



CLIMATE FINANCE GOVERNANCE IN NEPAL

CLIMATE FINANCE GOVERNANCE IN NEPAL



**TRANSPARENCY
INTERNATIONAL
NEPAL**

coalition against corruption

Report : Climate Finance Governance in Nepal

Research Team : **Institute for Social and Environmental Transition (ISET)-Nepal**
Rabi Wenju, Ashutosh Shukla, Ajaya Dixit and Yogendra Subedi

Published : June 2018

Publisher : Transparency International - Nepal (TI Nepal)
Chhakkubakku Marga, New Baneshwor
Kathmandu, Nepal
Phone: 977-1-4475062, 4475112
Email: trans@tinepal.org
Website: www.tinepal.org
FB/Twitter: [tinepal](https://www.facebook.com/tinepal)
Hotline: 1660 01 22211

Support :  Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety

based on a decision of the German Bundestag

Copyright : Transparency International-Nepal (A National Chapter accredited by
Transparency International). All Rights Reserved.

ISBN : 978-9937-9273-0-7

FOREWORD

Transparency International Nepal (TI-Nepal) is pleased to bring out this study report titled, 'Climate Finance Governance in Nepal'. The study looks at climate finance governance landscape including actors and stakeholders, their roles and responsibilities, ongoing projects, flow of funds, acts/policies, and governance challenges. The study has been carried out as a part of a program titled 'Ensuring integrity in climate policy-making and in climate finance decision-making and delivery at all levels' in short CFG, implemented by Transparency International (TI) Nepal.

The study lists several state agencies, sectoral and line ministries, provincial and local governments, the Office of the Auditor General, among others, involved in governing climate finance in Nepal. Similarly Donor agencies and several Civil Society Organizations (CSOs) involved in climate change related work are also mapped.

The study identifies lack of clarity on the roles and responsibilities of the ministries, weak inter-sectoral coordination and inefficient flow of climate funds to address local vulnerabilities. The focal ministry for climate change is found lacking in human resource capacity to implement climate change policies, strategies and action plans. The study recommends to the three major stakeholders: Government of Nepal (GoN), CSOs, and donors, useful remedial measures. A strong leadership at the focal Ministry, coordination among relevant ministries and monitoring implementation of plans and policies are advised to the GoN. Similarly, enhancing capacity through training and involvement of local level stakeholders in decision making process. CSOs are recommended to proactively disclose information and data on climate finance. Donors are advised to blend their financing with the budgetary process.

On behalf of TI-Nepal, we express our gratitude to the Institute for Social and Environmental Transition-Nepal (ISET-Nepal), and its research team: Ms. Rabi Wenju, Mr. Ashutosh Shukla, Mr. Ajaya Dixit and Mr. Yogendra Subedi, for undertaking this study and preparing the report. Transparency International Nepal would also like to thank all the individuals, organizations and professionals who provided valuable suggestions to the study team and assisted in the publication of this report. We are equally thankful to the Transparency International- Secretariat for providing inputs to this report.

This study would not have been possible without the financial assistance from the German Federal Ministry for Environment, Nature Conservation and Nuclear Safety (BMUB) to the CFG program undertaken by TI-Nepal.

Shree Hari Aryal (*Senior Advocate*)
President
Transparency International Nepal



EXECUTIVE SUMMARY

Climate change has created additional stresses to least developed and developing countries that are already vulnerable to existing socio-economic conditions. As additional finances are thus required to address these challenges. In practice, the climate finance adaptation has not been much differentiated from regular developmental activities. Thus, the study of climate finance governance is very crucial.

Nepal ranks 14th in the countries that are vulnerable to impacts of climate change. After CoP 2009 held in Copenhagen, Nepal progressed in developing climate-related policies, plans and acts. However, gaps exist. The climate change policy 2011 states that 80 per cent of the total available fund should reach the community level. But it has failed to devise proper mechanisms to transfer fund. In reality, less than half of the fund actually reaches to the local level. NAPA on the hand has also failed to capture local needs. Similarly, the LAPA clearly mentions the need to support adaptation planning through the meaningful participation of stakeholders however, it lacks a mechanism to explicitly seek out and incorporate available scientific knowledge into the planning process. It does not consider the climate change element in assessing vulnerability. The latest addition to Nepal's commitment to addressing climate change is the submission to the UNFCCC of its nationally determined contributions. The country has specified commitments but this looks ambitious. Any target for reducing the emission of greenhouse gases has not been mentioned. There are several agencies in the Government responsible for climate finance governance such as NPC, MoF, MoFE, MOFAGA, and other sectoral departments along with provincial and local governments, the proper coordination and cooperation among these organization or bodies are poor which is directly affecting implementation.

Large-scale adaptation interventions have been implemented since 2014. Some are still continuing while others are completed. They are supported by bilateral and multilateral agencies and implemented through government agencies, local governments and development organizations. The CPEIR 2011 has also identified inter-ministerial coordination and linkages and suggests considering climate change a thematic development agenda, rather than cross-cutting.

This study provides recommendations to the Government of Nepal including local governments, civil society organizations (CSOs), and donors. It suggests that the government to make substantial improvements in the implementation domain. Measures are also needed to support good governance, along with a regular monitoring mechanism. Civil society organizations should proactively disclose information and data on climate finance, and ensure participation of local people in decision making. Donors need to pay attention to the target groups. They also need to blend their financing with the country's budgetary system.

In a nutshell, climate finance governance faces challenges at both the conceptual and operational level. The answers are not straightforward. Yet considering the ideas of adaptation and resilience synergistically can be the right place to start. Monitoring, reporting on, and verification of budget are pre-requisites for assessing the effectiveness of investments and making informed decisions and strengthening procedures. A good framework for the governance of climate finance needs to put into practice.



TABLE OF CONTENTS

Foreword	III
Executive Summary	V
Acronyms	IX
Background	1
Governance Framework.....	2
Objectives of the Study	7
Methodology.....	7
Nepal’s Response to Climate Change: Evolution.....	8
Domains of climate change governance	10
Advisory domain.....	10
Domain of Policies and Strategies.....	10
Implementation Domain	18
Climate Finance Governance: Reflections.....	26
Recommendations	28
Government of Nepal.....	28
Civil Society Organizations	29
Donors.....	29
Final Observations	30
Annexes	32
Annexe 1.....	32
Annexe 2.....	35
Bibliography.....	36



ACRONYMS

ADB	Asian Development Bank
AEPC	Alternative Energy Promotion Centre
AF	Adaptation Fund
BMUB	German Federal Ministry for the Environment, Nature Conservation and Building Nuclear Safety
CAPA	Community Adaptation Plan of Action
CBOs	Community Based Organizations
CCC	Climate Change Council
CFUGs	Community Forest User Groups
CIF	Climate Investment Fund
CCMD	Climate Change Management Division
COP	Conference of the Parties
CFGORRP	Community Based Flood and Glacial Lake Outburst Risk Reduction Programme
CPEIR	Climate Public Expenditure and Institutional Review
CSOs	Civil Society Organisations
DCC	District Coordination Committee
DDC	District Development Committees
DFID	Department of International Development
DHM	Department of Hydrology and Meteorology
DoE	Department of Environment
DLS	Department of Livestock Services
DSCWM	Department of Soil Conservation and Watershed Management
DRR	Disaster Risk Reduction
DWIDM	Department of Water-Induced Disaster Management
EbA	Ecosystem based Adaptation
EFLG	Environment Friendly Local Governance
FAO	Food and Agricultural Organization
FIP	Forest Investment program
GLOF	Glacial lake Outburst Flood
GoN	Government of Nepal
IECCD	International Economic Cooperation Coordination Division
IFC	International Finance Corporation
IIED	International institute for Environment and Development
INGOs	International Non Government Organizations
IUCN	International Union for Conservation of Nature
KII	Key Informant Interview
KIPs	Key Performance Indicators

LAPA	Local Adaptation Plan of Action
LCEDS	Low-Carbon Economic Development Strategy
LDCF	Least Developed Countries Fund
MCCICC	Multi-stakeholder climate change Initiative coordination committee
MoAD	Ministry of Agriculture Development
MoAC	Ministry of Agriculture Cooperatives
MoF	Ministry of Finance
MoFAGA	Ministry of Federal Affairs and General Administration
MoFALD	Ministry of Federal Affairs and Local Development
MoFSC	Ministry of Forest and Soil Conservation
MoFE	Ministry of Forest and Environment
MoI	Ministry of Irrigation
MoPE	Ministry of Population and Environment
MoSTE	Ministry of Science Technology and Environment
MTEF	Mid-Term Expenditure Framework
NAP	National Adaptation Plan
NAPA	National Adaptation Program of Action
NARC	Nepal Agricultural Research Council
NAST	National Academy of Science and Technology
NCCSP	Nepal Climate Change Support Program
NCKMC	National Climate Change Knowledge Management Center
NDCs	Nationally Determined Contributions
NDRI	National Development and Research Institute
NGOs	Non Governmental Organizations
NPC	National Planning Commission
OECD	Organisation for Economic Co-operation and Development
OAG	Office of the Auditor General
PMU	Project Management Unit
PPCR	Pilot Program for Climate Resilience
PRC	Prakriti Resources Centre
REDD	Reducing Emissions from Deforestation and Forest Degradation
SCCF	Special Climate Change Fund
SREP	Scaling-Up Renewable Energy Programme
TWGs	Thematic Working Groups
UNDP	United Nations Development Program
UNEP	United Nations Environmental Program
UNFCCC	United Nations Framework Convention on Climate Change
USAID	US Agency for International Development
WB	World Bank

BACKGROUND

There is convincing scientific evidence that the global climate is changing and that it is human activities in the postindustrial era that are largely responsible for those changes. These changes, which takes various forms, impact all aspects of human life and wellbeing, have increased human vulnerabilities so much so, that pursuing business as usual would have dire consequences. To avoid catastrophes, we must adopt innovative mitigation and adaptation responses. Mitigation is understood as changes in current practices responsible for production of greenhouse gases which fuel climate change, and adaptation implies societal adjustments to the consequences of the changing climate. Both are important: adaptation because local livelihoods must adjust to the changes and mitigation because it contains the driver that produces climate change in the first place. Because not everyone at all levels will be able to adapt to changes, the mitigation of greenhouse gases remains a key. In any case, adaptation itself falters when a critical climate threshold is crossed or even approached.

