

Utilising GCF Readiness Support in Developing Project Proposals in Nepal

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Outline of the presentation

- Accessing GCF readiness support
- Activities related to NDA strengthening
- Utilising support to prepare proposals for GCF resources
- Approaches in meeting GCF investment criteria: A case of a submitted proposal
- Key learnings

Climate Change Vulnerability and Responses

- **High level climate vulnerability**, in spite of only 0.027 percent share to global GHGs emissions
- High dependence of poor people **on climate-sensitive natural resource**-based economic activities such as forests, agriculture and water
- Increasing number of climate change-induced **extreme events** such as floods, droughts, landslides, drying-up of springs and water resources
- **High level of snow melting**, and threats of glaciers lake outburst floods etc.

Responses

- **Establishment and strengthening of institutions** - dedicated Climate Change Management Division in the UNFCCC focal point
- **Implementation of NAPA** (2010) - prioritised adaptation options through LAPA framework (2011) – adaptation options piloted, including water sector
- **Climate change policy**, 2011 focuses on adaptation, impact mitigation and low carbon economic development growth and commits to channel at least 80 percent of the total climate financing to field level activities
- Channelling of financial resources through climate change **budget code** – activities grouped into directly and indirectly related to climate change
- **Coordination mechanism** – village/district level to highest political level (Climate Change Council, chaired by the Rt. Hon. Prime Minister)
- Awareness raising and **human resource development** etc.

Accessing GCF Readiness Support

Accessing GCF Readiness Support

- **GCF readiness programme in Nepal** – US\$ 1.5 million support from German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) through UNDP and UN Environment. Focussed on:
 - Strengthening national capacities to effectively and efficiently access, manage, deploy and monitor climate finance from the GCF;
 - Preparing robust investment frameworks and a pipeline of bankable proposals for adaptation and mitigation options;
 - Accrediting and capacitating to access funds directly from the GCF; and
 - Engaging private sector meaningfully.
- Started in December 2013 and completed in July 2018
- Outcome: Enhanced understanding and capacity building about the GCF process, and met key objectives of the project

Accessing GCF Readiness Support ...

- **GCF readiness project in Nepal** – about US\$ 100 thousand support from GCF through UNDP for accreditation and project preparation, 2-years project, recently started
- **Building Capacity to advance NAP process in Nepal** – GCF Readiness and Preparatory Support of US\$ 2.95 million secured to reduce vulnerability and integrate CCA into development planning process through:
 - Development and enhancement of 'country capacity' to promote CCA at systemic, institutional and individual levels and help poor and climate vulnerable people in adapting and building resilience to CC impacts;
 - Contribution to reduce climate vulnerability by integrating CCA into existing and new policies, strategies and programmes;
 - Establishment/strengthening of a system to generate and share knowledge, experience, lessons learned, gaps and needs at different levels; and
 - Development of a strategy to implement, monitor and communicate adaptation benefits at different levels.
- NAP formulation process started in 2015 with support from DFID from May 2016-May 2017 and 'paused for 15 months' and restarted in September 2018 (Steering Committee meeting)

Activities related to NDA strengthening

Strengthening the NDA

- Nepal's NDA – Ministry of Finance
- Several awareness raising and capacity development activities organised, including project launching workshop in April 2016
- 4 DAEs proposed for accreditation
 - Second Stage Applicant
 - Alternative Energy Promotion Centre (AEPC) with focus on mitigation
 - National Trust for Nature Conservation with focus on adaptation and cross-cutting areas
 - Preliminary Phase
 - Town Development Fund
 - Nepal Investment Bank
- A project on 'improving climate resilience of vulnerable communities and ecosystems in the Gandaki River basin, Nepal' developed and submitted for GCF support through the NDA
- Developed dedicated manpower in NDA to expedite GCF projects

Example: Status of GCF Accreditation Process of NTNC

Online Application submitted

- April 2017

Application Fee US \$ 500 submitted

- April 2017

Stage I Completeness Questions received

- June 2017

Resubmitted the Application

- August 2017

Resubmitted the Application with Revision

- December 2017

Completion of Stage I Institutional Assessment and Completeness Check



Stage 2

Utilising support to prepare proposals for GCF resources

Utilising the Readiness Resources

- Analysing gap (e.g. policy, legal and institutional aspects including through stakeholder consultations)
- Enhancing capacity (NDA, AE, DAE, and multi-stakeholders)
- Strengthening institutions such as of the NDA and DAE
- Generating, sharing and managing knowledge
- Mobilising international and national expertise
- Organising consultations at different levels (local, provincial and central levels, including with partners)
- Building and advancing coordination, collaboration, and partnership amongst NDA, DAE and multi-stakeholders
- Supporting in developing concept note and full funding for proposal development

Approaches in meeting GCF investment criteria: A case of submitted proposal

Project highlights

Title : **Improving climate resilience of vulnerable communities and ecosystems in the Gandaki River Basin, Nepal**

