

BRIEF

Unlocking Climate Finance for Women-Led Enterprises in Nepal: Ground-level Insights

January 2026



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This brief aims to inform various stakeholders in Nepal who can collaborate to unlock climate finance for women-led enterprises, including industry associations, financial institutions, ecosystem service providers, and policymakers.

ACKNOWLEDGMENTS

The authors acknowledge and thank CPI colleagues **Alexandre Kirchherr**, **Harsha Vishnumolakala**, and **Aditi Kothari** for their thoughtful input, and **Vivek Sen** and **Neha Khanna** for their vital guidance. **Rob Kahn**, **Kirsty Taylor**, and **Saumya Tiwari** for editing and internal review, and **Elana Fortin** for lending her layout and design expertise. This report has been developed with support from International Development Research Centre (IDRC) Canada. Responsibility for the views and conclusions expressed herein rests solely with the authors.

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ABOUT CLIMATE POLICY INITIATIVE

CPI is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change.

CPI has offices in Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.



ABOUT FOREST ACTION NEPAL

ForestAction Nepal (Forest Resources Studies and Action Team), established in 2000, is a learning-oriented, non-profit professional organization working in the areas of forests, biodiversity, livelihoods, watershed management, ecosystems, agriculture, food, climate change, gender, equality, and social inclusion (GESI). The organization adopts an interactive approach to research and policy engagement, collaborating with the research community, civil society groups, and government agencies to develop deliberative and collaborative policies and practices.

ABOUT SOUTHASIA INSTITUTE OF ADVANCED STUDIES

Southasia Institute of Advanced Studies (SIAS) is a policy research institute based in Nepal, aspiring to be a Centre of Excellence in South Asia. Operating at the research-policy-practice interface, SIAS contributes to impactful research and evidence-informed policy solutions in themes of Natural Resources and Rural Livelihoods; Climate, Disaster and Urban Resilience; Landscape Management and Ecosystem Services; and Decentralization, Gender Equality and Social Inclusion. SIAS collaborates closely with research institutions and partners across South Asia, Europe, the Americas, and Australia.

DESCRIPTORS

SECTOR

Forests, Agriculture, Gender, Climate Resilience, Climate Finance, MSMEs

REGION

Nepal

KEYWORDS

Women-led Enterprises (WLEs), Forests, Agriculture, Gender, Climate Adaptation, Climate Resilience, Climate Finance, Capital Mobilization

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RECOMMENDED CITATION

CPI. (2026). Unlocking Climate Finance for Women-Led Enterprises in Nepal: Ground-level Insights. Climate Policy Initiative

ABBREVIATIONS

Abbreviation	Definition
ADBL	Agriculture Development Bank Ltd.
CCAP	Climate Change Action Plan
CFUG	Community Forest User Group
CPI	Climate Policy Initiative
FA-N	Forest Action Nepal
FGD	Focus Group Discussion
FY	Fiscal Year
GESI	Gender Equality and Social Inclusion
GDP	Gross Domestic Product
IDRC	International Development Research Centre
IFC	International Finance Corporation
IOM	International Organization for Migration
KII	Key Informant Interview
LAPA	Local Adaptation Plan of Action
MFI	Microfinance Institution
MSME	Micro, Small, and Medium Enterprise
NAP	National Adaptation Plan
NDC	Nationally Determined Contribution
NIMB	Nepal Investment Mega Bank
NGO	Non-Governmental Organization
NPR	Nepalese Rupee
RBB	Rastriya Banijya Bank
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REEEP	Renewable Energy and Energy Efficiency Programme
SACCO	Savings and Credit Cooperative
SIAS	Southasia Institute of Advanced Studies

Abbreviation	Definition
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
WBG	World Bank Group
WLEs	Women-Led Enterprises

EXECUTIVE SUMMARY

Women-led and women-engaging enterprises (WLEs) in Nepal's agriculture and forestry sectors play a critical role in sustaining rural livelihoods and strengthening community-level climate resilience.

Around 70% of Nepali women work in agriculture, serving as primary stewards of forests and ecosystems. WLEs are embedded in farming value chains—as producers, workers, cooperative members, or suppliers—meaning that support for WLEs can directly bolster livelihoods, income, and resilience benefits across local economies. Yet, they remain systematically constrained by limited access to appropriate finance and ecosystem support.

Despite contributing minimally to global emissions, Nepal is highly vulnerable to climate-induced disasters, resulting in significant economic losses. The livelihoods of its people are largely based on climate-sensitive sectors, including agriculture, forestry, and natural resources. Enterprises in these sectors face heightened climate risks and lack adequate financial buffers and adaptive capacity, impacting their economic stability and overall well-being.

Climate finance for agriculture and forestry in Nepal falls short of needs amid broader financing gaps.

These climate-dependent sectors are increasingly exposed to climate-induced shocks, limiting their ability to invest in resilient practices, stabilize incomes, and scale sustainably. The country's climate mitigation and adaptation efforts face a significant financing gap—estimated at USD 6.7 billion per annum by 2035, based on its most recent Nationally Determined Contribution (NDC 3.0).

Nepal has a resilience-focused climate policy framework with overarching commitments to integrating gender, equity, disability, and social inclusion. However, the country's low economic development, paired with limited fiscal space and institutional capacity, constrains its ability to plan and finance its response to climate shocks. In addition, available credit products for are often too rigid, short-term, or poorly aligned with the cash-flow profiles and risk characteristics of agricultural and forestry enterprises.

WLEs face additional, compounding barriers to accessing finance. Gender norms and social expectations that undervalue women's economic roles restrict their decision-making authority and control over resources. There is, therefore, growing recognition of the need for targeted support for WLEs. Policy and programmatic support includes free business registration and renewal for women, promotion of subsidized lending schemes, and entrepreneurship facilitation centers that provide training, capacity building, and market access. Yet, more needs to be done to help WLEs reach their full potential in generating value for their communities and climate action.

Building on agriculture and forestry WLEs' pivotal yet vulnerable position on the climate frontlines, this brief examines their roles, challenges, and opportunities in accessing finance within Nepal's climate and development landscape. It draws key findings from a primary study examining the socioeconomic and financial challenges faced by WLEs conducted by Climate Policy Initiative (CPI) and its local partners in Nepal, ForestAction-Nepal (FA-N) and the Southasia Institute of Advanced Studies (SIAS). The analysis incorporates perspectives from ecosystem stakeholders, including WLE associations, financial institutions, and development partners, to shed light on ground-level realities and identify solutions to persistent barriers. The study also explores potential pathways to enable capital flows at both the enterprise and ecosystem levels, with the objective of strengthening business viability and climate resilience among WLEs.

KEY FINDINGS

Our field survey of 200 WLEs across 40 of Nepal's 77 districts yielded the following insights.

- **Market access and operational constraints limit enterprise scalability.** Over 70% of WLEs depend on local markets and face high transport costs, raw material shortages, weak bargaining power, low digital literacy, and limited institutional support.
- **Female entrepreneurs experience these challenges more acutely.** Women often lack control over productive assets, market access, and decision-making relative to men. Disproportionate household care burdens and mobility restrictions also compound constraints on women's enterprise growth.
- **Climate risk compounds existing structural and gender constraints.** Despite their central role in local adaptation to climate change, WLEs remain highly vulnerable—65% reported being affected by climate shocks and only 37% of this group felt adequately prepared.
- **Access to finance could mitigate the above challenges, but this remains particularly elusive for WLEs.** Most surveyed (88%) rely on personal savings, and only 56% have accessed formal finance due to collateral gaps, procedural complexity, low awareness, and misaligned financial products. Emerging climate and impact finance opportunities remain out of reach for most WLEs, due to their limited market readiness, weak business models, and inadequate impact measurement.
- **The nature and intensity of challenges faced by WLEs vary by enterprise size,** underscoring the need for scale-specific interventions, including structured technical and ecosystem support to unlocking capital.

KEY RECOMMENDATIONS

Nepal can activate both public and private capacities to strengthen WLEs through an integrated approach that aligns policy, enterprise support, and de-risking of financial instruments.

Action	Details
Strengthen the enabling environment	<ul style="list-style-type: none"> ▪ Establish a climate, gender, and enterprise policy working group to develop a comprehensive framework with earmarked budgets and robust performance tracking, building on existing National and Local Adaptation Plans to ensure focus on gender as a core issue in climate adaptation. ▪ <i>This action may be led by relevant government departments with consultations and inputs from local participants in the women's business ecosystem.</i>
Extend tailored capacity-building support based on enterprise need	<ul style="list-style-type: none"> ▪ Deliver program-based assistance for enterprise formalization, financial and market literacy, adoption of climate-smart practices, and market access. ▪ Provide targeted investor-readiness support to high-potential enterprises. ▪ <i>This exercise may be jointly undertaken through partnerships among relevant line ministries, international development agencies, philanthropic organizations, and NGOs.</i>

Action	Details
De-risk lending to WLEs	<ul style="list-style-type: none"> Introduce supportive frameworks to enable parametric insurance-linked credit and other risk-sharing instruments to attract lenders and expand credit to climate-exposed enterprises. <i>National banking and insurance regulators are best positioned to develop a framework for enabling innovation for de-risking investments at the intersection of climate and gender, with implementation support from banks, MFIs, and insurance underwriters.</i>
Enable aggregation and market power	<ul style="list-style-type: none"> Support women-focused cooperatives and enterprise associations to improve bargaining power, reduce transaction costs, and strengthen access to finance and markets. <i>Such efforts can be anchored within public institutions and local delivery systems, supported by cooperative networks and civil society actors with expertise in women's economic empowerment.</i>

STRUCTURE OF THIS BRIEF

- Section 1** outlines the centrality of women to climate action in Nepal, both because of their vulnerability to climate risks and their strong position to drive grassroots solutions.
- Section 2** outlines the methodology used for the comprehensive study of WLEs and provides a detailed overview of enterprise characteristics, including scale, structure, sectoral engagement, and geographic distribution.
- Section 3** analyzes the challenges women entrepreneurs face, including social and gender constraints, financial and market barriers, and climate-related risks.
- Section 4** assesses the enabling environment for climate finance, covering policy frameworks, financial coverage, credit access, and structural barriers.
- Section 5** presents targeted recommendations for capacity development, enterprise support, financial innovation, and policy interventions to strengthen WLEs' resilience and impact.