The Global Climate Risk Index 2014 has identified Nepal as the 14th most vulnerable country to the risk of climate change (Kreft et.al, 2015). Though Nepal's share in global greenhouse gas emission is only 0.027% (MoPE, 2016), the country faces relatively high local impact from global greenhouse gas emission. The impacts are high on the economy as well as its people. Particularly, vulnerable are the population in the social and economic margins. How

should Nepal deal with the twin objective of mitigation and adaptation? Given its low share in the global carbon budget, it could be argued that Nepal can pursue a carbon based path for development. However, this path is not desirable from an economic, environmental or ethical point of view. Nepal already spends almost NRs 115 billion annually on import of petroleum products. The average rate of increase of its greenhouse gas emission is highest in South Asia at 8.8% (CSE, 2016). Pursuing a path of carbon based development at home and highlighting climate justice issues as a least developed country would be tantamount to untenable arguments. The other desirable option for the country is therefore to pursue a low carbon emission development path and because the consequences of climate change are already being felt across societies and economies, adapt to the impacts and build systemic resilience.

To achieve these objectives, Nepal while building its institutional capacity, needs to mobilize additional resources to address the climate change led stress whose genesis is outside its social, political and economic jurisdictions. The challenge Nepal faces is to prioritize, support, organize and manage adaptation measures at the local, sub-national, national and trans-national level. At the same time the country must also support a transition to a low carbon development economy. Both needs proper targeting of finances from in-country and external sources using a suitable governance framework.

GOVERNANCE FRAMEWORK

Governance encompasses and transcends the meaning and concepts associated with the state: it embraces executive, legislative and judicial functions as well as the principles of participation, accountability, and transparency, principles that are central to the notion of good governance. Governance also encompasses interactions among agencies of the state (regulatory concerns), the market (profit concerns), and civic society (equity concerns). Achieving good governance, rather than simply governance, entails achieving a high level of organizational performance in formulating and implementing policies and actions that contribute to stability and wellbeing. Such a performance can be achieved only when accountability, transparency, participation, responsiveness, and respect for the rule of law become guiding principles and practices. How best to uphold those principles and practices is a key question.

Governance involves two key domains: decision-making and implementation. Decision-making refers to the processes by which a person or a group, guided by its position in the power structure arrives at decisions that further its interest. Implementing decisions, in contrast, involve actions designed to achieve an objective. Making a decision without clarity on how to implement is self-defeating and implementing decisions without a framework is rudderless. Every organization works as an interface between decision-making and decision-implementing roles. In doing so, it is guided by the institution, or the “rules in use” that set boundaries and the roles for that action. An organization is an entity created for a specific function while an

institution enables that organization to deliver the function. National, international, and local governments engage in the act of governance, as do corporations and non-governmental organizations.

Governance can be either good or bad depending on the processes used to make decisions and the mechanisms in place to implement them. The executive branch of the state is the main actor in developing these processes: it sets policy and law, norms and standards, establishes checks and balances, and puts in place procedures to audit performance. In complex, modern societies, actors outside the formal structures of the government are also as important as the state. These actors are broadly referred to as “civil society.” They include community-based organizations, cooperatives, and non-governmental organizations, among them, philanthropic and humanitarian entities. In Nepal, donor agencies also play an important role in the making and implementation of decisions. The role of the private-sector in promoting competition and fostering innovation in development, and governance however, are limited.

In this context, the policies and institutional processes needed to provide space for gathering evidence, planning, decision-making, and taking action to help meet the following objectives of good governance:

- i. Rule of law: the development and implementation of legal instruments and their enforcement by a regulatory body to protect the interests of stakeholders, especially the disadvantaged and marginalized (the voiceless).

- ii. **Transparency:** access to information about policies, practices, and outcomes presented in an easily understandable form.
- iii. **Responsiveness:** organizations and processes designed to meet the needs and desires of stakeholders in a reasonable amount of time.
- iv. **Consultation and consensus building:** understanding the interests of stakeholders and seeking to come to a shared agreement.
- v. **Equity and inclusiveness:** ensuring that all stakeholders have the opportunity to maintain, enhance, and generally improve wellbeing.
- vi. **Effectiveness and efficiency:** the best use of resources—human, financial, technological, natural and environmental to produce results beneficial for all.
- vii. **Accountability:** answerability to those affected by decisions and actions.
- viii. **Participation:** representation of all stakeholder groups in decision-making, planning, and action without discrimination of any form.

The discussion above provides a starting point for examining climate change governance in general, as well as, climate change financing as a key aspect of that governance. In general, climate finance refers to the finances directed to reducing greenhouse gas emissions or helping people to adapt to the impacts of climate change. In reference to international climate negotiations, it is related to the flow of fund from developed to developing countries for climate action. It can also be understood as a new and/or additional funding to existing development funding to tackle the additional risk of climate change (Carvalho and Terpstra, 2015).

The World Bank defines climate finance as the “resources to catalyze the climate-smart development trajectories by covering the additional costs and risks of climate action, creating an enabling environment and building capacity in support of adaptation and mitigation as well as by encouraging research, development, and deployment of new technologies” (World Bank, 2010). However, it is difficult to differentiate climate finance from the funds targeted for regular development activities in environment, water, health and other basic service sectors. Climate change is a cross cutting issue and separating adaptation activities to climate change from regular development activities is a difficult task.


To direct public expenditure to climate change-related actions, Nepal follows the definition of the OECD, which involves both mitigation and adaptation (Box 1). In terms of mitigation, its main investments are in REDD and clean energy. The country’s investment in adaptation is guided by the National Adaptation Plan of Action (NAPA) at the national level and the Local Adaptation Plan of Action (LAPA) at the local level. Funding for adaptation investments is channeled to sectoral ministries, line departments and local government projects funded by multilateral and bilateral donor agencies and donor-supported programs implemented by development organizations (INGOs and NGOs). Tracking use of finances allocated to climate change actions is difficult because specific activities involved in program implementation such as monitoring and communication of expenditure effectiveness in the public domain is limited. Attributing cost, therefore, is not easy. This difficulty is also exacerbated by the definitional problem. Given the uncertainty in climate change impact pathways, it is not easy to separate adaptation from normal

development. The emerging political landscape of Nepal presents yet another challenge. With the completion of the elections to local, provincial and national governments, and implementation of the 2015 constitution, the governance architecture has changed from a unitary to a

federal system. What this means for climate finance governance is unclear. Within these limitations, we examine the landscape of climate change finance action from this perspective and aims to glean lessons for good governance of climate finance.

Box1: Definition of Adaptation and Mitigation

1.	Mitigation	
	OECD Definition: An activity should be classified as climate change mitigation related if it contributes to the objectives of stabilization of greenhouse gas (GHG) concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system by promoting efforts to reduce or limit GHG emissions or to enhance GHG sequestration (OECD, 2011)	
	Sectors	Example activities
	Forestry	Protection and enhancement of sinks and reservoirs of GHGs through sustainable forest management, a forestation and reforestation
	Water and sanitation	Methane emission reductions through waste management or sewage treatment
2.	Adaptation	
	OECD Definition: An activity should be classified as adaptation related if it intends to reduce the vulnerability of human or natural systems to the impacts of climate change and climate-related risks, by maintaining or increasing adaptive capacity and resilience (OECD, 2011).	
	Sectors	Example activities
	Enabling activities	Supporting the development of climate change adaptation-specific policies, programs and plans
	Policy and legislation	capacity strengthening of national institutions responsible for adaptation



Sectors	Example activities
Agriculture	Promoting diversified agricultural production to reduce climate risk
Energy	Strengthening of energy transmission and distribution infrastructure to cope with the expected impacts of climate change
Forestry	Securing local rights and systems for the sustainable and long-term utilization of the forest in order to increase resilience to climate change
Health	Strengthening food safety regulation, developing or enhancing monitoring systems
Transport	Building protection from climate hazards into existing transport infrastructures (e.g. Disaster Risk Reduction measures)
Water and sanitation	Monitoring and management of hydrological and meteorological data

Source: *Handbook on the OECD-DEC climate markers, Preliminary version, OECD, 2011*

OBJECTIVES OF THE STUDY

This study aims to increase our understanding of the state of climate change governance in Nepal and identify the gaps and challenges. It has three key objectives:

- i. Reviewing policies, acts, and regulations to identify the gaps and challenges in climate change related public finance governance;
- ii. Using ongoing projects as examples, to lay out the climate finance landscape, identifying, in particular, the institutional arrangements for the processes of budget control and budget flows, the decision-making pertaining to such flows, and mechanisms to ensure and assess the effectiveness of the utilization of that budget;
- iii. Recommending measures to realize the values of good governance in climate finance governance within climate change governance as a whole.

METHODOLOGY

The methodology used in this study involves the review of secondary literature and the use of key informant interviews. Initially, mapping of ongoing climate change projects in Nepal was carried out to develop an understanding on the nature of climate specific development projects and their funding profiles. This was accomplished by a systematic review of available information in the public domain, made available by government ministries and development organizations. The Nepal climate change and development portal was the entry point in mapping these projects. The documents (policies and acts) related to climate change of different ministries were reviewed. The review of policies helped analyze the strengths and gaps in the policy in addressing the challenges posed by climate change.

The key informant interviews were undertaken to solicit views of actors involved in climate change financing and governance. They included personnel at

different levels in government ministries and departments and those associated with development organizations (INGOs and NGOs). These interviews helped understand the processes and allocations of climate finance, roles of actors in the climate finance governance, the fund flow process and the challenges in utilization and management. We interacted with officials from the Ministry of Finance (MoF), the Ministry of Forest and Environment (MoFE), Practical Action Nepal, Oxfam Nepal, Prakriti Resources Centre and Oxford Policy Management Institute.

This report is organized as follows: First we present the policies, acts and regulations, related to climate change governance. These details are preceded by an account of the evolution of Nepal's response to climate change. In the next section, we present the climate finance landscape. Finally, we provide recommendations on the gaps identified in climate finance governance.