- Beneficiary – targeted communities in the Gandaki River basin
- Executing entity – IUCN (Accredited Entity) along with (then) Department of Soil Conservation and Watershed Management (now Department of Forests and Soil Conservation), and National Trust for Nature Conservation; project aims to:
 - ❖ Improve the resilience to climate change of 198,016 vulnerable households;
 - ❖ Make about 285,000 ha of natural ecosystems and about 113,000 ha of agricultural land, and the services and products they provide, more climate-resilient; and
 - ❖ Ensure integration of climate change adaptation into policies and plans, and build institutional capacity at local, provincial and central levels on CCA
- Proposed start and end – 01/01/2019 and 31/12/2025 (7 years)
- Total budget US\$ 32.71 million and GCF grant – US\$ 27.4 million, remaining budget to be managed, GoN, AE and proposed DAE
- Submitted in June 2018 and expected for early approval

Meeting the GCF Investment Criteria

Project specific criteria **as included in the proposal**

- **Impact potential** (achieve Funds' objectives and result area) –
 - Project builds resilience and adaptive capacity of 198,016 vulnerable households (833,647 total population with 53.5% women); 285,000 ha of natural ecosystems, including water securities and 113,000 ha of agriculture land and their services and products; and integration of CCA in relevant plans and policies at local, provincial and federal levels
 - Adaptation is Funds' strategic result area
- **Paradigm shift potential**
 - Potential for scaling-up and replication
 - Devolve environment management responsibilities to provincial and local levels;
 - Integrate specific adaptation interventions at a landscape scale
 - Generate and exchange critical knowledge on CCA
 - Also integrate CCA into policies and plans and in decision processes related to land use, water and ecosystems

Meeting the GCF Investment Criteria ...

- Potential for knowledge and learning
 - Knowledge generation and sharing at local, provincial and central levels
 - Development of communication and knowledge management strategy
 - Establishment of MIS and support networks for climate dialogue and sharing
- Contribution to regulatory framework and policies – use of nature-based approach, including EbA
- **Sustainable Development Potential**

Environmental, social and economic benefits, including gender-sensitive development impact – support establishment of small and medium enterprises and eco-tourism ventures and generate employment, promote enhanced food security, deliver range of social benefits, focus on gender-sensitive implementation, increase forest cover, promote biodiversity conservation, manage wetlands and water systems, and increase carbon sequestration, use of IUCN's Environmental and social management system

Meeting the GCF Investment Criteria ...

- **Country capacity**

- Existence of a national climate change strategy and coherence with existing plans and policies, including NAPAs and NAPs – to be aligned with NAPA, LAPA, and CC policy ; planned interventions to assist the government to strengthen CC policy and institutional arrangement, adoption of river-basin approach, strong motivation of Government at all three levels to advance CCA responses and mitigation co-benefits from improved management of agriculture land and natural ecosystems
- Capacity of accredited entities and executing entities to deliver - IUCN's experiences on nature-based solutions and EbAs, DoFSC to mainstream project learning into policy framework
- Engagement with NDAs, civil society and other stakeholders – project prepared to respond to the call of the NDA (3 January 2016), ownership of the technical ministry of the Government ensured, high level of engagement with NDA, and ensured multi-stakeholder engagement etc

Meeting the GCF Investment Criteria ...

- **Efficiency and effectiveness**

- Cost-effectiveness and efficiency – use of Government buildings and support on administration and management, NTNC support (USD 3.6 m) IUCN support aligned; mitigation co-benefits through the sustainable management of forests, implementation of nature-based solutions, use of local capacity, and project reach to beneficiaries
- Investment efficiency – generates present value of USD 72 million at market price in 40 years, and net benefits of USD 40 million, every \$ invested will yield USD 2.23.
- Financial viability – economic rate of return with GCF support is 21.21 percent and without GCF support is 15.39 percent
- Exit strategy – project learning mainstreamed in all three tiers of government, project beneficiaries linked to savings and credit cooperatives, and farmers linked to District Chamber of Commerce and Industries

Meeting the GCF Investment Criteria ...

- **Responsive to the needs of the recipients**
 - Vulnerability of country and beneficiary groups (adaptation only) – Realisation of country's priority needs to build adaptive capacity and resilience, basin inhabited by multi-ethnic and multi-culture people, including poor and climate vulnerable, project addresses vulnerable communities
 - Financial, economic, social and institutional needs – gradual recovery of economy from 2015 earthquake and economic blockade
 - Absence of alternative sources of financing – financial constraints and challenges to arrange domestic financial resources for CCA
 - Need for strengthening institutions and implementation capacity to response the needs more effectively and efficiently

Learning from support

Key Learnings

- Sustained use of strengthened institutional and individual capacities of the NDA, proposed DAEs, and UNFCCC focal point
- Enhanced awareness and understanding on GCF processes and investment criteria in accessing funding from GCF at different levels – central, provincial and local levels
- Dedicated human resources and core team developed in DAEs and they can be mobilised for GCF activities
- Enhanced interest of the multi-stakeholders in developing projects for GCF resources
- Contribution of a Technical Committee under the NDA in providing technical assistance and support in decision-making, and need for promoting the use of such Committee

