

Finding the Money

**A Stock Taking of Climate Change Adaptation
Finance and Governance in Nepal**



OXFAM

Finding the Money

A Stock Taking of Climate Change Adaptation
Finance and Governance in Nepal



OXFAM

Acknowledgement

Authors: Prajwal Baral and Raju Pandit Chhetri

This report was written by the authors and coordinated by Prabin Man Singh and Dipesh Chapagain. The report was a collaborative effort, involving Oxfam staff and partner organization. It includes the findings of the research study managed by Prabin Man Singh, Dipesh Chapagain, Prajwal Baral, Raju Pandit Chhetri, Sunil Acharya and Pallab Regmi. Anthony Scott Faiia and Binay Dhital provided guidance and support throughout the process.

Many individuals and institutions contributed to this report by providing valuable information for the research and with comments and inputs on the report. Annaka Peterson Carvalho, Pieter Terpstra, Emily Wilkinson and Alice Caravani provided special contributions in conducting the research and finalizing this report. Clean Energy Nepal (CEN) and International Institute of Independent Research Pvt. Ltd (3IR) are involved in the study.

Disclaimer

All rights reserved. This publication is copyright, but the information in this report can be used or reproduced for free for advocacy, campaigning and research purpose, but not for resale. The copyright holder requests that all such use be registered with them for impact assessment purposes. For copying in any other circumstances, or for re-use in other publications, or for translation or adaptation, prior written permission must be obtained from the copy right holder, and a fee may be payable.

This is an Oxfam report. The affiliates who have contributed to it are Oxfam GB and Oxfam America.

© Oxfam 2014

This research work is part of a multi-country initiative called, the 'Adaptation Finance Accountability Initiative (AFAI)' carried out by Oxfam in collaboration with the Overseas Development Institute (ODI), World Resources Institute (WRI) and Clean Energy Nepal (CEN). Financial support for this work has been provided by the Rockefeller Foundation.

For further information on the issues raised in this report, please e-mail: oxnepal@oxfam.org.uk or contact Oxfam country office in Nepal.



OXFAM COUNTRY OFFICE, NEPAL

Jawalakhel – 20, Lalitpur

G.P.O. Box; 2500, Kathmandu, Nepal

TEL: +977-1-5530574, 5542881, 5544308

EMAIL: oxnepal@oxfam.org.uk

WEBSITE: www.oxfam.org.uk, www.oxfam.org

Table of Content

List of Abbreviations	1
Executive Summary	2
1. Background of the Study.....	4
1.1. Climate Finance	4
1.2. Climate Finance Mechanisms and Sources.....	5
1.3. Objectives of the Study.....	7
1.4. Scope and Limitations of the Study	7
1.4.1. Scope of the Study.....	7
1.4.2. Limitations of the Study	7
1.5. Research Methodology.....	8
1.5.1. Data Collection.....	8
1.5.2. Fund Flow Study through Key Informant Interviews	9
1.5.3. Data Analysis and Presentation	9
2. Climate Change Adaptation Funding in Nepal.....	10
2.1. Total Climate Change Adaptation Funding	10
2.2. Types of Projects.....	11
2.3. Types of Funds.....	12
2.4. Financial Instruments.....	14
2.5. Recipient and Recipient Types.....	15
2.6. Sectorwise Distribution.....	16
3. Policy, Institutions, Governance and Fund Flow Mechanisms	17
3.1. National Climate Change Policy and Programmes	17
3.2. Major Stakeholders, Institutions and Coordination Mechanisms	18
3.3. Governance and Implementation	19
3.4. Capacity Building Component	20
3.5. Fund Flow Channels and Procedures	21
4. Climate Fund Flow in Nepal	23
4.1. Adaptation Projects in Nepal.....	23
4.2. Case Study of Three Adaptation Projects in Nepal	24
4.2.1. Case I - Least Developed Countries Fund for NAPA Projects.....	24
4.2.2. Case II – Nepal Climate Change Support Programme (NCCSP).....	27
4.2.3. Case III – Pilot Programme for Climate Resilience (PPCR)	28
5. Conclusions	31

List of Annex

Annex I: List of projects covered in this study	32
Annex II: Criteria used for further analyzing adaptation relevance of the project that was Rio Marked .	42
Annex III: Year wise commitment and disbursement of adaptation fund from 2009 to 2012.....	44
Annex IV: List of Interviewees	44
Annex V: Questionnaire.....	45
Annex VI: Examples of climate adaptation recipient types in Nepal	46
Bibliography	47

List of Figures

Figure 1: Financial mechanisms to address climate change adaptation in developing countries.....	6
Figure 2: Donors commitment and disbursement of adaptation funding in Nepal for 2009-12 as per the Rio marker	10
Figure 3: Adaptation funding commitment in Nepal based on AFAI study criteria	11
Figure 4: Adaptation funding commitment in Nepal based on funding source	12
Figure 5: Commitment by bilateral donors for adaptation funding in Nepal.....	13
Figure 6: Adaptation Funding through mechanisms inside and within UNFCCC in Nepal.	14
Figure 7: Loan-Grant distribution of adaptation funding in Nepal.....	14
Figure 8: Major recipients of adaptation funding in Nepal	15
Figure 9: Sectorwise distribution of adaptation funding in Nepal	16
Figure 10: Governance structure and fund flow mechanism for CFGORRP	26
Figure 11: Governance structure and fund flow mechanism for the NCCSP	28
Figure 12: Governance structure and fund flow mechanism component 2 of PPCR.....	29

List of Tables

Table 1: Different funding mechanisms and governance structure of various funds in Nepal	21
Table 2: Summary of three major adaptation projects (NAPA projects, NCCSP and PPCR) in Nepal.....	23

List of Abbreviations

ADB	Asian Development Bank
AF	Adaptation Fund
AFAI	Adaptation Finance Accountability Initiative
CBO	Community Based Organization
CCMD	Climate Change Management Division
CCPCC	Climate Change Programme Coordination Committee
CEN	Clean Energy Nepal
CFGORRP	Community Based Flood and Glacial Lake Outburst Risk Reduction in Nepal
CIF	Climate Investment Funds
CRS	Creditor Reporting System
DAC	Development Assistance Committee
DDC	District Development Committee
DfiD	Department for International Development
DHM	Department of Hydrology and Meteorology
DNPWC	Department of National Parks and Wildlife Conservation
DoA	Department of Agriculture
DoF	Department of Forest
DoLS	Department of Livestock
DSCWM	Department of Soil Conservation and Watershed Management
EBA	Ecosystem Based Adaptation
EC	European Commission
EU	European Union
FAO	Food and Agriculture Organisation
FINNIDA	Finnish International Development Agency
GCCA	Global Climate Change Alliance
GCF	Green Climate Fund
GEF	Global Environment Facility
GLOF	Glacier Lake Outburst Flood
ICI	International Climate Initiative
IFC	International Finance Corporation
LAPA	Local Adaptation Plan for Action
LDCF	Least Developed Countries Fund
MCCICC	Multi-Stakeholder Climate Change Initiative Coordination Committee
MDB	Multilateral Development Bank
MoAD	Ministry of Agriculture Development
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoFSC	Ministry of Forest and Soil Conservation
MoSTE	Ministry of Science, Technology and Environment
MSFP	Multi Stakeholder Forestry Programme
NAPA	National Adaptation Programme of Action
NARC	Nepal Agricultural Research Council
NCCSP	Nepal Climate Change Support Programme
NGO	Non Governmental Organisation
NPC	National Planning Commission
NRB	Nepal Rastra Bank
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
PMU	Project Management Unit
PPCR	Pilot Programme for Climate Resilience
PSC	Project Steering Committee
SCCF	Special Climate Change Fund
SCF	Strategic Climate Fund
UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USAID	United States Agency for International Development
US FSF	United States Fast Start Finance
VDC	Village Development Committee
WB	World Bank

Executive Summary

This report takes stock of climate change adaptation finance committed to Nepal from public sources of international finance during the period 2009 to 2012. The Organization for Economic Co-operation and Development (OECD) Development Assistance Committee Creditor Reporting System (DAC CRS) database was used as the primary information source. Semi structured interviews with key officials in bilateral and multilateral funding agencies and government ministries were also conducted. The project developed criteria satisfying international and national contexts to examine the 'Rio marking' done by the donor agencies. Based on these criteria, projects and programmes are categorized in six types – pure adaptation projects (A), mitigation projects (M), projects contributing to both adaptation and mitigation (B), development assistance projects with some activities contributing to climate change adaptation (DA-A), projects not relevant to climate change (NR) and projects with no detailed information available (DNA). Total adaptation funding is further analyzed with respect to sources of funding, recipient types and sector wise allocation. The study has also looked at the fund flow mechanisms of three major climate adaptation projects in Nepal viz. Pilot Programme for Climate Resilience (PPCR), Nepal Climate Change Support Programme (NCCSP) and National Adaptation Programme of Action (NAPA) projects.

From 2009 to 2012, Nepal received a total funding commitment of USD 538.24 million (around 53.82 billion NPR) for climate change adaptation according to donor reports. However, the projects and programs examined based on the project's criteria showed that only USD 246.44 million (around 24.64 billion NPR) or 45.78 per cent of the total committed amount is fully or partially relevant to climate change adaptation. Throughout the report, this amount has been taken as the total adaptation finance commitment to Nepal during the period of 2009 to 2012. A substantial share (44.39 per cent) of funding initially marked as adaptation relevant by donors was found to be not relevant to climate change. Most of them were regular development projects in education and health sectors, earthquake preparedness, and infrastructure such as road and bridge construction projects with no evidence to suggest that climate change considerations had been integrated into their design and implementation. Similarly, 8.85 per cent of funding was for regular development support in livelihoods, sanitation, disaster response and similar sectors, where only a few activities directly or indirectly support climate change adaptation. If these two project categories are summed up, 53.24 per cent of funding initially marked as adaptation relevant appear to be financing regular development projects that are usually funded through Official Development Assistance (ODA).

Nepal's adaptation finance has been obtained primarily from bilateral sources, which account for USD 133.73 million (54.26 per cent) of adaptation funding. Dedicated climate funds such as the Climate Investment Funds (CIF) and Least Developed Countries Fund/Global Environment Facility (LDCF/GEF) constitute USD 90.55 million (36.74 per cent) of adaptation funding. Only 8.99 per cent of Nepal's adaptation funding comes from multilateral sources. However, some dedicated climate funds are managed by multilateral institutions, so this figure may underestimate multilateral support. Among bilateral donors funding adaptation projects in Nepal, the United Kingdom is the top bilateral donor followed by the United States of America, Switzerland, Finland and the European Union respectively.