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1. NEPAL'S CLIMATE-GENDER NEXUS

Nepali women's centrality to agroforestry and agriculture places them on the frontlines of climate change. Not only do they face climate vulnerability, but they are also crucially positioned to drive adaptation to climate hazards and deliver socioeconomic benefits for their communities.

The country's complex and varied topography drives ecological fragility, increasing exposure to climate hazards and limiting adaptive capacity. Climate impacts are escalating in scale and severity across sectors, deepening the vulnerabilities of economically and socially disadvantaged groups and introducing new, unpredictable threats. The economic cost of climate change to the country is projected to reach 2-3% of annual GDP by 2050.¹ Adverse climate events are particularly consequential for agriculture, which accounts for approximately 27% of Nepal's GDP and supports more than 65% of its population.^{2,3}

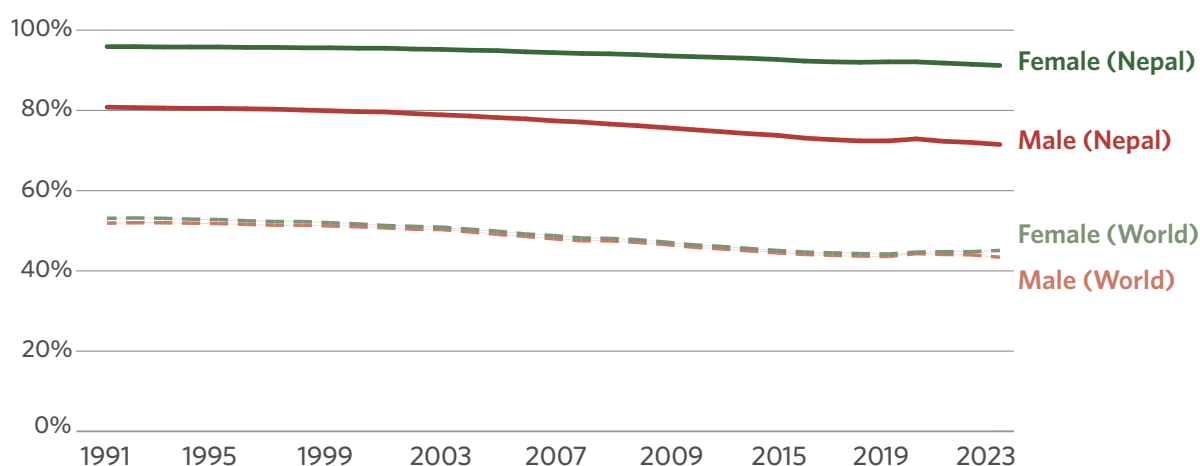
Around 70% of Nepal's female labor force was employed in agriculture in 2023,⁴ and a recent study found that more than 53% of women in this sector faced two or more climate risks,⁵ underscoring the need for gender-relevant climate resilience efforts. Vagaries of climate—worse still, climate disasters like droughts and floods—destroy income sources, disrupt mobility and security, and limit access to markets and health services.

Beyond climate-related risks, prevailing social and structural realities pose major impediments to women's empowerment. While women provide most of the labor, an absence of economic entitlements, such as access to property titles, along with other intersectional factors like caste, class, education levels, and financial literacy, serves to deprive individual women of agency in economic decision-making and control over their lives.

Nepal is well above the global average in terms of vulnerable employment—the percentage of informal workers without adequate social protection and safety nets to guard against economic shocks.⁶ These rates are particularly high for Nepali women, as shown in the figure below. Furthermore, over the past two decades, proportion of vulnerable employment for women has not receded as much as has the proportion for men.

Figure 1.1: Percentage of vulnerable employment in Nepal and world

Vulnerable employment
(% of total employment)



Source: The World Bank (2023)⁷

As primary stewards of agrarian and sylvan ecosystems, women play a central role in sustainably sourcing and using the natural resources that underpin local economies, livelihoods, and climate resilience. Women-led and women-intensive enterprises (WLEs) operate in diverse agriculture- and forestry-based activities, mobilizing entrepreneurship, generating income, and enhancing community resilience. Similarly, women's collectives, cooperatives, and community producer groups create an enabling environment for individual women to pool their skills and knowledge to generate value through the sustainable extraction and processing of natural produce. This makes WLEs powerful enablers and multipliers of benefits across households, communities, and enterprises. Strengthening women's agency, leadership, and access to climate finance is therefore key to fostering climate-resilient and sustainable businesses in agriculture and forestry. Empowering Nepali WLEs can advance gender equity, economic inclusion, and climate action, as outlined in Figure 1.2.

Figure 1.2: Economic, social, and climate returns from supporting WLEs



Targeted climate finance, complemented by appropriate market integration, ecosystem enablement, and policy support, can play a substantive role in unlocking these above benefits for the economy.

2. LANDSCAPE OF WLES IN AGRICULTURE AND FORESTRY

Nepal's labor-market structure and enterprise composition strongly shape the operating environment for WLEs—with a strong concentration in informal micro-enterprises. Nepal has low recorded unemployment (4.4%) but high levels of informality, outward labor migration, and a strong dominance of micro-enterprises.⁸ Of the 923,000 establishments identified in Nepal's 2018 National Economic Census, only about half were formally registered.⁹ Micro, small, and medium-sized enterprises (MSMEs) employ around 85% of the workforce, with about 69% in micro-enterprises, which are largely informal and home-based.¹⁰ Women constitute 38% of the workforce in MSMEs and manage approximately 27% of MSMEs.¹¹ Many WLEs operate informally, without legal recognition.¹² Together, these structural features underscore both the scale and the constraints of women's economic participation.

Women drive agricultural activities, largely due to male out-migration to urban areas. They often participate in the sector through women-led or collective enterprises such as community forest user groups, self-help groups, and cooperatives.¹³ These include primary agriculture, agro-processing, forest-based (mainly non-timber) products, ecotourism, handicrafts, and renewable energy. A 2024 study on female agripreneurs in Nepal found that only 8% of registered establishments in the agriculture, fishing, and forestry sectors were female-owned, and only 15% had female managers.¹⁴ This also includes women-engaging enterprises in which women exercise substantive managerial and operational roles, beyond formal ownership or registration status.

2.1 LANDSCAPE STUDY APPROACH

To better understand the overall ecosystem, challenges, and financial needs of WLEs in Nepal, a survey-based assessment was conducted between April and October 2025, jointly led by Climate Policy Initiative (CPI), ForestAction Nepal (FA-N), and the Southasia Institute of Advanced Studies (SIAS). The study focused on socioeconomic challenges and barriers to access to finance faced by WLEs and aimed to map their ecosystem and ground-level needs.

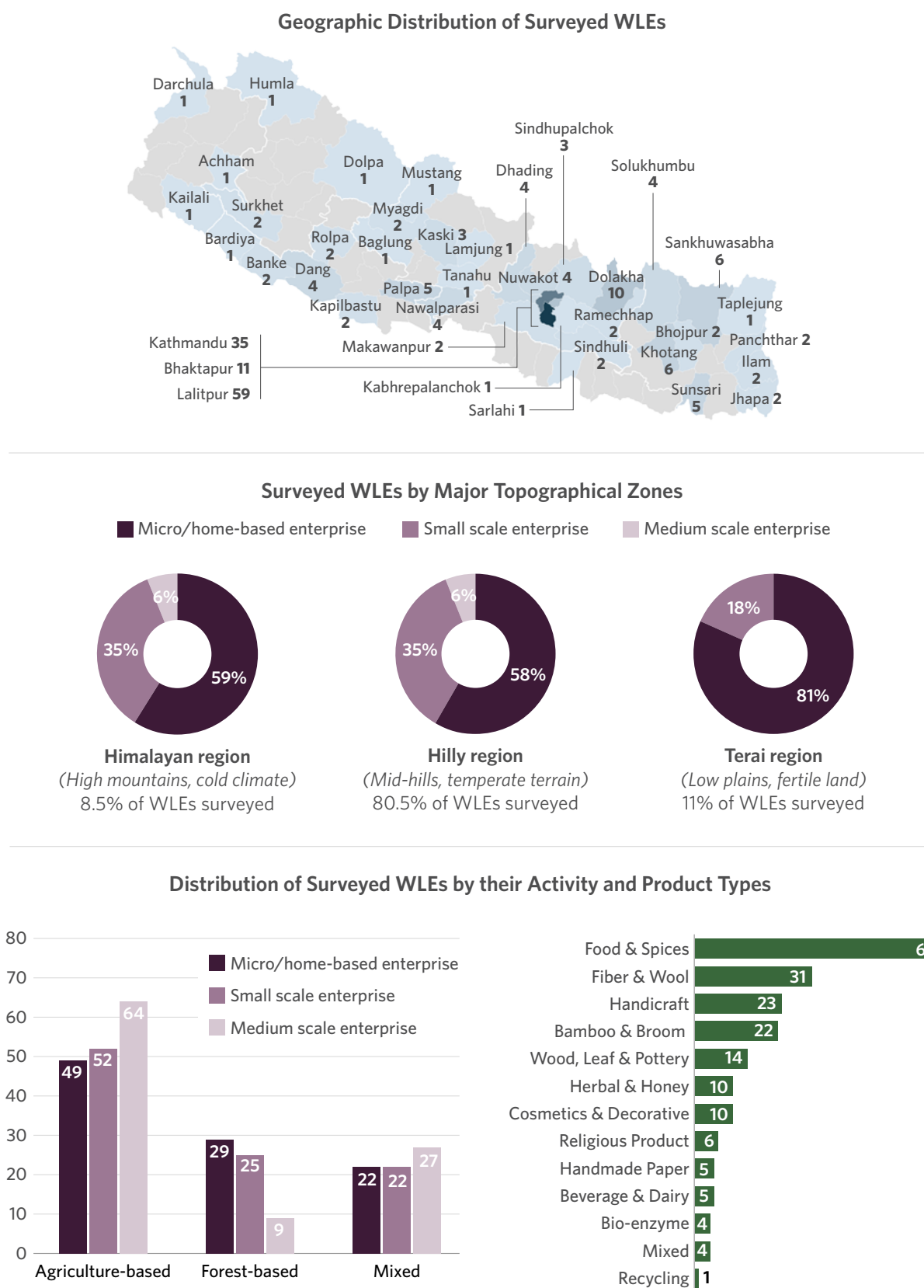
The study employed a bottom-up, data-driven approach that combined a primary survey, stakeholder engagement, and a desk-research policy review. The key components included:

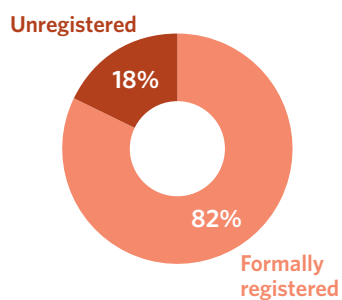
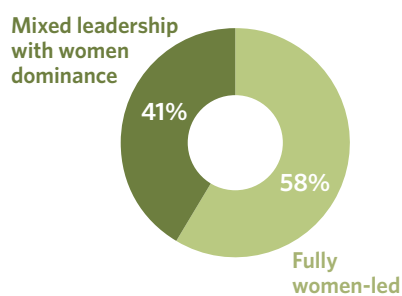
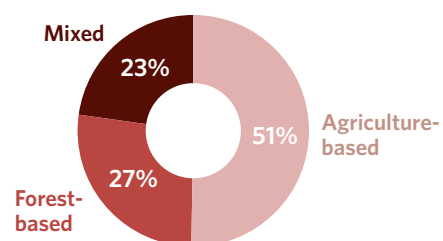
- **Primary field survey of 200 WLEs** capturing enterprise characteristics, financial needs, market access, operational challenges, and gender/social barriers (see Annexure 1 for detailed methodology). We also conducted quantitative analysis of the survey outcomes to identify trends and patterns.
- **Stakeholder consultations** with financial institutions, WLE trade associations, and other ecosystem actors were conducted to validate and enrich findings.
- **Documented case studies and learnings** from FA-N and SIAS' work in Nepal provided specific insights into WLEs' realities on the ground.
- **Review of financing policies and enabling frameworks** relevant to Nepali WLEs.

The survey aimed for a comprehensive approach to generate a clear, evidence-based picture of WLEs' participation as climate-relevant enterprises. Surveyed WLEs operate across 40 of Nepal's 77 districts,

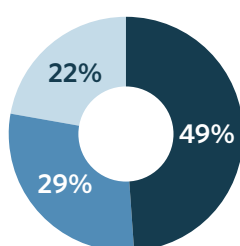
covering diverse geographies—including hills, plains, rural, and urban areas—and across multiple sectors, including agriculture, forestry, and mixed ventures combining multiple ecosystem-based services. Figure 2.2 summarizes WLE profiles, sectoral focus, and geographic distribution.

Figure 2.2: Profile overview of the surveyed WLEs in Nepal



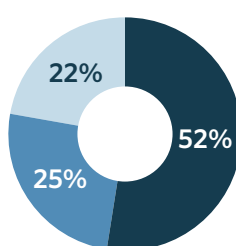
Registration and Formalization**Enterprise Leadership****Sectoral Composition****Size Distribution**

■ Agriculture-based ■ Forest-based ■ Mixed

**Micro/home-based WLEs**

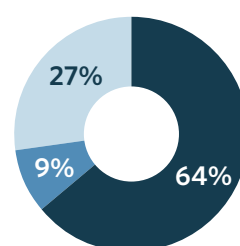
Fixed capital below NPR 2 mn (~USD 15,000)

61% of WLEs surveyed

**Small-scale WLEs**

Fixed capital below NPR 150 mn (~USD 1 mn)

34% of WLEs surveyed

**Medium-scale WLEs**

Fixed capital between NPR 150 mn (~USD 1 mn) and NPR 500 mn (~USD 4 mn)

5% of WLEs surveyed

Further details on methodology are provided in Annexure 1.

3. SURVEY RESULTS: CHALLENGES FACED BY FEMALE ENTREPRENEURS

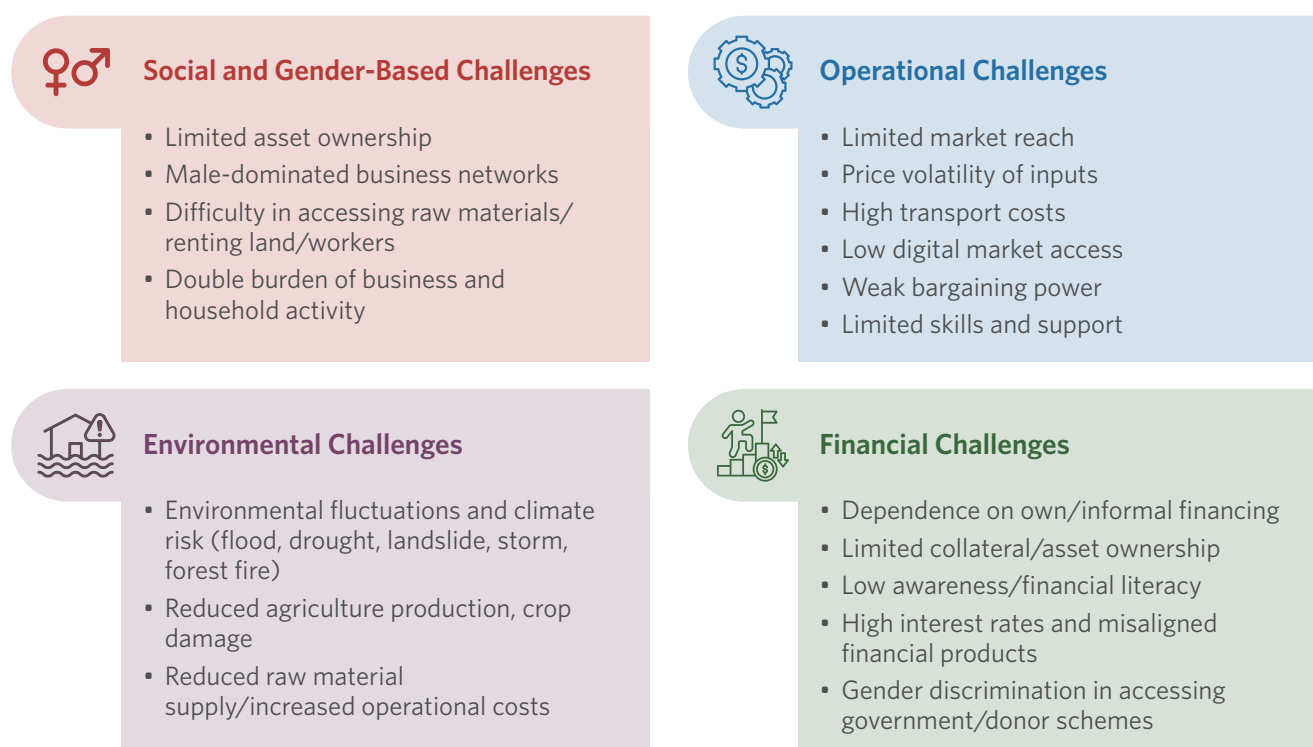
WLEs face multiple, intersecting constraints that limit their business growth and long-term sustainability.

While many of these challenges are common to all agri-forestry enterprises, they are often compounded by gender-specific barriers, such as limited access to finance, markets, decision-making authority, and technical support. These challenges experienced by WLEs broadly fall under four categories: 1. Social and gender-based, 2. Financial, 3. Market and operational, and 4. Environmental, as shown in Figure 3.1.

These challenges are further intensified by fragmented institutional arrangements, weak intersectoral coordination, and limited local implementation capacity, which collectively restrict WLEs' ability to benefit from policy incentives, public programs, and climate finance commitments.^{15,16}

Most surveyed WLEs were micro-sized or home-based businesses (61%), reflecting their informal, community-based nature. A high dependence on land-based livelihoods was observed, with limited diversification into high-value or service-oriented activities. The challenges faced by WLEs vary across different enterprise sizes (micro, small, and medium), underscoring the need for scale-specific support.

Figure 3.1: Key challenges faced by WLEs in Nepal



3.1 SOCIAL AND GENDER-BASED CONSTRAINTS

Female entrepreneurs face challenges in operating and expanding their businesses stemming from traditional gender roles and social constructs that shape access to resources. While businesses are often registered in women's names, qualitative data from the survey and prior studies indicate that decision-making authority often remains with men, pointing to prevailing gender dynamics in Nepal.¹⁷ Women's roles in agriculture- and forest-based enterprises are largely confined to collection and low-value processing, while men in the family or intermediaries often control pricing, market access, and forest rights.¹⁸

WLEs' activities are often limited to subsistence or household-level production rather than market-oriented enterprises. This focus severely hampers their business readiness and ability to scale. Structural constraints for WLEs are linked to limited control over assets, markets, and finance and cannot be addressed through isolated capacity-building or managerial interventions alone. Capturing a more accurate view of women's economic participation in the focus sectors is therefore necessary to inform effective policy and financing responses.

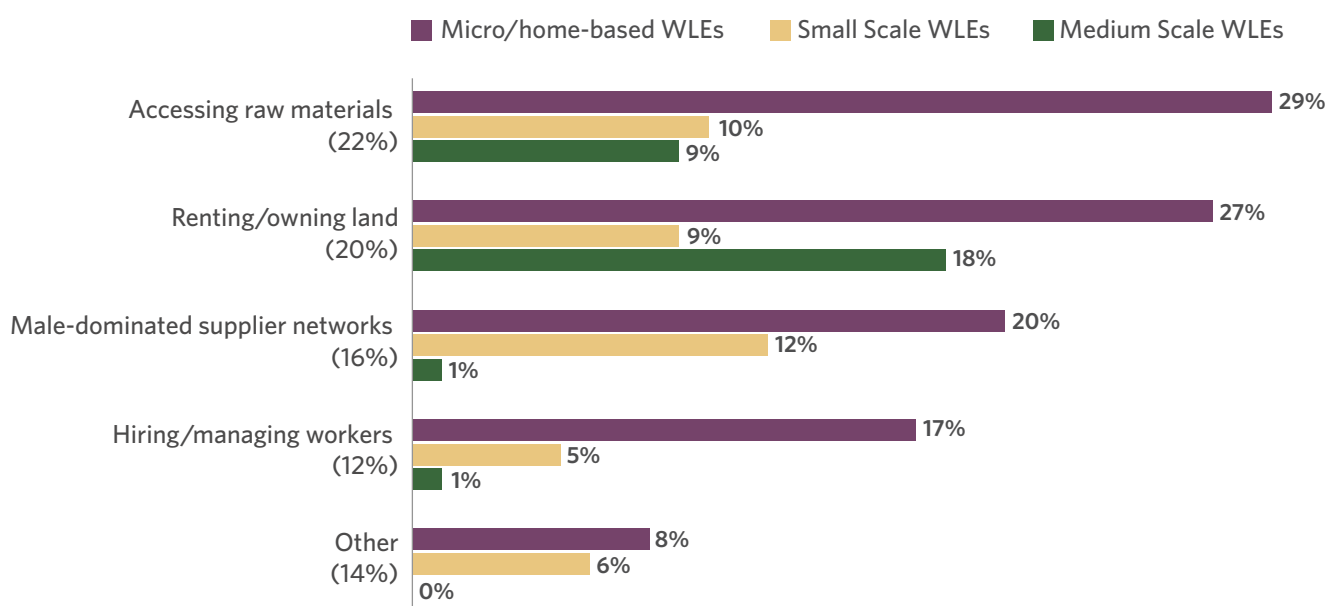
A considerable share of surveyed WLEs face barriers to accessing raw materials (22%) and to renting or owning land (20%). These barriers are often gendered, as inheritance practices and male control over household property limit women's land and asset ownership. Limited access to productive resources can constrain enterprise formalization and bargaining power with suppliers, landlords, and lenders.

