Promoting Private Sector Engagement in Climate Resilient Tourism

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Tourism is valued as the major contributor to a sustainable Nepal economy, having developed as an attractive, safe, exciting and unique destination through conservation and promotion, leading to equitable distribution of tourism benefits and greater harmony in society.

Nepal Vision for Tourism 2020
Tourism in Nepal

• With its peaks, majestic landscape and rich cultural heritage, Nepal attracts visitors from around the world.

• In 2014, the travel & tourism sector in Nepal accounted for 8.6% of GDP. Growth forecast to 9.9% by 2024. It provides valuable foreign currency, business opportunities and jobs.

• This Sector employs more than 726,000 people, representing 6.4% of total employment. (World Travel and Tourism Council)

• Nepal ranks 23rd out of 141 economies on price competitiveness, 25th on natural resources and 59th on prioritization of the travel and tourism industry (World Economic Forum’s Travel & Tourism Competitiveness Report 2015)

• Industry is predominantly being operated by Private Sector
Impact of Climate Change on Tourism

• Nepal’s tourism resources and activities are highly vulnerable to climate change. The bio-geographical location of tourism destinations in the country predisposes them to a number of risks and hazards.

• The seasonal nature of tourism in Nepal also increases its sensitivity. Tourists’ plans can be affected by any changes in the season where variety of climate can be observed.

• Climate Induced Disasters are taking human lives and destroying tourism infrastructure including obstructing trails and passes
Importance of Private Sector Engagement

- Climate change poses many risks to the private sector, including;
  - Disrupted supply chains; Reduced availability of scarce natural resources; Damage to vital infrastructure and utilities; Disrupted transport and logistics routes; Heightened price and market volatility; Unpredictable impacts on the workforce and clients
- As users of natural resources, the private sector plays a critical role in ensuring that economic growth has a future by engaging in practices that are green, sustainable and protect the invaluable natural resources and biodiversity.
- Private Sector involvement is necessary in developing inclusive business opportunities that encourage responsible use of natural resources while increasing profits.
- Assessing business and community vulnerabilities and emerging needs/opportunities is required for joint understanding and harnessing potential to address challenges.
Engaging Private Sector in NAP formulation process

- Nepal’s National Adaptation Plan (NAP) Formulation Process includes Tourism, Natural and Cultural Heritage as one thematic sector.
- Ministry of Culture, Tourism and Civil Aviation is coordinating the thematic working group. Out of the 32 members, 65% are from private sector (engaged in tourism).
- Private sector involved in analyzing risks and vulnerability to the sector, identification of adaptation priorities and development of mechanisms for implementation of identified priorities.
A Framework for Engaging Private Sector for Adaptation

Implement plans with business support

Framework used by MoCTCA

Prioritize adaptation options/actions with business support

Get business ideas in exploring adaptation options

Analyze climate threats together with businesses

The Ministry of Culture, Tourism and Civil Aviation (MoCTCA) through ACT support is promoting private sector participation in NAP formulation, Assessment of Economic Impact of Climate Change in Tourism, Identification of Invest options for climate resilient tourism through engagement, training and capacity building.
Approaches to Private Sector Financing for Adaptation

- Supply Chain Management
- Corporate Social Responsibility
- Product Diversification
- Climate Information Management
- Climate Insurance
Approaches : Supply Chain Management

• Identification of climate risks in international production and supply chains and making investments for climate resilience that result in reducing operational expenses;
  • Modernized or adapted technology, equipment, and machinery
  • Water saving Measures
  • Building insulation to avoid temperature extremes
  • Flood risk management measures including nature-based solutions, enhanced drainage systems

Source: Private Sector Approaches to Adaptation, developed by Government of Maharashtra and ACT
Approaches: Tourism Product Diversification

• Adapting to CC requires product diversification aimed at identifying new tourism activities and conserving nature at the same time.

  • Mobile App to Promote Spice Garden Tourism in Kangchenjunga Landscape, Nepal
    • Enables tourists to visit Cardamom Spice Garden by providing customized information on spice trails, homestays, and facilities.

  • Using Ecotourism to compliment Reducing Emissions from Deforestation and Forest Degradation (REDD+) finance for landscape level conservation and management.
Private sector tourism businesses can use climate insurance schemes to buffer against impacts and secure investments.

- Rafting business can be impacted by fluctuation in water flow in the river due to shift in monsoon onset and withdrawal. Provision for insurance against damages due to weather extremes will help recover loss.
- Community Home-stay tourism operators can use climate insurance to protect agricultural losses in extreme events. The premium can be surcharged by dividing to all tourists visiting in a year.
Approaches: Climate Information Management

- Early Warning plays a vital role in disaster risk reduction and climate change adaptation. It is considered the task of governments and NGOs but private sector can play major part
  - Nepal Telecom and Ncell sent millions of SMS alerts in collaboration with Department of Hydrology and Meteorology prior to Flood events in 2017 saving lives and property.
- Real-time risk communications on weather and disasters tailored for tourism activity can be passed through smartphone to tourists
• Making Climate Investments part of Corporate Social Responsibility offers a vehicle to help society, among others, build resiliency and make a difference in lives of the vulnerable communities

• **Yeti Airlines**: Domestic Airline leading climate neutrality approaches (measure, reduce, offset and report) as a part of aviation operation in Nepal and have potential to replicate by others. It is collaborating with UNDP to **explore, adopt and promote** innovative and sustainable business models in the tourism industry and help Nepal achieve SDG goals in area of Climate change, poverty reduction and gender equality
Creating Enabling Environment for Private Sector Investment

• Institutional and Governance
  • Multi-stakeholder or Public-private partnerships (MSP/PPPs) to support climate change adaptation decision making
  • Networks or consortia; for e.g.; Tourism and Climate Change Forum

• Regulatory/legal framework and policies
  • Review and update of the current tourism policy and relevant policies to ensure required improvements to ensure private sector engagement in climate resilience
  • Develop a comprehensive Climate Resilient Tourism Strategy and Action plan

• Economic and Financial incentives
  • Incentives from government for promoting climate adaptation by private sector
  • Supporting private sector to access Climate Adaptation Funds
  • Insurance schemes targeted at private sector
Creating Enabling Environment for Private Sector Investment...

• Data and Information
  • Seasonal weather forecasts and climate projections tailored for tourism
  • Adaptation Decision support tools and toolkits, including standardized risk assessment tools for private sector

• Awareness, Capacity development and training
  • Training courses or programmes targeted at the private sector for climate resilient tourism
  • Training and support for private sector to adopt climate risk management strategies into business plans.
  • Promote resilience certification,

• Infrastructure
  • Development of public and key infrastructure required for tourism incorporating climate change considerations
Thank You.