The total adaptation funding from outside UNFCCC financial mechanisms is USD 239.88 million (97.4 per cent) while the amount from within UNFCCC financial mechanisms is only USD 6.56 million (2.6 per cent). Two additional projects approved by the GEF in 2013, would increase funding from UNFCCC mechanisms to USD 15.63 million. The Nepal government is the leading first order recipient of climate adaptation funding, receiving USD 170.41 million (69.15 per cent) followed by international nongovernmental organizations - 12.45 per cent, national private institutions - 8.73 per cent, multilateral agencies - 7.74 per cent, national NGOs - 0.91 per cent and others - 1.01 per cent.

Sector wise distribution of adaptation funding is highly unbalanced. 44.36 per

cent of adaptation funding is in the forest and biodiversity sector, followed by 26.94 per cent in multi-sector projects, 16.41 per cent in climate-induced disasters, 9.14 per cent in agriculture and food security sector, 3.15 per cent for capacity building, and 0.01 per cent in the urban settlement and infrastructure sector. Two sectors prioritized in Nepal's NAPA - public health and water resources and energy have received no dedicated adaptation funding. Similarly, sectors such as agriculture and food security and urban settlement and infrastructure appear to be under resourced.

Mapping of governance and fund flow mechanisms of major climate change adaptation projects indicated that donors and development partners have followed conventional development assistance models in use for many years. There appears to be limited innovation and pioneering of new ideas for financing and effective implementation of climate change projects. It would be beneficial to explore development of new and innovative models for climate funding such as the idea of a Climate Change Fund as stated in Nepal's Climate Change Policy.

Additional research to analyse the effectiveness of climate finance and its accessible, transparent and accountable utilisation is currently underway. This stocktaking study has identified several areas for further study and analysis which have been included in the ongoing research activities. A report presenting the conclusions and recommendations of the ongoing research will be published by the end of 2014.

1

Background of the Study

1.1 Climate Finance

The term 'climate finance' has been very widely used, especially in the context of international climate change negotiations. There is, however, no internationally agreed upon definition of climate finance, because of contestation about what projects actually qualify as 'climate change projects' and whether or not corresponding funding/finance is climate change related (CPI, 2011; Nakhooda et al., 2013).

A growing body of literature (Clapp et al., 2012; Caruso and Ellis, 2013) has defined climate finance as the amount of money flowing towards reducing greenhouse gases, supporting activities that help vulnerable population adapt to the negative impacts of climate change and promoting low carbon and climate resilient development. The debates on climate finance received greater traction in the international climate change negotiations, particularly after the 2009 Copenhagen conference where developed countries made a collective commitment to mobilize USD 30 billion as 'new and additional' resources for 2010-2012 and pledged to mobilize long-term finance of USD 100 billion a year by 2020 from a variety of

sources – both public and private. Since then, it has been a subject of interest for many researchers and think tanks to study the flow of climate finance or at least track it at different levels. Climate finance directed towards adaptation to climate change has become more of an interest, particularly in the context of developing and least developed countries like Nepal.

It is within this context that a multi-country initiative called the 'Adaptation Finance Accountability Initiative (AFAI)' was launched in December 2012. The initiative aims to create and pilot adaptation finance tracking and monitoring tools with civil society groups in Nepal, Uganda, Zambia and the Philippines. As a first step, Oxfam in Nepal with its partner organization Clean Energy Nepal (CEN) conducted this "Stocktaking Study on Climate Change Adaptation Finance in Nepal" with the aim of taking stock of climate change adaptation projects and programs currently being implemented in Nepal. In addition to this, the study mapped out governance and fund flow mechanisms of three major adaptation projects ongoing in Nepal using a case study approach.

1.2 Climate Finance Mechanisms and Sources

“The United Nations Framework Convention on Climate Change (UNFCCC) (1992, Art. 4.3), the Kyoto Protocol (1997, Art. 11.2), the Bali Action Plan (2007, Para 1e), and the Copenhagen Accord (2009, Para 8) all call for developed countries to provide, ‘new and additional’ climate change financing to developing countries (Ballesteros and Moncel, 2010; p.1)”. Similarly, the Cancun Agreement (Decision 1/CP. 16, Para 95) took note of the collective commitment by developed countries to provide new and additional resources approaching USD 30 billion for the period 2010-2012. This means that climate finance, whether adaptation or mitigation, should be ‘new and additional’ to Official Development Assistance (ODA) according to various definitions (Nakhooda

et al., 2013). For example Germany’s International Climate Initiative (ICI) funded partly through the sale of national tradable emission certificates and the Adaptation Fund financed through a two per cent levy on the sale of emission credits from the Clean Development Mechanism of the Kyoto Protocol (Nakhooda et al. 2013).

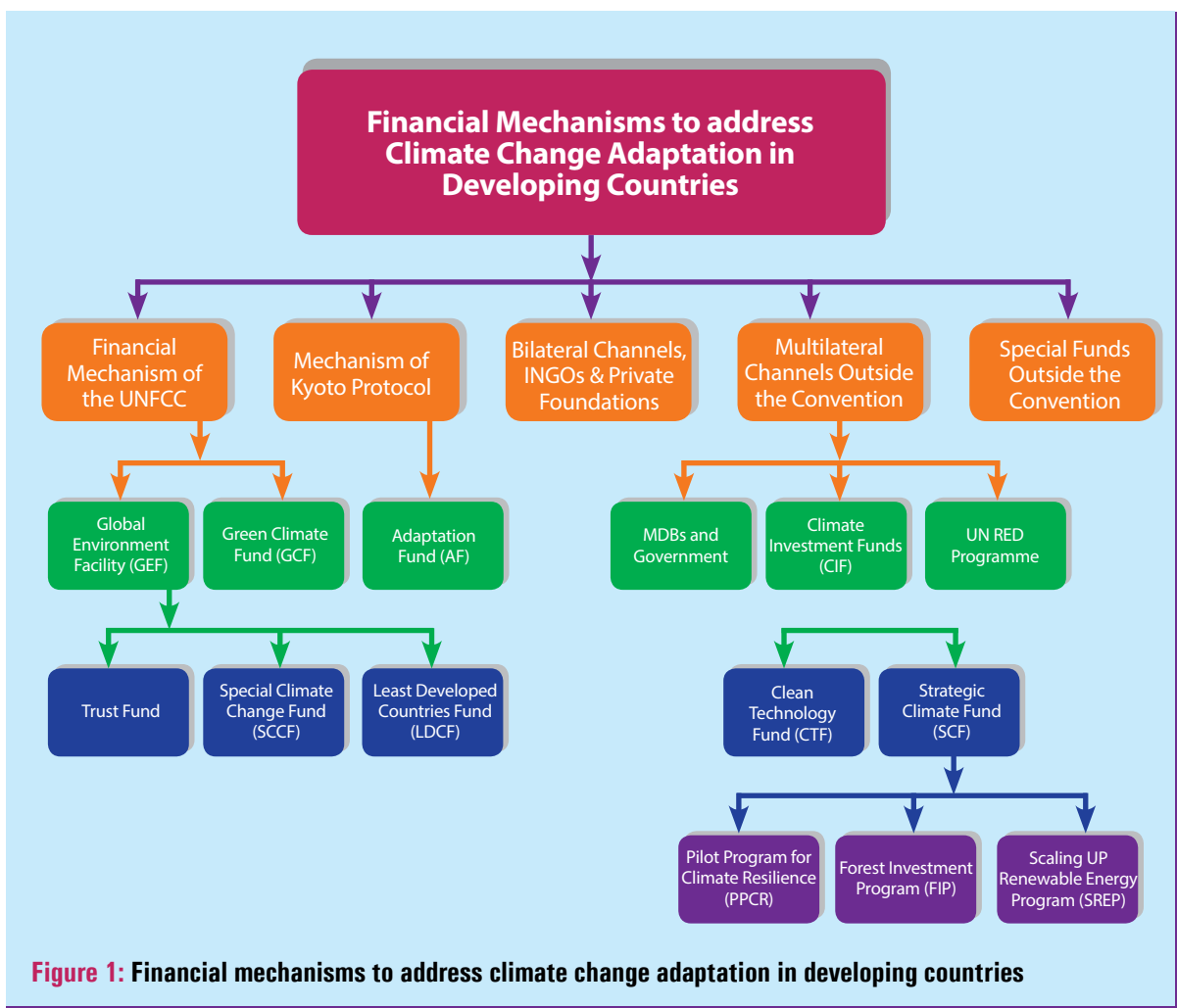
There are various sources of international adaptation finance and there might be some overlap between different funding sources. For instance several dedicated climate funds are managed by multilateral organizations; international NGOs receive part of their funding from bilateral donors, etc. The different sources of funding are divided into five general categories as follows:

- Bilateral Institution:** An institution representing a donor country. Depending on the donor, aid can be handled by an Embassy or equivalent, a national development agency, etc. Examples such as Embassies, UKAID, USAID, European Union, etc. are considered as bilateral institutions in this study.
- Multilateral Institution:** An organization whose membership is made up of member governments, who collectively govern the organization and are its primary source of funding. Examples are World Bank, Asian Development Bank (ADB), UN Agencies, etc.
- Dedicated Climate Fund:** Funds dedicated to finance climate change activities in developing countries. They are administered by UN bodies under the UNFCCC Framework, such as the Adaptation Fund (AF), Green Climate Fund (GCF), Least Developed Countries Fund (LDCF) through Global Environment Facility (GEF); or administered by the Multilateral Development Banks (MDBs) such as the Climate Investment Funds (CIF), or administered by bilateral development agencies such as the International Climate Initiative (ICI), or by national institutions in the case of National Climate Trust Funds, e.g. Amazon Fund or Indonesia Climate Change Trust Fund (ICCTF).

International NGO: A non-governmental organization that operates in different countries and whose headquarter is not located in the host country. Examples include WWF, CARE, Oxfam, etc.

Private Foundation: A donor that does not represent a government or multilateral organization and is created by an individual person or a group of persons to provide assistance to developing countries. Examples include the Rockefeller Foundation, Bill and Melinda Gates Foundation, etc.

An illustration of these different funding mechanisms is given in figure 1 below.



1.3 Objectives of the Study

The major objective of this study is to take stock of climate change adaptation finance in Nepal from various international public sources and study their governance and fund flow mechanism. The specific objectives of the study are:

- i. To take stock of climate change adaptation projects and programmes currently being implemented in Nepal using various international public sources of funding.
- ii. To study the governance and fund flow mechanisms of three major climate change projects (PPCR, LDCF and NCCSP/LAPA) currently being implemented in Nepal using a case study approach.

1.4 Scope and Limitations of the Study

1.4.1 Scope of the Study

This study has analyzed climate change adaptation/resilience projects only and thus, projects related to climate change mitigation, technology transfer and general development projects are beyond the scope of this study. In doing so, the study has covered projects from 2009 to 2012 that were in the implementation phase as well as those approved for funding during that period. The study tracked public funding only, and private sources of funding (except from private foundations) was not included. This study has primarily focused on three large projects namely, PPCR, LDCF and NCCSP/LAPA for the study of the governance and financial flow mechanisms at the national level.