In addition, 17% of survey respondents reported male dominance of supplier and business networks. This constrains negotiation power and growth opportunities, particularly where trust and commercial relationships are mediated through male intermediaries.

Several WLEs (12%) also reported difficulties in hiring or managing workers. This was linked to limited acceptance of women in supervisory roles and reduced authority in labor management.

Women also highlighted the double burden of household care and business responsibilities. Daily chores, such as fetching water, fodder, or firewood from distant sources, compete with time for livelihood-generating farm or forest activities. Other challenges mentioned included mobility restrictions, lack of trust in women entrepreneurs, and concerns about personal safety and cultural norms, all of which reduce women's time and capacity for business activities.

The above gender-related constraints interact with caste and class-based exclusion, which continue to shape access to assets, markets, and government-led institutional support mechanisms,^{19,20,21} thereby compounding structural disadvantages for women. These constraints are summarized in Figure 3.2.

Figure 3.2: Social and gender constraints faced by WLEs

3.2 FINANCIAL ACCESS CONSTRAINTS

The survey highlighted barriers and missed opportunities in Nepal’s financial ecosystem for empowering WLEs’ climate action. Areas for improvement include expanding access, overcoming collateral constraints, and enhancing product suitability. WLEs expressed a strong demand for flexible, needs-based financial products.

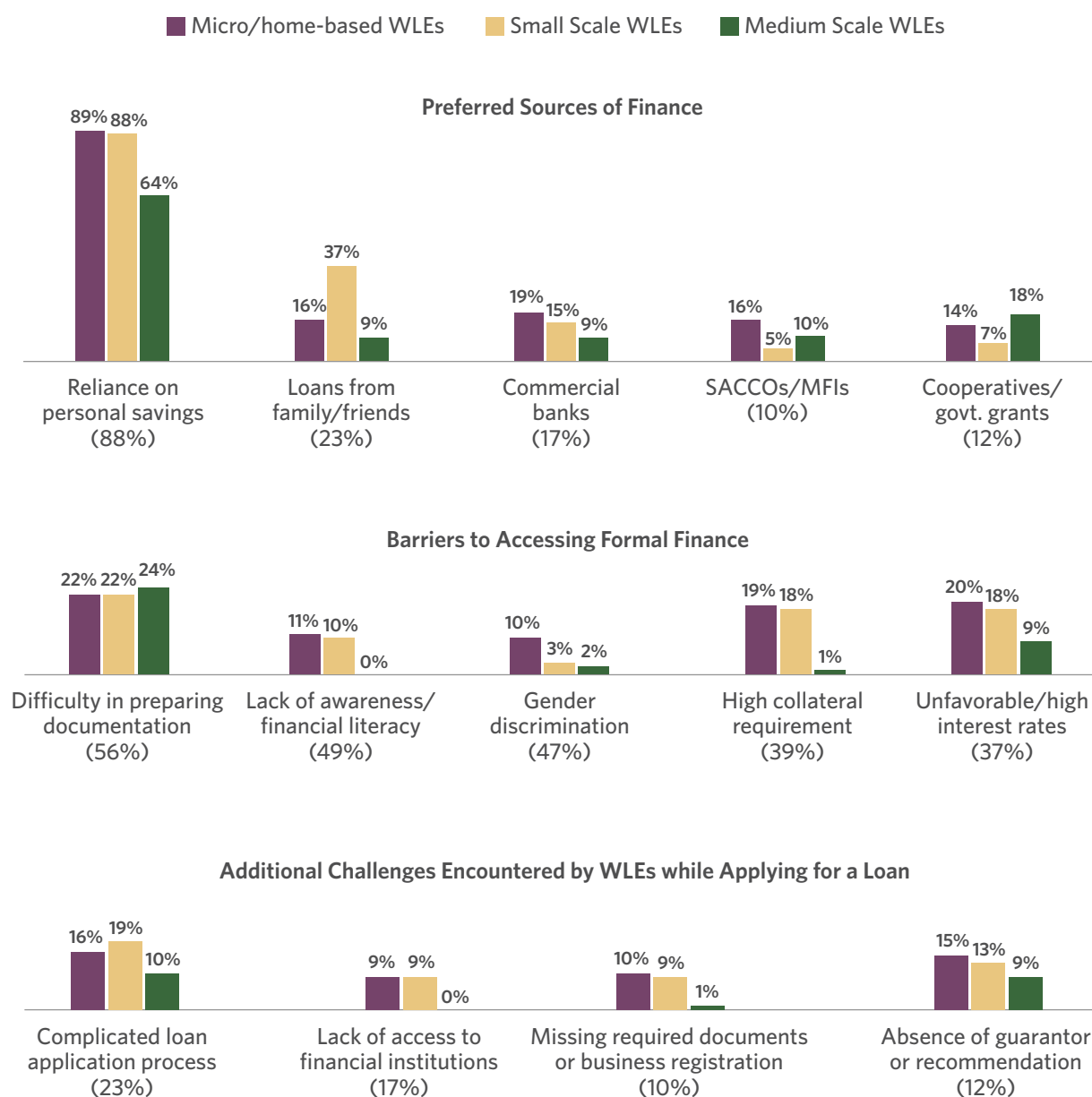
Formal financing is not entirely absent among surveyed WLEs, but it remains limited and unevenly accessed. Most respondents (88%) relied on personal savings to fund their businesses. At the same time, a notable minority (17%) reported accessing formal or semi-formal financing channels, including commercial banks. Smaller numbers of respondents had accessed funds from cooperatives (12%) and government grants (12%). A few also reported the use of microfinance institutions (3%).

More than half (55%) of WLEs surveyed have never applied for a loan. This broadly reflects the cumulative impact of cumbersome application processes, stringent evaluation criteria, lack of guarantors, limited advisory support, geographic constraints, and gender bias—particularly for smaller enterprises. The barriers to accessing formal finance are further outlined below.

- **Lack of collateral:** Limited ownership of land or property by women (39% of women surveyed reported a lack of asset ownership), combined with weak or absent credit histories, restricts eligibility for conventional bank loans and formal credit products, especially among micro/home-based WLEs. Studies show that only about 20% of women in rural Nepal own land, limiting their economic security and decision-making opportunities²² Joint land ownership between spouses has been shown to significantly improve women’s access to credit, income, and entrepreneurship outcomes.²³
- **Low financial literacy and awareness:** 56% of WLEs surveyed reported difficulties navigating loan applications and documentation requirements. Weak linkages with financial institutions and limited awareness of government schemes and concessional loan products further constrain access to formal finance, according to 69% of respondents. Only 4% of surveyed WLEs reported accessing such schemes (see also Section 4.3).

- **High interest rates and misaligned financial products:** 37% of WLEs identify high borrowing costs as a deterrent to accessing credit, increasing the risk of debt stress (these respondents were among the 56% of WLEs who had accessed formal credit). Available financial products are often short-term, rigid, and poorly aligned with the seasonal and small-scale nature of WLE business activities.

Figure 3.3: Financial access constraints faced by WLEs



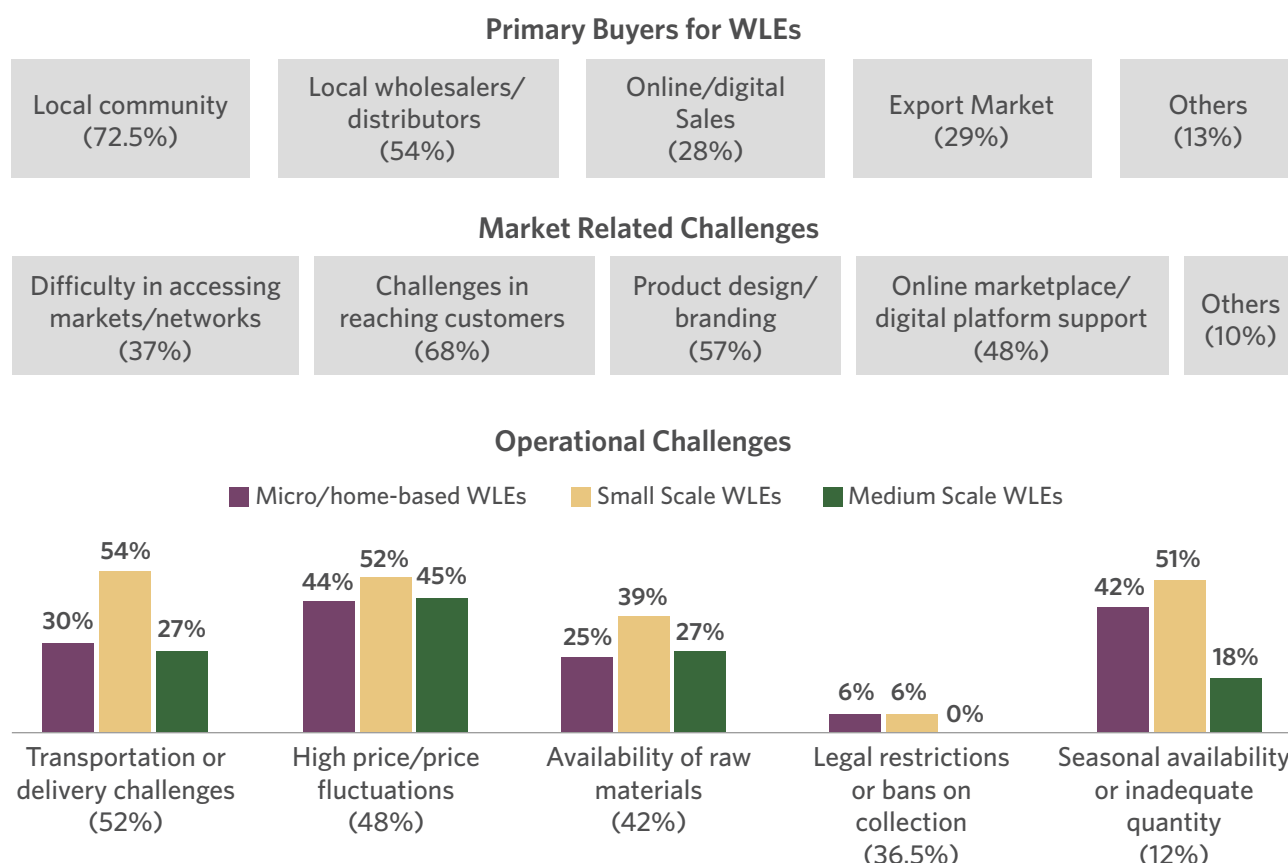
The current survey results broadly align with existing literature on WLEs' access to finance, which is covered in **Section 4.3**.

