



Envisioning Nepal for a Transformational Future

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FROST & SULLIVAN

Economic Trends of Nepal



Country Overview – Nepal

- › Population of 29.30 million^
- › 47th largest population in the world
- › Median Age: 23.6 years
- › GDP USD 25.36 Billion*
- › Personal remittances received: 28.3% - the largest share in GDP in the world due to sizeable diaspora of migrant from Nepal
- › Implementation of new constitution with expected political stability through newly formed government in three levels Local, Provincial and Central with focus on Transformational Economic Revolution



Competitive Rankings

Rank	2013	2014	2015	2016
Ease of Doing Business	105	94	100	107
Global Competitiveness	125	117	102	100

^As of 2017, Medium Variant Projection

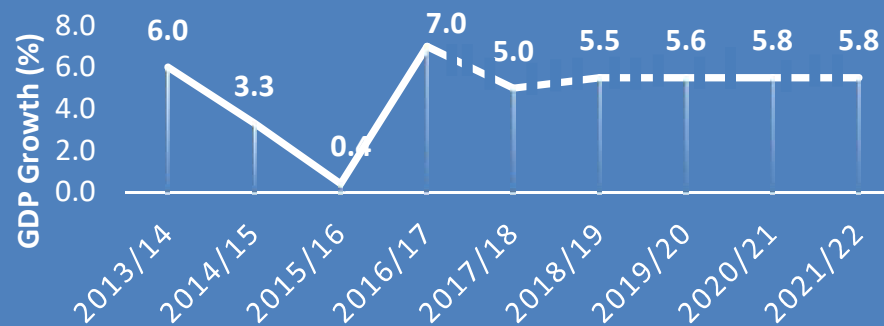
*Estimates for 2017

South Asian countries: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.

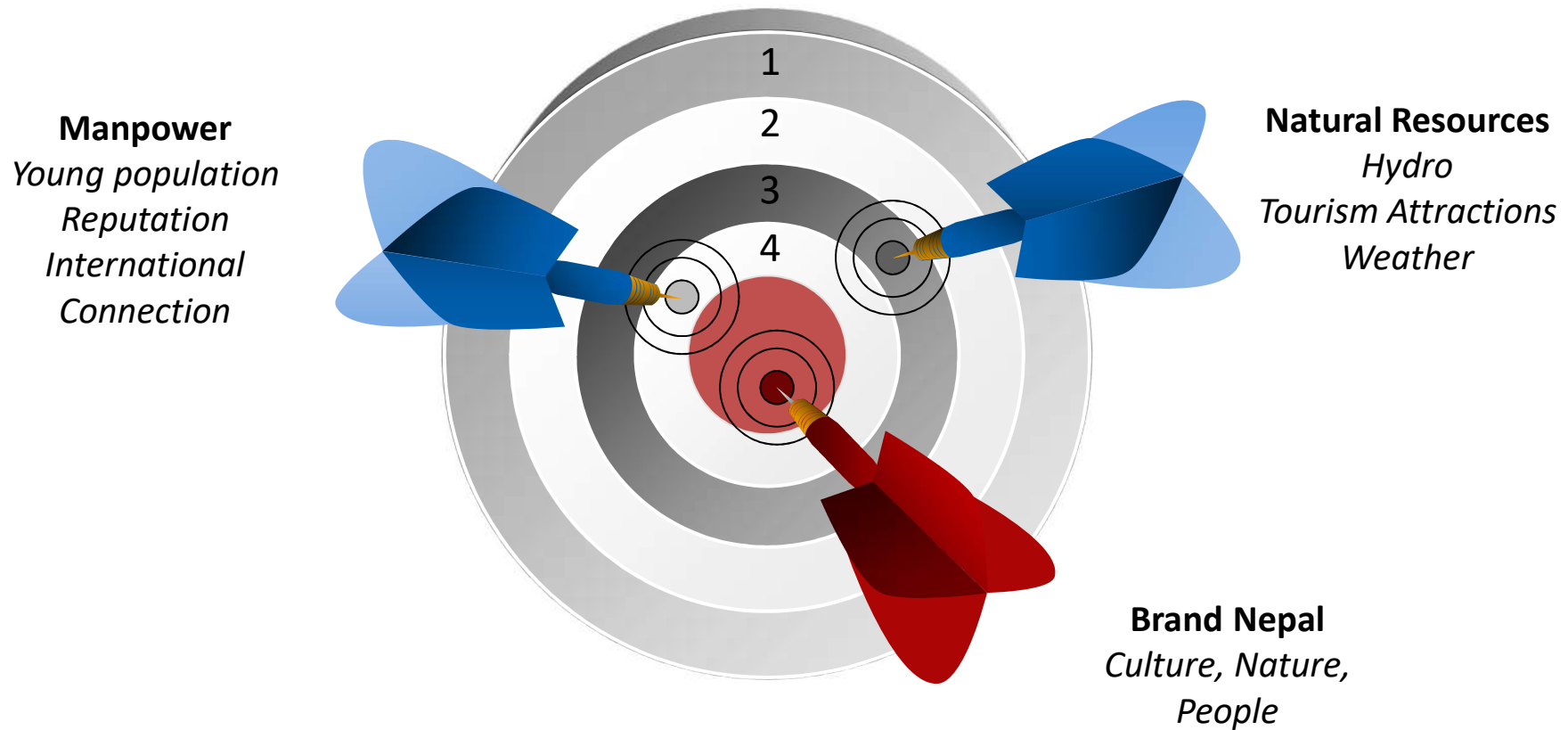
Source: Transparency International, IMF, World Bank, WEF, United Nations

* Sources: IMF; ADB; Central Bureau of Statistics; Ministry of Finance: Frost & Sullivan

