IIDS Institute for Integrated Development Studies • 1979

PEN

Policy Entreprenuers Network

MEET 2026

EVENT REPORT

Let's reconnect and shape what's next.

Aug 07, 2026

IIDS Campus

Inside the PEN Meet 2026

A first collective gathering of researchers, practitioners, and policy-oriented individuals was convened to introduce PEN's vision and connect it with IIDS's recent work on Nepal's economic and development trajectory.

2024

PEN was established by IIDS to bridge the gap between research and policymaking.

USD 100B

Targeted economy size through IIDS' Development Strategy.

7

PEN proposed broad research priority areas for 2026–2028.

PROGRAMME

01 Welcome Remarks

Dr. Biswash Gauchan welcomes participants and presents PEN's vision as an open, democratic research community.

02 The White Paper: Nepal's Economy Under the New Normal

Dr. Bijan Bhattarai presents the diagnostic assessment of Nepal's structural paradoxes and the WFDD Tetrad.

03 Development Strategy for Vision 2100

Ms. Astha Bhatta outlines the long-term framework, including Nepalbaad, the Strategic Compass, and two flagship initiatives.

04 Interaction and Open Discussion

Participants shape PEN's strategic directions and help define its research and engagement priorities for 2026–2028.

INTRODUCTION

Bridging Research and Policy

IIDS convened the first Policy Entrepreneurs Network (PEN) Meet on August 07, 2026 by bringing together researchers, experts, practitioners, and policy-oriented practitioners to introduce PEN's vision and highlight IIDS's recent work on Nepal's economic and development trajectory.

PEN was established as an IIDS initiative in 2024 to bridge the gap between research and policymaking. At its core, the network brings together individuals with diverse expertise to identify critical policy issues and generate evidence aligned with Nepal Vision 2100.

The meet built on this broader vision through IIDS's recent work on Nepal's economic and development trajectory, particularly the "White Paper" 2026: Nepal's Economy under the New Normal and the "Development Strategy" for Vision 2100. The White Paper diagnoses Nepal's structural economic challenges, while the Development Strategy outlines a long term framework for structural transformation. Together, the two publications provide an evidence-based foundation for understanding Nepal's economic trajectory and identifying priorities for reform. They also highlight the need to move beyond short-term policy responses and pursue a more productive, investment-led, and globally integrated development model.

PEN MEET 2026

Participants examined the rationale behind PEN in the context of Nepal's emerging policy challenges and drew on IIDS' White Paper 2026 and Development Strategy for Vision 2100 to inform their discussions.

Participants shared perspectives on Nepal's key development challenges and explored how the network could collectively address critical research and policy gaps. These discussions laid the foundation for an ongoing program of dialogue and engagement.

Welcome Remarks

Dr. Biswash Gauchan FCA, Executive Chair at IIDS, opened the PEN meet by welcoming participants and highlighting the strong response to the call for participation from across Nepal and abroad. He described PEN as an effort to make Nepal's research community more open and democratic by creating opportunities for capable individuals to contribute to evidence-based policymaking beyond conventional institutional circles.

Dr. Gauchan highlighted the vision behind PEN's establishment as an effort to connect Nepal's research community with its policy needs. The initiative seeks to foster collaboration, encourage broader participation in knowledge generation, and strengthen the role of evidence in addressing Nepal's policy and development challenges.

He emphasized PEN's goal of creating opportunitied for capable individuals interested in evidence-based policymaking and noted that this approach represents a significant departure from conventional research practices in Nepal, where institutional and professional circles often limit opportunities for broader engagement and contribution. In contrast, PEN seeks to expand this space by bringing together individuals with diverse expertise, experience, and perspectives to contribute to research and policy discussions.

Dr. Biswash Gauchan
Executive Chair, IIDS

"Dr. Gauchan also highlighted IIDS's two flagship publications—the White Paper 2026 and the Development Strategy for Vision 2100. He noted that IIDS had presented both publications to the Ministry of Finance and the National Planning Commission and that the recent national budget reflected several of their recommendations."

The White Paper and Development Strategy

Following the welcome remarks, Dr. Bijan Bhattarai and Ms. Astha Bhatta presented key highlights from IIDS's two flagship publications: The White Paper: Nepal's Economy under the New Normal and Development Strategy for Vision 2100. They introduced PEN members to the publications' central arguments, evidence, and strategic directions, establishing a common analytical foundation for subsequent discussions within the network.