3.3 MARKET ACCESS AND OPERATIONAL CHALLENGES

Market-related challenges are significant. WLEs report difficulties in accessing markets due to weak bargaining power with intermediaries, limited market information, and low digital literacy. More than 70% rely on local and community-based markets, limiting their ability to scale operations. While some enterprises sell goods through local wholesalers or distributors (54%), only a small proportion engage in digital (28%) or export markets (29%).

WLEs also face various operational constraints. These challenges include high transportation costs, limited marketing avenues, and shortages of skilled labor. Access to affordable, quality raw materials remains a core challenge, compounded by price volatility, seasonal availability, long sourcing distances, and transportation constraints. The absence of entrepreneurship training, capacity-building support, and strong institutional linkages further restricts business growth, particularly for micro/small home-based WLEs.

Figure 3.4: Market and operational constraints faced by WLEs

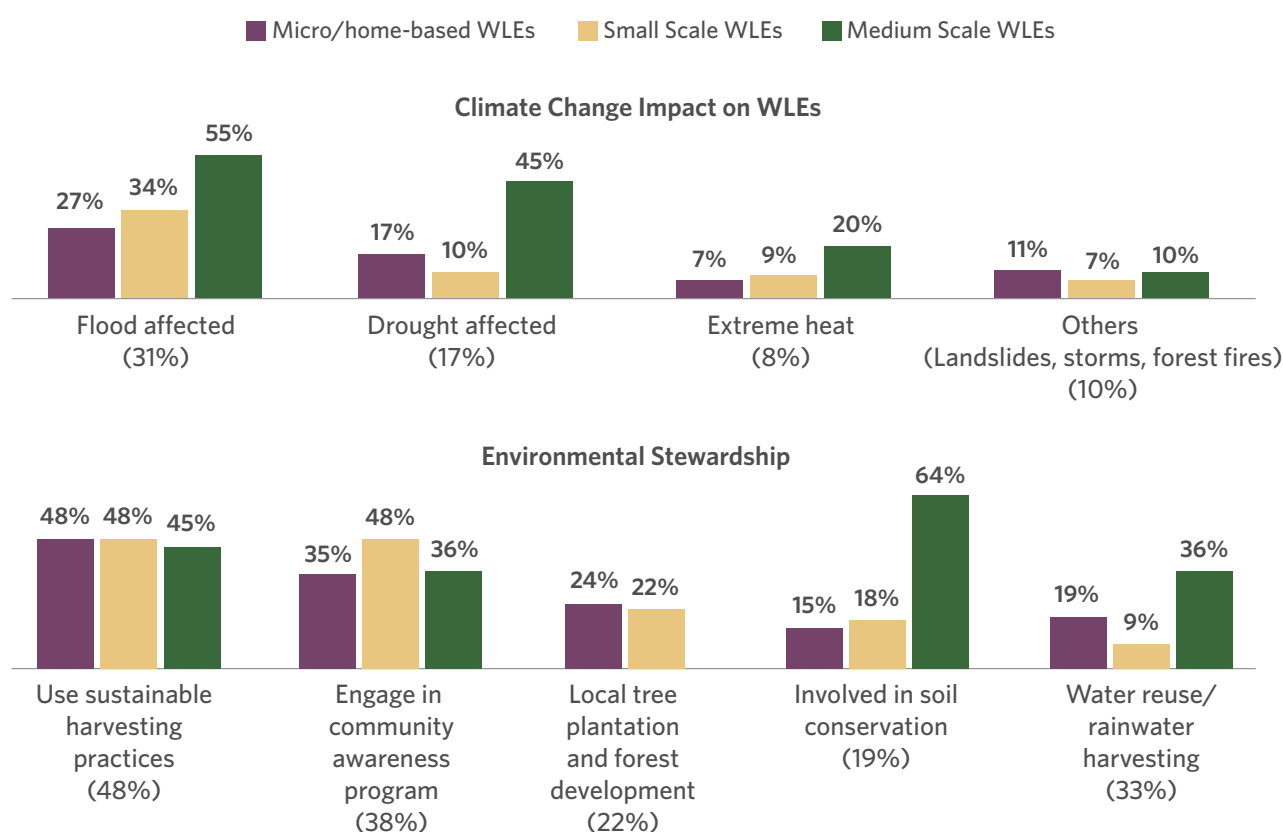


3.4 ENVIRONMENTAL AND CLIMATE CHALLENGES

WLEs' close linkage with ecosystems increases exposure to climate shocks but also enables them to contribute to local climate resilience and sustainable resource management. WLEs reported clear climate-related vulnerabilities, with 65% indicating that they have been affected by climate shocks, and only 37% stating that they are adequately prepared for climate risks. At the same time, many WLEs said they engage in environmental stewardship through sustainable resource use, conservation practices, and community-level initiatives, thereby building local climate resilience.

Survey data also highlights that WLEs are willing to scale up sustainable practices. However, adopting environmental and climate-smart practices will require greater technical knowledge, financial support, and incentives, as well as recognition from markets, financial institutions, and relevant public agencies.

Figure 3.5: Climate change impacts on and environmental stewardship of WLEs



Box 3.1: Case studies: How financing, governance, and climate risks intersect for WLEs in Nepal

Field consultations undertaken by FA-N and SIAS across multiple sites in Nepal indicate how the structural challenges discussed above can materialize in practice. Drawing on interactions with various WLEs, local government representatives, and financial institutions, these cases reveal persistent financing gaps, limited awareness and access to climate finance, governance bottlenecks, and differentiated enterprise outcomes shaped by local socioeconomic and ecological contexts.

1: Financing gaps and limited climate finance readiness among WLEs in Nawalparasi

Consultations in Nawalparasi district in western Nepal reveal significant barriers to finance for forest-based WLEs. Female entrepreneurs with forest-dependent livelihoods in the predominantly rural and agrarian area had no familiarity with climate finance concepts and were unaware that climate-related funding mechanisms could support forest-based value chains. These women were engaged in collective enterprises conducting activities including leaf plate production, broom making, handicrafts, and coffee processing.

Between 2020 and 2021, FA-Nepal, with support from the International Development Research Centre (IDRC), facilitated the establishment of eight women-led forest-based enterprises in the district. At present, only four of these enterprises are operating sustainably; the remainder are struggling or inactive due to resource constraints, labor migration, long waiting periods before income generation, and limited market access. Entrepreneurs consistently cited the lack of accessible financing for the collection, processing, and marketing of forest products as a key factor undermining enterprise continuity. While local governments have provided limited financial support—such as NPR 300,000 (≈ USD 2,255) grants from Devchuli Municipality for two enterprises—this support has been selective and insufficient to address broader financing needs.

Local banks and financial institutions reported offering subsidized loan products for women. However, these products typically require collateral and are largely designed for individually owned enterprises in agriculture or small service-based activities (e.g., retail shops and beauty parlors), rather than forest-based production. Financial institutions also reported risk aversion reinforced by past loan recovery challenges with agriculture-based enterprises. While savings and credit cooperatives offer relatively supportive terms, such as collective enterprise-based lending and relaxed collateral demands, banks remain cautious in extending such flexibility.

As a result, WLEs registered as small-scale collective enterprises continue to rely heavily on grants and project-based finance. In addition, local banks and financial institutions reported limited exposure to mobilizing climate finance, reflecting both low institutional awareness and the early stage of climate finance deployment in Nepal.

2: Market, governance, environmental, and financial pressures on WLEs in Dolakha

Dolakha, a Himalayan district in Bagmati Province, central Nepal, is characterized by rugged terrain, cultural and religious significance, and a high concentration of indigenous communities (including Sherpa, Thami, Sunuwar, and Tamang). Livelihoods in the district are largely based on commercial agriculture, tourism, hydropower, non-timber forest products collection, and trade. The district hosts diverse forest-based enterprises, including community-linked and women-focused initiatives such as furniture production, handmade paper, multipurpose plant nurseries, and incense (*dhup*) manufacturing.

Enterprises interviewed in the district reported market and governance-related constraints linked to procurement practices and regulatory processes. For example, local municipalities often bypass local producers to procure seedlings from external suppliers due to institutional and political linkages. A rural timber-based furniture enterprise faced bureaucratic and procedural barriers to accessing timber, which is often transported to Kathmandu without local processing and value addition. While business activity has improved since the COVID-19 pandemic, rising competition in the local furniture market has reduced market stability and profitability. By contrast, an incense-producing WLE has benefited from its strategic location near a prominent religious temple and successful negotiations with temple management to replace imported incense with its local products, significantly improving the WLE's market access and sales.

Environmental and financial pressures further affect enterprise viability. The multipurpose nursery reported acute water scarcity, directly affecting seedling survival and production. In addition, a home-based handmade paper enterprise experienced financial strain due to high interest rates and stringent loan recovery mechanisms by the local credit cooperative. Delays of up to five months in loan approval from Nepal's Agriculture Development Bank Ltd. compelled the enterprise to rely on local savings and credit cooperatives (SACCOs), increasing cost pressures.

4. ENABLING ENVIRONMENT FOR WLE CLIMATE FINANCE

This section aims to add deeper context to the survey-based insights above, examining whether Nepal's climate policy and finance architecture adequately channels capital flows to WLEs in climate-sensitive sectors such as agriculture and forestry. Desk research and key informant discussions indicated that while the policy intent regarding gender and climate integration is well established, significant structural and executional gaps limit its translation into enterprise-level financing outcomes.