GDP and Inflation, Nepal, 2013 – 2017 and 2021

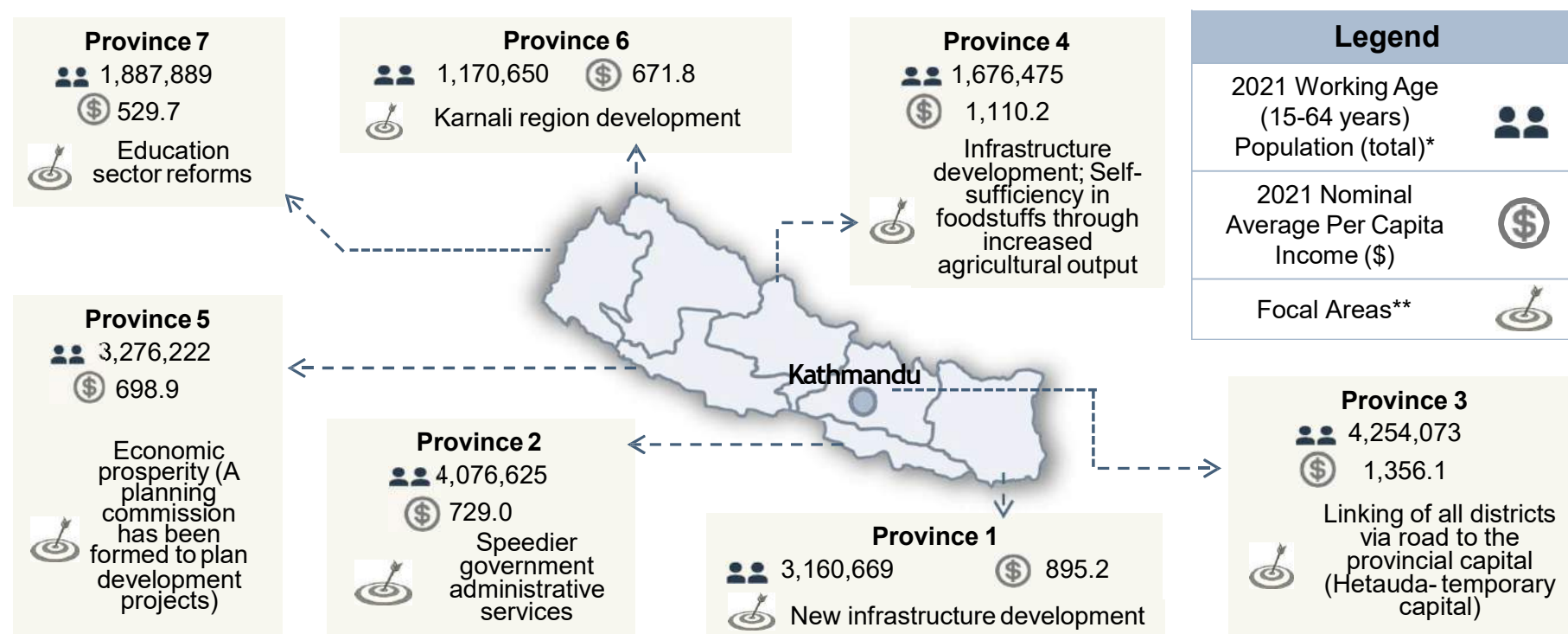


Nepal has several strengths which can be leveraged to achieve its potential



Province Level Macroeconomic Outlook

Province level reforms, following the recent formation of provinces and completion of elections, are expected to be a key driver of Nepal's medium term growth.



* Province level working age population figures estimated using the national working age population proportion

**As highlighted by the Chief Ministers. Not an exhaustive list.

Note: Actual province level data is only available until 2011.

Sources: United Nations; Nepal in Data; Election Commission of Nepal; Frost & Sullivan

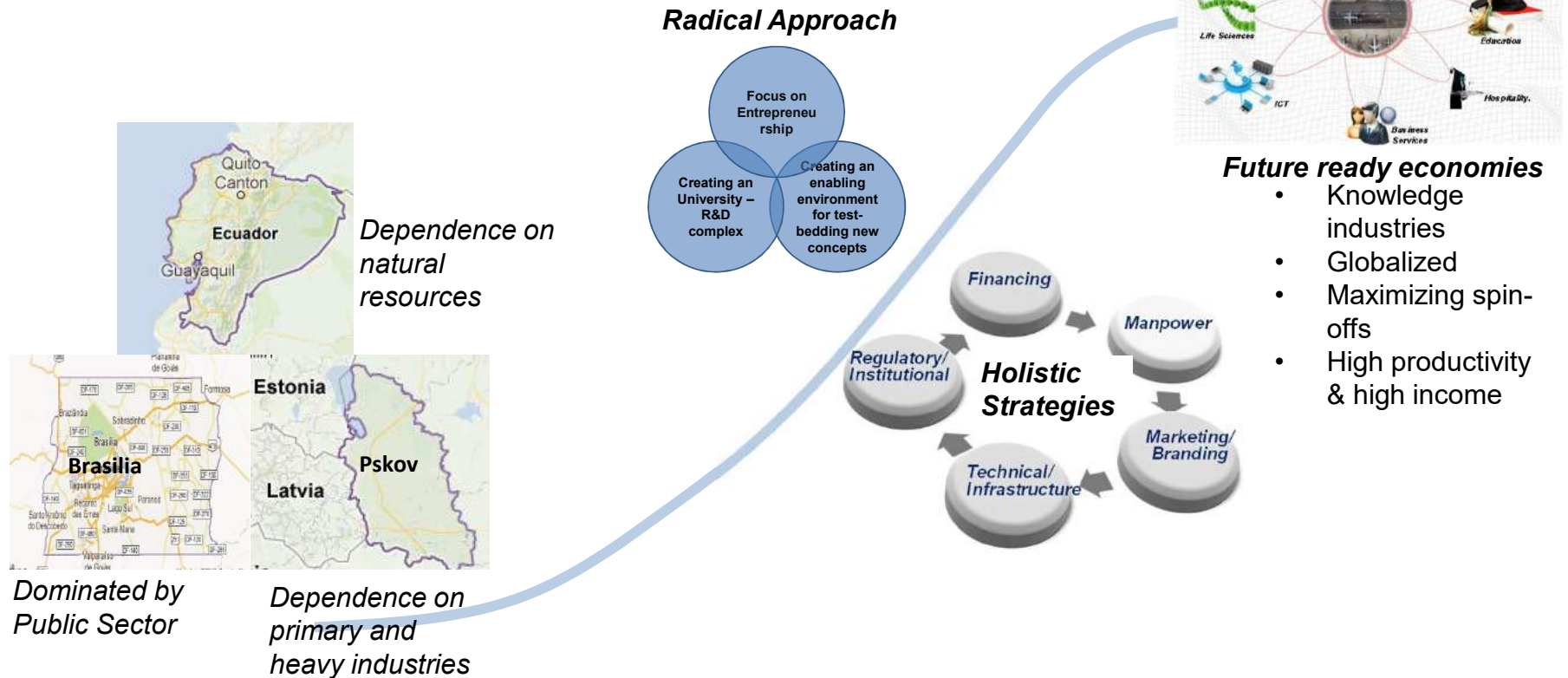
Nepal – The Next Economic Miracle



... Through Transformational Economic Roadmap

FROM...

TO...



