IIDS Institute for Integrated Development Studies • 1979

EVENT REPORT
2026

IDEA
DIALOGUE
IMPACT

PEN MEET
R E P O R T

Conversations that Inspire Change,
Knowledge that Drives Impact

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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

The intermediate GDP target under the Vision 2100 strategy was discussed at the meeting.

7

Broad research priority areas for PEN for 2026–2028 were proposed.

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

PEN Meet 2026 took place on August 7, 2026, marking the Policy Entrepreneurs Network's first collective engagement. The event brought together researchers, experts, practitioners, and other policy-oriented individuals to introduce PEN's vision and highlight IIDS's recent work on Nepal's economic and development trajectory.

IIDS established PEN in 2024 to bridge the gap between research and policymaking. The network brings together individuals with diverse expertise to identify critical policy issues and generate evidence aligned with Nepal Vision 2100.

PEN MEET 2026

The PEN Meet 2026 marked an important step in reinitiating the Policy Entrepreneurs Network and bringing together its members and prospective members around the broader vision of PEN. Held at the IIDS campus, the meet introduced participants to PEN's purpose, structure, and future direction. Participants examined the rationale behind PEN in the context of Nepal's emerging policy challenges and drew on the White Paper 2026 and the 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 opened PEN Meet 2026 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.

He also highlighted the vision behind PEN's establishment and described the initiative as an effort to make Nepal's research community more open and democratic. He emphasized PEN's goal of creating opportunities for capable individuals interested in evidence-based policymaking to participate in the research and policy process. He 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

He further explained PEN's vision and purpose as a platform that connects research more effectively with 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.

"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 recent flagship publications: The White Paper: Nepal's Economy under the New Normal and Development Strategy for Vision 2100. They introduced PEN participants 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 presented the key findings of The White Paper: Nepal's Economy under the New Normal, describing it as an evidence-based diagnostic assessment of Nepal's economic condition. Rather than prescribing a comprehensive set of policies, the 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 presentation 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.

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PRESENTATIONS

The White Paper identifies four structural paradoxes—Remittance, Wealth-Income, Competitive, and Demographic—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 remains largely within the 3–5 percent range, while the country 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. Dr. Bhattarai also cautioned against relying solely on tourism and hydropower and called 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 development strategy. 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 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 "Nepalbaad – Global Footprints. Local Blueprints," which emphasizes aligning Nepal's domestic capabilities with opportunities in the global economy. The strategy sets an intermediate target of $100 billion in GDP and aims to increase per capita income from approximately $1,496 to $3,000, while gradually expanding the shares of industry and services in the economy.

A key message of the presentation was that 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 9.5–10 percent could significantly accelerate Nepal's progress toward 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.

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The strategy's Strategic Compass focuses on three broad areas: Economic Diplomacy, Climate and Clean Energy, and Diaspora Globalization. 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, which aims to expand Nepal's medical education capacity and attract international students, and the proposed Nepal Global Knowledge and Innovation Hub, which would cover areas such as IT and digital services, health sciences, management, hospitality, wellness, and other knowledge-based sectors.

The presentation identified digital transformation, access to finance, human capital, private-sector development, infrastructure, and an enabling policy environment as key building blocks for this transformation. It also proposed 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).

Overall, the presentation positioned Vision 2100 as a shift from a 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

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

Remittances, sovereign investment fund, LDC graduation, credit expansion, open border with India.

02

Industrial Development

Value addition, import substitution, SEZ reform, domestic fertilizer industry feasibility.

03

Knowledge Economy

Innovation hub, global service integration, digital economy and data centre potential.

04

Human Capital Development

STEM education, health insurance reform, medical education hub, demographic dividend.

05

Factor market reforms

Labour market productivity and land reform to reduce cost of doing business.

06

Tourism Development

Kathmandu as a heritage capital; Mustang as a global Himalayan destination.

07

Natural resources, energy, and climate

Water resources, BBIN power trade, EV transition, forest management and carbon trade.

> ***"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."

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NEPAL VISION 2100

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