4.1 CLIMATE POLICY AND GENDER

Nepal has reflected its commitments under the Paris Agreement in its national climate finance policies, institutional mechanisms, and sectoral strategies, aligning climate action with broader development and gender equity objectives.²⁴ Priority programs under the country's National Adaptation Plan (NAP) have been designated as gender, equality, and social inclusion (GESI)-responsive after going through extensive consultation processes, and a dedicated Gender Equality, Social Inclusion, Livelihood, and Governance sector includes four programs focused on inclusive planning, human capital development, economic empowerment through climate-resilient technologies, and GESI-responsive livelihoods. In addition, Nepal's most recent Nationally Determined Contribution (NDC 3.0), submitted to the UNFCCC in 2025, aims to incorporate gender, equity, disability, and social inclusion principles as the backbone of climate action²⁵.

Despite this enabling policy architecture, implementation gaps persist. Gender considerations often remain at a declaratory or welfare-oriented level, with limited operationalization through budgetary allocations, investment criteria, or enterprise-focused instruments. As a result, women are frequently positioned as vulnerable beneficiaries rather than as economic agents, constraining the emergence of transformative, enterprise-led climate solutions.

Nepal's climate and gender-responsive policy architecture is further detailed in Annexure 3.

4.2 CLIMATE FINANCE AND GENDER

Policy limitations in Nepal are compounded by a weak climate finance ecosystem. Climate finance directed toward agriculture and natural resource management has largely been gender-neutral, while gender-focused funding streams have seldom prioritized climate adaptation or resilience-building. This disconnect is particularly problematic given the growing need for adaptation finance in the country's agriculture and forestry sectors.

Climate finance needs far outstrip supply. Nepal's NDC 3.0 estimates mitigation costs of USD 73.7 billion between 2025 and 2035, of which 85% is conditional on international support. Adaptation needs over the same period are estimated at USD 18–20 billion (USD 1.6–1.8 billion) per annum, expected to be met predominantly through international climate finance and support. Between 2011 and 2021, Nepal received approximately USD 5.7 billion in climate-related development finance, primarily from multilateral and bilateral sources. Multilateral development banks accounted for over half of these flows, largely through non-concessional sovereign lending, while UNFCCC-linked funds contributed a smaller share as

high-quality grants. **Although nearly half of climate finance projects during this period included some gender-related component, only a small fraction treated gender as a principal objective**, indicating that gender considerations were largely peripheral rather than intentional drivers of investment design. The predominance of large, sovereign-led financing further limited alignment with the financing needs of WLEs, which typically require smaller ticket sizes, concessional or risk-sharing capital, intermediated disbursement mechanisms, and programmatic capacity building to formalize operations. Local stakeholders indicated in interviews that support facilities for WLE incubation, acceleration, and gender-responsive credit products remain concentrated in Kathmandu or select urban centers. As a result, rural WLEs continue to face greater friction in reaching finance, even when their climate and social impacts are significant.

4.3 ACCESS TO INSTITUTIONAL FINANCE FOR WLEs

Nepal's private finance ecosystem is beginning to show some momentum toward climate-aligned and gender-smart investment (see Box 4.1). Nevertheless, significant market-readiness gaps persist among WLEs in climate-sensitive sectors, constraining their transition from livelihood-oriented activities to investable and scalable enterprises. Addressing these constraints will require coordinated financial, technical, and institutional interventions.

Despite expanding access to bank accounts and digital payment systems, WLEs remain systematically underrepresented as formal borrowers. A UN Capital Development Fund survey finds that formal financial services remain out of reach for most female-led MSMEs, with nearly 90% of MSME lending in Nepal occurring through informal channels, where interest rates are often twice those in formal markets²⁶. The International Finance Corporation (IFC) reports that 52% of women-owned small businesses face challenges accessing finance²⁷. These figures point to persistent structural barriers rather than isolated market failures.

Nepal's financial ecosystem comprises formal financial institutions, community-based intermediaries, and informal lenders, each serving distinct enterprise segments. Commercial banks, development finance institutions, MFIs, savings and credit cooperatives (SACCOs), and government-backed schemes play differentiated roles along the enterprise lifecycle but are weakly aligned with the needs and risk profiles of early-stage WLEs.

Formal financial institutions remain cautious in extending credit to WLEs, particularly micro- and small enterprises. According to IFC (2023), high collateral requirements, procedural complexity, and limited credit histories constrain women's access to regulated credit, resulting in their participation in the formal financial system largely as depositors and transaction users rather than borrowers. Stakeholder consultations further indicate that perceived credit risk is driven by operational informality, weak financial record-keeping, limited collateral availability, and relatively small loan sizes that impose high monitoring costs relative to returns. While institutions such as Muktinath Bank and Nabil Bank participate in government-backed schemes, broader engagement remains limited due to recovery risk concerns, administrative burden, and risks of subsidy misuse.

To address financing gaps, the Government of Nepal has introduced targeted interventions. Key support includes collateral-free credit lines under schemes such as the Women Entrepreneurship Development Fund (WEDF) and the Startup Enterprise Loan program. These programs offer loans of up to NPR 1.5 million (~USD 11,300) at interest rates below 6%. However, findings from the landscape survey discussed in Section 3 suggest limited uptake, reflecting persistent gaps in enterprise readiness, awareness, and bankability rather than a lack of credit supply alone.

In practice, community-based financial institutions dominate WLE financing. SACCOs and MFIs offer proximity, trust-based lending relationships, flexible repayment structures, and informal risk-sharing mechanisms. Approximately 90% of surveyed WLEs reported a preference for SACCOs despite higher interest rates (typically 11-17%). MFIs play a more limited but critical role, particularly for women with low financial literacy and limited formal education, often combining credit provision with structured training and group-based support.

Unlocking finance for WLEs requires better alignment of financing instruments with enterprises' stages of development. Early-stage WLEs, particularly in agriculture and forest-based sectors, require patient, low-risk capital combined with technical assistance to build capabilities and stabilize cash flows. At the same time, standalone grant funding for enterprise development is declining as donors increasingly favor blended and repayable instruments, while commercial finance remains largely inaccessible until enterprises mature. In this context, impact investment and blended finance mechanisms are well positioned to bridge the gap between informal and formal finance and support WLEs' progression toward investability.

Box 4.1. Recent investments in Nepal

Recent investments highlighted below illustrate growing diversification and evolving capital flows in Nepal's financial ecosystem, expanding beyond traditional lending to include impact-oriented equity, thematic bonds, and catalytic capital that can potentially support WLEs both directly and indirectly. Benefits may include strengthening sectoral infrastructure, access to finance, markets, business solutions, and services, particularly in agriculture, climate-aligned sectors, and MSME value chains.

- In January 2025, Aadhyanta Fund Management, a leading Nepal-based private equity and venture capital firm, invested NPR 20 million (~USD 153,000) in DV Excellus Pvt. Ltd., an agri-fintech company, to scale its flagship KHETI platform that offers collateral-free loans up to NPR 200,000 (~USD 1,526) to smallholder farmers.
- In June 2025, Nepal Infrastructure Bank Limited issued the country's first publicly listed green bond, valued at NPR 5 billion (~USD 36 million), with proceeds earmarked for renewable energy, climate-resilient infrastructure, and environmentally sustainable projects. The bond was supported by technical assistance from the Global Green Growth Institute and financial support from the Korea International Cooperation Agency (KOICA). The establishment of a green finance market in Nepal expands capital-market instruments that WLEs in climate-smart and nature-based sectors could ultimately tap through blended or indirect financing structures.
- In August 2025, Upaya City Cargo Pvt. Ltd., a Nepal-based tech-enabled logistics company, raised NPR 280 million (~USD 2 million) in Series C funding from Dolma Impact Fund II (a successor to Dolma Climate Fund, with a broader impact mandate beyond climate), a private equity fund backed by international development investors including FMO, BII, SwedFund, IFC, DFC, and JICA. This funding aims to accelerate intra-city logistics and farm-to-market delivery of agricultural produce to close supply chain logistics gaps.

4.4 SECTOR-SPECIFIC RISKS IN FORESTRY AND AGRICULTURE

Agriculture and nature-based enterprises in Nepal operate on highly seasonal production cycles, making them inherently exposed to weather variability and climate shocks. Consultations conducted for this study indicate that resulting cash-flow uncertainty significantly elevates perceived credit risk from the supply side, while simultaneously discouraging entrepreneurs from seeking formal finance. Uncertainty about future revenues and the ability to service debt under standardized repayment schedules reduces borrowers' confidence in taking on formal credit obligations.

Discussions with WLEs also indicated that volatile input costs create further challenges. Limited liquidity and restricted access to working capital constrain entrepreneurs' ability to pre-procure inputs, reinforcing seasonal production patterns, and exposure to price fluctuations. In addition, low levels of business and contractual literacy, combined with small procurement volumes, limit the feasibility of forward purchasing or other price-hedging mechanisms. Even where production risks are partially mitigated, inadequate storage and post-harvest infrastructure contribute to losses and further weaken cash flows.

These structural constraints create a self-reinforcing cycle. Persistent cash-flow volatility undermines creditworthiness, restricts access to finance, and prevents enterprises from making upfront investments required for climate-resilient infrastructure. As a result, businesses remain locked into low-investment, high-risk operating models, with limited capacity to absorb climate shocks or transition to more stable, investable enterprise structures.

5. RECOMMENDATIONS

Women-led enterprises in Nepal's agriculture and forest-based sectors face layered constraints across policy integration, market access, climate risk exposure, and capital availability, as discussed and validated throughout the report. While these challenges affect most small enterprises, gender-specific barriers, such as restricted asset ownership and limited mobility that hinder access to networks, compound these issues for women entrepreneurs.

Enhancing finance for WLEs, therefore, requires an institutionally driven approach, one where public agencies lead by setting enabling conditions, financial regulators and intermediaries de-risk lending and other forms of financing, and private and philanthropic capital support enterprise readiness and scale. The recommendations below highlight distinct avenues for institutional action regarding each suggested intervention.

5.1 TECHNICAL ASSISTANCE AND CAPACITY DEVELOPMENT

WLEs require capacity-building support that is tailored to their enterprise scale and investment readiness. The following actions to achieve this could be led by impact-oriented donors, philanthropies, and multilateral development partners. Implementing partners would include local government agencies and NGOs, private consultants, MFIs, cooperatives, and impact investors.