NEPAL'S RESPONSE TO CLIMATE CHANGE: EVOLUTION


Nepal, in a substantial way, began to articulate its position on climate change and its commitment to integrate climate change into its social, economic, and environmental development agenda at the 15th Session of the Conference of the Parties (COP15) held in Copenhagen in December 2009. In July of that year, the government had established the Climate Change Council (CCC) with the Prime Minister as the chair. Its mandate was to serve as a high-level policy advisory body. A few days before COP15 started, Nepal's cabinet met at Kalapatthar near the base camp of Mount Everest. The meeting was a symbolic gesture to draw global attention to the impact of global warming in the Himalayan region akin to that of the government of the Maldives, which had held an underwater meeting to highlight the plight of island nations in the face of climate change.

At the Kalapatthar meeting, the government expressed its commitment to tackle climate change and identified several themes for priority action, including the implementation of a national-level adaptation response, mitigation efforts through the Clean Development Mechanism, and enhanced efforts to address the needs of vulnerable communities. With regard to financing climate change action, the meeting highlighted the importance of international finance to supplement the national resources. The declaration of the cabinet meeting, which is known as the 2009 Sagarmatha Declaration, helped set the tone for subsequent climate change actions to develop an institutional architecture

to address climate change challenges and integrate them into the country's development agenda.

The period after 2009 saw the government make rapid progress in climate change policies and actions, building on foundations laid earlier. The Interim Constitution promulgated in 2007, for example, had recognized the "right to live in a clean environment" as a fundamental right. This provision signaled the importance accorded to conserving and managing natural resources and the environment in order to achieve sustainable living. It also established that climate change was a long-term public policy concern. The right to live in a clean environment was retained in the Constitution of Nepal 2015 couched in stronger language. It states that development and the environment must be balanced in order to ensure the overall wellbeing of the country and its societies.

But Nepal's approach to understanding climate change issues actually began much earlier, in the mid-1990s, which could be termed tentative. Initial research conducted in this period began to show that changes in the global climate influenced regional and local weather patterns and that they would impact local communities in multiple ways. Uncertainty about the scale of those impacts was high. Efforts to develop action plans to address the problems that had arisen locally were few and the level of uncertainties meant that the challenges of adapting to the likely impacts of climate change would be hard. At the global



level, mitigation controlling emissions of greenhouse gases, not local adaptive solutions, was the preferred response and adaptation questions were raised mostly by academics and had not found space in the global climate agenda. Nepal's miniscule share of the global greenhouse gas budget, just 0.027 percent, meant that the country's mitigation efforts would be insignificant, but its high exposure to the changes in climate meant that the local impacts of the rise in the concentration of greenhouse gases, the warming trend, and the changing weather pattern would be sustained and that adaptive strategies would be necessary.

Adaptation became part of the mainstream public policy discourse in the 2000s and became pronounced after the Bali COP13 in 2007 where, Nepal expressed commitment to a low-carbon development path integrated to adaptation.

The narrow focus on climate change mitigation changed in 2009, when Nepal began to pursue both adaptation and mitigation measures simultaneously and complementarily. Since then, it has made rapid progress in formulating and, to various extents, implementing climate change policies, strategies, and action plans.

DOMAINS OF CLIMATE CHANGE GOVERNANCE

Nepal's domain of climate change governance involves three tiers: high-level policy advisory and inter-sector coordination, sectoral planning and programming, and program implementation.

Advisory domain

At the apex level of this arrangement is the Climate Change Council (CCC), which was constituted in 2009 and is chaired by the Prime Minister. The CCC consists of 26 members, including 11 ministers whose ministries deal with climate change concerns and eight technical experts. The CCC's task is to provide high-level strategic advice about climate change programs and to articulate the national position during international negotiations on climate change. The MoSTE (subsequently the MoPE and now MoFE) was designated as the focal point for climate change-related issues and functioned as the secretariat of the CCC. The secretary of the MoSTE served as an ex-officio member-secretary of the CCC.

The Multi-Sector Climate Change Initiatives Coordination Committee (MCCICC), which was also established in 2009 with representation from relevant government ministries, multilateral and bilateral donor agencies, national and international non-government organizations, academics, and members of the private sector, helps oversee the mobilization and inter-sectoral allocation of finance for mitigation and adaptation. The Climate Change

Management Division (CCMD) under the MoSTE was designated as the secretariat of the MCCICC. All the thematic group coordinators of the NAPA, including those in charge of coordinating agriculture, forestry, energy, health, physical planning, and home affairs, are represented in the MCCICC. They ensure that adaptation programs and finances are streamlined in accordance with the priorities set by the NAPA.

Domain of Policies and Strategies

In 2009, Nepal began to pursue both adaptation and mitigation measures simultaneously and complementarily. Since then it has made progress in formulating, and to various extents, implementing climate change policies, strategies and action plans (Box 2). An examination of these documents provides the understanding about the gaps in their scope and insights into the nature of the reform process needed to change them. The following section examines the provisions of the climate change policies and strategies that guide Nepal's climate change response agenda and identifies gaps in their coverage, especially those relevant to climate finance governance. In addition, we also look at sectoral policies and strategies relating to forestry, agriculture, irrigation, infrastructure, transportation and disaster risk reduction (DRR) to examine how they resonate with the framework of climate change policies and work to mainstream climate changes responses into development.

Box- 2: Climate Change Policies, Frameworks and Strategies

- ❑ Initial National Communication to UNFCCC on Climate Change (UNFCCC)- 2004
- ❑ National Adaptation Plan of Action (NAPA), 2010
- ❑ Local Adaptation Plan of Action (LAPA), 2011
- ❑ Climate Resilient Planning Framework (CRP) of National Planning Commission (NPC), 2011
- ❑ National Climate Change Policy, 2011
- ❑ Second National Communication to UNFCCC, 2011
- ❑ Intended National Determined Contributions (INDCs) to Climate Change, 2015
- ❑ National Adaptation Program (NAP), 2015 (in process)
- ❑ National REDD+ Strategy, 2015
- ❑ Low Carbon Economic Development Strategy (LCEDS), 2015

a. National Climate Change Policy (NCCP), 2011: In January 2011, the government endorsed the National Climate Change Policy as an umbrella policy. The Ministry of Population and Environment (MoPE), now Ministry of Forest and Environment (MoFE), had taken primary responsibility for its formulation. The policy builds on earlier experiences, especially strategic decisions made between 2007 and 2010, and considers Nepal's commitments under the international agreements it had ratified. The policy lays out the national vision to pursue climate-friendly socio-economic development and states that, to achieve this

end, the government will take full advantage of the international climate change regime in implementing its national policies and plans. The policy's provisions and progress made in achieving them are summarized below.

- ❑ Establish a climate change centre to engage in research, monitoring, and providing technical advice to the GoN. The National Climate Change Knowledge Management Centre (NCKMC) was created with the joint efforts of the National Academy of Science and Technology (NAST) and the MoPE. It is located within the premises of NAST;
- ❑ Initiate incremental implementation of the local adaptation actions (LAPA) essential to operationalize the national adaptation program of action at (NAPA) at the local level. Efforts kicked off in 2011 and now LAPAs are being implemented in 14 districts in western Nepal;
- ❑ Prepare a national strategy for carbon trade to benefit from the Clean Development Mechanism by 2012. The National REDD Strategy has been prepared and put into action;
- ❑ Formulate and implement a low-carbon economic development strategy to support climate-resilient socioeconomic development by 2014. A draft policy is ready for approval;
- ❑ Assess costs and benefits from climate change in various geographical areas and development sectors by 2013 to be able to identify key performance indicators (KPIs) for mitigation and adaptation projects. This work is in progress;
- ❑ Promote adaptation effectiveness to address the adverse impacts of climate change by developing and

transferring technology, raising public awareness and building capacity. The government has prepared a brief note on the establishment of a technology centre but actual progress is still due;

- Develop a reliable impact-forecasting and early warning system to reduce the adverse impacts of climate change on natural resources and people's livelihoods in vulnerable areas of the mountains, hills, Chure, and Tarai. The Department of Hydrology and Meteorology (DHM) is currently developing a reliable end-to-end weather forecast and public advisory system.

The National Climate Change Policy encourages development sectors to incorporate climate change concerns in their sectoral policies and development planning processes. It emphasizes the need for institutional strengthening, climate change mitigation and adaptation, promotion of clean energy, strengthening the capacities of local communities, following a low-carbon development path, building institutional capacity to assess impacts and maximize the benefits of climate finance. It also stresses the importance of financial aspects and proposes establishing a separate Climate Change Fund to implement programs related to climate adaptation and resilience, low-carbon development, risk identification, research, and the development and utilization of technologies. It also addresses the management of this fund, which will include funds provided by the GoN, bilateral and multilateral agencies, Nepali and non-Nepali individuals and organizations to support climate change activities. One of its key provisions is that it is mandatory to allocate 80 percent of the climate fund to the local level. The policy

does not, however, identify or estimate the level of finance it expects will be required to meet its adaptation objectives or the institutional arrangements for transferring funds.

Though the National Climate Change Policy is comprehensive in its articulation of inter-sectoral linkages, it is silent about climate finance. It offers no climate finance governance framework though such a framework is necessary to ensure the effectiveness, efficiency, accountability, and transparency of investments in climate change mitigation and adaptation. These principles must be upheld if efforts are to produce tangible gains for people vulnerable to climate change.

Challenges/Gaps of Climate Change

Policy: The call for mandatorily allocating 80 per cent of funds to the local level is laudable, but without a mechanism to transfer funds, it is bound to fail. According to Dixit et al. (2016), less than half of allocated funds reaches the local level. In addition, the policy does not provide any guidance for the management, utilization, or disbursement of funds, and, while it does mention goals and objectives in detail, it fails to identify the key agents of implementation at the district and local levels. No legislative act has been formulated to implement the policy either. According to Helvatas Nepal (2012), if the policy is to be result-oriented, its institutional arrangements need to be redefined. Though its preparation did involve consultation with government agencies, the private sector, NGOs, and user groups were not consulted (Baral and Chhetri 2014).

b. National Adaptation Program of Action (NAPA), 2010: The NAPA was Nepal's first formal comprehensive climate change-dedicated document prepared at

the national level under the guidelines set by the UNFCCC. It aimed to assess and prioritize climate change vulnerabilities and identify adaptation measures. To prepare it, the government used participatory methods, including visits along the north-south transects of the major river basins across the country. The preparation process followed programmatic, participatory, and bottom-up approaches and engaged multiple stakeholders. Six thematic working groups, each led by a different line ministry were set up. The thematic areas were agriculture and food security, forest and biodiversity, water resources and energy, climate-induced disasters, public health, and urban settlements and infrastructure (MoE, 2010). NAPA forms the basis of all adaptation-related projects and priorities in Nepal. The document identifies and prioritizes the following needs and activities:

- ❑ Promoting community-based adaptation through the integrated management of agriculture, water, forest and biodiversity;
- ❑ Building and enhancing the adaptive capacity of vulnerable communities by improving systems and increasing access to services for agricultural development;
- ❑ Establishing a community-based disaster management system to facilitate climate adaptation;
- ❑ Monitoring glacial lake outburst floods (GLOFs) and adopting disaster risk reduction measures;
- ❑ Managing forests and ecosystems so that they support climate-led adaptation innovations;
- ❑ Adapting to climate challenges in public health;
- ❑ Empowering vulnerable communities

through the sustainable management of water resources and supply of clean energy;

- ❑ Promoting climate-smart urban settlements.