4th Industrial Revolution – Digital Transformation



The Steam Engine

Industry 1.0

1800



IT-OT Convergence

Industry 3.0

2000

Industry 2.0

Henry Ford's T-Model



Industry 4.0

Digital Transformation



2020

Mega Trends Impacting the Future of Nepal





Connectivity and Convergence

Nepal—A "Mobile-first" Country

In the next few years Nepal will see huge growth in mobile penetration and mobile internet usage

Internet Penetration in Nepal



63% Penetration in Nepal

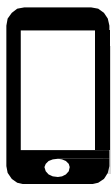


Every 1 in 2 Nepali have access to internet today against every 1 in 3 Indians



95% of the total Internet users use 2G or 3G mobile data services today

Mobile Connections Penetration in Nepal









124% Penetration in Nepal



1 in 3 mobile phone users in Nepal use smartphones now

4G Rollout in Nepal

More than 60% of Nepali cities will be getting the 4G service within next 2 to 3 years, with massive investment from the Chinese vendors like ZTE and Huawei. 5G ready network is also being launched.

 4G Telecom Providers	 Network and Coverage by 2018	 Investment 2017-2018
Nepal Telecom  <div> <div>50%</div> <div></div> </div> <p>share in Nepali mobile market in 2018</p>	<p>Launched : Jan 1, 2017, Coverage: 175 cities (municipalities) across the country by 2018</p>	<p>ZTE, Huawei and Mavenir will invest \$15.36 million, \$38 million and \$21 million respectively to provide LTE core network service to Nepal Telecom</p>
Ncell  <div> <div>46%</div> <div></div> </div> <p>share in Nepali mobile market in 2018</p>	<p>Launched: Jun 1, 2017, Coverage: 40 cities* across the country by 2018</p>	<p>Investment of more than \$460 million for the technology transfer and infrastructure.</p>
Smart Telecom  <div> <div>4%</div> <div></div> </div> <p>share in Nepali mobile market in 2018</p>	<p>Launched: Nov 1, 2017, Coverage: 4 cities* across the country by 2018</p>	<p>\$110 million investment (80% investment through foreign direct investment from Kazakhstan.</p>



Urbanization - “City as a Customer”



Mega Cities



Mega Regions



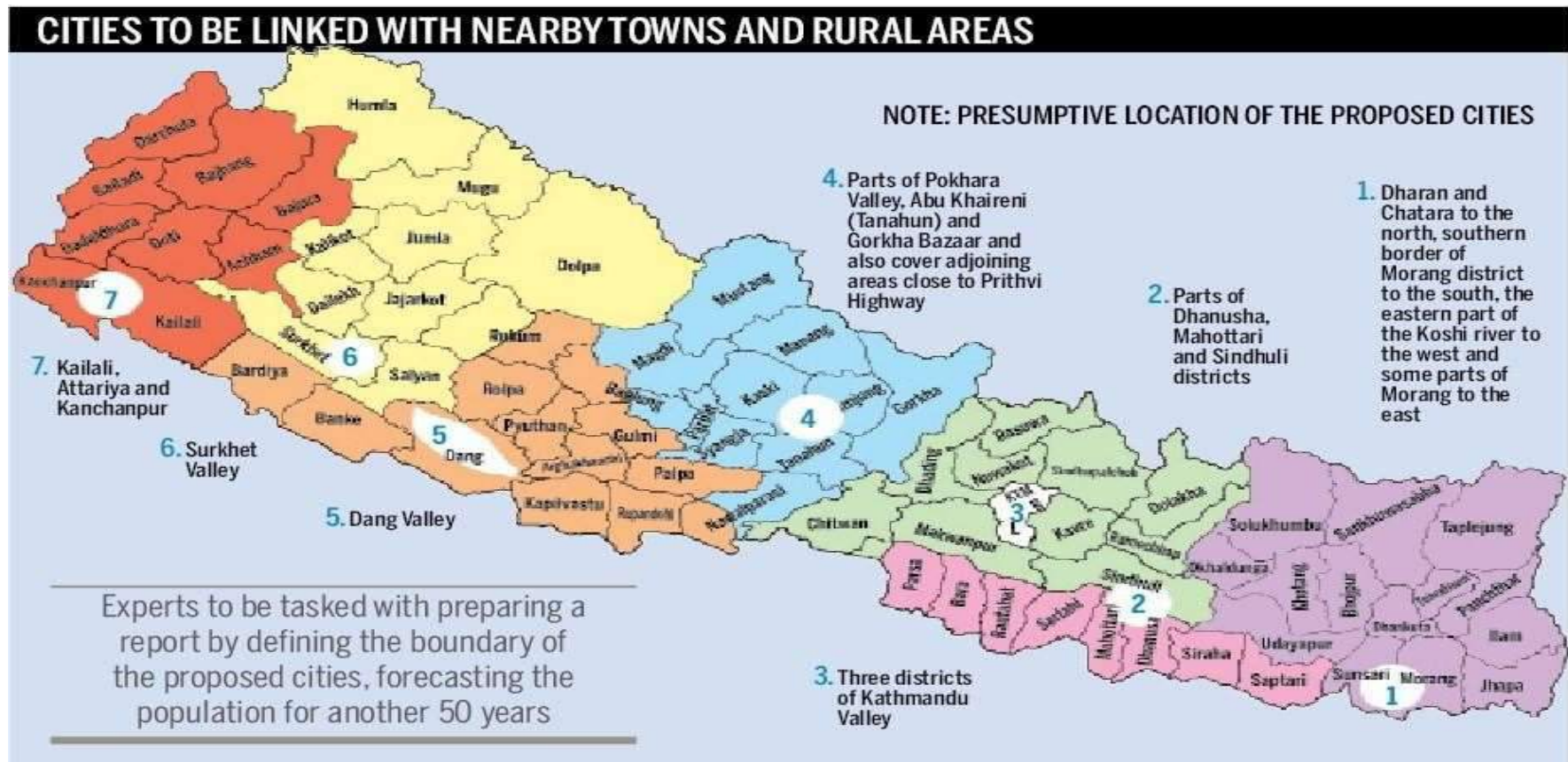
Mega Corridor



Smart and Sustainable Cities

Nepal to have 8 Mega Cities by 2025

MoUD has estimated a budget of at least Rs 5 billion for the development of simple urban infrastructure in one mega city