1.4.2 Limitations of the Study

This stock taking study has the following limitations.

- i. Projects and programmes not included in the OECD DAC database have not utilized the Rio marker to indicate adaptation relevance. The adaptation relevance of these projects were examined based on the criteria developed by the study.
- ii. Some of the multi-country projects do not state the commitment amount specifically for Nepal. Such projects are, thus, not considered for the detailed study.

1.5 Research Methodology

1.5.1 Data Collection

The OECD CRS (Creditor Reporting System) and DAC (Development Assistance Committee) database were used as the primary source of funding information. The DAC annual aggregates database provides comprehensive data on the volume, origin and types of aid and other resource flows. The CRS database provides detailed information on individual aid activities, such as sectors, countries, project descriptions etc. After an initial short listing of country projects (or regional ones where Nepal is one of the project countries), all climate change adaptation related projects were further shortlisted based on the Rio marker that the donors use. The Rio marker give an indication whether adaptation is the 'primary' objective of the project or programme (marked as 2), whether adaptation is a 'significant' objective (marked as 1) or whether the programme does not address adaptation at all (marked as 0 or not marked at all). Use of the Rio marker to track climate change adaptation related aid started in December 2009 (OECD, 2011). Therefore the projects studied are from 2009 onwards, although some donors did not utilize the Rio marker for projects from January to December 2009. In addition, 2009 has been taken as the starting year for this study because developed countries made a historic pledge of new and additional climate finance at the 15th Conference of the Parties (COP15) in Copenhagen in the same year.

Principal (primary) policy objectives are those which can be identified as being fundamental in the design of the activity and which are an explicit objective of the activity. They may be selected by answering the question "would the activity have been undertaken (or designed that way) without this objective?"

Significant (secondary) policy objectives are those which, although important, are not one of the principal reasons for undertaking the activity.

The score **not targeted** means that the activity has been screened against, but was found not be targeted to, the policy objective.

[Reproduced: OECD, 2011; p.5]

For the donors that do not report to the OECD, various sources of information were used to produce a comprehensive list of climate change projects. The sources included International Aid Transparency Initiative (IATI) Registry, individual websites of Multilateral Development Banks (MDBs), UN Development Assistance Framework for UN agencies, Aid Data website, etc. The Government of Nepal's Development Cooperation Report (Fiscal Year 2011/12) and Ministry of Finance's Aid Management Platform were extensively used to validate and update this database.

A draft study report was shared with the key reviewers. A consultative workshop to share preliminary findings was also organized with stakeholders on 28 February 2014, in Kathmandu, Nepal. Comments

and feedback from the reviewers and consultative workshop are incorporated in this final report.

1.5.2 Fund Flow Study through Key Informant Interviews

After the finalization of initial database, a list of stakeholders to be consulted for key informant interviews was completed (see Annex IV for stakeholders consulted and Annex V for the questionnaire used). This process was mainly used to study the governance and financial flows of three major climate adaptation projects in Nepal - PPCR, LDCF and NCCSP/LAPA. Further to

that, it also served the purpose to validate the database that had been prepared as the first step. The final database used for the further analysis is presented as Annex I of this report.

1.5.3 Data Analysis and Presentation

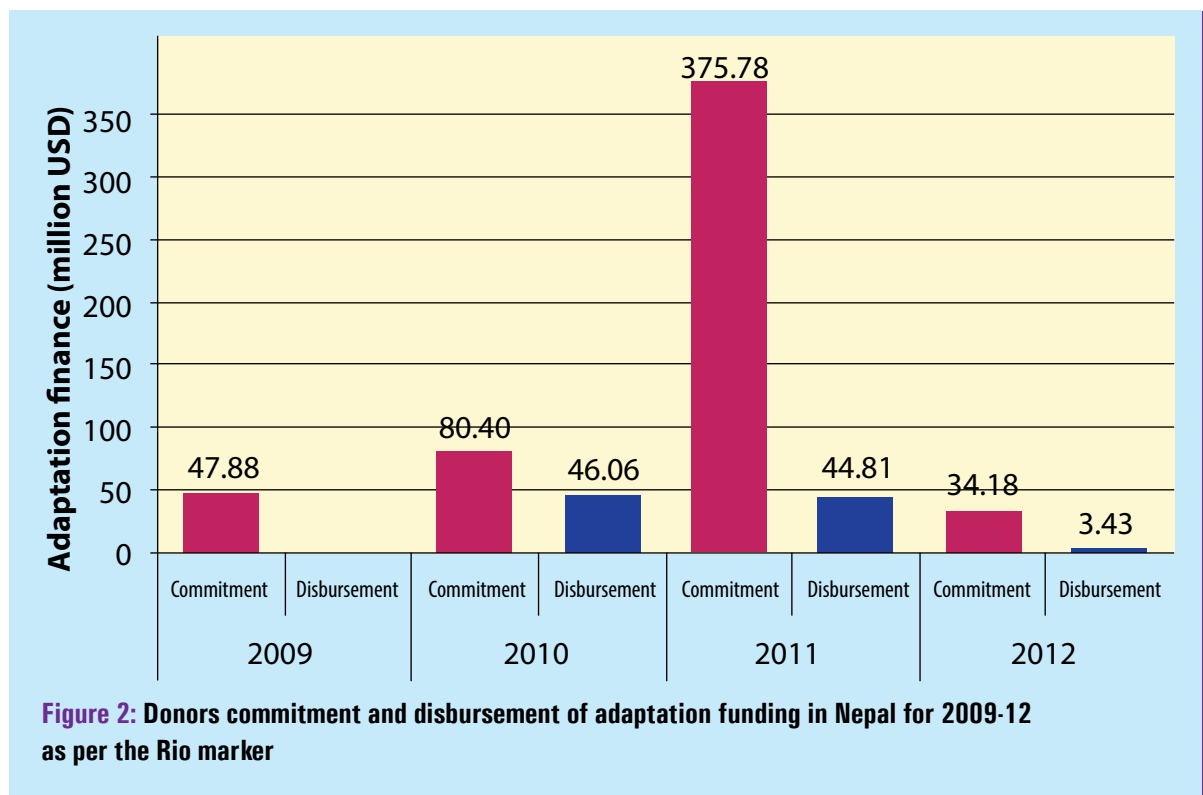
Followed by validation of the initial database through key informant interviews, standard data visualization techniques such as bar charts, pie charts, tables, etc. were chosen to best present the existing data. Both Microsoft Excel and STATA were used as the statistical software to analyse and present the data.

2

Climate Change Adaptation Funding in Nepal

2.1 Total Climate Change Adaptation Funding

From 2009 to 2012, Nepal has received a total funding commitment of USD 538.24 million (around 53.82 billion NPR)¹ for climate change adaptation according to donor reports (refer to Section 1.5.1 for Rio marker). The figure 2 shows that the adaptation commitment was highest in 2011.



¹ USD 1 = NPR 100 has been used as the currency exchange rate throughout this study.

The increased climate adaptation support from 2009 corresponds with 2009's Copenhagen conference where developed countries made a collective commitment of USD 30 billion as 'new and additional' climate finance for 2010-2012.

The detailed annual segregation of commitment and disbursement amounts is attached as Annex III.

In addition to the above amount, the multi-country projects (where Nepal is one of the recipient countries) constitute a total commitment of USD 52 million over the same time period (refer to Annex I for the list of national and multi-country projects). Since it is not clear how much of that USD 52 million has been committed exclusively for Nepal, these projects are not included in the further analysis.

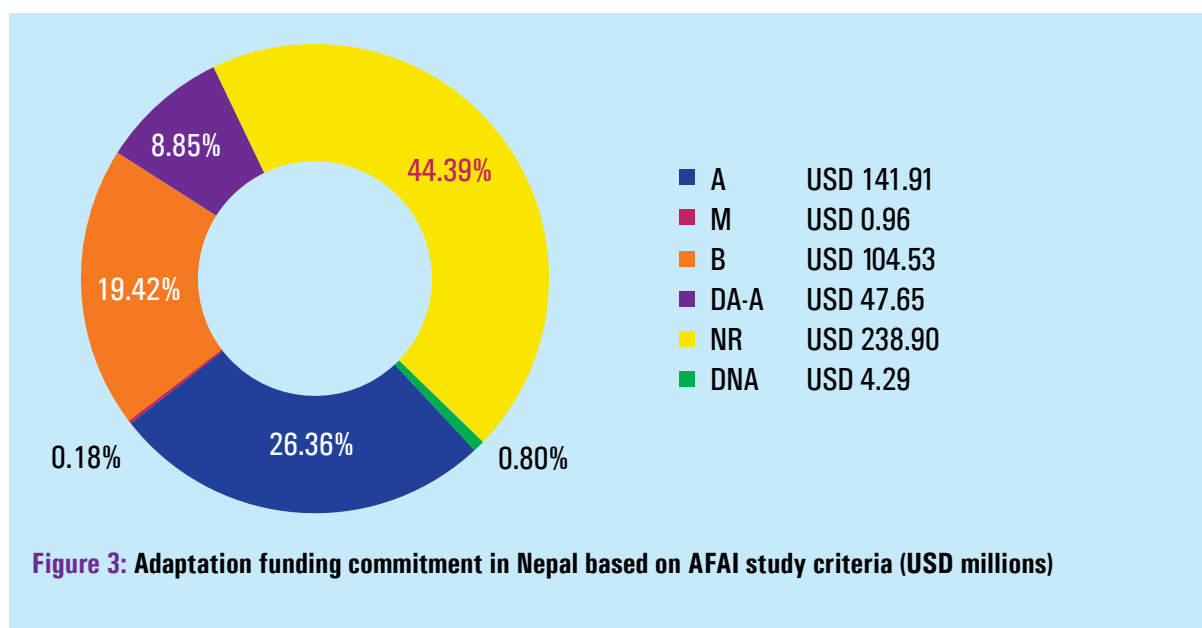
2.2 Types of Projects

The list of projects that the donors marked as adaptation relevant (with Rio marker 1 or 2) was further examined using a set of criteria satisfying both international and national adaptation context (see Annex II). Six types of projects have been identified based on those criteria.

- i. Pure adaptation projects: A
- ii. Mitigation projects: M
- iii. Projects contributing to both adaptation and mitigation: B

- iv. Development assistance projects with some activities contributing to climate change adaptation: DA-A
- v. Projects not relevant to climate change: NR
- vi. Projects with no detailed information available: DNA

The figure 3 gives the distribution of total funding commitment in six categories listed above (total for 2009 to 2012).



