

**Advancing Circular Economy in Nepal:
Reflections from the Conclave on Circularity II in Lumbini Province**



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Transitioning into a Sustainable Future

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The Conclave on Circularity II builds upon the momentum generated during the Conclave on Circularity – I, held on 27–28 November 2024 at the Nepal Art Council, Babar Mahal, Kathmandu for Bagmati Province. The inaugural event served as an important platform to introduce and contextualize circular economy principles in Nepal, bringing together policymakers, entrepreneurs, artists, academics, and civil society. The two-day gathering featured business exhibitions, art installations, panel discussions, and interactive engagements that highlighted innovative circular practices and creative approaches to sustainability. By fostering dialogue and cross-sector collaboration, the first conclave helped lay the foundation for advancing circular economy thinking and action in Nepal.

On **10–11 December 2025**, policymakers, entrepreneurs, civil society leaders, academics, and youth gathered in **Butwal, Lumbini Province**, for the *Conclave on Circularity in Nepal II: Transitioning into a Sustainable Future*. Hosted at the **Butwal Chamber of Commerce and Industry**, the two-day event created an important platform to explore how Nepal can transition from a linear economy toward a **more sustainable and circular future in Lumbini Province** and beyond.

The conclave was organized under the **Roots of Circularity (RoC) in Nepal Project**, funded by the **European Union (EU)** and implemented by **Impact Hub Association, Impact Hub Kathmandu, and Wildlife Conservation Nepal**. The project aims to introduce and integrate circular economy practices in Nepal by fostering collaboration among the private sector, government, civil society, and academia. It focuses on promoting innovation, building capacity, and developing an ecosystem to support resource-efficient and low-carbon economic systems.

The conclave also featured collaborations with the Project Sambardhan team and the Green Shift team, both of which are implementing various aspects of the green economy in Nepal.

Nepal's development trajectory has traditionally followed a linear economic pattern in which resources are extracted, utilized, and ultimately discarded. This approach has intensified environmental challenges, including increasing waste production, plastic pollution, depletion of natural resources, and heightened vulnerability to climate change. **However, it is important to recognize that Nepali culture and traditional practices have long embodied principles of sustainability and circularity.** Practices such as reuse, repair, community sharing systems, organic farming, and resource efficiency in rural livelihoods reflect deeply rooted circular economy values. Despite this rich heritage, rapid urbanization, changing consumption patterns, and modernization have gradually shifted systems toward a more linear model. Bridging this gap by integrating traditional knowledge with modern circular economy approaches presents a significant opportunity for Nepal to transition toward a more resilient and sustainable development pathway.

The concept of a circular economy (CE) provides a more sustainable alternative. By emphasizing efficient use of resources, minimizing waste, encouraging reuse, and promoting regenerative production systems, circular economy principles can contribute to sustainable development while simultaneously creating new economic prospects.

In the context of Nepal, the adoption of circular economy practices is becoming particularly relevant in several key sectors, including waste management and reduction of plastic use, sustainable agricultural practices and biomass utilization, promotion of green entrepreneurship and innovation among small and medium enterprises (SMEs), development of sustainable tourism and localized value chains, as well as efforts related to climate change mitigation and adaptation.

A Platform for Dialogue and Innovation

The two-day conclave brought together a wide range of participants, including government representatives, private sector leaders, civil society organizations, academicians, students, young entrepreneurs, and media professionals. The program integrated policy-oriented discussions with practical learning sessions, innovation exhibitions, and interactive engagement activities.

The inaugural session included addresses from senior officials of the provincial government, representatives of the European Union, and leaders from academia, setting the context for broader conversations on sustainable development and the transition toward a circular economy.

In his keynote speech, **Prof. Dr. Manik Ratna Shakya**, Dean of the Faculty of Buddhist Studies at Lumbini Buddhist University, explained that the principles of the circular economy closely align with Buddhist philosophy, particularly ideas related to balance with nature and responsible patterns of consumption.

Likewise, **Her Excellency Veronica Lorenzo**, Ambassador of the European Union to Nepal, noted that the circular economy provides an important pathway toward sustainable lifestyles and responsible management of natural resources. She encouraged stakeholders to connect circular economy practices with the Sustainable Development Goals (SDGs) and global climate commitments.

Honorable Prachanda Bikram Neupane, Minister of Industry, Tourism and Transport of Lumbini Province, also highlighted the significance of integrating circular economy practices to foster a sustainable and resilient future for both the province and the nation.