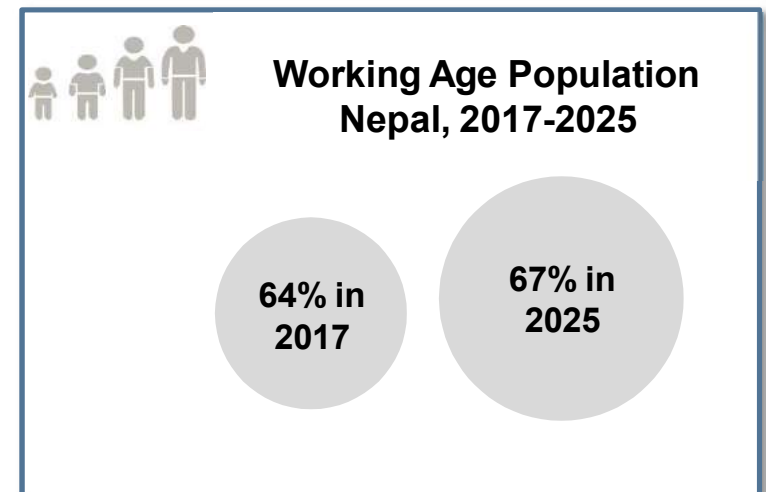
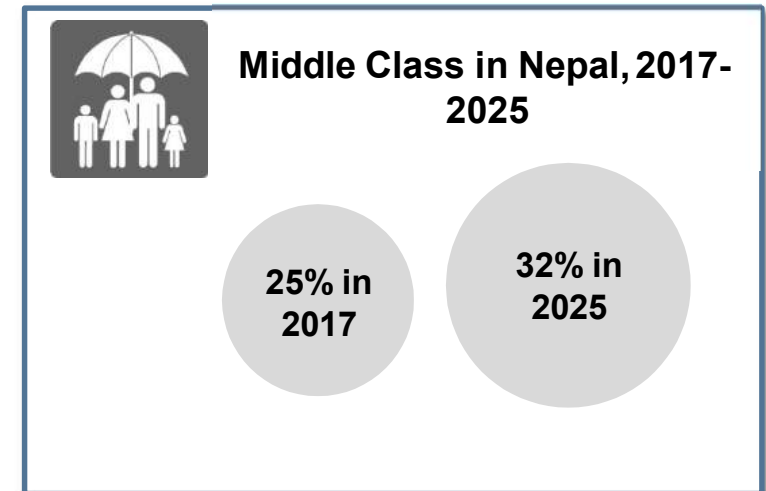
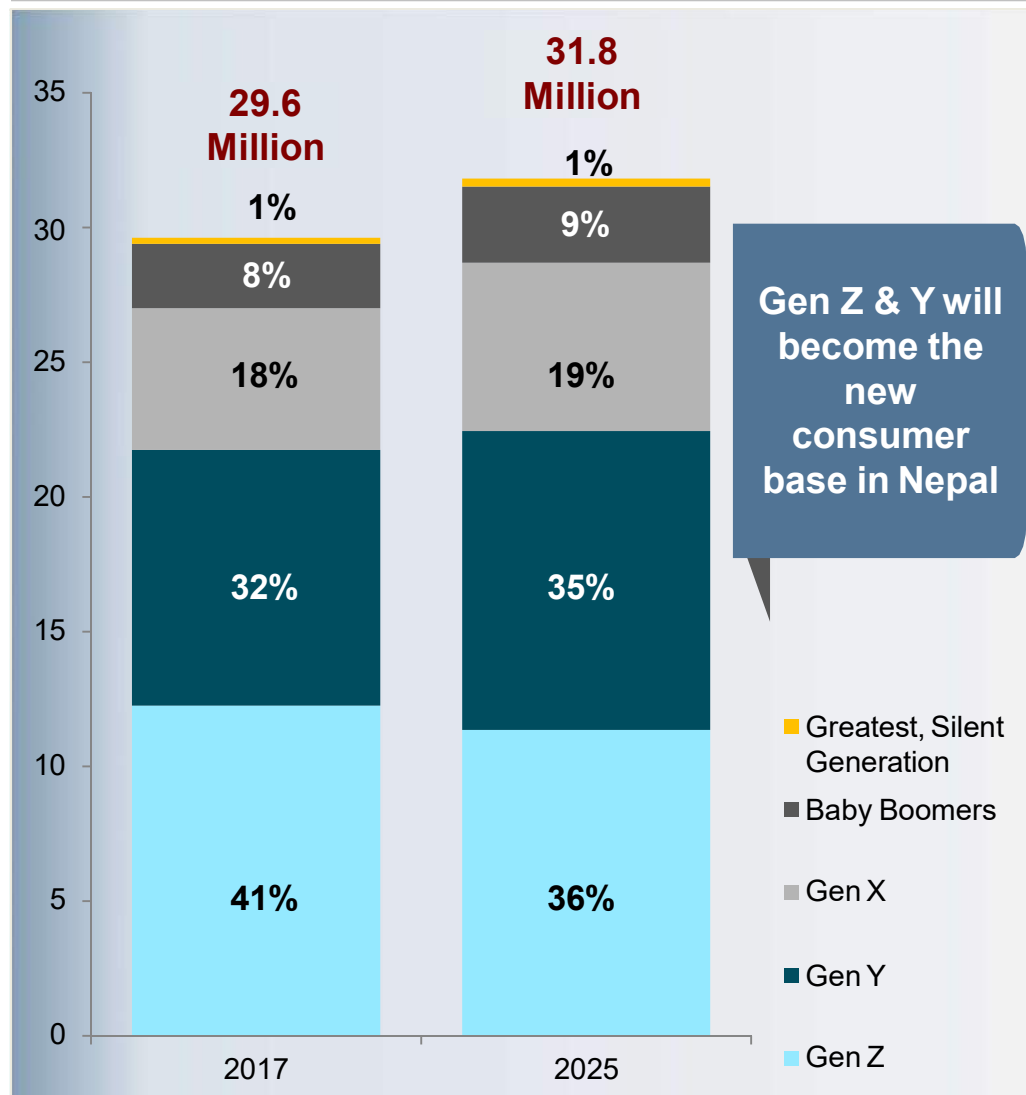


The government of Nepal is planning to build mega cities (population of at least 8 million by 2025) along the corridors of Dharan-Biratnagar, Janakpur-Dhalkebar-Bardibas, Pokhara (Lekhnath)-Dulegauda, Siddharthanagar-Butwal (Lumbini), Nepalgunj-Kohalpur, Birendranagar (Surkhet)-Dashrakshya Bridge-Chinchu and Mahendranagar-Dhangadhi-Attariya as well as in Kathmandu.