A substantial share (44.39 per cent) of funding initially marked as adaptation relevant by donors was found to be not relevant to climate change. Most of them were regular development projects in education and health sectors, earthquake preparedness, and infrastructure such as road and bridge construction projects with no evidence to suggest that climate change considerations had been integrated into their design and implementation. Similarly, 8.85 per cent of funding was for regular development support in livelihoods, sanitation, disaster response and similar sectors, and where only few activities directly or indirectly support adaptation to climate change. If these two project categories are summed up, 53.24 per cent of funding initially marked as adaptation relevant come out to be regular development projects that are usually funded through ODA. Similarly, the analysis shows that 0.18 per cent of funding initially marked adaptation relevant by donors was found to

be mitigation relevant instead, and focused on activities such as renewable energy and energy efficiency promotion projects.

Results in figure 3 shows that only 45.78 per cent of the committed amount is totally or partially relevant to climate change adaptation according to the criteria developed by this AFAI study. It comprised of pure adaptation (A) and both adaptation and mitigation (B) projects combined is USD 246.44 million (24.64 billion NPR). Throughout the report, this amount has been taken as the total adaptation finance commitment to Nepal during the period of 2009 to 2012 unless otherwise mentioned specifically. It should, however, be noted that the relative balance between adaptation and mitigation activities for projects under the category 'B' cannot be determined in this report because detailed financial breakdown of such projects is not publicly available.

2.3 Types of Funds

Based on the definitions of different types of projects in Section 2.2, project budgets under the categories pure adaptation (A) and both adaptation and mitigation (B) were further analyzed based on funding source, as depicted in the figure 4.

Nepal's adaptation finance has been derived primarily from bilateral sources, with total amount of USD133.73 million (54.27 per cent) of the total funding. Dedicated climate funds such as the CIF and LDCF/GEF constitute 36.75 per cent of the total adaptation funding in Nepal, amounting to USD 90.55 million. Only 8.99 per cent of Nepal's adaptation funding is derived

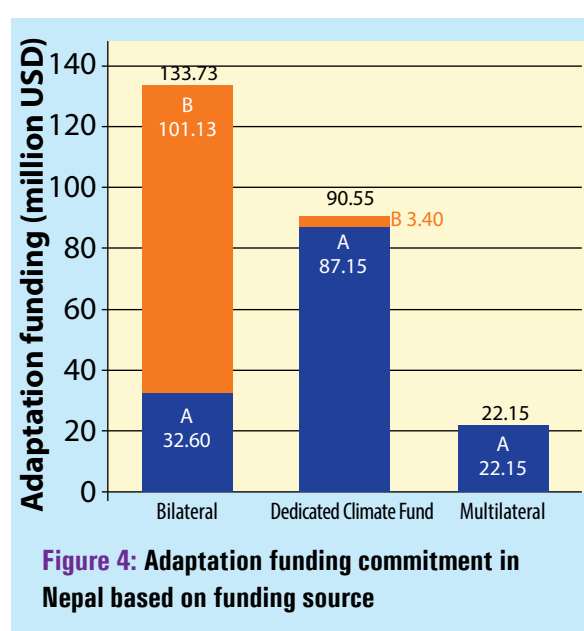


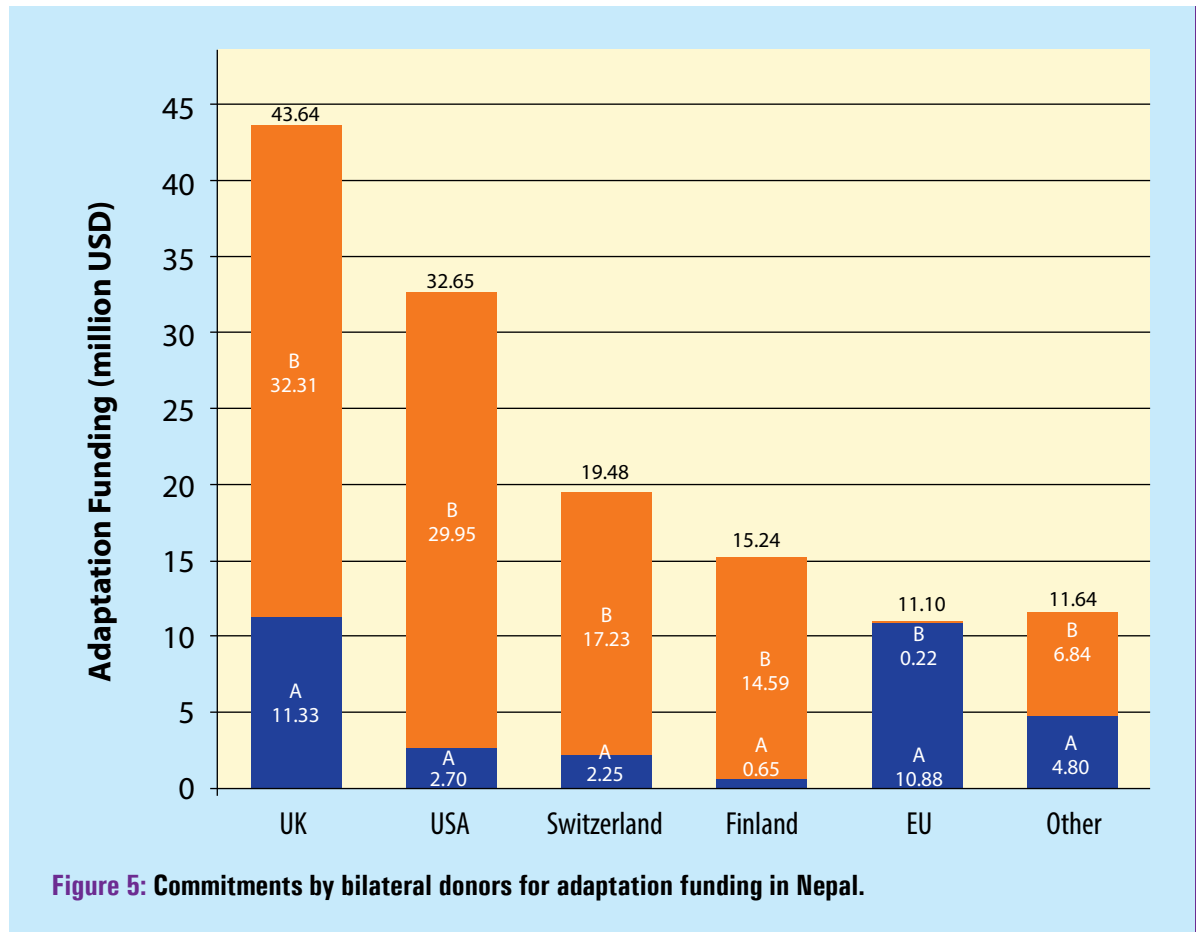
Figure 4: Adaptation funding commitment in Nepal based on funding source

from multilateral sources. However, some dedicated climate funds are implemented by multilateral institutions, so this figure may underestimate the level of support from multilateral institutions.

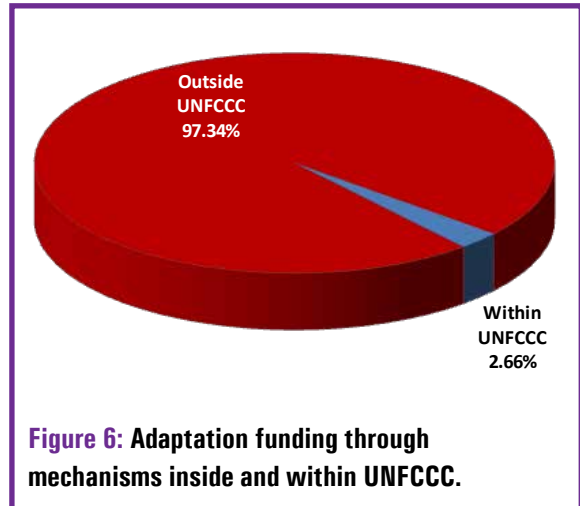
Overall, pure adaptation projects tend to be supported by dedicated climate funds and multilateral agencies, while projects supported with bilateral funds tend to combine adaptation and mitigation activities. All the funding from multilateral sources and 96.25 per cent of the funding from Dedicated Climate Funds are for pure adaptation projects whereas 75.62 per cent of the bilateral support is funding project contributing both in adaptation and mitigation.

The figure 5 gives a breakdown of bilateral funding by donor countries. As a standard practice, funding by European Union has been kept under bilateral funding.

Among bilateral donors funding adaptation projects in Nepal, the United Kingdom has stood as the top bilateral donor followed by the United State of America, Switzerland, Finland and the EU respectively. Taken separately, the UK is the top bilateral donor in both project categories – A and B. The figure clearly illustrates that the European countries have played a major role in Nepal’s climate change adaptation efforts.



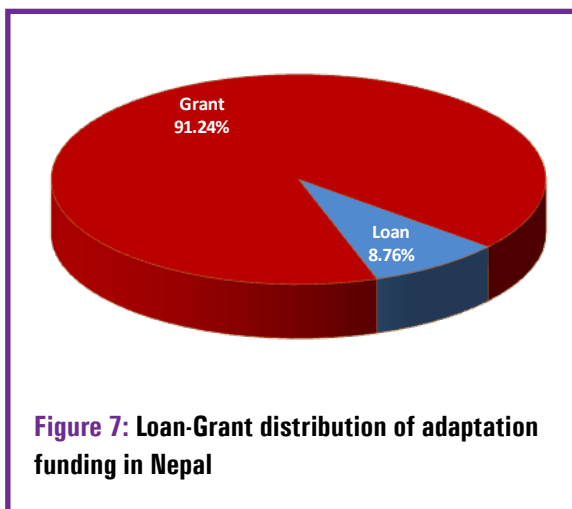
Even though the issue of climate change gained international traction through efforts of United Nations Framework Convention on Climate Change (UNFCCC), most of the climate adaptation funding in Nepal is from financial mechanism outside the UN convention. The total adaptation funding from outside UNFCCC financial mechanism is USD 239.88 million while the amount from within the UNFCCC financial mechanism is only USD 6.56 million over the period 2009 to 2012. If two additional projects, which were approved by the GEF in 2013, are also considered (table 2), the funding from within UNFCCC mechanism becomes USD 15.63 million. The GEF through the LDCF is the only funding



mechanism within the UNFCCC through which adaptation projects have been funded so far in Nepal.