The White Paper: Nepal's Economy under the New Normal

Dr. Bijan Bhattarai, Program Specialist at IIDS, presented the key findings of IIDS' White Paper: Nepal's Economy under the New Normal, by describing it as an evidence-based diagnostic assessment of Nepal's economic condition. Rather than prescribing a comprehensive set of policies, IIDS' White Paper identifies the major structural trends, constraints, and risks that should shape Nepal's reform priorities and provides the analytical foundation for the Development Strategy for Vision 2100.

Dr. Bijan Bhattarai
Program Specialist, IIDS

The White Paper characterized Nepal's current economic situation as a "New Normal," in which a relatively stable external sector, strongly supported by remittances and foreign exchange reserves, coexists with weak domestic productivity, low investment, limited industrial development, and a shrinking labor force caused by sustained outmigration.

"continued on next page"

PRESENTATIONS

The White Paper identifies four structural paradoxes — the Remittance Paradox, the Wealth-Income Paradox, the Competitive Paradox, and the Demographic Paradox — that shape Nepal's economic challenges. Dr. Bhattarai linked these paradoxes to the WFDD Tetrad: Premature Welfarism, Premature Financialization, Premature Deindustrialization, and Premature Depopulation. He also highlighted an "All Roads Lead to Rome" cycle in which migration generates remittances, remittances finance consumption and asset purchases, and rising land values support further credit expansion. Together, these trends divert resources from productive investment and weaken Nepal's demographic and industrial transformation.

The presentation emphasized that Nepal's main challenge lies not simply in a lack of resources but in their inefficient allocation. Despite increased credit and public spending, productivity, employment, and investment have not improved proportionately. Nepal's growth since the COVID 19 pandemic has been limited to an average of approximately 3 percent, below the long-term average of 5.4 percent. At the same time, Nepal increasingly relies on remittances rather than exports for external stability. Weak manufacturing, low FDI, rising nonperforming loans, higher recurrent spending, and continued outmigration further constrain economic transformation. As part of Nepal's Compalency Trap, the White Paper also cautions against the development myths of tourism and hydropower and calls for greater diversification into higher-value services, digital and knowledge-based industries, health care, medical education, and other globally tradable services.

The presentation concluded that Nepal stands at a critical juncture and needs to recalibrate its strategy for development. The proposed direction includes shifting from labor exports to skills and service exports, leveraging the Nepali diaspora's capital, technology, skills, and global networks, strengthening productive investment, and integrating tourism and hydropower into a broader transformation strategy. Vision 2100 provides the long-term framework for moving Nepal from a remittance- and consumption-driven economy toward a more productive, investment-led, and globally integrated economy.

Development Strategy Under Vision 2100

Following the presentation of the White Paper, Ms. Astha Bhatta, Program Specialist at IIDS, presented the key elements of IIDS's Development Strategy for Vision 2100. While the White Paper diagnosed Nepal's structural economic challenges, the Development Strategy provides a long-term framework to address these challenges and guide Nepal's economic transformation.

Ms. Astha Bhatta
Program Specialist, IIDS

The presentation centered on the philosophy of "Nepalbaad – Global Footprints. Local Blueprints," which emphasizes aligning Nepal's domestic capabilities with existing opportunities in the global economy. The strategy sets a target of $100 billion in GDP economy by 2100, along with doubling GDP per capita income (PCI) from the current $1,496 to $3,000, while gradually expanding the shares of industry and services in the economy.

In order to do so, Nepal must substantially accelerate economic growth to achieve its development ambitions. The presentation showed that maintaining the historical growth trajectory would delay the $100 billion GDP target, while annual growth of around 9 percent could significantly accelerate Nepal's progress towards the Vision 2100 trajectory.

The strategy identifies several structural shifts that require Nepal to rethink its development model, including continued dependence on external development finance, limited FDI, and delayed graduation from LDC status. It also challenges the assumption that tourism and hydropower alone can drive Nepal toward higher-income status. While both sectors offer significant opportunities, the strategy calls for a more diversified approach to economic transformation.

The Development Strategy's Strategic Compass focuses on four broad areas: Economic Diplomacy, Globalization, the Nepali Diaspora, and Climate Strategy and Clean Energy Transition. Within this framework, it proposes shifting from labor exports to service exports by leveraging Nepal's human capital and diaspora networks to participate in global markets. Potential areas include health and social services, ICT, hospitality, professional services, education, and other knowledge-intensive activities.