Social Trends in Nepal

More than a third of population will belong to the middle class in Nepal by 2025 and 67% of Nepali population will be of working age by 2025



The Gen Z and Gen Y Opportunity

The Gen Z and Gen Y will emerge as a new set of consumers demanding more personalized services, innovative and integrated products and also highly influenced by social media platforms

Characteristics	Gen Y (Born in the 1990s or 1980s)	Gen Z (Born beyond 2000s)
Background	<ul style="list-style-type: none"> • Aggressively moving into tier I and tier II cities or even abroad for greater working opportunities; • Demand for foreign education 	<ul style="list-style-type: none"> • Key family composition- among 2-6 family members (2 parents & 4 grandparents) • Superior education and living environment compared to other generations
Attitude towards technology	Tech Savvy (Browses through 2 screens a day)	Tech Innate (Browses through 5 screens at a time)
Career Goal	Digital Entrepreneurs- Believe in working —with the company and not —for the companyll	Career Multitaskers- will move between organization and —pop up all businesses
Human Relations	Email, mobile texting and message apps like Whatsapp	Prefer to communicate with friends only by WhatAapp, Snapchat and Instagram

**Prosperous Nepal,
Happy Nepali**



Prime Minister KP Oli's Vision



**Prosperous Nepal,
Happy Nepali**

Prosperous Nepal, Happy Nepali - Goals

Infrastructure – Water, Transportation, Energy,
Urban Development

Health Insurance & Free Health for All

Post Earthquake Reconstruction

Ending absolute poverty, illiteracy and
unemployment

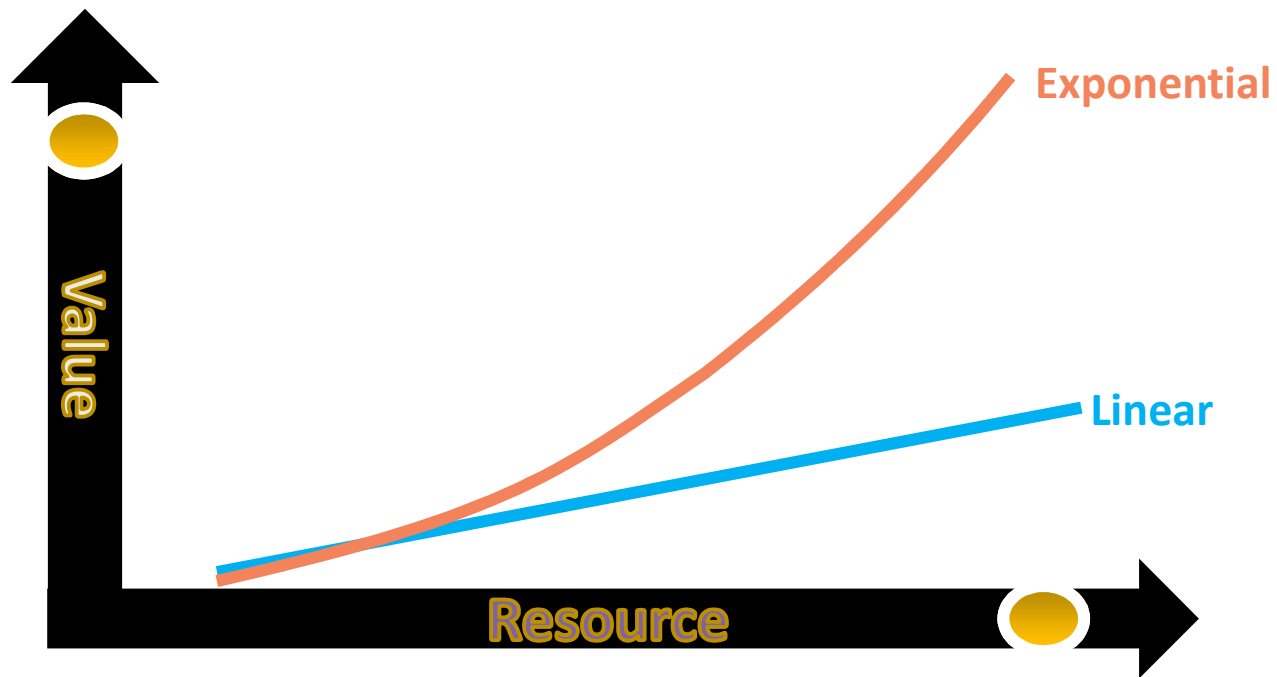
Increase farm productivity

Tourism- building capabilities to support growth
in volume

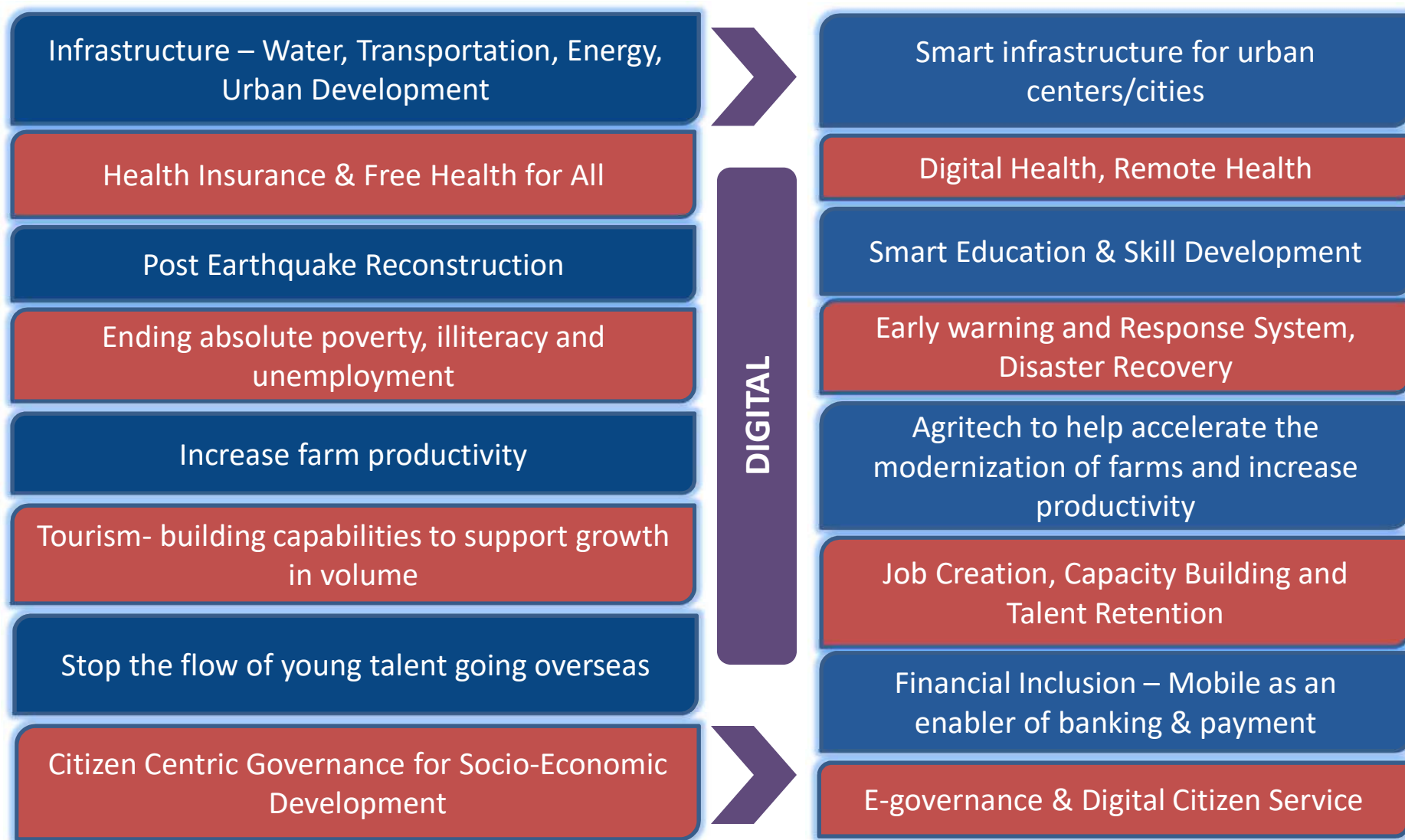
Stop the flow of young talent going overseas