2.4 Financial Instruments

Almost all climate adaptation projects in Nepal are funded through grants. The only project consisting of a loan component is



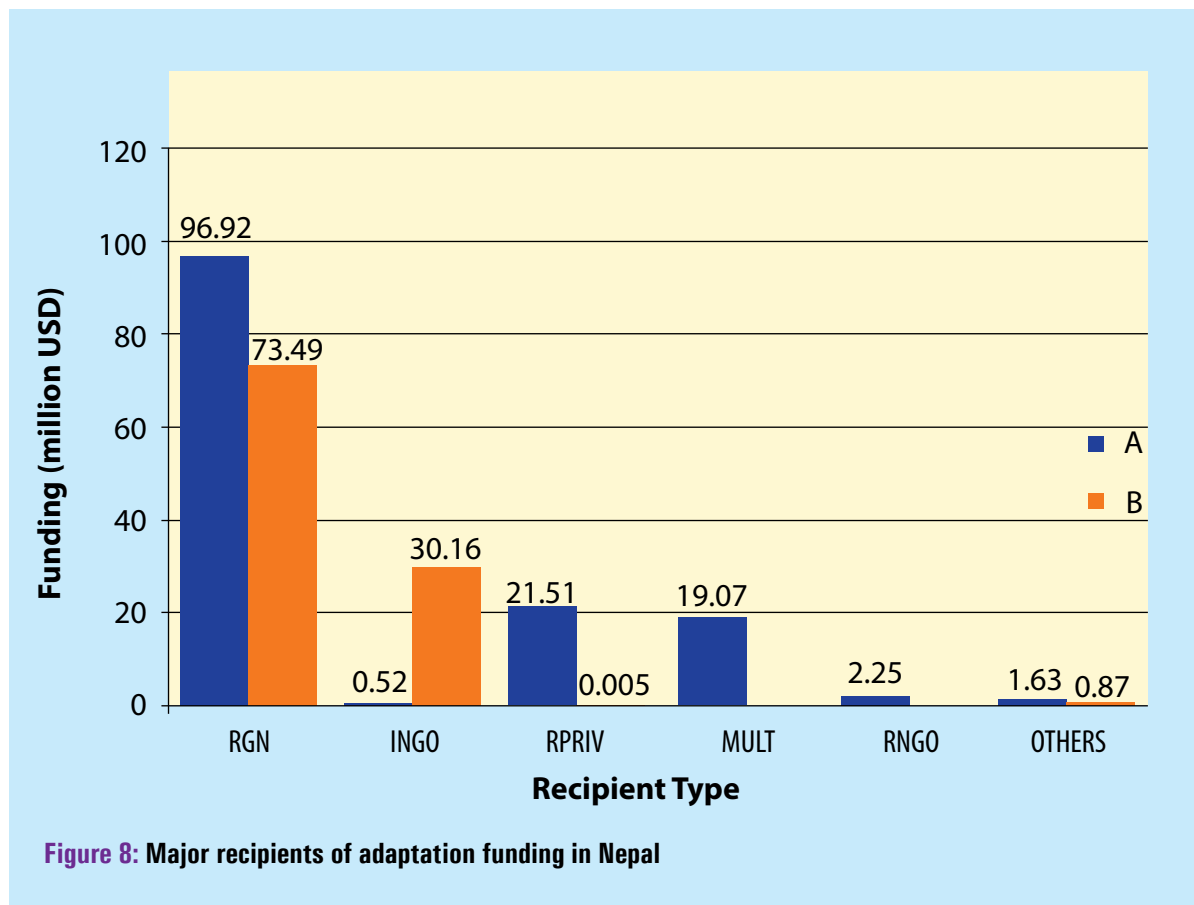
Pilot Programme for Climate Resilience (PPCR), where component 2 (Building Resilience to Climate Related Hazards) and component 4 (Building Climate Resilient Communities through Private Sector Participation) are comprised of loan amounts of USD 15 and 6.6 million respectively, USD 21.6 million in total. This loan amount is 26.25 per cent of the total PPCR budget for Nepal. The figure 7 gives a quick glance of the loan-grant segregation of Nepal’s total climate adaptation funding.

2.5 Recipient and Recipient Types

In this particular stock taking study, fourteen types of first order recipients² have been identified. Some examples have been presented in Annex VI.

The figure 8 illustrates that the national government of Nepal is the leading recipient of adaptation funding in Nepal, receiving USD 170.41 million in total. The national government stands atop both

project categories A and B. The first order recipients have respectively received the following share of adaptation funding: national government agencies (RGN)-69.15 per cent, International Nongovernmental Organizations (INGOs)-12.45 per cent, National Private Institutions (RPRIV)-8.73 per cent, multilateral agencies (MULT)-7.74 per cent, national NGOs (RNGOS)-0.91 per cent and others 1.02 per cent.



² Organizations or institutions that are the first recipients of international public funds

2.6 Sectorwise Distribution

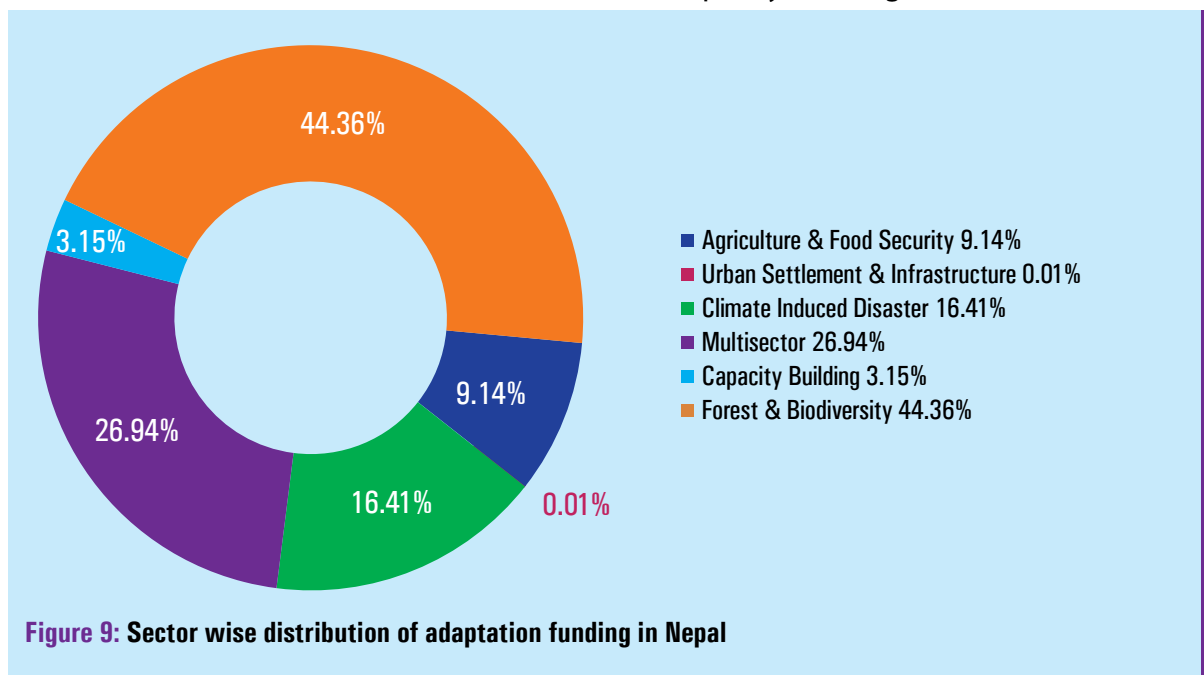
For the purpose of this study, the following six thematic sectors identified in Nepal's National Adaptation Programme of Action (NAPA) have been taken as the primary sectors to which adaptation funds may be flowing.

- i. Agriculture and Food Security
- ii. Forest and Biodiversity

- iii. Water Resource and Energy
- iv. Climate Induced Disaster
- v. Public Health
- vi. Urban Infrastructure and Settlement

In addition, the following cross-cutting themes have been identified:

- i. Multi-sector
- ii. Capacity building



The figure 9 shows that 44.36 per cent of adaptation funding in the forest and biodiversity sector, followed by 26.94 per cent in multi-sector projects, 16.41 per cent in climate-induced disasters, 9.14 per cent in agriculture and food security sector, 3.15 per cent for capacity building, and 0.01 per cent for in urban settlement and infrastructure sector.

Although only 3.15 per cent of the total adaptation funding is allocated exclusively

for capacity building, almost all projects include capacity building component. It ranges from technical and institutional capacity to coordination and integration in the development process.

Two sectors prioritized in Nepal's NAPA - Public Health and Water Resources and Energy have received no dedicated adaptation funding. Similarly, sectors such as Agriculture & Food Security and Urban Settlement & Infrastructure appear to be underresourced.

3

Policy, Institutions, Governance and Fund Flow Mechanisms

3.1 National Climate Change Policy and Programmes

The preparation of National Adaptation Programme of Actions (NAPA) is considered the pioneering process of shaping climate change work in a programmatic approach in Nepal. Finalized in September 2010, its total cost is estimated at USD 350 million. Today, many of the adaptation projects and programmes are alligning with NAPA's nine combined project profile.

The formulation of the NAPA also helped the Government to realize the urgency of finalizing the Climate Change Policy. In March 2011, the Ministry of Science, Technology and Environment (MoSTE) prepared Nepal's Climate Change Policy and it was approved by the cabinet. The policy preparation process was participatory as a number of consultations involving various stakeholders were held to provide inputs to the initial draft.

This initiative of formulating a national climate change policy was viewed as a positive start by many donors, government institutions and civil society organizations as it envisioned to address the adverse impact of climate change in the country.

Major Elements of National Climate Change policy

1. Climate adaptation and disaster risk reduction
2. Low carbon development and climate resilience
3. Access to financial resources and utilization
4. Capacity building, peoples' participation and empowerment
5. Study and research
6. Technology development, transfer and utilization
7. Climate-friendly natural resources management.

It also incorporated some ambitious goals such as establishment of a Climate Change Centre for conducting climate change research and monitoring, and providing regular policy and technical advice to the Government. It further envisioned the establishment of a separate Climate Change Fund for mobilizing and managing financial resources, and clearly stressed that at least 80 per cent of the total funds available for climate change related programmes flow to the grassroots levels.

In 2012, the National Planning Commission (NPC) with support from UNDP piloted and introduced climate change budget code. The Ministry of Finance (MoF) introduced this separate budget code in fiscal year 2013/14 national budget for the first time.

To further the implementation of the NAPA and to realize climate action on the ground, the MoSTE pioneered a concept of Local Adaptation Plan for Action (LAPA) and developed the LAPA framework. With support from the EU and DfID, 70 LAPAs were prepared in the first phase of the project and

are already in the implementation phase through the Ministry of Federal Affairs and Local Development (MoFALD). These first phase plans are under implementation in 14 districts of Mid Western and Far Western Development Regions of Nepal. There are other adaptation projects implemented by different donors and government institutions such as PPCR, Ecosystem Based Adaptation (EBA) in Mountain Ecosystem in Nepal and forest, biodiversity and agriculture related projects to develop climate resilience capacity and integrate it into sustainable development.