The MoSTE coordinated the preparation of the NAPA with the support of other line ministries, departments and development organizations. The MoSTE was made responsible for monitoring and evaluating adaptation plans and strategies at the national level, while DCCs were responsible for executing and monitoring adaptation plans and strategies at the district level (MoE, 2010).

Challenges/Gaps of NAPA: Though a multi-stakeholder participatory approach was adopted to formulate the NAPA, the process was essentially top-down. Community consultation was limited to diagnostics. Since local people neither formulated nor endorsed the action points pertinent to each thematic area, the NAPA failed to capture local needs (Chaudhary *et al.*, 2014). The NAPA lacks explicit provisions regarding the rights and responsibilities of local communities and has no clear mechanism for ensuring the participation of representatives of local communities in decision-making, including the policy processes to be adopted at the local level. The preparation of the NAPA did not involve an inclusive process: some community stakeholders, such as women, indigenous groups, and the vulnerable in pocket areas were left out (Helvetas, 2012).

c. Local Adaptation Plan of Action (LAPA), 2011: The LAPA was prepared in response to the needs identified in the NAPA document. Nepal is the first country to develop a LAPA framework (Peniston, 2013; Tiwari *et al.*, 2014) designed to oversee the implementation of activities at the local level. The LAPA aims to sensitize

local people and stakeholders; carry out vulnerability and adaptation assessments; identify, select, and prioritize adaptation options; and formulate and implement adaptation plans. The framework lays out ways to develop and implement a stand-alone LAPA at the local level as well as to integrate adaptation measures into regular local-level planning and implementation processes. It identifies an inclusive, flexible, responsive and bottom-up approach to promote climate change resilience at the local level. Under it, the Nepal Climate Change Support Program (NCCSP) was initiated and, as of 2018, a total of 100 LAPAs in 87 VDCs (now rural municipalities) and 9 municipalities of 14 districts in the far and mid-western regions of Nepal have been developed. Each LAPA addresses six thematic areas: 1) Agriculture, Livestock, and Food Security, 2) Forest Management and Biodiversity, 3) Alternative Energy, 4) Climate-Induced Hazards and Physical Infrastructure, 4) Human Resources, Capacity Building and Livelihood, and 6) Human Health. Over the three years from 2013 to 2016, the NCCSP implemented 2,303 adaptation actions that benefited over 600,000 climate vulnerable people (MoPE/NCCSP, 2016). A large number of community adaptation plans of action (CAPAs) were developed, mostly through community forest users' groups (CFUGs) to compliment LAPA (MoPE, 2016), but the government does not formally recognize CAPAs.

The LAPA framework clearly mentions the need to support adaptation planning and address the issues of the most vulnerable communities and households (Regmi et al., 2014). It also indicates that LAPAs must be integrated into village, municipality, district and sectoral development plans and that their implementation has to be backed by continuous monitoring. It also

provides for both vertical and horizontal linkages through the bottom-up planning process undertaken by government and non-government organizations and therefore ensures that adaptation planning and implementation will be effective. It also considers the issues of meaningful participation, gender, and inclusiveness, particularly of marginalized people and ethnic minorities (Maharjan and Maharjan, 2017).

Challenges/Gaps of LAPA: Though it calls for using a participatory process to prioritize community needs, the LAPA process lacks a mechanism to explicitly seek out and incorporate available scientific knowledge into the planning and decision-making processes. Surprisingly, it also does not even consider the climate change element in assessing vulnerability. It ignores the cultural dimension of climate change despite the fact that many local people have strong cultural associations with the land and certain features of the landscape and that collecting and understanding these cultural perceptions adds value to climate change findings and helps local people to prioritize climate adaptation practices (Penniston, 2013).

d. Nationally Determined Contributions (NDCs), 2016: The latest addition to Nepal's commitment to addressing climate change is the submission to the UNFCCC of its Nationally Determined Contribution (NDC), which presents Nepal's adaptation and low-carbon development plans. The NDC envisions that Nepal will meet 80 per cent of its energy demands through renewable sources by 2050. The specifics of that commitment are listed below:

- Envisions Nepal's needs for adaptation after 2020 through the National Adaptation Plan (NAP);

- ❑ Strengthen the implementation of the Environment-Friendly Local Governance (EFLG) Framework at the local level to complement climate change adaptation, promote renewable energy technologies, conserve water resources, and develop greenery;
- ❑ Use scientific approaches to understand the impact of climate change and develop and implement adaptation strategies for climate change-affected areas;
- ❑ Assess climate change impacts with support from scientific and academic communities;
- ❑ Promote the Low-Carbon Economic Development Strategy;
- ❑ Reduce dependence on fossil fuels by 50 per cent and promote electrification through renewable energy sources to 80 per cent by 2050;
- ❑ Generate 25 MW of energy from micro-hydro and install 600,000 solar home systems, 1,500 institutional solar power systems, 4,000 improved water mills, 475,000 improved cooking stoves, and biogas systems in 130,000 households in 200 communities and in 1000 institutions;
- ❑ Develop a rail network by 2040 to support the mass transport of goods and people.
- ❑ Maintain 40 per cent of the total area of the country under forest cover and increase the productivity of forest land through the sustainable management of forests and forest products;
- ❑ Decrease the rate of air pollution by 2050 through the proper monitoring of the sources of air pollutants including solid waste, emissions from old and unmaintained vehicles, and industries.
- ❑ To meet these commitments, Nepal will seek grants from bilateral and multilateral sources to support the following activities:
 - ❑ Formulate and implement the NAP and implement the NAPA and LAPAs;
 - ❑ Conduct research into and studies on the loss and damage associated with climate change impacts and develop and implement measures to reduce climate vulnerabilities;
 - ❑ Create an enabling environment that promotes private-sector and foreign direct investment in low-carbon technologies that achieve energy efficiency and use renewable energy;
 - ❑ Develop an electrical rail network in the low-lying areas of Nepal;
 - ❑ Control the drivers of deforestation and forest degradation to enhance carbon sequestration;
 - ❑ Provide higher prices in carbon markets to ensure that benefit-sharing mechanisms are equitable and to maximize benefits at the local level in an effort to promote the sustainable management of forests;
 - ❑ Sell carbon credits from its renewable energy and REDD+ programs at a higher price;
 - ❑ Convert waste to energy;
 - ❑ Address climate-induced disasters in earthquake-affected areas;
 - ❑ Enhance the agricultural sector by adopting climate-friendly technologies and reducing the impacts of climate change;

- ❑ Build institutional capacity to plan and implement adaptation and mitigation programs and projects.

Challenges/Gaps of NDC: The NDC is an ambitious document but the targets set are not very clear and the mechanisms needed to achieve those targets are not specified in detail. The NDC highlights the need for funds to meet the targets but does not sufficiently address the process needed to achieve the targets. The NDC also does not mention any target for reducing the emission of greenhouse gases.

e. National Low-Carbon Economic Development Strategy (LCEDS): To take forward its climate change policy the GoN drafted the LCEDS now in the final stage of endorsement. The LCEDS has set the following goals:

- ❑ Decrease dependence on fossil fuels through the optimal development of hydropower and other renewable energies and build energy capacity;
- ❑ Develop climate change-resilient infrastructures through the development, use, and promotion of technologies that emit little carbon;
- ❑ Reduce poverty by increasing national production and income by attracting funding for rapid low-carbon economic development.

The overall objective of Nepal's LCEDS is to identify key approaches and interventions that will allow the country to maximize its resilience and low-carbon growth potential without compromising its sectoral development priorities. This plan will help Nepal shift its development pathway to a low-carbon economy and achieve sustainable development in line with its socio-economic priorities. The strategy focuses on developing agriculture, forestry, and hydropower to serve as a

base for economic development. Though it concentrates on hydropower as the main energy source, the strategy also promotes solar and wind energy over the next five years, particularly in government and public buildings. The prioritized strategic areas of the LCEDS include the following:

- ❑ Develop hydropower and renewable energy
- ❑ Develop demand-side management
- ❑ Enhance carbon sequestration
- ❑ Move towards an environmentally sustainable transport system
- ❑ Utilize waste as a resource
- ❑ Promote climate-friendly practices in agriculture
- ❑ Engage in land-use and urban planning

f. National Adaptation Plan: To address medium- and long-term adaptation needs and reduce climate vulnerabilities, Nepal began developing the NAP in September 2015 with the objective of integrating climate change adaptation into sectoral policies, strategies, plans, and programs. The formulation of the NAP was a country-driven, consultative, participatory, and transparent process led by ministry-led thematic working groups. A few important milestones of the NAP process have been completed: the climate trend has been assessed and a climate change scenario report written. A vulnerability and risk assessment that takes into account the country's new governance structure still needs to be carried out.

g. Sectoral policies, strategies, and plans : The references to climate change mitigation and adaptation made in sectoral policies, strategies, and development plans are listed below.

