



## Enterprise Resilience

### GRAPE policy brief #2

## Fostering Climate Action for Enhanced Enterprise Resilience in Nepal

### Background

Nepal, highly vulnerable to climate change, faces erratic weather patterns, glacial retreats, and extreme events. Glacier melting creates a dual challenge: excess water upstream leading to floods and damage, and insufficient water downstream, impacting agriculture, tourism, and ecosystems. This underscores the need for a comprehensive climate action strategy addressing both upstream and downstream challenges. Enterprises in Nepal, pivotal to the nation's economic vitality, must adeptly respond to the evolving dynamics of climate change. The inadequacy of current policies to incorporate the loss and damage concept further underscores critical gaps in the existing framework.

In response to this gap, Nepal has developed a National Climate Change Policy 2076, aiming to integrate climate change into the country's development strategy and build resilience to climate change. But the current policy framework doesn't do enough to address the enterprise sector's specific vulnerabilities and needs for change (The World Bank, 2022). The enterprise sector makes a big difference in Nepal's economy—12.5% of the national GDP comes from the operating income of public enterprises—so this gap is especially worrying. Businesses need to be ready for the effects of climate change in all kinds of fields, from agriculture to tourism, so they can keep doing well even when things go wrong (Gautam, 2023; The World Bank, 2022).

### The Missing Pieces: Policy Gaps Unveiled

- 1. Sectoral Adaptation Plans:** Missing adaptation plan in various sectors such as agriculture, tourism, NTFP, etc. makes it difficult for businesses to be resilient to economic and climate shocks thereby, making them vulnerable to climate and other impacts.
- 2. Financial Precarity:** Many enterprises, especially small and medium-sized businesses, grapple with financial constraints, impeding their capacity to invest in climate-resilient technologies and practices.
- 3. Knowledge and Capacity Gaps:** Inadequate awareness among enterprises regarding the impacts of climate change and the requisite capacity to integrate resilience mea-

### Policy Recommendations

1. Develop Sector-specific adaptation development plans for businesses to enhance climate resilience.
2. Establish a dedicated resilience fund for SMEs to promote climate-resilient technologies.
3. Launch awareness and capacity-building programs to address knowledge gaps among enterprises on climate resilience.
4. Foster collaboration among government, private sector, and I/NGOs for efficient implementation of climate resilience measures.
5. Define climate financing for developmental planning, transparency, and international fund utilization.
6. Integrate climate resilience into national development goals for unified action and sustainable business strategies.

asures into decision-making processes perpetuate vulnerability.

**4. Coordination Challenges:** Fragmented coordination among governmental bodies, private enterprises, and I/NGOs undermines the cohesive implementation of climate resilience measures across the enterprise sector.

**5. Definition of Climate Financing:** The absence of awareness among enterprises regarding the impacts of climate change and the requisite capacity to integrate resilience measures into decision-making processes perpetuate vulnerability.

### A Path Forward:

#### 1. Development of Sector-Specific Plans:

Formulate comprehensive sector-specific adaptation plans to empower businesses with tailored strategies, enhancing resilience to climate change impacts.

**2. Financial Support for Enterprises:** Institute a dedicated resilience fund, especially for small and medium-sized enterprises, to alleviate financial constraints and incentivize investments in climate-resilient technologies.

**3. Enhanced Awareness and Capacity Building:** Launch extensive awareness campaigns and capacity-building programs to address inadequate knowledge among enterprises, ensuring a better understanding of climate change impacts and resilience measures.

**4. Improved Interagency Coordination:** Strengthen collaborative frameworks between governmental bodies, private sector stakeholders, and non-governmental organizations to overcome fragmented coordination, ensuring efficient implementation of climate resilience measures. Platforms such as startup nation 2030 consortium with the governance structure, shared goal and clear responsibility can improve interagency

collaboration. Expansion of such platforms to reach out to interested organizations to collaborate would help to reach the shared goals of climate action.

**5. Clear Definition of Climate Financing:** Establish a clear definition of climate financing to guide the country's development efforts, reducing discrepancies, enhancing transparency, and facilitating better utilization of international climate finance. Collaborating with government, private sectors together with development organizations, the definition and the process of implementation can be derived.

**6. Integration with National Development Goals:** Emphasize the integration of climate resilience into national development goals, aligning business strategies with broader sustainability objectives and ensuring a unified approach to tackle climate change challenges.

### Conclusion:

The endeavor to foster climate action for heightened enterprise resilience in Nepal is not merely a strategic choice but an imperative for sustainable development, encompassing both economic and environmental considerations. Bridging policy gaps and adopting recommended measures strengthens businesses, acknowledges the power of climate finance, and ensures long-term prosperity. This commitment to resilience isn't just about economics; it's about safeguarding vulnerable communities and building a sustainable future, powered by strategic climate finance.

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