3.2 Major Stakeholders, Institutions and Coordination Mechanisms

MoSTE is the UNFCCC focal point and climate change lead agency in the country. A separate division called the Climate Change Management Division (CCMD) headed by a joint-secretary has been established in MoSTE. Similarly, a high-level Climate Change Council headed by the Prime Minister was formed to provide political and strategic guidance on the issue of climate change.

A coordination mechanism called the Multi-Stakeholder Climate Change Initiative Coordination Committee (MCCICC) chaired by the Secretary of MoSTE is in place to maintain coordination among various initiatives and avoid duplication. It is a body formed with representatives from relevant line ministries, donor agencies and civil society organisations.

A few other coordination mechanisms have been established at MoSTE. Some are project focused aimed at enhancing communication and coordination while others are focused on donor coordination. A new coordination body called the Climate Change Programme Coordination Committee (CCPCC) has been set up under the leadership of the joint-secretary at MoSTE. This body looks like a sub set of MCCICC but has members only from the government institutions and major donor agencies. Similarly, an inter-ministerial steering committee is also in place while the major donor agencies have their own compact.

The National Planning Commission (NPC) is working to consolidate programmes and projects under its guidance. It has also worked with the Ministry of Finance to mainstream climate change into the

national budgetary system. Many central level government institutions such as the Ministry of Forest and Soil Conservation (MoFSC), the Ministry of Agriculture Development (MoAD), the Ministry of Federal Affairs and Local Development (MoFALD), and related departments are playing a crucial role in addressing climate change and implementing adaptation projects such as PPCR, NCCSP, MSFP, etc.

Various bilateral donor agencies such as DfID, USAID, FINNIDA and multilateral development banks such as the World Bank and ADB were found to be playing a key role in financing and implementing adaptation projects in Nepal. A wide range

of other organizations like UN agencies, international and national NGOs have helped Nepal prepare and implement adaptation related projects.

Gradually, many local level organizations and district line agencies are gearing up to take actions on the ground. The District Development Committees (DDC) are acting as a coordinating agency for climate change activities at district level, which is also the focal agency to coordinate development activities under the MoFALD. However, gaps in capacity and the need for a stronger role of local agencies in climate change are being observed.

3.3 Governance and Implementation

Many stakeholders agreed that in-depth knowledge of climate change has yet to reach a wide audience including many policy makers and planners in Nepal. Many donors and government institutions cautiously accept that the district and local level stakeholders have limited awareness of climate change issues. Similarly, the majority of local level institutions are unaware of the national climate change policy and programmes. Some government institutions argue that this is because of the unstable government and absence of locally elected bodies.

The Nepal Government asserts that the NAPA was prepared through a participatory and bottom-up approach. Similarly, the NCCSP/LAPA Framework was also found to

be prepared by piloting it in ten districts. A large portion of PPCR budget is allocated for technical assistance and coordination greatly reducing the amount available for actual budget implementation. Interviewees have expressed concern about how such decisions are made.

Government institutions and donor agencies both seem to be concerned about the transparency and accountability of the projects and fund utilization. Donor agencies seem to be concerned about the resource management and delayed implementation while on the other hand; the government has expressed concern in the study interviews worried about the donors' control of fund utilization.

3.4 Capacity Building Component

When it comes to knowing the impacts of climate change on different sectors, climate change is still an emerging issue because the level of awareness among various stakeholders is still low. Integrating these issues in development planning hasn't advanced quickly. However, the NAPA preparation process helped raise greater awareness and identify gaps in the country. Similarly, the Climate Change Policy also identified technical and institutional gaps and proposed actions to help overcome them.

Most of the donor agencies seem to agree that the government institutions required institutional strengthening and capacity building support to effectively deliver service to address climate change impact in the country. For instance, in order to implement NCCSP effectively, UNDP is providing technical back up to MoSTE though the ministry is directly receiving the funds from DfID and the EU. PPCR is also prioritizing the technical assistance component heavily.

Although the initial findings show that 3.15 per cent of adaptation finance is dedicated exclusively to capacity building, many projects in Nepal include substantial capacity building component. It ranges from technical and institutional capacity to coordination and integration in the

development process. On one hand, Nepal needs adequate technical and institutional capacity building support while on the other hand, some government institutions feel that heavy prioritisation takes away the much needed resources from addressing adaptation on the ground. PPCR's component 3 titled 'Mainstreaming Climate Change Risk Management in Development' is entirely focused on strengthening MoSTE and climate integration into development. UN Agencies have prioritized capacity building in a similar approach while designing NAPA projects. NCCSP will use 20 per cent of the budget on institutional capacity building and coordination at the central level. Such arrangements raise doubts about meeting the target of spending 80 per cent of the funds at the local level as large amount is already put aside centrally for the capacity building component alone.

There seems to be lot of duplication in capacity building activity at the project level. Government officials are over stretched with the need to participate in capacity enhancement activities under different projects. Some government officials lamented that they are invited to similar trainings and capacity enhancement programs under PPCR, NCCSP and various other projects run by different government institutions and NGOs.

3.5 Fund Flow Channels and Procedures

International funds are channeled into the country through various mechanisms – some go through the usual government budget (Red Book), while others just inform the government machinery. A significant amount of funding was also found to be directly spent by NGOs, private sector and other institutions. Interestingly, many funds that are channeled through the government have to operate through a separate dedicated account although the funds are reflected in the national budget. Most of these funds do not need cabinet approval for expenditure and are easily activated based on the understanding between the donor

agencies and the implementing government agencies. Some of the pertinent cases of fund flow mechanisms on big climate change projects such as PPCR, NCCSP/LAPA and LDCF/NAPA projects are discussed in Chapter 4 in further detail.

In the past, the Government of Nepal had created several funds and structures to finance projects for specific purposes. Lessons can be learnt from these funds for climate financing too. Below is the table prepared by the Overseas Development Institute on various funds and governance structure in Nepal for further reference.

Table 1: Different funding mechanisms and governance structure of various funds in Nepal (Reproduced: Bird, 2011)

Initiative	Implementation modality	Governance issues	Financing issues
The Local Governance and Community Development Programme (LGCDP)	A model for long-term sustainability under strong national ownership. Implementation undertaken by the MLD using government systems.	A National Advisory Committee oversees strategic implementation, chaired by the Secretary MLD Joint DP meetings support coordination among a broad range of development partners.	Employs current government financial procedures. Challenges in fiduciary management related to the national spread of the programme, as local institutional capacity is low. Success of the Joint Funding Arrangement (JFA), with donor support well aligned and harmonized.
Poverty Alleviation Fund (PAF)	A model for short-term impact, with strong results-based approach. Parallel initiative to LGCDP: same goal, but with different players employing different methods. Service provision delivered largely through the private sector and NGOs.	Legal identity created by the 2006 PAF Act – an autonomous Institutions PAF Board chaired by the Prime Minister. PAF Secretariat led by an Executive Director Two supporting DPs: the World Bank and IFAD.	Direct flow of funds to communities, with central budgetary support being channeled directly to community Groups

<p>The Nepal Peace Fund</p>	<p>A model for short-term impact, with two complementary trust funds. A national fund and the UN trust fund support different actors (state and non-state).</p>	<p>Both fund overseen by a Board, Chaired by the Minister of Peace and Reconstruction. Donor Advisory Group provides advice to the Board. Good use of websites promoting transparency.</p>	<p>Funds for the national trust fund are deposited in the Central Treasury under the terms of the JFA. The Board is fully authorized to approve projects and may draw from an account in the central bank. The Multi-Donor Trust Fund office of the UNDP acts as the administrative agent for the UN trust fund</p>
<p>The School Sector Reform Program (SSRP)</p>	<p>A model for long-term sustainability under strong national ownership Implementation undertaken by the MoEd using government systems. This sector-wide approach has developed over almost 20 years.</p>	<p>Joint Steering Committee exists for Direct Funding & TA only. A Code of Conduct, the JFA and the Governance and Accountability Action Plan are key documents that contribute to the governance framework for the SSRP SWAp.</p>	<p>Employs current government financial procedures. Challenges have arisen over the quality of government financial reporting. JFA in place with nine DPs.</p>
<p>The Alternative Energy Promotion Centre (AEPC)</p>	<p>A Centre dependent on international funding for over 80% of its funding, with a focus on service provision (not a regulatory body)</p>	<p>Legal identity created by the 1956 Development Board Act - a semi-autonomous institution. AEPC Board chaired by the Minister of Environment</p>	<p>Individual financed project support, some of which is over a decade old. JFA for one project indicates the start of a move towards programmatic support. The rural energy fund has been constrained by the challenges of limited capacity at the local level.</p>
<p>The Nepal Disaster Risk Reduction Consortium</p>	<p>A consortium approach with participating organizations remaining autonomous in implementing programme activities, but agree to contribute to a prioritized set of actions.</p>	<p>Steering Committee established, chaired by the Secretary, Ministry of Home Affairs, with Secretariat established within the MoHA. Good demonstration of division of labour between DPs.</p>	<p>The funding of 'flagship programmes' is undertaken largely through project financing.</p>

4

Climate Fund Flow in Nepal

4.1 Adaptation Projects in Nepal

Nepal has several adaptation projects that are under implementation in the country. These projects are at different stages of execution. In this study, few major adaptation related funds are examined in detail to demonstrate the governance and fund flow mechanism in Nepal. It covers three projects – LDCF/NAPA Projects,

NCCSP/LAPA and PPCR as a model of UN Agency, bilateral and WB managed projects respectively. Since, some of these projects have several components, one component for each projects was chosen to demonstrate the fund flow mechanism under each case.