Table 1: The sectoral policies in Nepal in line with climate change adaptation and mitigation

Sectoral policies, plans, and strategies	Approach for mainstreaming climate change action
National Strategy for Disaster Risk Management, 2009	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure that DRR is a national and local priority with a strong institutional basis for implementation. <input type="checkbox"/> Identify, assess, and monitor disaster risks and strengthen early warning systems with effective preparedness responses. <input type="checkbox"/> Specifically mention the climate-related and climate-induced disasters which recur and account for a large share of annual loss and damage.
Agriculture Development Strategy and Action Plan, 2014	<ul style="list-style-type: none"> <input type="checkbox"/> Improve the resilience of farmers to climate change, disasters, price volatility, and other shocks. <input type="checkbox"/> Develop modern water conservation technologies for flood control, irrigation, and residual soil moisture management.
Nepal National Biodiversity Strategy and Action Plan, 2014-2020	<ul style="list-style-type: none"> <input type="checkbox"/> Enhance forest-based livelihoods. <input type="checkbox"/> Improve conservation of biodiversity in community-managed forests.
Environment-Friendly Vehicle and Transport Policy, 2014	<ul style="list-style-type: none"> <input type="checkbox"/> Reduce emissions from the transport sector <input type="checkbox"/> Increase the share of electric vehicles up to 20 per cent by 2020 <input type="checkbox"/> Promote the conversion of fossil fuel-run vehicles to electric vehicles <input type="checkbox"/> Provide subsidies to promote electric and non-motorized vehicles
National Energy Policy, 2013	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure sustainability in the consumption of biomass energy resources by measures like introducing improved cooking stoves <input type="checkbox"/> Promote renewable energy technologies (solar and wind) <input type="checkbox"/> Minimize the detrimental environmental effects resulting from energy supply and use.
National Sustainable Transport Strategy for Nepal (2015-2040)	<ul style="list-style-type: none"> <input type="checkbox"/> Maintain the standard of vehicles and their engines <input type="checkbox"/> Promote electric vehicles <input type="checkbox"/> Green freight transport

Sectoral policies, plans, and strategies	Approach for mainstreaming climate change action
National Urban Development Strategy (2017)	<ul style="list-style-type: none"> <input type="checkbox"/> Promote environment, heritage, and tourism-friendly economic activities in Kathmandu Valley <input type="checkbox"/> Promote the optimal use of solar energy for all purposes
Forestry Policy (2015)	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure forest cover 40 per cent of the total land area of the country <input type="checkbox"/> Increase the scope for carbon sequestration through sustainable forest management <input type="checkbox"/> Reduce the negative effect of climate change on ecosystems by enhancing the adaptive capacity and resilience of local people <input type="checkbox"/> Provide technical and financial support to biogas, bio-briquette, ICS, and renewable energy users
National REDD Strategy, draft	<ul style="list-style-type: none"> <input type="checkbox"/> Promote the sustainable management of forests, carbon sequestration, and adaptation co-benefits. <input type="checkbox"/> Optimize the carbon and non-carbon benefits of forest ecosystems and thereby enhance the prosperity of the Nepali people <input type="checkbox"/> Reduce carbon emissions <input type="checkbox"/> Enhance carbon sequestration and climate resilience through both mitigation and adaptation
Environment-Friendly Local Governance Framework (2013)	<ul style="list-style-type: none"> <input type="checkbox"/> Mainstream environment, climate change adaptation, and disaster management in local planning processes <input type="checkbox"/> Make local governance systems environment-friendly and initiate sustainable development activities at the household and community levels

Source: (NDRI and PRC, 2017)

Implementation Domain

Responsibility for implementing climate-relevant programs which, in some way, support either adaptation or mitigation efforts directly or indirectly lies with the sectoral ministries responsible for energy, industry, forest and soil conservation, agriculture, environment, irrigation, local

development, and physical planning and works. The National Planning Commission (NPC) sets priorities and integrates them into its periodic development plans. The role of agencies with regards to planning, programming and implementation of climate change adaptation and mitigation programs are as follows:

a. National Planning Commission

(NPC): As the apex body responsible for coordinating, formulating, monitoring, and evaluating national development plans, the NPC plays a key role in ensuring that there will be coordinated response for adaptation and mitigation. To this end, the NPC carries out the following activities:

- i. Supports the integration of climate change policies and strategies in periodic plans, provides budgeting guidance designed for national, provincial, local governments and sectoral ministries;
- ii. Guides sectoral ministries and national and sub-national governments on how to mainstream climate change risks and actions;
- iii. Evaluates climate change programs and projects based on their ability to achieve the goals through outputs and results;
- iv. Prepares climate screening guidelines for sectoral plans and programs;
- v. Articulates the costs of climate change programs, including loss and damage at all levels;
- vi. The NPC sets the ceiling for the annual budget of each sectoral ministry.

b. Ministry of Finance (MoF): The MoF is the central authority responsible for maintaining both macro and micro economic stability. It has a key role in managing public finance by mobilizing financial resources from internal and external sources and allocating them in accordance with the NPC's periodic plans. With regard to climate finance governance, the MoF has the following roles:

- i. Ensure that there is inter-sectoral coordination in the budget

preparation and decision-making and in doing so ensures that climate change budget is integrated in the budgets for sectoral, national, provincial and local governments;

- ii. Upgrades guidelines for budget formulation, including those for integrating climate change finance;
- iii. Allocates budget to climate change relevant programs and projects that matches the provisions of the mid-term expenditure framework (MTEF);
- iv. Reviews and upgrade the existing criteria for the climate change budget coding system of sectoral ministries for their relevance to adaptation, mitigation or both;
- v. Develops and implements an appropriate system to track climate change expenditure;
- vi. Routinely analyzes the amount and performance of climate finance and expenditure in its annual economic survey;
- vii. Analyzes the macro-fiscal impacts of climate change and integrates the results of this analysis into the MTEF;
- viii. Develops a readiness system and strategies to enable the effective implementation of the climate change mitigation and adaptation targets set.

One of the considerations it keeps in mind while formulating the budget allocation plan is which sectors are climate change-sensitive and what mitigation and adaptation efforts will best meet the needs. The Ministry of Finance (MoF), which manages public finance, allocates budget to sectoral ministries in accordance with the NPC's plan and oversees the

implementation of the annual budget. The Foreign Aid Coordination Division of the MoF coordinates with bilateral and multilateral agencies to channel international development funds.

There are currently four modalities by which internal development finance is channeled. The first is budget support, in which external funding directly passes into the government treasury. The second is earmarked support, in which external funding is reflected in the budget but channeled directly to programs. The third is earmarked budget disbursed directly to communities and local bodies. This sort of channeling is also reflected in the annual budget. The fourth type of channeling is off-budget funding by donors, which goes directly to implementing agencies, often INGOs and NGOs, and is not reflected in the annual budget.

c. Ministry of Forest and Environment (MoFE): The MoFE is the lead ministry for coordinating climate policy and monitoring the status of the implementation of the climate change policies and programs that sectoral ministries and adaptation and mitigation projects pursue at the national level. The key roles of MoFE are as follows:

- i. Monitor and evaluate the implementation of national climate change policies and international commitments, in particular those made under UNFCCC and the Paris Agreement on Climate Change;
- ii. Liaise with ministries to ensure they integrate national climate change policy into their sectoral policies;
- iii. Generate a macro-picture of climate change policy and plans which includes policy-budget linkages and outstanding and emerging priorities when it comes to climate change in

order to facilitate policy provisions on climate change;

- iv. Maintain a database and coordinate efforts to improve vulnerability assessments and reduce the loss and damage associated with climate change.

With the reorganization of government ministries under the federal structure, the responsibility of the environmental section has been transferred to MoFE. It is presumed that MoFE will function as a nodal ministry on climate change issues at the central level.

d. Ministry of Federal Affairs and General Administration (MoFAGA): The MoFAGA is responsible for the coordination, facilitation, monitoring, and evaluation of activities undertaken at the provincial and local governments. Specific to climate change, the roles of MoFAGA are as follows:

- i. Coordinate the climate change activities and programs planned at the provincial and local levels;
- ii. Improve the public finance management system of sub-national governments, helping them improve their accounting, their allocation of budget, and their tracking of climate change expenditure;
- iii. Coordinate with the MoFE and relevant sectoral agencies to implement LAPAs;
- iv. Extend the technical and institutional support to provincial and local governments on needs to integrate climate change planning and budgeting;
- v. Provide technical and institutional support to local governments to raise funds from local sources to meet

their local adaptation and mitigation priorities.

MoFAGA is the reorganized Ministry of Federal Affairs and local development (MoFALD). The roles of local development have been transferred to provincial and local governments which means that MoFAGA has its role and issues involving coordination among provincial and local governments including those pertinent to climate change.

e. Other Sectoral Ministries: Other sectoral ministries play key roles in integrating climate change into their sectoral development programs and monitoring their contributions to adaptation and mitigation. Their specific roles in climate finance governance are listed below:

- i. Incorporate climate policy targets and goals into sectoral strategies and action plans;
- ii. Provide input to the guidelines for climate screening and investment appraisal based on sectoral experience;
- iii. Prioritize climate change-relevant programs and projects and conduct cost-benefit and climate risk analyses to evaluate which measures are most effective;
- iv. Promote cross-sectoral coordination with climate change-relevant ministries in order to enhance the impacts of climate change investment;
- v. Mobilize resources from development partners for climate-relevant actions within sectoral ministries in coordination with and with support from the NPC and the MoF;
- vi. Set up effective systems to monitor each sector's contribution to

NAPA,LAPA and NAP;

- vii. Guide sectoral program delivery and ensure that each sector allocates 80 percent of its climate spending to the local level.

f. Provincial and Local Governments:

Nepal's provincial and local governments are entirely new entities in the federal governance architecture of the country. They must integrate climate change issues into their planning and budgeting in order to ensure that climate finance is effectively managed at the local level and that at least 80 percent of climate responsive budget is spent on local-level climate change priorities. To achieve this end, provincial and local governments have been delegated the following key roles and responsibilities:

- i. Identify vulnerable communities, assets, and areas through public consultation and maintain and regularly update a database of climate change impacts and vulnerability;
- ii. Prioritize climate change actions in coordination with sectoral line agencies and on the basis of vulnerability and other criteria so that resources are allocated judiciously and that duplication is avoided;
- iii. Integrate climate change into regular planning processes so that regular development programs and projects will be climate-resilient;
- iv. Strengthen the local-level public finance system, including those of its processes that relate to climate change finance and public expenditure on adaptation and mitigation;
- v. Involve civil society organizations to strengthen accountability in

the monitoring of climate change adaptation and mitigation programs at the local level;

- vi. Raise awareness about and public support for the mobilization of local resources for climate programs;
- vii. Incentivize sectoral program delivery so that each sector meets its commitment to spend at least 80 percent of its climate adaptation and mitigation budget at the community level.

g. Office of the Auditor General (OAG):

This office is the constitutional body responsible for auditing the expenditure of government offices at the national and

sub-national levels. With regard to climate finance governance, the OAG has the following roles:

- i. Assess the performance of climate-relevant programs and projects using their key performance indicators (KPIs);
- ii. Carry out financial and performance audit in order to ensure accountability and responsiveness;
- iii. Prepare specific guidelines for auditing climate change-relevant programs and projects at the national and sub-national levels.