- **Enterprise Formalization and Financial Capability Building**

Programs are needed to strengthen the foundational capacity of WLEs and provide pathways to access the broader financial ecosystem. Such initiatives could focus on enterprise formalization, governance, basic business hygiene, book-keeping and tax compliance, as well as accessing digital payments and services.

- **Marketing and Financial Literacy for Women Entrepreneurs**

Structured training modules and workshops can help to improve WLEs' understanding of government schemes, loan application processes, climate-based incentives, market dynamics, and key regulatory requirements. These could be provided via existing enterprise support platforms and/or delivered through decentralized channels.

- **Advisory Support for Adoption of Climate-Responsive Practices**

Developing a climate-responsive guidance framework, coupled with advisory support, to facilitate the adoption of climate-smart solutions could strengthen eligibility for climate finance and enable concessional capital flows. Including unit economics assessment and impact verification would help to reduce outcome ambiguity for investors.

- **Market Readiness, Aggregation, and Value Chain Integration**

Supporting WLEs with advice on market access, branding, packaging, certification, and digital marketplace onboarding can address the key hurdle of limited market access, allowing for penetration into newer markets and a shorter pathway to end consumers. Aggregated procurement and processing through women-led cooperatives should be prioritized to improve price realization and reduce transaction costs.

▪ Targeted Technical Assistance for High-Potential Enterprises

Providing bespoke assistance to high-potential WLEs focused on growth strategy, investor readiness, branding, impact reporting, fundraising, and transaction advisory can yield high impacts. This would allow high-caliber enterprises to demonstrate readiness for sourcing patient capital and blended finance at scale. Figure 5.1 outlines how different support could be tailored depending on WLEs' scale.

Figure 5.1: Potential scope of tailored technical and financial assistance to WLEs by scale

	TECHNICAL ASSISTANCE (TA)				FINANCIAL ASSISTANCE
	Capacity Building/ Business Development	Financial Services/ Documentation Support	Market Access/Value Chain Strengthening	Technology/ Equipment Upgradation	Financial Structuring/Access to Capital
Micro & Home-Based WLEs	<ul style="list-style-type: none"> Book-keeping, budgeting, and cashflow management Awareness of government schemes and incentives Digital payments and QR onboarding Leadership, negotiation confidence building skills for women 	<ul style="list-style-type: none"> Loan documentation and application support Scheme eligibility screening and collateral assessment Business registration and licensing Tax compliance and KYC support Working capital structuring 	<ul style="list-style-type: none"> Buyer-seller matchmaking (domestic/export) Retail/e-commerce onboarding Trade fairs, exhibitions, and B2B events Collective aggregation via cooperatives/ FPOs Branding, packaging, and labelling advisory 	<ul style="list-style-type: none"> Product quality and process improvement training Cost-benefit assessment for technology upgrades Vendor matchmaking and procurement support Equipment operation and maintenance training 	<ul style="list-style-type: none"> Government-backed grants for initial traction Subsidized public financing schemes Collateral-free microenterprise loans Interest support and subvention mechanisms
Small-to-Medium Scale WLEs	<ul style="list-style-type: none"> Advanced business strategy and scale planning Governance, compliance, and operational systems strengthening Cost optimization and unit economics analysis 	<ul style="list-style-type: none"> Financial projections, investment-ready documentation and pitch development Legal, tax, and regulatory structuring for growth 	<ul style="list-style-type: none"> Market expansion and export growth planning. Strategic buyer partnerships and value chain integration Product quality certification support 	<ul style="list-style-type: none"> Productivity-enhancing and climate-smart technology adoption Digital systems for efficiency, traceability, and monitoring 	<ul style="list-style-type: none"> Structured debt, guarantees, and blended finance instruments Scale-oriented green and climate-aligned financing

5.2 ENABLING ENVIRONMENT ENHANCEMENT

A supportive policy and business environment is critical to unlocking climate finance and market access for WLEs, particularly by reducing policy ambiguity, financial risk, and coordination barriers across institutions. The following actions focus on strengthening policy coherence, de-risking financial products, and enhancing collective enterprise capacity, and could be led by central and line ministries, financial regulators, and local governments. Implementation would rely on close collaboration with financial institutions, insurers, cooperatives, private sector actors, and NGOs to translate policy intent into bankable outcomes.

▪ Developing a Joint Climate, Gender, and Enterprise Policy Framework with Budgetary Mandates

A joint, results-oriented policy framework explicitly targeting WLEs in agriculture and forestry, with earmarked budgets and performance indicators linked to enterprise growth, climate outcomes, and access to finance could enhance investor confidence through increased clarity on priority areas and transparent capital commitments boosting climate finance to the sector. This framework should move beyond GESI tagging to:

- Define WLEs as direct economic beneficiaries,
- Ensure gender-responsive budget allocations for enterprise finance and infrastructure, and
- Require reporting on enterprise-level outcomes such as revenues, jobs, and resilience investments.

Various Nepali ministries—the Ministry of Women, Children and Senior Citizens, Ministry of Agriculture and Livestock Development, and the Ministry of Forests and Environment—can lead such action, with support from the Ministry of Industry, Commerce and Supplies as well as provincial governments and local municipalities.

- **Enabling Development and Deployment of Bundled Parametric Insurance and Credit Products**

A framework should be created to promote parametric insurance-linked lending products within priority-sector lending or refinancing windows, targeting climate-vulnerable WLEs. Insurance payouts triggered by objective climate indicators (e.g., rainfall, temperature anomalies, input prices) can partly cover loan obligations, thereby reducing default risk and enhancing credit supply.

Nepal Rastra Bank, the country's central bank, and the Nepal Insurance Authority are well placed to support with appropriate regulatory frameworks, while private insurers, global reinsurers, and donor funds can partner with commercial banks, MFIs, cooperatives and other institutions to develop and distribute loan products with embedded covers.

- **Strengthen Women's Enterprise Associations for Risk Pooling and Market Power**

Supporting the formation and strengthening of WLE associations, cooperatives, and producer groups can enable these collectives to serve as aggregators of finance, insurance, and market access. These entities may be formally recognized by banks and MFIs as preferred counterparties, enabling joint liability lending, collective procurement, and shared infrastructure investment.

The Ministry of Women, Children, and Senior Citizens and local governments are well placed to lead such action, with support from national cooperatives, federations, and NGOs specializing in women's economic empowerment.

These recommendations provide a practical pathway for translating Nepal's climate and gender priorities into measurable outcomes for women-led enterprises. By tailoring support across enterprise maturity stages and aligning public policy with private and catalytic capital, Nepal can move toward a scalable ecosystem that enables women entrepreneurs to engage more effectively. Embedding women-led enterprises within the country's emerging climate and green finance architecture is not only a matter of inclusion but also a strategic opportunity to strengthen community and household resilience, unlock untapped fragmented value, and accelerate sustainable economic transformation.

6. ANNEXURES

ANNEXURE 1: DETAILS ON THE METHODOLOGY FOR THE STUDY

Institutional Coverage	A total of 200 WLEs engaged in agriculture and forest-based activities were interviewed, including unregistered and home-based enterprises.
Geographical Coverage	40 of Nepal's 77 districts were covered in the survey, representing a diverse mix of regions, including both urban and rural WLEs, which span across the country's three major topographic zones: Himalayan, hilly, and terai regions.
Sectoral Scope	Focused on WLEs in agriculture-based activities (such as tea, animal husbandry, and horticulture), forest-based activities (including timber and non-timber forest products (such as fiber, leaves, and medicinal herbs), as well as those in eco-tourism and handicrafts-related activities.
Enterprise Maturity and Formalization	<p>To account for differences in institutional affiliation and maturity, the sampling process included a range of enterprise sizes: 122 micro/home-based WLEs (61%), 68 small-scale WLEs (34%), and 10 medium-scale WLEs (5%). It also captured different levels of business formalization: registered (82%), unregistered (18%).</p> <p>Classification of Enterprises in Nepal: As per the Industrial Enterprises Act 2076, enterprises in Nepal are classified based on capital, workforce, and operational scale:</p> <ol style="list-style-type: none"> 1. Micro/ Home-based Enterprise <ul style="list-style-type: none"> Fixed capital up to NPR 2 million (≈ USD 15,000), excluding house and land. Managed and operated personally by the entrepreneur. Maximum of 9 workers, including the entrepreneur. Annual transactions below NPR 10 million (≈ USD 75,000). Maximum electricity/fuel capacity for machinery: 20 KW or less. 2. Small Enterprise <ul style="list-style-type: none"> Fixed capital up to NPR 150 million (≈ USD 1.13 million). Excludes micro enterprises and cottage industries. 3. Medium Enterprise <ul style="list-style-type: none"> Fixed capital exceeding NPR 150 million (≈ USD 1.13 million) but not more than NPR 500 million (≈ USD 3.76 million). <p>Further, the following distribution of registered WLEs was observed across various registration authorities. The Cottage and Small Industries Office is the most common authority, accounting for 88 enterprises (53%), followed by Municipalities (42 enterprises, 25%). The Office of the Company Registrar has registered 19 WLEs (12%), while the Department of Industry covers 10 enterprises (6%). A small proportion (6 enterprises, 4%) are registered under other authorities – such as community forest user groups and other community-based organizations.</p>