Table 2: Summary of three major adaptation projects (NAPA projects, NCCSP/LAPA and PPCR) in Nepal

S. No.	Project Elements	NAPA Projects	NCCSP/LAPA	PPCR
1	Project Name	<p>Project 1: Catalyzing ecosystem restoration for resilient natural capital and rural livelihoods in degraded forests and rangelands of Nepal</p> <p>Project 2: Reducing vulnerability and increasing adaptive capacity to respond to impacts of climate change and variability for sustainable livelihoods in agriculture sector in Nepal (Note: funding for Project 1 & 2 are approved in 2013 only)</p> <p>Project 3: Community Based Flood and Glacial Lake Outburst Risk Reduction</p>	Nepal Climate Change Support Program: Building Climate Resilience in Nepal	<p>Component 1: Building climate resilience of watersheds in Mountain Eco-Regions</p> <p>Component 2: Building Resilience to Climate-Related Hazards</p> <p>Component 3: Mainstreaming climate change risk management in development</p> <p>Component 4: Building climate resilient communities through private sector participation</p> <p>Component 5: Sustainable conservation of ecosystems and biodiversity</p>

2	Budget	Project 1: USD 5.75m Project 2: USD 2.95m Project 3: USD 6.93m (+0.95m UNDP) Total – USD 15.63m	USD 21.5m	Component 1: USD 30.11m Component 2: USD 32.3m Component 3: USD 7.16m Component 4: USD 8.73m Component 5: USD 5m Total – USD 82.3m
3	Funding Source	LDCF/GEF	DfID, the EU, Cyprus	Climate Investment Funds (CIF)
4	Managing Agencies	UNEP, FAO and UNDP	MoSTE and MoFALD	World Bank, ADB and IFC
5	National Implementing Partners	MoSTE, MoAD & MoFSC; MoAD, NARC & DHM; MoSTE & DHM	MoSTE and MoFALD	DSCWM; MoAD & DHM; MoSTE; MoAD & Private companies; MoFSC, DNPWC & DoF
6	Funding Access	Indirect Access (via UN Agencies)	Direct Access (Government of Nepal)	Indirect Access (World Bank, ADB & IFC)
7	Funding Modality	Grant & Co-financing	Grant	Grant & Concessional Loan
8	Alignment with national budget (Red Book)	Only separate special account at the NRB for government notice	Yes, special account at the NRB	Yes, special account at the NRB
9	UNFCCC Financial Mechanisms	Within UNFCCC mechanism	Outside UNFCCC mechanism	Outside UNFCCC mechanism

4.2 Case Study of Three Adaptation Projects in Nepal

4.2.1 Case I - Least Developed Countries Fund for NAPA Projects

The Least Developed Countries Fund (LDCF) was established under the UNFCCC to finance a work programme designed for LDCs. One of its major programme was the preparation and implementation of NAPA. The Global Environment Facility (GEF) is the operating entity of the LDCF.

Out of USD 20 million currently available in the LDCF for each least developed country, the GEF council has approved three projects for Nepal to be implemented through UNDP, UNEP and FAO. The total funding for these three projects amounts to USD 15.63 million. Nepal's NAPA is comprised of nine project profiles estimated to cost USD 350 million for its full implementation.

A. Implementation and Institutional Arrangement for NAPA projects-LDCF

As a focal institution, the Ministry of Science, Technology and Environment (MoSTE) coordinates the LDCF projects in the country. It is implementing a project 'Community Based Flood and Glacial Lake Outburst Risk Reduction in Nepal (CFGORRP)' in collaboration with UNDP through the Department of Hydrology and Meteorology (DHM). This project aims to reduce the risk of Glacier Lake Outburst Flood (GLOF) in the high mountain regions, particularly Imja Lake located in the Solukhumbu district and its low lying areas in Mahottari district, Saptari district, Siraha district and Udayapur district. It also coordinates the other two projects – 'Catalyzing ecosystem restoration for resilient natural capital and rural livelihoods in degraded forests and rangelands of Nepal' managed by UNEP and implemented by MoSTE, MoAD and MoFSC and 'Reducing vulnerability and increasing adaptive capacity to respond to impacts of climate change and variability for sustainable livelihoods in the agriculture sector in Nepal' managed by FAO and implemented by MoAD, NARC and DHM. Government agencies and other institutions are called implementing partners.

A special implementation arrangement has been set up at the MoSTE. A Project Management Units (PMU) will be set up at the respective implementing government

agencies to carry out the work. The implementing partners through the service contractors, NGOs and CBOs, will help provide services at the local level. UNDP follows the National Implementation Modality (NIM) guidelines as agreed with the Government of Nepal. This is the standard guideline that UNDP follows to implement any development project through the government machinery. For CFGORRP, a PMU is setup at the DHM to carry out the work. No new funding structure or set up is envisioned for climate related projects. For the execution of the CFGORRP project, there is a Project Steering Committee (PSC) headed by the secretary of MoSTE for providing policy and strategic advice and a Project Executive Board (PEB) chaired by the Director General/National Project Director, DHM, with representation from DSCWM, DWIDP, DNPWC and UNDP is also formed. This project specific board, which meets quarterly, is responsible for making decisions as required in regards to the approval of major revisions in the project strategy and implementation approaches. The steering committee plans to meet at least once a year.

In order to enhance coordination and avoid duplication, GEF/LDCF implementing UN Agencies and government institutions have also joined the Climate Change Programme Coordination Committee (CCPCC) established at MoSTE.

B. Fund Flow Mechanism

The current set up under the GEF does not allow direct access of funds by any LDCs, including Nepal. Instead, the projects have to be submitted via GEF implementing agencies such as UNDP and UNEP. The UN Agencies and government institutions closely collaborate to prepare project proposals and implement them.

NAPA projects are designed with co-financing from UN Agencies, government and other institutions in addition to the funds provided by the LDCF. The budget for NAPA projects is not necessarily reflected in the government’s Red Book. A separate special account is created for implementing agencies at the Nepal Rastra Bank (NRB)/ Central Bank of Nepal in coordination with the Ministry of Finance. It does not require cabinet approval for the fund to be used.

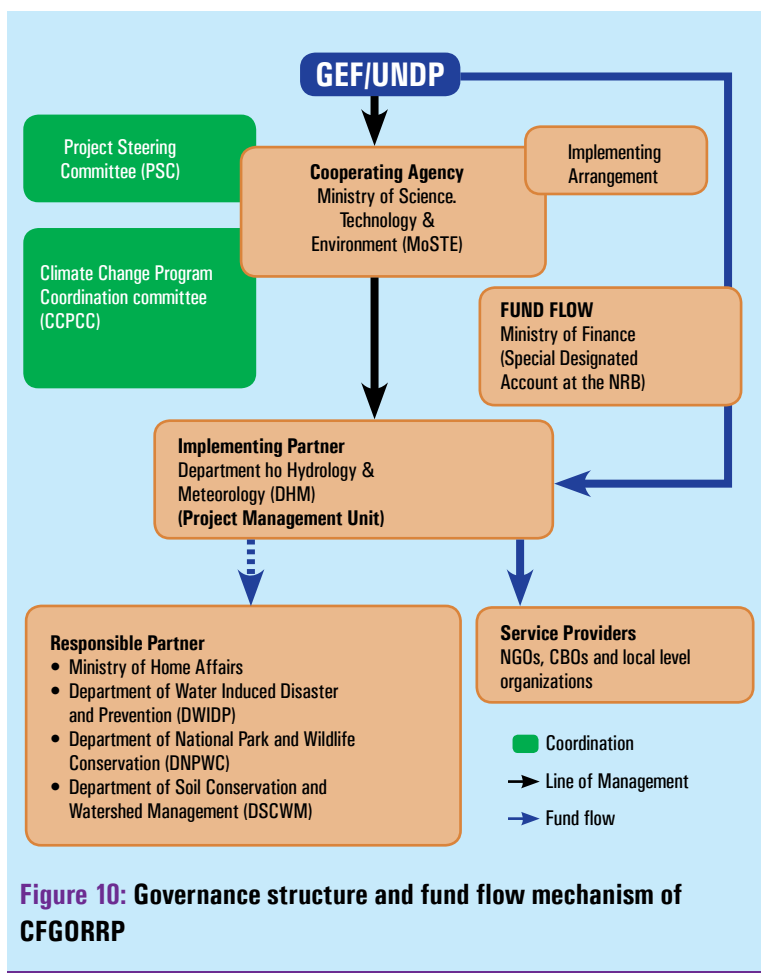


Figure 10: Governance structure and fund flow mechanism of CFGORRP

UN Agencies are using the same modality as that for other development projects in executing the NAPA projects in Nepal. The flow chart in Figure 10 reflects the governance structure and fund flow mechanism of one of the NAPA project CFGORRP administered by UNDP.

4.2.2 Case II – Nepal Climate Change Support Programme (NCCSP)

The Nepal Climate Change Support Programme (NCCSP) is aimed at supporting the poor and marginalized people facing the burden of climate change in the Far Western and Mid Western Development regions of Nepal. The first phase of the program is designed and implemented with the financial support from Department for International Development (DfID), European Union (EU) and the Cyprus Government. United Nations Development Programme (UNDP) provides technical support to MoSTE and MoFALD.

The government prepared 70 Local Adaptation Plans for Action (LAPA) in 14 districts of Mid-Western and Far-Western

Development Regions of Nepal. In late 2013, the project prepared 30 additional LAPAs. The NCCSP supports the implementation of adaptation options and build resilience in vulnerable sectors identified in NAPA project profile 1 that states – *'Promote Community-based Adaptation through Integrated Management of Agriculture, Water, Forest and Biodiversity Sector.'* However, its ultimate objective is to *'Enable the Government of Nepal to implement Climate Change Policy, 2011 and develop and implement necessary strategies and most urgent and immediate adaptation actions that increase the benefits and sustainability of public as well as public-private development efforts.'*

A. Implementation and Institutional Arrangement for NCCSP

Ministry of Science, Technology and Environment (MoSTE) is the lead implementing government agency and will coordinate with the Ministry of Federal Affairs and Local Development (MoFALD) for implementation through District Development Committees (DDC). Implementation will be carried out with support from other institutions including INGOs, NGOs, CBOs, local users committees and private sector actors that have comparative and competitive advantages in terms of long-standing field level work experience and co-financing abilities.

A Project Management Unit (PMU) has been set up at the MoSTE to take day-to-day decisions related to project management, finance and operation. For the effective execution of NCCSP, a Project Steering Committee (PSC) has

been formed that is chaired by the Secretary of MoSTE. UNDP is providing technical back stopping to MoSTE in project execution. It will include technical, financial and procurement support and capacity development training to technical and management staff and support units. UNDP is managing 20 per cent of the total budget. UNDP will support the set-up of a specialized project team that will implement and facilitate implementation at both central and district levels. In the 14 project implementing districts, pre-existing Energy and Environment Unit in the DDC has been modified to Energy, Environment and Climate Change Unit.

Donors and implementing agencies of NCCSP are also the members of Climate Change Programme Coordination Committee (CCPCC).

B. Fund Flow Mechanism

NCCSP will use the existing government channel to fund the project. EU and DfID will channel the funds through a designated special programme account created at the Ministry of Finance (MoF) for the sole purpose of implementing the NCCSP project, which will be managed by the PMU established within the MoSTE. The NCCSP project budget is reflected in the government’s Red Book.

This arrangement is also a typical donor recipient approach used for several years in executing development projects in Nepal. The figure 11 reflects the governance structure and fund flow mechanism of NCCSP.