The institutional arrangements for climate response in Nepal are shown in Figure 1

Figure 1: Institutional Arrangements

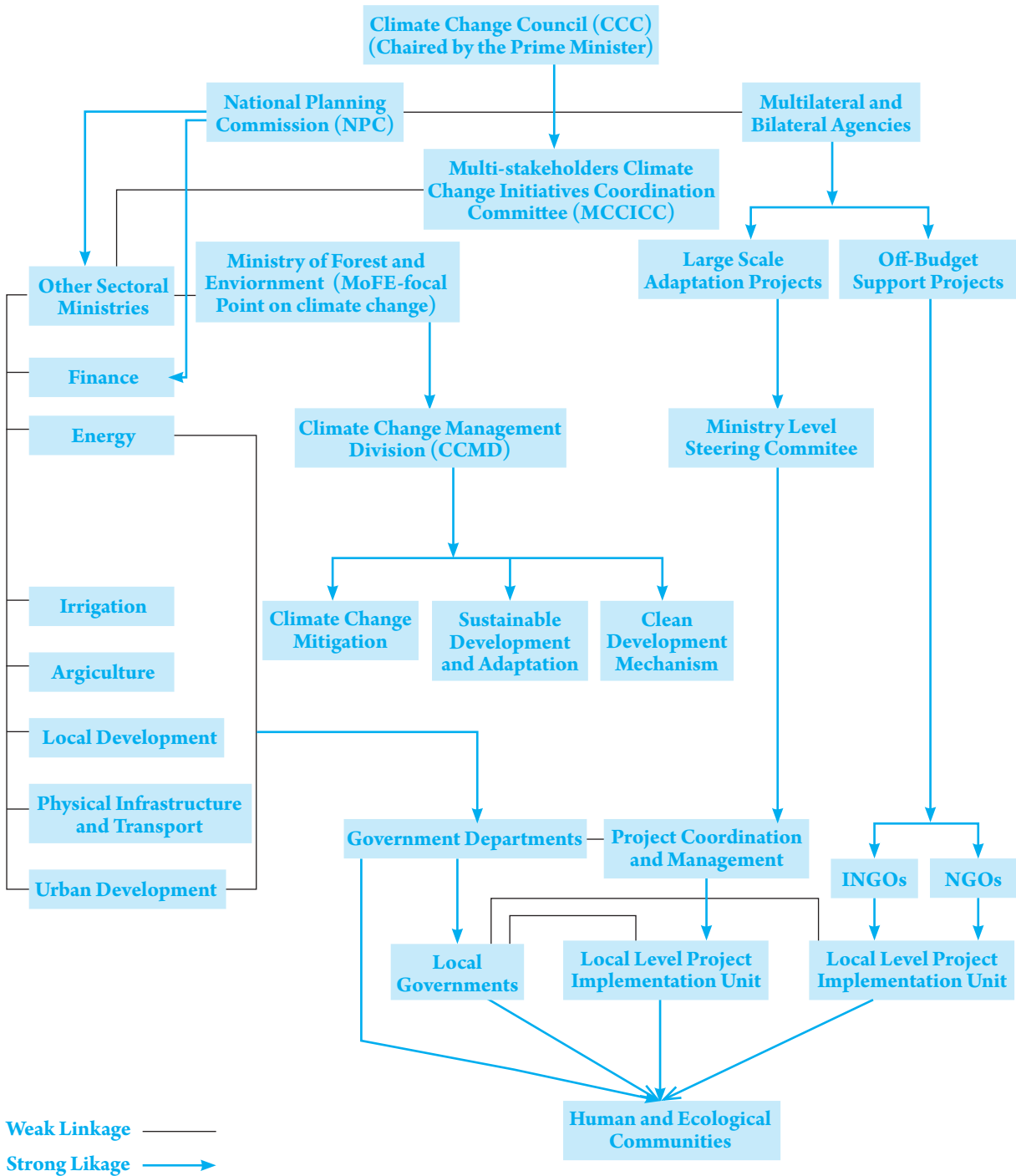


Table 2: Role and Responsibilities of Ministries

S/N	Ministry	Roles and responsibilities
1.	MoPE	Focal Ministry on climate change- formulation of climate change policies, overall coordination among agencies at the central level
2.	MoFAGA	Coordination with local government for effective execution of climate change activities at the local level
3.	MoFSC	Policy formulation, integration of climate change issues into forest and watershed management strategies and plans and implementation adaptation and mitigation programs relevant to forest and watershed management.
4.	MoAD	Policy formulation, integration of climate change issues into agricultural development strategies and plans and implementation of climate change adaptation and mitigation programs.
5.	MoE	Formulation of policies, strategies and plans for energy sustainability and low carbon economy through promotion of hydropower and other renewable sources of energy
6.	MoI	Formulation of policies, strategies and plans for flood and drought mitigation promoting food security through year round irrigation
7.	MOHA	Coordinating relief and rescue during climatic and non-climatic disasters
8.	MoF	Regulation of climate change finance and budget control in accordance with climate change finance framework (CCF)
9.	MoHFA	Formulation and implementation of policies and strategies for climate resilient urban development

CLIMATE FINANCE GOVERNANCE: REFLECTIONS

The agencies governing climate finance in Nepal are the NPC, the MoPE (new MoFE), the MoFALD (new MoFAGA), the sectoral ministries, provincial and local governments, the Office of the Auditor General (OAG), and civil society organizations (CSOs). Climate-relevant programs are packaged into sectoral programs, which are coordinated through these sectoral ministries and implemented through government departments at the national and local level. The division of the

sectoral responsibilities for climate change-relevant programs across each government ministries pertinent to the federal structure is shown in Table 2. The national budgetary system identifies climate-relevant programs either as climate change adaptation or climate change mitigation programs depending on their relevance to adaptation and mitigation as specified in the nation's climate change budgeting. The climate finance also comes from international sources and coordinated by MoF.

Table 3: Governance Structure of Selected Projects

Projects	Approval	Implementation	Coordination	Decision making	Monitoring and evaluation	Auditing
NCCSSP	Joint EU, DFID and GoN	MoPE in collaboration with , MoFALD and AEPC with technical assistance from UNDP	Central: MoPE by forming project steering committee, District and village: climate change coordination committee, UNDP	Project executive board comprising of Project Executive, Senior Supplier, Senior Beneficiary	MoPE, MoFALD, and UNDP	For MoPE managed funds: The Office of Auditors General (OAG), For the UNDP-TA fund: as per NIM Guidelines and UNDP's standard rules and procedures set by the Office of Audit and Investigation (OAI)

Projects	Approval	Implementation	Coordination	Decision making	Monitoring and evaluation	Auditing
CFGORRP	Joint GEF, UNDP, USAID, ICIMOD, NRRC and GON	DHM under MoPE in coordination with DWIDP, DSCWM, DNPWC	MoPE by forming project steering committee	Project executive board comprising of Project Executive, Senior Supplier, Senior Beneficiary	DHM, DWIDP and UNDP jointly monitor all project activities	

A number of large-scale adaptation interventions have been implemented since 2014. Some are still active while others have been completed. They function in project mode, meaning they are supported by bilateral and multilateral agencies and implemented through government agencies, local governments, and development organizations (INGOs and NGOs). They include Hariyo Ban, whose first phase was supported by USAID from 2011 to 2016; the Pilot Program on Climate Resilience (PPCR) funded by the World Bank, ADB and IFC; the National Climate Change Support Program (NCCSP), which was supported by UK AID from 2009 to 2015; the Community-Based Floods and Glacial Lake Outburst Risk Reduction Program (CFGORRP), which is funded by Least Development Countries Fund (LDCF); and the Ecosystem-Based Adaptation in Mountain Ecosystems (EbA) Project, which was supported by the German Federal Ministry for the Environment (BMUB) and implemented through IUCN, UNEP, and UNDP from 2012 to 2015. These programs are implemented independently but are linked to a relevant government ministry through a steering committee in which

secretaries and other high-level policy personnel from relevant ministries are represented and which coordinates with the government agencies. (Table 3 for two examples)

The governance of the selected projects show a number of stakeholders engaged in project implementation and execution. Most of them are high-level entities. The presence of ground-level entities seems weak. This makes the implementation of the program top down. Decisions are made at higher level with little participation of ground level entities.

There are two fundamental gaps in the institutional arrangement for climate change governance, both of which weaken climate change investments. The first gap, which was identified by the Climate Public Expenditure and Institutional Review (CPEIR) in 2011, has to do with inter-ministerial coordination and linkage. Since climate change is a cross-cutting issue that impacts multiple sectors in different ways, sectoral ministries must collaborate with each other to develop a thematic development agenda within their sector designed to ensure the effective

implementation of climate change policies, strategies, and action plans. The MoPE, which was the focal ministry for climate change issues pertinent to current restructuring and was expected to lead on three fronts simultaneously: i) climate change policy formulation; ii) international negotiations regarding climate change and the mobilization of financial and technical support from UNFCCC; and iii) the coordination of multilateral and bilateral sources, sectors, and ministries. Inter-sectoral coordination, however, continued to be a major challenge: while most ministries exhibit strong vertical linkages and coordination, horizontal linkages across ministries are weak (Figure 1).

The lack of clarity on the roles and responsibilities of the ministries reduces opportunities for inter-sectoral coordination as well as for climate finance flow to effectively address local vulnerabilities. The roles of the Department of Soil Conservation and Watershed Management (DoSCWM) now under MoFE and the Department of Water-Induced Disaster Management (DWIDM) under the MoI, for example, demonstrate these gaps in inter-ministerial coordination: there is no coordination whatsoever between the two departments despite the fact that both focus on reducing the risk of water-induced hazards at the river basin and sub-basin levels. Forestry, irrigation, and agriculture are closely linked at every physiographic scale but the sectoral agencies responsible for these sectors do not share any common thread of inter-sectoral coordination to build synergy among them to address climate change.