The presentation highlighted two flagship initiatives: Integrated Medical Education, and Health Sector, which aims to expand Nepal's medical education capacity and attract international students, and the Nepal Global Knowledge and Innovation Hub, which serves as the transformative anchor that brings together world-class institutions, fostering collaboration, and positioning Nepal as a competitive player in the global knowledge economy.

The Development Strategy also identifies digital transformation, access to finance, human capital, the private-sector infrastructure, and an enabling policy environment as key building blocks for this transformation. It also proposes new approaches to development finance, including a Sovereign Investment Fund, Public-Public Partnerships, greater mobilization of domestic insurance capital, and Transformational Return on Marginal Resource (TRMR).

Therefore, the Development Strategy positions Vision 2100 as a shift from remittance-and consumption-driven model toward a productive, investment-led, knowledge-based, and globally integrated economy.

Together, the White Paper and Development Strategy gave PEN participants a common framework that linked Nepal's economic diagnosis with a long-term development direction and set the context for subsequent discussions on policy priorities and areas for collaborative research.

Research Priorities for IIDS and PEN (2026-2028)

*Dr. Biswash Gauchan presented **7** strategic research areas for 2026–2028, translating the White Paper and Development Strategy into PEN's initial research agenda.*

01 Economic Transformation and Structural Reforms

i. Rethinking Remittances for National Development: From Poverty Alleviation to Productive Investment

ii. Sovereign Investment Fund and Retirement Funds: Alternative Sources of Long-Term Development Finance

iii. The Economic Cost of Delayed Graduation from Least Developed Country (LDC) Status

iv. Three Decades of Credit Expansion in Nepal: Assessing Macroeconomic Impacts, Resource Allocation, and Financial Stability

v. Macroeconomic Implications of Rising Non-Performing Loans (NPLs): Risks to Financial Stability and Economic Growth

vi. Reimagining Nepal's Open Border with India: From Perceived Vulnerability to a Strategic Economic Advantage

02 Industrial Development

i. Enhancing Domestic Value Addition in Manufacturing: Identifying High-Potential Import Substitution and Export Opportunities

ii. Reforming Industrial Area and Special Economic Zones (SEZs): Toward Competitive Value Addition

iii. Assessing the Feasibility of Domestic Chemical Fertilizer Industry in Nepal

03 Knowledge Economy

i. Building Nepal's Knowledge and Innovation Hub: A Pathway to a Knowledge-Based Economy

ii. Integrating Nepal's Service Economy with Global Markets: Unlocking Growth and Employment

iii. Foreign Education as Nepal's Largest Service Import: Economic Costs, Drivers, and Policy Responses

iv. Positioning Nepal as a Regional Data Center Hub: Assessing the Feasibility of Clean Energy-Powered Digital Infrastructure

v. Digital Nepal: Regulatory Reforms and Investment in Digital Infrastructure for a Competitive Digital Economy

04 Human Capital Development

i. Transforming Public Education through STEM Excellence: Evidence-Based Strategies for Improving Learning Outcomes and Building Nepal's Future Human Capital

ii. Reforming Nepal's Health Insurance System: Assessing the Implementation of the Health Insurance Act, 2017 and Strengthening Efficiency, Accountability, and Financial Sustainability

iii. Positioning Nepal as a Regional Hub for Medical Education and Healthcare Services: Developing an Integrated National Health and Medical Education Ecosystem

iv. The Evolving Role of the Private Sector in Education and Healthcare: Expanding Quality and Access

v. Harnessing Nepal's Demographic Dividend: Transitioning from Labour Export to Global Service Exports

05 Factor Market and Productivity Reform

i. Labour Market Reform for Productivity Growth and Economic Competitiveness

ii. Land Reform: From Excessive Land Monetization to Improving Resource Allocation and Reducing the Cost of Doing Business

06 Tourism Development

i. Kathmandu: Building South Asia's Cultural Heritage Capital

ii. Positioning Mustang as the Himalayan Capital of the World

07 Natural Resources, Energy and Climate

i. Harnessing Nepal’s Water Resources: Reassessing Hydropower Potential and Optimizing Multipurpose Water Use

ii. BBIN Electricity Trade: Advancing Sub-Regional Energy Security and Green Growth

iii. Accelerating the Transition to Electric Cooking: A National Strategy for Energy Security, Import Substitution, and Climate Benefits

iv. Harnessing Nepal's Minerals and Natural Resources for Structural Transformation

v. Rethinking Forest Management for National Development: Balancing Conservation with Sustainable Economic Use and Carbon Trade

vi. Transitioning from Red Bricks to Cement Blocks: Economic and Environmental Implications

vii. The Economics of Nepal's Rapid Electric Vehicle Transition: What Does the Evidence Tell?