Sampling Approach	<ul style="list-style-type: none"> Study districts and clusters were identified through stakeholder consultations, secondary data mapping, and analysis of the geographic, sectoral, and institutional distribution of WLEs. Within each cluster and sectoral stratum, initial respondents were identified via existing lists (cooperatives, user groups, local government records) and through the support of local partners and field facilitators. Snowball sampling was then applied to ensure coverage of informal, emerging, or unregistered WLEs not captured in formal records. After each interview, participants were asked to recommend additional WLEs within their networks, facilitating the identification of diverse and often underrepresented cases.
Data Collection Strategy	<p>The data collection strategy for this study was designed to yield both quantitative breadth and qualitative depth, ensuring that the full complexity of WLE experiences in Nepal's climate- and ecosystem-linked sectors was captured.</p> <p>Primary Data Collection: Surveys, Focus Group Discussions (FGDs), and Key Informant Interviews (KIIs) were conducted across all selected districts, covering WLEs from diverse backgrounds and sectors. The team employed snowball sampling to identify informal or emerging enterprises not captured in formal records, ensuring a more comprehensive reach. Field supervisors maintain data quality through spot-checks, daily debriefing, and ongoing monitoring.</p> <p>Structured Surveys Questionnaire: Structured surveys were the quantitative core of the study and considered representative samples of WLEs in focused clusters. The survey instrument collected detailed information on respondent demographics, enterprise characteristics, access to finance, participation in ecosystem services, business performance, and perceptions of key barriers and opportunities. The questionnaire was pilot-tested and amended with input from local field teams to ensure cultural relevance and clarity. Surveys were conducted both face-to-face and digitally, depending on the connectivity and context of the area.</p> <ul style="list-style-type: none"> Focus Group Discussions (FGDs): FGDs involved women entrepreneurs, cooperative members, and CFUGs to capture group perspectives, norms, and some barriers. These discussions proved mainly effective in generating nuanced views on sensitive topics like gender roles and social norms, while also verifying emerging themes. All FGDs were conducted using a semi-structured guide and were facilitated by trained facilitators. Key Informant Interviews (KIIs): KIIs were conducted with individuals having specialized knowledge or oversight. This included CFUG leaders, co-operative managers, local government representatives, financial institutions, private sector players, and NGOs. KIIs were used to contextualize enterprise-level data, clarify institutional frameworks, and triangulate findings from the survey and FGDs. Direct Observation and Field Notes: The enumerators and field supervisors also recorded observations on local context, infrastructure, business practices, and group dynamics that may have affected responses or shaped WLE operations. These qualitative insights helped to interpret primary data. <p>Piloting and Adaptation: All data collection tools were tested prior to the main rollout. Feedback from enumerators, respondents, and local partners was incorporated to refine question wording and order. The toolkits were reviewed for gender sensitivity, cultural appropriateness, and compliance with ethical standards.</p>
Field Engagement	<ul style="list-style-type: none"> The field team engaged extensively with stakeholders, including municipal officials, community forest user group representatives, cooperatives, NGOs, and women-led business collectives. These interactions, especially through focus group discussions and key informant interviews, offered a broader view of the enabling and limiting factors influencing enterprise growth. Discussions explored access to credit, business formalization, marketing constraints, and exposure to climate risks, as well as women's awareness and perception of climate finance instruments.

ANNEXURE 2: DETAILS ON THE FINANCIAL INSTITUTIONS AND PROGRAMS SUPPORTING WLES IN NEPAL

Table A2.1: Composition of financial institutions (as on FY 2023-24)

Institution Type	Details
Commercial Banks	20 banks; 65% of total financial assets (FY 2023/24); NPR 7,227.6B (≈ USD 54.3 B) in assets.
Development Banks	17 banks; NPR 637.48B (≈ USD 4.79 B) in loans; 25.6% to agriculture, SMEs, tourism.
Finance Companies	17 companies; 20.17% portfolios in MSMEs and small business finance.
Microfinance Institutions (MFIs) (Class D)	52 MFIs serving 3+ million borrowers, majority women clients.
SACCOs (Savings and Credit Cooperatives)	13,917 SACCOs with 7.38M members (60% women); NPR 462B (≈ USD 3.47 B) total credit.

Table A2.2: Concessional and priority lending schemes provided by commercial banks in Nepal

Bank / Institutions	Loan Scheme / Focus	Interest Subsidy / Benefit	Target Segment
Agriculture Development Bank (ADBL)	Women's Entrepreneurship & Agriculture Finance Scheme	Concessional (approx 4-6 %) interest/ subsidy under the government-backed program	Promotes credit access for rural women and agri-based micro-enterprises; simplified documentation and group lending are available.
Nabil Bank Ltd.	SME & Eco-Friendly Business Loans	At market rate with green lending incentives	Supports small and medium enterprises adopting sustainable or energy-efficient technologies; flexible repayment up to 10 years.
Nepal SBI Bank Ltd.	Saral Karja – Simplified MSME Loan	Preferential SME rate (linked to base rate)	Streamlined MSME credit with minimal collateral, focused on women- and youth-led enterprises in productive sectors.
Rastriya Banijya Bank (RBB)	Agro-Business & Renewable Energy Financing (REEEP)	Subsidy (approx 4-5%) for renewable/agri sectors	Provides concessional loans for agribusiness, solar irrigation, and biogas under the Renewable Energy and Energy Efficiency Programme.
Everest Bank Ltd.	Deprived Sector & SME Lending	Priority-sector concessional rates	Mandated allocation to deprived sector (5 % of total lending) with focus on women entrepreneurs and low-income producers.

Bank / Institutions	Loan Scheme / Focus	Interest Subsidy / Benefit	Target Segment
Nepal Investment Mega Bank (NIMB)	SME/MSME Loans & Microloans via MFIs	Subsidized interest through MFI on-lending	Partners with microfinance institutions to extend credit to women-led micro-enterprises and small traders.
Sanima Bank Ltd.	Women Entrepreneurship Loan Scheme	Preferential rate (below standard business loan rate)	Dedicated credit product for registered women-owned businesses with simplified processing and capacity-building support.

ANNEXURE 3: NEPAL'S CLIMATE POLICY FRAMEWORK

Nepal's climate policy framework includes policies, plans and legislative actions, and lays significant emphasis on GESI, as illustrated in Table A3.1. In addition, Table A3.2 touches on agriculture and forestry-linked policies and the representation of climate and gender-based provisions.

Table A3.1: Key climate policies in Nepal and their gender-reflective provisions

Key policies	Details	Gender-responsive provisions
National Climate Change Policy, 2019	Provides national vision for climate-resilient development; guides mitigation, adaptation, and governance across sectors. Provides for channeling at least 80% of climate funds to grassroots adaptation activities, serving as a cornerstone of the country's locally led adaptation approach.	Has mainstreaming gender equality and social inclusion (GESI) into climate change mitigation and adaptation programs as one of its objectives.
National Adaptation Plan (NAP) 2021–2050	Long-term adaptation roadmap prioritizing climate-vulnerable sectors; identifies investment needs and 64 priority programs.	Integrates GESI and climate foresight in social protection and development interventions; enhances resilience to climate change through GESI-responsive livelihood programs; establishment of climate change aware gender focal desks in all state and non-state institutions.
Local Adaptation Plans of Action (LAPA), 2019	Enables local governments to integrate climate adaptation into planning and budgeting; strengthens community resilience.	Explicitly identifies women as a climate-vulnerable group; includes gender as a criterion for assessing community vulnerability and prioritizing adaptation measures.
Environment Protection Act, 2019	Establishes legal provisions for environmental protection, pollution control, climate accountability, and Environmental Impact Assessment (EIA) requirements.	Mandates prioritization of adaptation and protection measures for vulnerable groups that specifically include women.

Key policies	Details	Gender-responsive provisions
Nationally Determined Contribution (NDC) 3.0, 2025	Updated climate commitments under the Paris Agreement across mitigation, adaptation, and cross-cutting sectors.	Was prepared following the principle of Leave No One Behind with a focus on engagement with local communities and indigenous peoples, in a gender-responsive manner. Incorporates gender, equity, disability and social inclusion (GEDSI) principles as a backbone for climate action. Follows up on NDC 2.0 Climate Change GESI Strategy & Action Plan (2020–2030) that aims to develop an action plan by 2030 for integrating GESI in achieving NDC targets.
Nepal Green Finance Taxonomy, 2024	Defines “green” economic activities to guide sustainable finance flows, investments, and reporting.	Explicitly incorporates a gender perspective into its inclusive green finance approach.
Green, Resilient & Inclusive Development (GRID) Approach (2021–2030)	National development vision promoting resilience, low-carbon growth, and inclusive prosperity.	GESI is a core pillar of inclusion, with gender not to be treated as a sectoral add-on; all green and resilient investments are expected to deliver equitable benefits and opportunities for women and girls.
Climate Change Financing Framework – CCFF, (2017)	Integrates climate-sensitive budgeting, tracks climate-related expenditures, and strengthens financial planning.	Provides for gender focal persons evaluating development programs for gender responsiveness.

Table A3.2: Key policies and strategies in Nepal in forestry and agriculture and their gender-reflective provisions

Key policies	Particulars	Gender-responsive provisions
National Forest Policy, 2019	As umbrella policy and guiding document for managing forest, biodiversity, protected areas and watersheds, aims to enhance sustainable forest management and improve the productivity of all types of forests. Aims to access and mobilize resources from both internal and external sources for sustainable forest management	Aims to eliminate gender discrimination in forest-based organizations including government, community-based, private sector organizations and cooperatives. Seeks to increase access to benefits by ensuring rights over forests, labor and management for women and other disadvantaged communities. Outlines a working strategy for ensuring 50% of women’s participation. Guides inclusion of 50% women in decision making in the formulation of strategies, laws, programs, and budget in all forestry sector organizations.
Forest Act, 2019	Principal legislation made for proper management and conservation of forests, containing many provisions related to community-based forest management, forest protection and enterprise development	Directs user groups to spend at least 25% of the annual income earned in the forest development, protection and management, and at least 25% of the remaining amount in poverty alleviation, women empowerment and entrepreneurship development activities, in coordination with the concerned local level.

Key policies	Particulars	Gender-responsive provisions
Forestry Sector Strategy (2016-2025)	Aimed at sustainable forest, biodiversity, and watershed management while enhancing national forest carbon stocks by 5% and reducing deforestation rates. It prioritizes climate mitigation and resilience, establishing forest carbon trade or payment mechanisms by linking forests, biodiversity and watershed conservation and management, and seeks mainstreaming of ecosystem-based and community-based adaptation by 2025.	Incorporates gender equality, social inclusion and poverty reduction as its seventh strategic pillar.
National REDD+ Strategy (2025-2034)	Provides a guiding framework for implementing results-based REDD+ and advancing forest-based emission reductions in the evolving national and international context.	Emphasizes on ensuring ecological, social and gender safeguards while reducing deforestation and forest degradation through sustainable management of forests in Nepal.
Agriculture Development Strategy (2015-2035)	Promotes climate-resilient agricultural modernization, disaster-response mechanisms, and access to international climate funds, including the Green Climate Fund, to support climate-friendly agriculture.	Recognizes women farmers as independent farmers with a goal of bringing 50% farmland under women's ownership (individual or joint ownership) by 2035. Incorporates a Ten-year Plan of Action, including the development of a GESI strategy in agriculture Prioritizes food and nutrition security for the poor and marginalized groups, including lactating mothers and pregnant women.

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