The MoPE was neither well positioned nor had the capacity to oversee inter-sectoral coordination. This was a fundamental weakness. The climate change agenda in

Nepal is seen as an environmental agenda under the purview of MoPE despite the fact that this institution had been unstable and had been reorganized several times with each successive change in the government since 1991, when it was first established. The ministry lacked the human resources to effectively implement climate change policies, strategies, and action plans; coordinate among other ministries and their constituent departments at the national and sub-national levels; and monitor progress in climate change mitigation and adaptation programs. At the central level, the Department of the Environment (DoE), which was constituted under the MoSTE in 2012, functioned essentially as a regulatory body. At the sub-national level, the MoPE coordinated with the Ministry of Federal Affairs and Local Development (MoFALD) to reach local governments. The MoPE lacked capacity to ensure the result oriented implementation of climate change policies and action plans. How it will proceed in its new incarnation as MoFE remains to be seen.

Another gap has to do with the way climate change is integrated into the thematic development agenda of sectoral agencies. Since agriculture, forestry, irrigation, water supply and sanitation, water-induced disaster management, health are all intricately linked to variations in climate, sectoral agencies should build adaptation and mitigation efforts into their regular development programs. The tendency, however, is to treat climate change adaptation and mitigation efforts as different from development or, at best, as an add-on to regular development programs. This approach creates a disjunction in the development and climate change response perpetuating in the climate change governance landscape.

RECOMMENDATIONS

The study makes the following recommendations to the Government of Nepal, to civil society organizations and to donors.

Government of Nepal

- ❑ The Ministry of Forest and Environment, which is the focal ministry for climate change, should be well positioned in terms of using authority for climate change activities in the country. This ministry should be stable and strong with skilled human resources and leadership quality. It should act to coordinate with other relevant ministries such as Ministry of Finance, Ministry of Federal Affairs and General Administration and monitor the effective implementation of plans and policies along with adaptation and mitigation programs.
- ❑ The assessment of the effectiveness of the policies to meet their objectives requires substantial improvements in implementation. Especially the implementing organizations at ground level should be strengthened through trainings and resource mobilization. Improvements should be based on the monitoring and evaluation of the implemented programs. This change must accompany measures to regularly revise policies to suit the country's changing contexts. This revision should also capture the voices of local communities so that their concerns are incorporated. Need to implement the improved policies to meet the set objectives. Local stakeholders

need to take part in decision making while efforts must be made in using scientific evidences and incorporate local knowledge.

- ❑ Existing institutions on climate change have low technical and human resource capacity. Transparent and accountable institutions and citizen participation in governance are needed for sustainable development progress at all levels that will catalyze a transformative financing.
- ❑ Though the national climate change policy is comprehensive and articulated on the climate change fund it is silent on the climate finance governance framework. To ensure effective and accountable implementation of climate change programs, climate finance governance framework need to be developed.
- ❑ State and agencies related to climate finance should track climate finance flowing from national to sub national and to local level. It requires a robust mechanism through reliable internal and external auditing procedure. It should ensure that the 80% of climate fund reach actual beneficiaries. Such mechanism should be built to assess key performance indicators of financial and physical achievements.
- ❑ Many organizations involved in climate change do not disclose comprehensive information and data on the projects particularly on decision-making process and audits. Disclosure of such information in institutional website should be regular and continuous.

- ❑ Right to information act has made public stronger to access the relevant information. General public and other stakeholders can use this right if the organizations do not provide the required information.
- ❑ A platform to facilitate regular shared learning dialogue with the local people is needed. The platform can be used to share knowledge and update data. Establishing climate change centers at district level would facilitate two way engagements between government and local people.
- ❑ Ensuring responsiveness and accountability in programs requires regular monitoring. This monitoring should be built on the performance based monitoring system with key performance indicators of financial and physical achievements.
- ❑ Allow for the greater vertical as well as horizontal coordination and information sharing among different ministries as well as their departments

Civil Society Organizations

- ❑ Civil society organizations should proactively disclose information and data on climate finance that they have received from climate finance agencies using their networks. Encourage government agencies to

publicly disclose the relevant financial information in a way that general public can understand and access.

- ❑ One of the key limitations in ensuring governance is the participation by local people in decision-making as they lack useful financial and other relevant program information. Civil society organizations are weakly involved in monitoring. The mechanisms should be developed to monitor the funds and ensure that they are properly utilized.

Donors

- ❑ Many times, donor driven projects do not address the pressing needs of the target group. Projects on climate change should include appropriate balance of top down and bottom up approaches to ensure effective utilization of funds and that sustainability concerns are addressed.
- ❑ Donor financing should blend with the national budgetary process so that their fund flow mechanism is compatible with that of the recipients', and the fund tracking can be effectively pursued.
- ❑ They should also focus on quality of output/outcomes based on the expenditures and activities performed.

FINAL OBSERVATIONS

Climate finance governance faces challenges both conceptually and operationally. The conceptual challenge comes from the inability to attribute specific weather events to climate change and the uncertainty therein. The temperature rise shows monotonic changes while precipitation changes are difficult to attribute. Though there are distinct influences, people across the country have experienced changing weather pattern from what it was thirty years ago. On the other hand, challenge is there to define what actually adaptation means in relation to regular development. The next challenge would emerge from streamlining climate change compatible pathway as Nepal seeks to pursue the agenda of achieving higher 'prosperity' after the formation of a stable government. The challenge also emerges from the ongoing restructuring of the governance architecture into local, provincial and national levels. Further, how people will be served from the infrastructures built to produce the benefits against environmental protection agenda.

The answers are not easy and straight forward. While considering the idea of adaptation along with resilience, synergy can be built and this might be the right way to start. This could begin by conceiving resilience to deal with shocks. For better outcome of institutions and individuals, build and operate human systems in a way that they are able to withstand the range of variations posed by climate change. Building modularity in a system to enable restoration after a disruption can be applied by putting in place the institutions that facilitate learning, application of that knowledge to meet the objective of restoring. Such an approach would build capacity to adapt to climate

change vulnerabilities. The investments in knowledge and capacity of both institutions and individuals help to build back better and also support the future needs.

Monitoring, reporting, and verification of budget are pre-requisites for assessing the effectiveness of investments and making informed decisions and strengthening procedures. Nepal's existing budget monitoring system, which examines progress against planned programs on a trimester and annual basis, does not provide specific information about the performance of climate investment. It is imperative that ministries of federal and provincial government, especially those linked directly to climate change issues, develop key performance indicators that can be used to periodically monitor financial and physical progress and assess the effectiveness of investment in achieving outputs and outcomes. These indicators will also help the NPC to analyze climate change expenditure on adaptation and mitigation and check if annual, mid-term, and terminal periodic development plans/goals were met.

The auditing and evaluation of the budget are important to ensure accountability, control fraudulent behavior, and to take corrective measures to improve the effectiveness of investment. The OAG which routinely conducts financial and performance auditing for selected development programs and projects must evaluate climate change expenditure in the same way. In addition, a third-party evaluation of the effectiveness of climate expenditure spread across ministries with set indicators should assess the contribution of regular development programs to climate

change adaptation, mitigation and efforts to shift to a low carbon pathway. Civil society organizations have yet to develop and expand their expected roles in the monitoring of budget flow through public expenditure tracking surveys to assess the adequacy of the budgets flowing to the most vulnerable areas and populations as envisaged in Nepal's climate change policy.

The governance framework, therefore, must be able to take cognizance of the policy and institutional landscape by organizing, managing, prioritizing and supporting decision-making and decision-implementing at different levels. It must include efficiency, equity, transparency and value-for-money as key elements of the finance system. As a result, the governance regime will be incentivized to mobilize, manage, and target finances to produce goods and services that will generate overall value for society (the public governance objective), that will generate revenue and profit (the corporate governance objective) and achieve social equity (the environmental governance objectives).

A framework for the governance of climate change finance should include the following elements:

- i. A definition of the nature of climate change-related activities, that is robust, nationally determined, and agreed upon by stakeholders;
- ii. Estimates of the costs of climate change response actions;
- iii. An assessment of the resources available to address adaptation, mitigation and low carbon transition goals prioritized in the annual budget;
- iv. Mechanisms to monitor climate change-relevant finance from

domestic and international sources; and

- v. A way to ensure accountability in the use of finance related to climate change actions.

Integrating the above actions into all relevant areas of public policy including that of climate change is a continuous process. Each sector must make a sustained effort to integrate climate change concerns into its planning, budgeting, and implementation of programs. Such planning, budgeting, and implementation of climate action programs requires inter-sectoral coordination from the very first stages of formulating plans, developing programs, making decisions about the size of the national budget and its allocation to different sectors. There is a need for a monitoring mechanism to track how the allocated money is spent, targeted and used. By providing feedback on the planning, programming, and budgeting processes, monitoring indicators should help assess the effectiveness of expenditure.

It is crucial to achieve accountability at all levels and this requires simultaneous efforts on three fronts: i) introducing reforms to policies and strategies that are informed by scientific evidence regarding the nature of both climate change and emerging stresses and vulnerabilities; ii) developing institutional mechanisms and processes for responsive planning, programming, budgeting, and implementation that achieve inter-sectoral coordination; and iii) coming up with mechanisms and processes to track the efficiency and responsiveness of the planning and budgeting processes for implementation of adaptation, mitigation and low carbon development programs.

