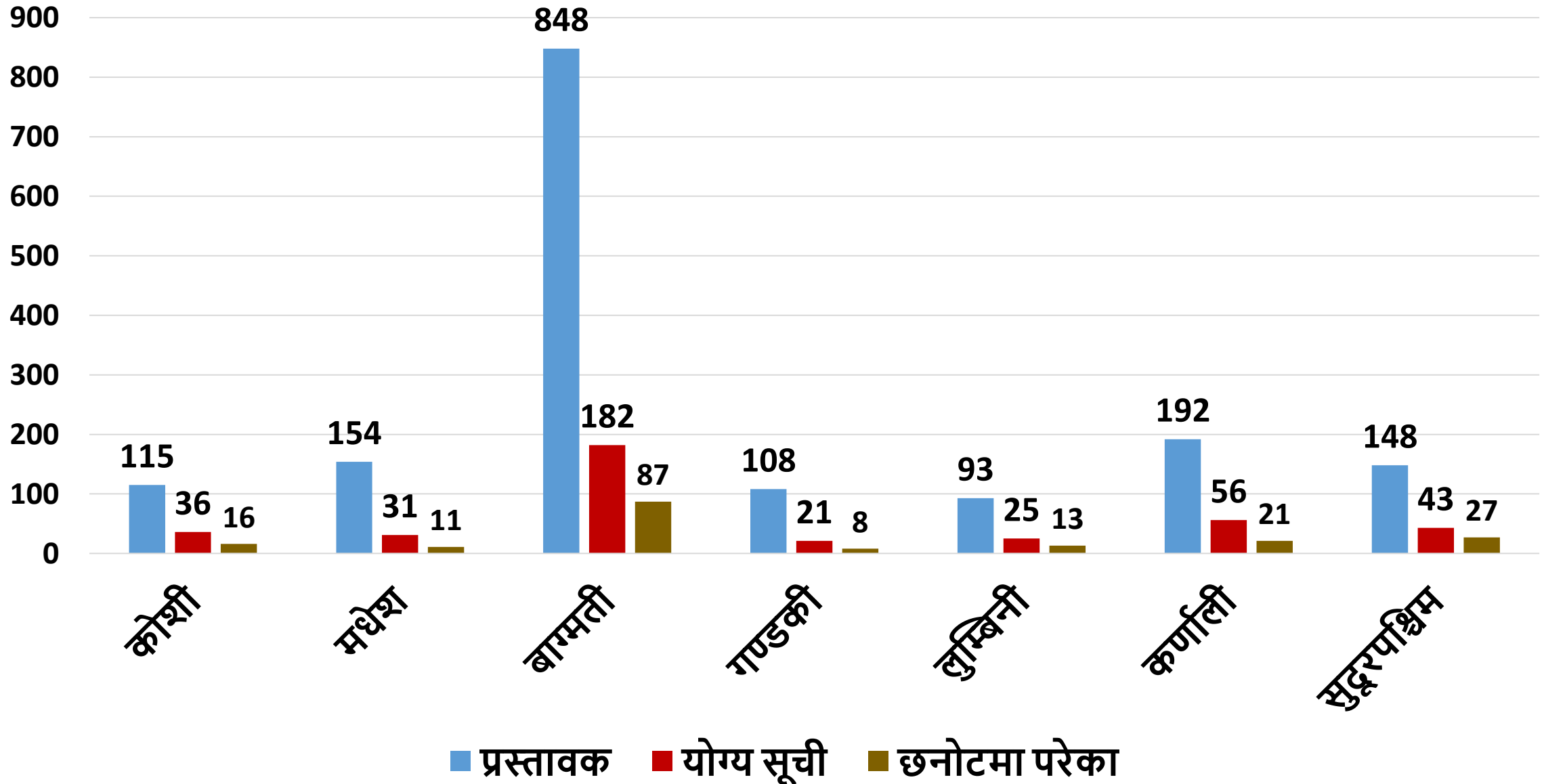
Biggest Challenge

- Stakeholders are scattered,
- need strong coordination and collaboration among them,
- public private partnership should be implemented
- development partners through IEDI