> ***“These priorities provide a starting framework, not a closed agenda, and participant input will help refine and expand them.”***

DISCUSSION

Key Issues Raised by Participants







ISSUES: Agriculture | Finance | Digitalization | Governance

- **Niche competitive advantages, stronger farm-to-market systems, and agroforestry linked to carbon markets.**
- **Parametric insurance, rural guarantee funds, and Nepal's potential in carbon trading.**
- **Digitized insurance, diaspora-insurance linkages, and expanded trade credit for MSMEs.**
- **AI in education, workforce readiness, and governance as a foundation for private sector performance.**

CONCLUSION

Key Takeaways

PEN Meet 2026 brought together researchers, practitioners, and policy-oriented individuals to examine Nepal's development challenges and explore how evidence can help address them. The presentations and discussions highlighted seven key messages.

01 Nepal's development challenge is structural, not cyclical.

02 Nepal needs to shift from a remittance-driven model to a productive, investment-led model.

03 Nepal needs a realistic, diversified growth strategy to achieve its long-term ambitions.

04 Policymakers must give greater attention to human capital and demographic transition.

05 Nepal must identify its own distinctive comparative advantages.

06 Nepal must integrate sustainability into economic transformation rather than treat it as a separate priority.

07 PEN should function as a collaborative network rather than as a collection of isolated research projects.

"PEN Meet 2026 marks the beginning of an open, collaborative, and evidence-driven policy research community in Nepal."

Way Forward

PEN Meet 2026 provided the foundation for translating PEN from a concept into a functioning research and policy network. The immediate priority for the PEN initiative is to organize members into small thematic working groups of four to five around policy areas such as policy research analysis, sector-specific policy issues, evidence generation and data analysis, policy advocacy, and stakeholder engagement. These groups would bring together members with complementary expertise to develop research questions, produce policy-oriented outputs, and contribute evidence to ongoing policy discussions.

Given the proposed research agenda covering areas such as economic development, employment and migration, agriculture, tourism, governance, and social policy, PEN will begin by identifying a smaller set of priority issues for its initial phase of work. Members will assess which issues are most relevant to current policy debates, where evidence is limited, and where PEN can make a practical contribution given its available expertise and resources. This initial phase will constitute the first of several research cycles, with subsequent cycles building lessons from earlier work and responding to emerging policy needs.

Before initiating new research, the PEN Secretariat at IIDS will map existing studies and initiatives being undertaken by government agencies, academia, and development partners, ensuring that its contribution remains complementary rather than duplicative.

To bridge research with policymaking, each thematic area will follow a defined pathway from research question to evidence generation, policy analysis, and a policy brief or publication, culminating in structured policy dialogue. PEN will hold meetings every three months to review progress, discuss new issues, and explore areas for collaboration. Members will also be invited to relevant IIDS flagship events, allowing them to stay informed about the institute’s ongoing work and engage with other researchers and stakeholders.

Way Forward.......

Beyond these structured engagements, PEN's continuity will depend on sustained interaction among members through collaborative research, and knowledge-sharing.

Finally, while the priorities identified at the meet provide a strategic framework for PEN’s work, its agenda will remain flexible and responsive to new policy issues and evidence gaps. These may include areas such as artificial intelligence and education, the future of work, digital and inclusive insurance, climate-risk financing, digitalization, skills development, and other issues that emerge from Nepal’s changing economic and policy environment. In this way, PEN Meet 2026 will support efforts to build the evidence needed for Nepal’s Structural Reform 2.0 and Vision 2100.

IIDS | Institute for Integrated Development Studies • 1979

NEPAL VISION 2100

Contact Us

Phone:
+977-1-4371006 / 4378831

Email:
info@iids.org.np

Website:
https://www.iids.org.np/

Address:
Mandikhatar, Kathmandu, Nepal