Citizen Centric Governance for Socio-Economic
Development

Digital is Catalyst for Exponential Accelerated Growth & Impact

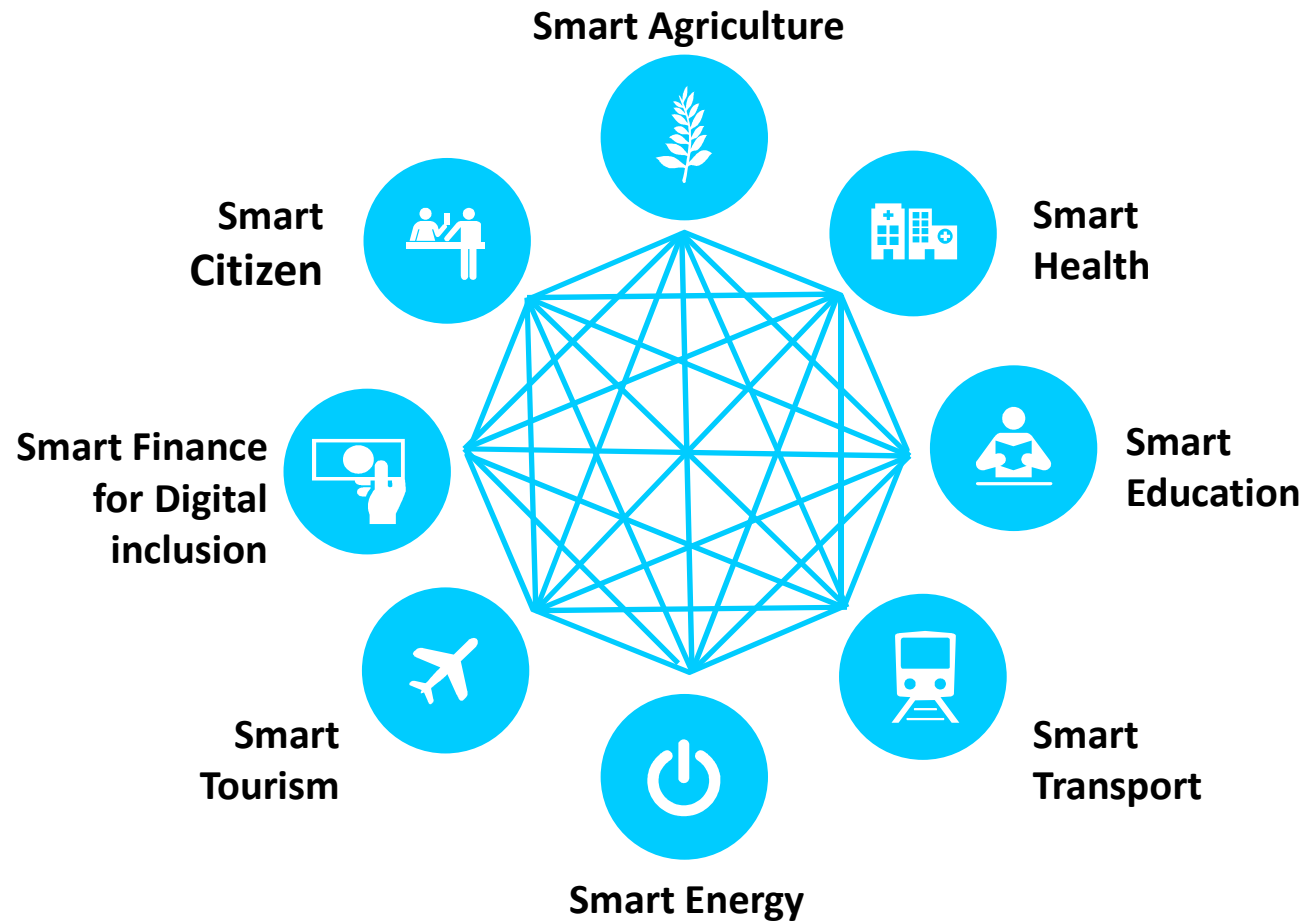


Digital Nepal a Catalyst for Prosperous Nepal, Happy Nepali - Goals





Smart Diamond Framework for Digital Nepal



Digital Nepal – Accelerator for Socio-Economic Transformation



National Capacity Building



Export to Global Economy



Ecosystem of Digital Entrepreneurship



Innovation & Knowledge Industry



Citizen Centric Digital Governance



Social & Cyber Security



Smart City & Infrastructure



Job Creation and Talent Retention



MNC Investment & Job Creation



FDI Investment and Growth in GDP



Youth For Development



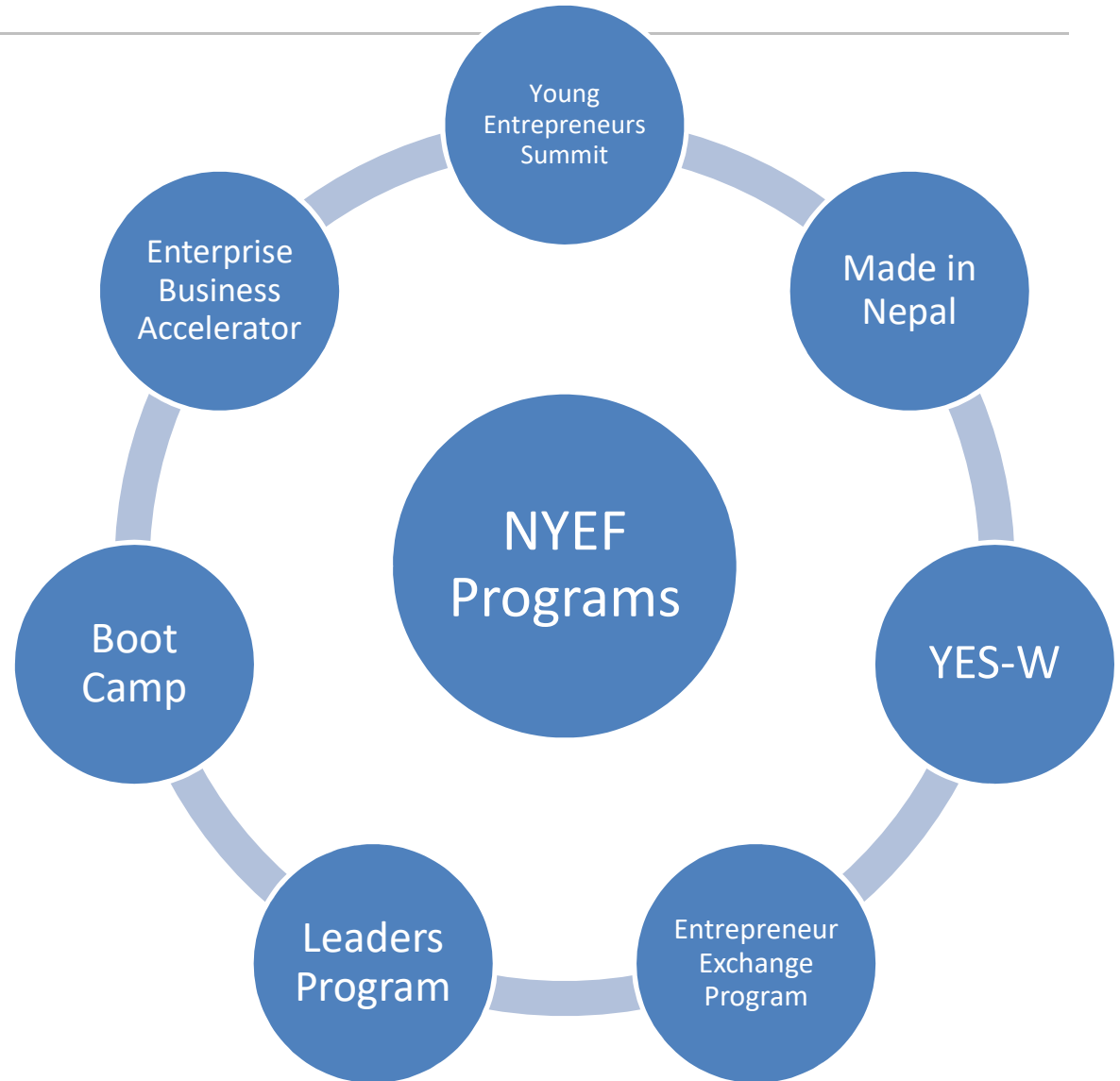
Nepalese Young Entrepreneurs' Forum



*Empowering positive
business thinking*



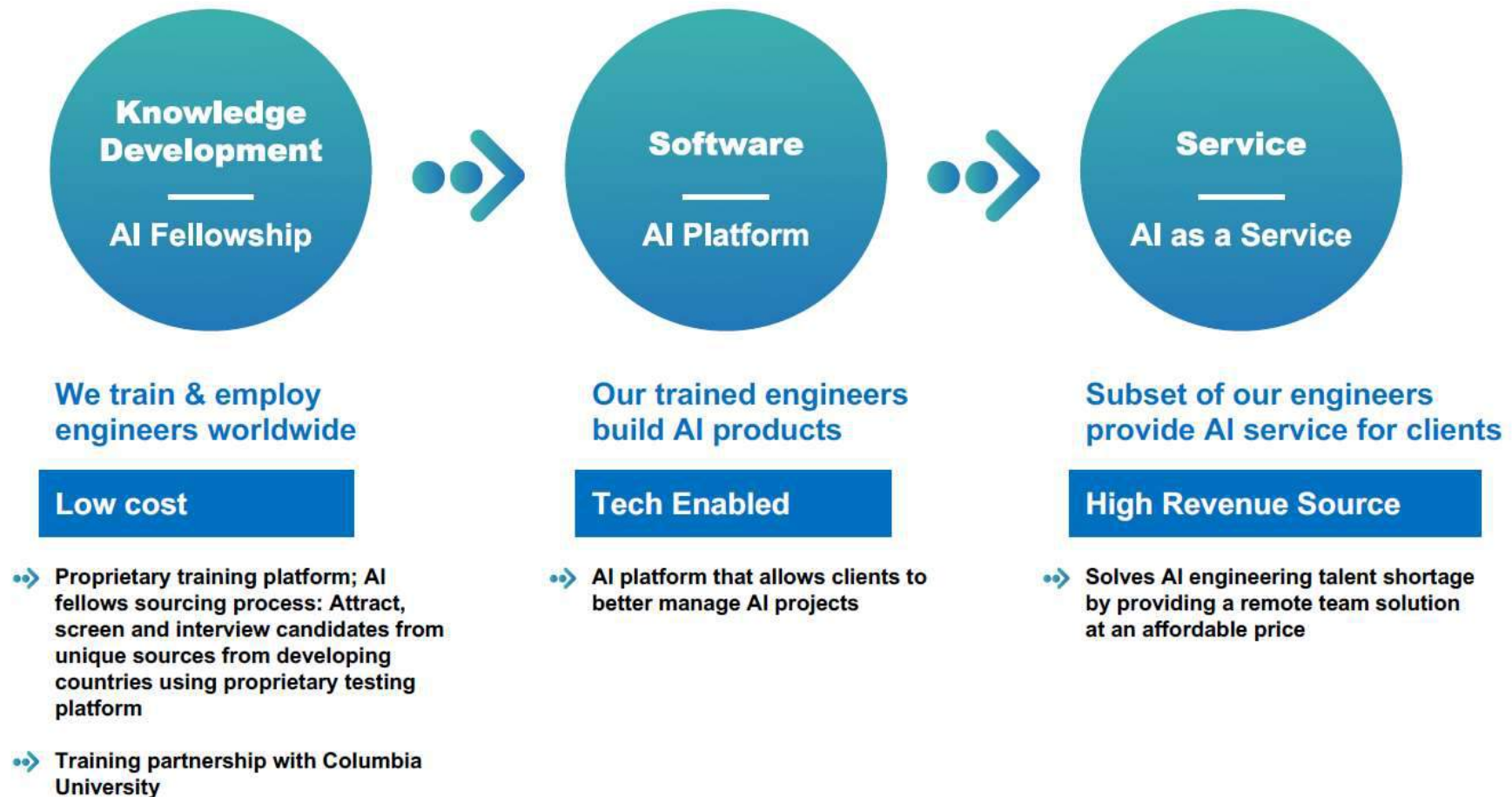
Promoted by FNCCI



Fuse Machines – Democratize AI



How



Frost & Sullivan in Nepal



Youth Led Businesses



Multinational Success Stories in Nepal