Nepal has a unique opportunity to pursue a development pathway that is both economically dynamic and environmentally responsible, and a circular economy transition will only succeed if education, policy, and enterprise move together. Through the Roots of Circularity Project, supported by the European Union and implemented in partnership with the International Hydropower Association and the Association of German Chambers of Commerce and Industry, ROC is helping circular economy principles take strong roots in Nepal's ecosystem and foster a green economy. By integrating circular

concepts into school and university curricula, engaging policymakers, and incubating 60 businesses that demonstrate practical circular solutions, the project is creating milestones that will plant deep roots for Nepal's green economy for years to come.

The speakers from the session established the connection between Circularity and sustainability with both traditional philosophy and modern economic frameworks emphasizing harmony with nature, mindful consumption, balance, and respect for natural resources, which today is also recognized as both an environmental solution and an economic opportunity aligned with the Sustainable Development Goals and climate commitments for resilient and responsible development. And Nepal's transition toward a circular economy requires collective leadership from government, academia, and the private sector. Platforms like this conclave create a space where policy vision and practical innovation can come together to shape a sustainable development pathway.



Honourable Minister of Industry, Transport and Tourism, Lumbini Province, Mr. Pranchanda Bikram Neupane speaking on occasion on importance of Circular Economy in Lumbini Province

Showcasing Circular Innovations and Products in a Trade Fair

A major highlight of the conclave was the exhibition of circular business innovations, where **30 enterprises**—20 impact driven enterprises of ROC's incubation and rest of Sambardhan Projects—showcased practical solutions aimed at improving resource efficiency, reducing waste, and promoting sustainable production and consumption practices. The trade fair was **visited by more than 300 participants**, many of whom were seeing circular economy projects firsthand for the first time, providing a unique opportunity to explore innovative approaches that translate theory into tangible business solutions.

Participants had the chance to engage with a diverse range of innovations, from eco-friendly packaging and upcycled materials to renewable energy solutions and community-driven waste management initiatives. The exhibition encouraged knowledge sharing, collaboration, and inspiration, enabling attendees to see first-hand how circular thinking can create economic value while addressing environmental challenges.

In addition, several parallel workshops complemented the exhibition, exploring themes such as circular business models for entrepreneurs, the role of civil society organizations in supporting sustainability transitions, and creative approaches to material reuse and waste reduction. These sessions provided

participants with hands-on exposure, actionable insights, and networking opportunities for designing and implementing circular solutions in their own organizations or communities.



Her Excellency Ms. Veronica Lorenzo, Ambassador of EU Delegation to Nepal interacting with local enterprises practicing Circular Economy Business models through RoC in Lumbini Province

The exhibition formalized the idea of innovation stating its central role in translating circular economy principles into practical solutions. When entrepreneurs redesign products and processes around resource efficiency and reuse, waste becomes a valuable resource rather than a problem.

Policy Dialogue and Multi-Stakeholder Collaboration

Another central component of the conclave was a cross-sector roundtable discussion that gathered policymakers, researchers, journalists, youth representatives, and development partners to examine opportunities and challenges related to advancing the circular economy in Lumbini Province.

The discussion brought attention to several important issues, including gaps in policies and regulatory frameworks affecting circular enterprises, financial constraints faced by sustainable businesses, the need for stronger collaboration across sectors, and limited awareness and technical capacity among relevant stakeholders.

Participants also stressed the importance of integrating circular economy initiatives with Nepal's climate commitments. The roundtable generated evidence-based insights and policy recommendations intended to inform future strategies, investments, and policy development supporting circular economy initiatives.





Stakeholders expressing their views during Round table Discussions on Opportunities and Challenges on Circular Economy Transition in Lumbini Province.

Concluding the session **Mr. Narad Gautam, Secretary of Ministry of Industry, Transport and Tourism** expressed that circular economy practices can open new opportunities for green industries, sustainable tourism, and waste management systems that generate both employment and environmental benefits for provinces like Lumbini.

Key Insights from the Policy Dialogue and Multi-Stakeholder Collaboration

1. Structural gaps and policy misalignment are slowing circular economy adoption

There is a clear mismatch between emerging circular economy initiatives and existing policy and regulatory frameworks. Current policies are not sufficiently enabling circular enterprises, indicating a need for policy reform, alignment, and clearer operational guidelines.

2. Bureaucratic and procedural barriers are driving informal practices

Participants highlighted that complex, unclear, and time-consuming bureaucratic processes often make it difficult for individuals and businesses to comply with regulations. As a result, even well-intentioned actors are sometimes forced to operate informally or adopt workarounds to carry out fairly simple activities like collection of NTFPs, scrap metal, sending plastics and other import and export activities. This underscores the need to simplify procedures, improve transparency, and make compliance more practical.