ANNEXES

Annex 1: Projects Underway

Ongoing Projects	Project year	Executing Agencies	Budget (US \$)	Project areas	Sources of fund
Adapting to climate-induced threats to food production and food security in the Karnali Region of Nepal	2015-2019	MoPE, MoFALD, WFP	9.52 million	Mugu, Kalikot, and Jumla	Adaptation fund
Pilot Project for Climate Resilience (Building Climate Resilience of Watersheds in Mountain Eco-Regions)	2013-2029	ADB, MoFSC, DSCWMC	24.4 million	Achham, Baitaidi, Bajhang, Bajura, Dadeldhura, and Doti	Climate Investment Fund (CIF)
Scaling Up Renewable Energy Program	2014-2019	ADB, IFC, WB	39.7 million	Nepal	
Forest Investment Program		WB	N/A	Nepal	
REDD+ Himalaya: Developing and using experience in implementing	2015-2018	MoFSC and ICIMOD	357060	Gorkha, Chitwan, and Dolakha	Forest Carbon Partnership Facility (FCPF)
GCF readiness program	2016-2018	UNEP, UNDP, MoF	1.5 million	75 districts of Nepal	International Climate Initiative (IKI)
Ecosystem protection for infrastructure and communities	2012-2017	IUCN, DSCWM, University of Lausanne, Institute of Earth Sciences, Switzerland		Kaski, Parbat, and Syangja	

Ongoing Projects	Project year	Executing Agencies	Budget (US \$)	Project areas	Sources of fund
Catalysing ecosystem restoration for resilient natural capital and rural livelihoods in degraded forests and rangelands of Nepal	2015-2019	UNEP, MoPE, MoAD, MoFSC	5.75 million	Achham, Salyan, and Dolakha	Least Developed Countries Fund (LDCF)
Community based flood and glacial lake outburst risk reduction	2013-2017	UNDP, DHM	7.2 million	Mahottari, Sankhuwasabha, Udayapur, Saptari, and Sunsari	
Reducing vulnerability and increasing adaptive capacity to respond to impacts of climate change and variability for sustainable livelihoods in agriculture sector in Nepal	2015-2019	FAO, MOAC, DOA, DLS, NARC, DHM.	2.95 million	Argakhanchi, Kapilbastu, Siraha, and Udayapur	
Building Climate Resilience of Watershed in Mountain Eco-Regions (BCRWE)	2014-2019	ADB, MoFSC, DSCWMC	4.63 million	Achham, Baitaidi, Bajhang, Bajura, Dadeldhura, and Doti	Nordic Development Fund (NDF)'s

Ongoing Projects	Project year	Executing Agencies	Budget (US \$)	Project areas	Sources of fund
Hariyo Ban Project phase II	2016 - 2021	WWF, CARE, FECOFUN, and NTNC	18 million	Dadheldhura, Kanchanpur, Kailali, Bardia, Banke, Dang, Nawalparasi, and Chitwan	USAID
Initiative for Climate Change Adaptation (ICCA)	2012-2017	International Development Enterprise (IDE) - Rupantaran and Resource Identification and Management Society Nepal (RIMS-Nepal)	2 million	Nawalparasi, Rupandehi, Kapilbastu, Syangja, Kaski, Parbat, Dang, and Rolpa	
Increasing resilience and effectiveness of small and medium scale irrigation system in Nepal	2015-2017	Mott Macdonald, MoPE	320696	Sindhuli, Nuwakot, Rupandehi, Kapilvastu, Nawalparasi, and Jhapa	Climate Development Knowledge Network (CDKN)

Annex 2: List of key informants

Name, Position	Organizations
Shiva Sharma, Under Secretary	Ministry of Finance
Ram Prasad Lamsal, Joint Secretary	Ministry of Population and Environment
Gyehendra Gurung, Head of programme- DRR and Climate Change	Practical Action Nepal
Bimal Gadal, Program Director	Oxfam Nepal
Bimal Regmi, Senior Consultant	Oxford Policy Management Institute
Raju Pandit Chhetri, Director	Prakriti Resources Centre

BIBLIOGRAPHY

- Adger, W. N., Arnell, N. W. and Tompkins, E. L. (2005). Successful adaptation to climate change across scales. *Global Environmental Change*, 15, 77-86.
- Ahmad, I. H. (2009). *Climate policy integration: Towards operationalization: DESA working paper no. 73*. USA: Department of Economic and Social Affairs. Web site: ST/ESA/2009/DWP/73.
- Baral, P. and Chhetri, R. P. (2014). *Finding the money: A stock taking of climate adaptation finance and governance in Nepal*. Kathmandu: Oxfam Country Office Nepal.
- Bird, N. (2011). *The future of climate finance in Nepal*. Kathmandu: ODI.
- Carvalho, P. A. and Terpstra, P. (2015). *Tracking adaptation finance an approach for civil society organizations to improve accountability for climate change adaptation*. Oxfam and World Resources Institute (WRI).
- Chaudhary, A. S., Sova, C. A., Rasheed, T., Thornton, T. F., Baral, P. and Zeb, A. (2014). *Deconstructing local adaptation plans of action (LAPAs) - analysis of Nepal and Pakistan LAPA initiatives: Working paper no. 67*. Copenhagen, Denmark: CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS). Web site: www.ccafs.cgiar.org
- Dixit, A., Subedi, Y., Aryal, N., Wenju, R. and Shrestha, A. (2016). *Climate Finance: Fund flow from national to sub-national level in Nepal*. Kathmandu: Institute for Social and Environmental Transition (ISET)-Nepal.
- Kreft, S., Eckstein, D., Dorsch, L., and Fischer, L. (2015). *Global Climate Risk Index 2016: Who Suffers Most From Extreme Weather Events? Weather-related Loss Events in 2014 and 1995 to 2014*: Germanwatch.
- GoN (2011). *Climate change policy*. Kathmandu: Government of Nepal, Ministry of Science, Technology and Environment.
- GoN (2011). *National framework on local adaptation plans for action*. Kathmandu: Government of Nepal, Ministry of Science, Technology and Environment.
- Helvetas Nepal (2012). *Nepal's CC policies and plans: Local communities' perspective*. Kathmandu: Helvetas Swiss Inter cooperation Nepal.
- Lamsal, K., Chaudhary, P. and Bhandari, K. H. (2014). *Climate change policy in Nepal: Challenges, opportunities and imperative*. Kathmandu: LI-BIRD, Pokhara, Nepal. Web site: [file:///D:/user%20back%20up/Downloads/Climate%20Change%20Policy%20in%20Nepal_Final%20for%20Web_29%20July%202014%20\(3\).pdf](file:///D:/user%20back%20up/Downloads/Climate%20Change%20Policy%20in%20Nepal_Final%20for%20Web_29%20July%202014%20(3).pdf)
- Maharjan, S. K. and Maharjan, K. L. (2017). Review of climate policies and roles of institutions in the policy formulation and implementation of adaptation plans and strategies in Nepal. *Journal of International Development and Cooperation*, 23 (1 and 2), 41-54. Kathmandu.
- Manandhar, S., Pandey, V. P. and Kazama, F. (2013). Climate change and adaptation: An integrated framework linking social and physical aspects in poorly-gauged regions. *Climate Change*, 120, 727-739. Web site: DOI 10.1007/s10584-013-0842-0
- MoE (2010). *National adaptation program of actions (NAPA) to climate change*. Kathmandu: Ministry of Environment, Government of Nepal.

- MoPE (2016). *Nationally determined contributions*. Kathmandu: Ministry of Population and Environment, Government of Nepal.
- MoPE/NCCSP (2016). *Success stories on adaptation from the field*. Kathmandu: Government of Nepal, Ministry of Population and Environment.
- Nakhooda, S., Fransen, T., Kuramoch, T., Caravani, A., Prizzon, A., Shimizu, N., Tilley, H., Halimanjaya, A. Welham, B. (2013). *Mobilizing international climate finance: Lessons from the fast-start finance period*. UK and USA: Overseas Development Institute and World Resources Institute
- NAPA (2010). *National adaptation plan of action*. Kathmandu: Ministry of Science, Technology and Environment.
- NCCP (2011). *Nepal climate change policy*. Kathmandu: Ministry of Science, Technology and Environment.
- NDRI and PRC (2017). *TAAS-0072: Support for Strengthening Climate Finance Activities in Nepal: Situation Analysis for Nepal on Climate Finance*. Kathmandu: Nepal Development Research Institute and Prakriti Resources Centre, Nepal.
- NPC (2012, September). *Climate change budget code: Documenting the national process of arriving at Multi-sectoral consensus, criteria and method*. Kathmandu: Government of Nepal, National Planning Commission (NPC) with support from UNDP/UNEP, Nepal.
- NPC/UNDP/UNEP/CDDE (2011): *The future for climate finance in Nepal*. Kathmandu: NPC/UNDP/UNEP/CDDE, Nepal, Study Conducted by ODI for Government of Nepal, National Planning Commission with support from UNDP/UNEP/CDDE.
- OECD(2011). *Handbook on the OECD-DAC Climate Markers*. Paris, France.
- Oxfam (2014). *Finding the money: A stock taking of climate change adaptation finance and governance in Nepal*. Kathmandu: Oxfam, Country Office, Nepal.
- Peniston, B. (2013, August 8). *A review of Nepal's local adaptation plans of action (LAPA)*. Kathmandu. High Mountains Adaptation Partnership, USAID and The Mountain Institute.
- Regmi, B. R., Star, C. and Filho, W. L. (2014). *Effectiveness of the local adaptation plan of action to support climate change adaptation in Nepal*. Kathmandu: Mitigation Adaptation Strategy Global Change. Web side: DOI 10.1007/s11027-014-9610-3
- Sapkota, K., Dahal, T. N. (undated). Nepal's citizen climate booklet. *Freedom Forum*. Kathmandu.
- Tiwari, K. R., Balla, M. K., Pokharel, R. K. and Rayamajhi, S. (2012, September 28- 29). *Climate change impact, adaptation practices and policy in Nepal Himalaya*. (Unpublished) Paper submitted to UNU-WIDER Conference on Climate change and development policy, Helsinki.
- Tiwari, K. R., Rayamajhi, S., Pokharel, R. K. and Balla, M. K. (2014). Does Nepal's climate change adaptation policy and practices address poor and vulnerable communities? *Journal of Law, Policy and Globalization*, 23, 28–38.
- World Bank (2010). *Monitoring climate finance and ODA: Issues brief #1*. Washington DC: The International Bank for Reconstruction and Development.



**TRANSPARENCY
INTERNATIONAL
NEPAL**

coalition against corruption

P.O. Box: 11486

**Chhakkubakku Marga, New Baneshwor
Kathmandu, Nepal**

Phone: 977-1-4475062, 4475262

Fax: +977-1-4475112

Notice Board Service: 1618-01-44-75-112

Toll-free tel. no.: 1660-01-22-211

Email: trans@tinepal.org

Website: www.tinepal.org



/tinepal

ISBN 978-9937-9273-0-7



9 789937 927307