

**FOREIGN DIRECT INVESTMENT IN HYDROPOWER IN NEPAL  
AFTER ECONOMIC LIBERIZATION**

**A Thesis**

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## LETTER OF RECOMMENDATION

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Date: 2071/12/11

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## **ABSTRACT**

Recently, Nepal is suffering from load shading problem due to the lack of enough electricity generation in the country. The main purpose of this thesis is to analyze the present situation of hydropower in Nepal and provide information to foreign investors about the investment opportunities in Nepal's hydropower sector.

This research gives the detail information about electricity production scenario and also gives the detail information about the demand and supply situation of electricity in Nepal.

This study also analyzed the investment opportunity in hydropower sector for foreign investors including investment policies and risks as well as the barriers of investment in hydropower of Nepal. To find out the opportunities and challenge of FDI in hydropower sector the deep study has been done by collecting relevant documents related to hydropower and relevant data produced by different institutions that are directly related to hydropower sectors and deep analysis has done to make the conclusion of the thesis.

The major problems of not being able to generate enough hydroelectricity in Nepal found to be the lack of capital, lack of stable government and its working procedure, lack investment friendly environment and lack of political stability. The investment policy of Nepal found to be compatible for foreigner investors to invest in the country. This research concluded that there are very good opportunities for investors to invest in hydropower sector of Nepal. Finally, this study provides the basis for further researcher.

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## **ABBREVIATIONS/ACRONYMS**

BoP	Balance of Payment
CBS	Central Bureau of Statistics
CEB	Clean Energy Bank
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IMF	International Money Fund
IPPAN	Independent Power Producers' Association, Nepal
JICA	Japan International Co-operation Agency
MW	Megawatt
MoFALD	Ministry of Federal Affairs and Local Development
MoF	Ministry of Finance
MoWR	Ministry of Water Resources
NEEDP	National Energy Education Development Project
PDF	Power Development Fund
PEs	Public Enterprises
PDA	Power Development Agreement
PPA	Power Purchase Agreement
PTA	Power Trade Agreement
Sq. km.	Square Kilometer
UNCTAD	United Nations Conference on Trade and Development
VDC	Village Development Committee
WCD	World Commission on Dams
WECS	Water and Energy Commission Secretariat