3. Land tenure and access to finance challenges in border areas

A significant barrier identified was the issue of disputed or unclear land ownership in border regions, which prevents entrepreneurs from using land as collateral. As a result, financial institutions are often unwilling to extend loans, creating a major constraint for enterprise development, particularly for small and emerging circular businesses. Addressing land tenure clarity and developing alternative financing mechanisms is critical to unlocking entrepreneurship in these areas.

4. Financing remains a critical bottleneck

Beyond land-related issues, sustainable and circular businesses more broadly face limited access to finance, highlighting the need for innovative financing mechanisms such as green funds, blended finance, incentives, and risk-sharing instruments.

5. Collaboration is recognized but not yet institutionalized

While stakeholders acknowledge the importance of cross-sector collaboration (government, private sector, civil society, academia), formal coordination mechanisms are weak or absent.

6. Capacity and awareness gaps are significant barriers

Limited technical knowledge, skills, and awareness across stakeholders are constraining implementation, pointing to the need for capacity building and knowledge dissemination.

7. Strong alignment potential with climate commitments

The emphasis on linking circular economy actions with NDC 3.0 suggests that CE can serve as a practical pathway to achieve climate targets.

8. Provincial-level opportunity for green growth

Circular economy approaches can drive green industries, sustainable tourism, and job creation, especially in provinces like Lumbini.

The multi-stakeholder dialogue generates actionable policy direction. The roundtable demonstrated the value of inclusive dialogue in producing evidence-based, context-specific recommendations.

Youth Engagement and Future Leaders of the Circular Economy

The second day of the conclave placed strong emphasis on youth engagement and experiential learning. Students from various colleges and universities took part in knowledge-sharing sessions facilitated by sustainability experts and government representatives. These discussions examined the links between climate change, the Sustainable Development Goals, and circular economy principles. One of the most interactive activities was the World Café session, where participants were divided into groups representing different stakeholder perspectives, including government, private sector actors, consumers, academia, and civil society organizations.

Within these groups, participants discussed practical approaches for applying circular economy principles, sector-specific opportunities and challenges, and the respective roles of different stakeholders in facilitating the transition.

Participants identified several major barriers to circular transformation, including policy limitations, financial challenges, insufficient public awareness, and resistance to behavioral change. At the same time, the discussions highlighted that collaboration, and innovation can create significant opportunities for advancing sustainable economic development.

Key Insights on Youth Engagement and Future Leaders of the Circular Economy

1. Circular economy is a new and forward-looking concept for youth

For many participants, the circular economy was a new idea that introduced a more innovative and future-oriented approach to sustainability.

2. Strong sense of optimism and possibility

Youth expressed a positive outlook, seeing the circular economy as a pathway toward a more sustainable and opportunity-driven future.

3. Youth recognize their role as change-makers

Participants began to see themselves as active contributors and future leaders in advancing circular economy practices.



Student taking part on World Café Session and presenting the roles of different sectors in Circular Economy Transition in Lumbini Province of Nepal.

The session concluded with participants expressing a strong commitment to act as advocates for sustainability and circular economy practices within their respective communities and institutions.

Wrapping World Cafe Sessions, students inferred, while policy gaps and financial constraints remain major barriers, collaboration among stakeholders and behavioral change to unlock transformative opportunities for circular economy transition, Youth as innovators and entrepreneurs can introduce new ideas, technologies, and social practices that reshape consumption and production systems.

Building Momentum for Circular Transition

The Conclave on Circularity II successfully strengthened dialogue among government institutions, private sector actors, civil society organizations, academia, and youth. By combining policy discussions, innovation showcases, and capacity-building activities, the event helped translate circular economy concepts into practical and actionable ideas. The event also reinforced the importance of inclusive participation, ensuring engagement from youth, civil society, and community representatives. These perspectives are essential for ensuring that circular economy initiatives contribute to social inclusion, local livelihoods, and community resilience.

Looking Ahead, events like the Conclave on Circularity represent an important step forward. Translating dialogue into long-term institutional and behavioral change remains a key challenge. Sustained collaboration, supportive policies, and continued investment in innovation and capacity building will be necessary to scale circular economy practices across Nepal.

The outcomes of the conclave will inform future programming under the Roots of Circularity Project and contribute to Nepal's broader efforts to build a resource-efficient, inclusive, and climate-resilient economy.

As Nepal continues its journey toward sustainable development, initiatives like the Conclave on Circularity that bring together diverse stakeholders suggesting that the circular economy is not simply a technical solution rather it represents a shift in behavioral mindset toward responsible consumption, sustainable production and shared stewardship of natural resources.”