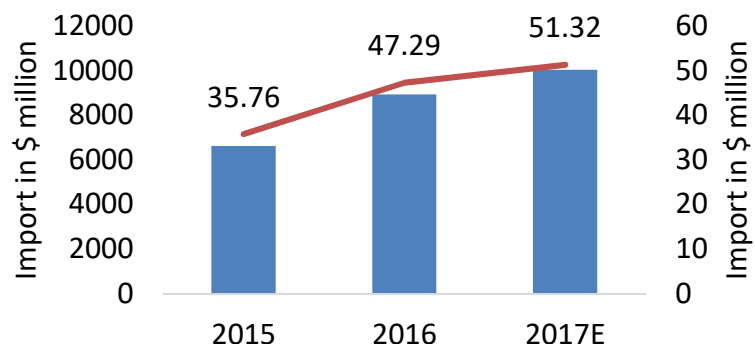


Nepal - Australia Bilateral Partnership



Nepal-Australia Trade Relation

Import Trend

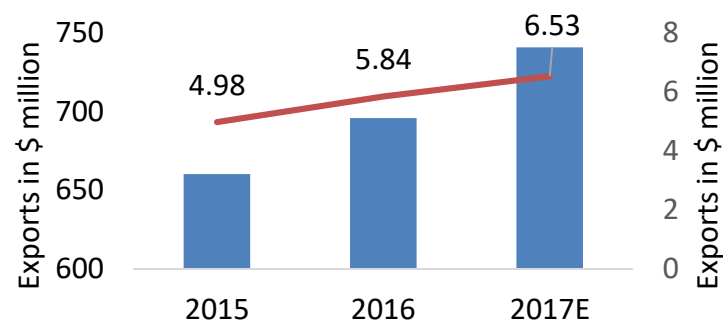


■ Import from World — Import From Australia

Top 3 Imports in 2017

- Edible vegetables - \$ 27.7 million
- Oil seeds and oleaginous fruits - \$14.36 million
- Animal or vegetable fats and oils - \$1.32 million

Export Trend



■ Export to World — Export to Australia

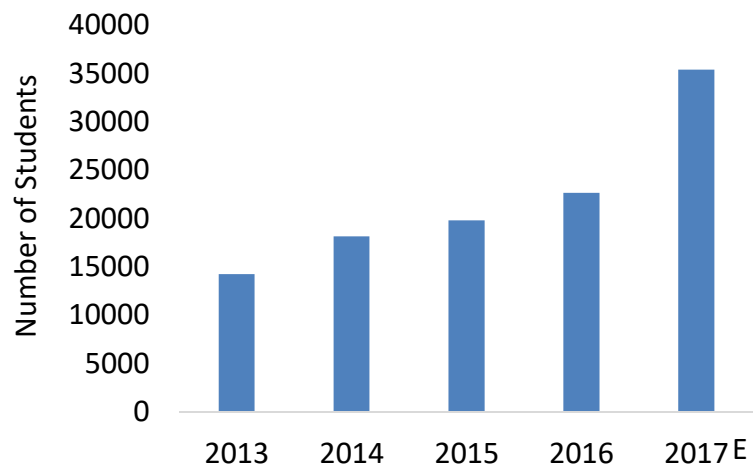
Top 3 Export in 2017

- Carpets and Textile floor Covering - \$1.72 million
- Apparel and Clothing - \$1.52 million
- Felt and non woven articles - \$490,000

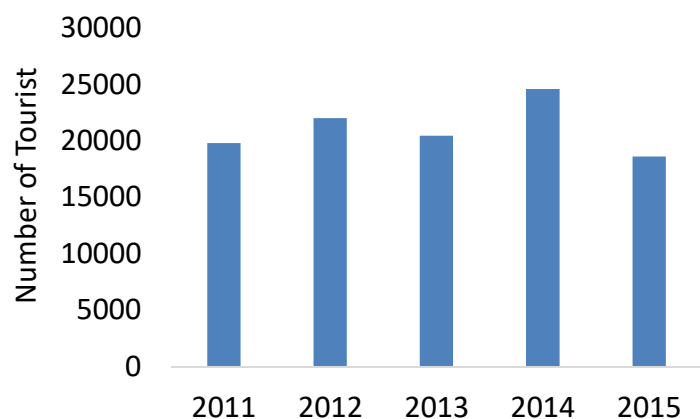
Source: Intracen, Frost & Sullivan

Nepal-Australia Trade Relation

Nepali Students in Australia



Australian Tourist Arrival in Nepal



Australian AID Program

Promote human development through improved access to and quality of basic education

Support the government to improve governance and policy implementation

Expand economic opportunities for the poor, particularly women, by promoting enterprise and job-creation

Year	AID Amount
2017 – 2018	\$33.9 million
2018 - 2019	\$30.6 million

The Possible Partnership



Youth Entrepreneur Exchange Program

Digital Services Ventures

SME development and Investment

Agriculture & Agri-tech

Education & Edu-tech

Urbanization & Infrastructure

Tourism

Renewable Energy

FROST & SULLIVAN Digital Nepal Conference

3rd August 2018 | Soaltee Crowne Plaze Kathmandu



Full Day Conference

to bring together various stakeholders from government, NGO's, private sector, startups to discuss all things digital



Presentation of Digital Nepal Framework

Research Paper that will provide a status of digital today and vision for tomorrow



Exhibition and demos

Latest digital technologies
Innovative solutions from global & local tech companies



Competition

in partnership NYEF to address innovative ways to solve social challenges



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Thank you

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