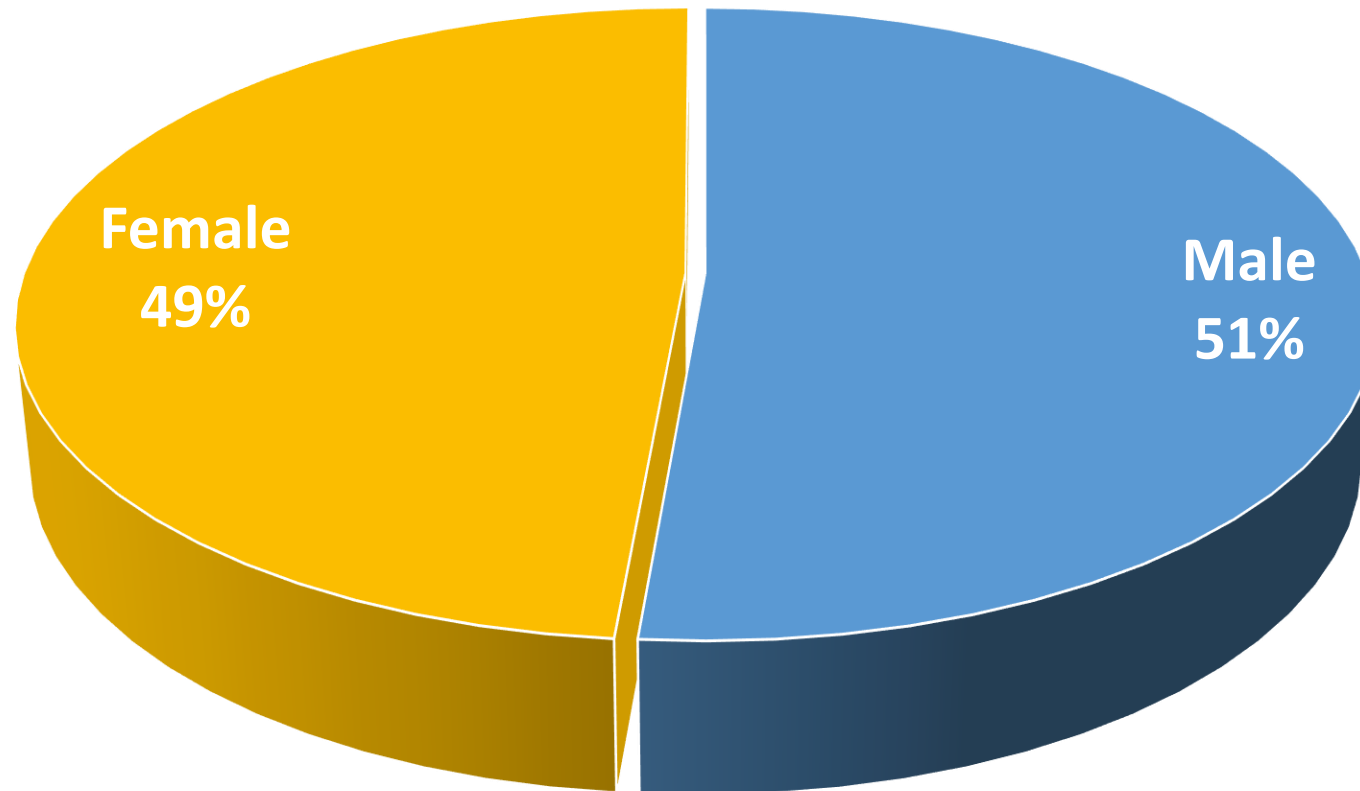
Startup Program

SN	Particulars	Numbers
- 1.	- Startup Loan disbursed	- 165 - (183)
- 2.	- Total Startup Funds disbursed	- NPR 216.3 millions
- 3.	- Budget allocated to startup program in current FY	- NPR 1 Billion
- 4.	- Business Incubation Center established	- 1
- 5.	- Business Incubation Centers to be established in current FY (Province Level) <i>(Total 10 Incubation Centers are established by Universities and Private sector)</i>	- 6

Province wise startup loan disbursed



Startup Enterprises selected for the loan (Gender wise)



Male	94
Female	89

Progress so far in Current FY (from July 16, 2024 till date)

- **Startup Loan Operation Guidelines – 2081**
(Application process started)
- **Business Incubation Center Operation and Management Guidelines - 2081**

Startup Nation 2030

1. Encourage people in Nepal to develop an entrepreneurial mindset, **start their own businesses** and create a friendly environment for innovative startups.
2. Promote the **adoption of new ideas** that can benefit society by developing policies that promote entrepreneurship and technological advancements.
3. Stimulate the **creation of 10,000 Startups and 100,000 new quality job opportunities** by the end of this period.
4. Encourage Nepal to develop an economy that is **environmental friendly**, independent, inclusive, and resilient by using local resources and talents.

Together we Can

It is happening

We need to nurture





Thank you for listening to the presentation