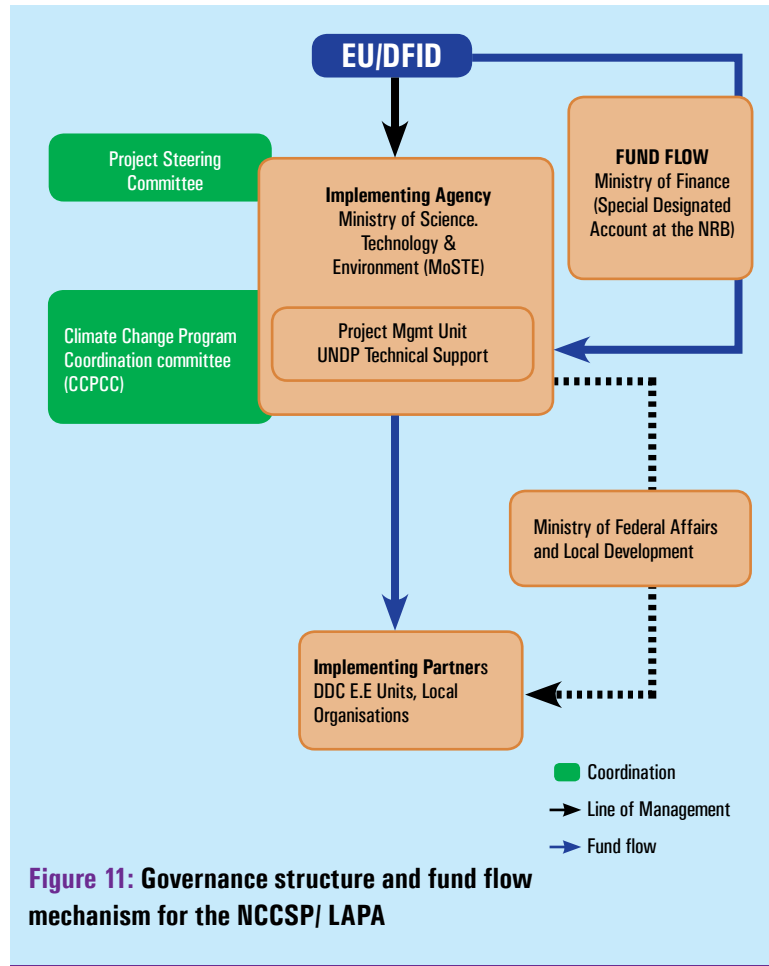


Figure 11: Governance structure and fund flow mechanism for the NCCSP/ LAPA

4.2.3 Case III – Pilot Programme for Climate Resilience (PPCR)

Pilot Programme for Climate Resilience (PPCR) is one of the programmes under the Strategic Climate Fund of the Climate Investment Funds (CIF) established to *‘Initiate and support broad-based strategies to improve and integrate climate risk and resilience into national development planning.’* It comprised of five components and USD 86 million has been committed

(USD 50 million grant and USD 36 million concessional loan). However, the total budget of the project amounts only to USD 82.3 million.

The Asian Development Bank (ADB), the International Finance Corporation (IFC) and the World Bank administer PPCR in Nepal.

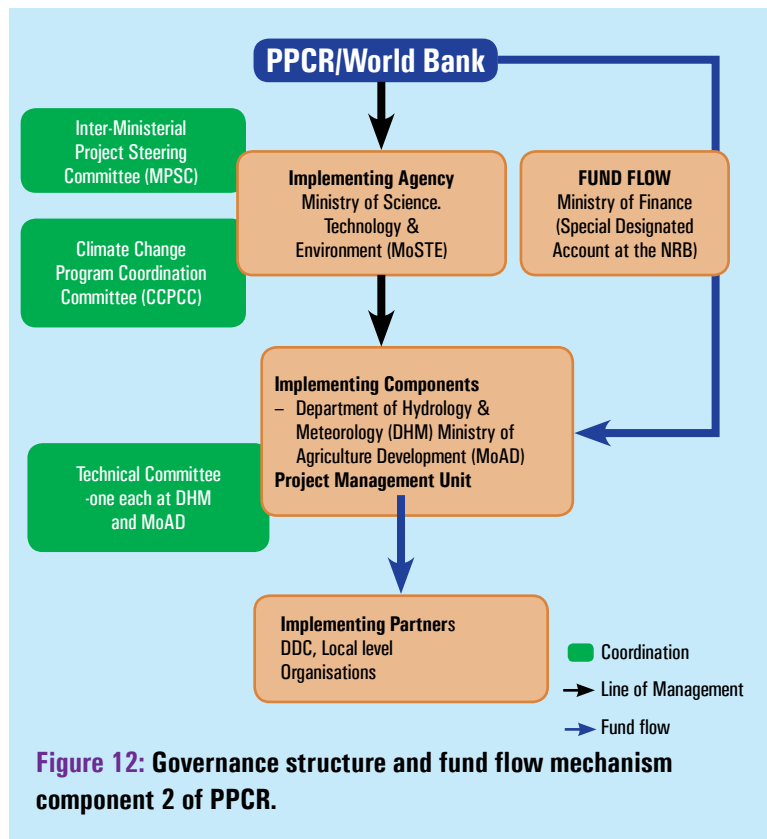
A. Implementation and Institutional Arrangement for PPCR

MoSTE is the focal Ministry for the PPCR in Nepal. MoSTE directly implements component 3 of the project while it only coordinates the other components implemented by others government ministries and departments. The ADB and WB will administer their respective components through the government implementing agencies while IFC will engage with the private sector.

The donor and government agencies involved in implementation of PPCR are part of the CCPC. The formation of this body is the output of the work under component 3 overseen by ADB. With support from the WB and ADB, government institutions involved in project implementation have set up Project Management Units at their respective agencies to carry out the work. IFC implements its work through private sectors will only inform the relevant government agencies for coordination.

B. Fund Flow Mechanism

The PPCR is funded through a mixture of grant and concessional loan. A large portion of the PPCR budget is reflected in the government’s budget called the Red Book. A special designated account was created at the Nepal Rastra Bank (NRB) in coordination with the Ministry of Finance for each project component. The IFC component doesn’t follow this process and is not reflected in the Red Book. Though the project documents outline the decision-making modality, some government representatives expressed the concern that greater responsibility for decisions



lies with the development partners, such as MDBs and other donors, than with the government.

The PPCR implementation model executed by these institutions is no different from that of their business as usual model. Figure 12 reflects the governance structure and fund flow mechanism for component 2 of the PPCR project titled 'Building Resilience to Climate-Related Hazards' managed by the World Bank. A similar model is utilized by ADB.

Mapping of governance and fund flow mechanisms of major climate change adaptation projects indicated that donors and development partners have followed their conventional development assistance models in use for many years. There appears to be limited innovation and

pioneering of new ideas for financing and effective implementation of climate change projects. It would be beneficial to explore development of new and innovative models for climate funding such as the idea of a Climate Change Fund as stated in Nepal's Climate Change Policy. Such models must ensure accessible, transparent and accountable delivery of climate finance from the central to sub-national levels in the spirit of National Climate Change policy which commits that at least 80 per cent of the climate finance must be allocated for grassroots level activities. Establishment of a Climate Change Fund with a legal mandate, governing structure and functions as envisioned by the National Climate Change policy can be a positive step forward for effective management of climate finance in Nepal.

5

Conclusions

The following points summarize the key conclusions from this stock taking study.

1	Based on the objective criteria developed in this study only 45.79 per cent of total financial donor commitments classified as adaptation relevant by the Rio Markings were found to be related to climate change adaptation in part or in full. Over 50 per cent of the financial commitments were found to be unrelated to adaptation and in some cases not even related to climate change. This calls into question the current application and utility of the Rio markers. This requires further research.
2	Only 2.6 per cent of funding for adaptation projects in Nepal is from financial mechanisms within the UNFCCC regime. This opens up questions for further research to understand why there appears to be a preference to provide finance outside UNFCCC mechanisms.
3	The figures indicate that the first order recipient of adaptation funding in Nepal is national government agencies with 69.15 per cent of total funding. Major projects examined in this study are led and implemented by government institutions. However, the study interview revealed questions over government resources management capacity and the extent of donor influence in these projects. These are areas that merit further research to obtain a deeper understanding of these aspects of aid governance and their implications.
4	Sector wise distribution of funding is highly unbalanced as one sector has received 44.36 per cent of funding and another only 0.01 per cent. Both of these sectors are among the six priority sectors in the NAPA. Two priority sectors in the NAPA have zero funding. It is important to further analyse why certain sectors are attracting more funding and what an appropriate balance among sectors would be.
5	Mapping of governance and fund flow mechanisms of major climate change adaptation projects indicates that donors and development partners have followed conventional development assistance models in use for many years. It would be beneficial to explore development of new and innovative models for climate funding such as the Climate Change Fund as outlined in Nepal's Climate Change Policy.
6	Nepal's climate change policy states that 80 per cent of the climate finance must be allocated for grassroots level activities. The projects covered under this study were at their initial stage of implementation, which made it difficult to fully assess this aspect. It is an area that requires further research and monitoring.
7	A Multi-stakeholder coordination mechanism called the MCCICC is established at MoSTE. In addition to this, several other donor and programme/project level coordination committees exist. These multiple mechanisms are creating confusion among line ministries and implementing agencies. It would be beneficial to examine the potential benefits of more streamlined coordination mechanism for all stakeholders.
8	Tracking the effectiveness of climate finance in reaching local communities and fulfilling government policy is beyond the scope of this study. However, it is important for future studies to examine this issue.
9	It was beyond the scope of this report to differentiate climate finance from ODA. However, there is a need of internationally agreed criteria to define climate finance so that it can be accurately and transparently tracked. This is also necessary for donors to comply with their commitments under current agreements, particularly that climate finance is new and in addition to ODA.

Annex I: List of projects covered in this study

Donor name	Donor type	Project name	Adaptation Marked by donor	Revised Criteria by AFAI Study	Sector	Total Commitment (in USD)	Commitment year	Total Disbursement (in USD)	Disbursement year	Recipient	Recipient type
National Projects											
Climate Investment Funds	Dedicated Climate Fund	Design of national Strategic Programmes for Climate Resilience (SPCR) (phase 1 funding)	2	A	Multi-Sector	230000	2011	210000	2011	*IM	MULT
Climate Investment Funds	Dedicated Climate Fund	Building Climate Resilience of Watersheds in Mountain Eco-Regions (ADB) - PPCR Component 1	2	A	Multi-Sector	28167000	2011	180000	2011	DSCW	RGN
Climate Investment Funds	Dedicated Climate Fund	Building Resilience to Climate Related Hazards - PPCR Component 2	Not marked	A	Climate Induced Disaster	31000000	2011	*IM	*IM	DHM & MoAD	RGN
Climate Investment Funds	Dedicated Climate Fund	Mainstreaming Climate Change Risk Management in Development - PPCR Component 3	Not marked	A	Capacity Building	7163000	2012	837251	2012	MoSTE	RGN
Climate Investment Funds	Dedicated Climate Fund	Preparatory grant for PPCR Component 4	2	A	Multi-Sector	300000	2011	*IM	2011	*IM	RGN
Climate Investment Funds	Dedicated Climate Fund	Building Climate Resilient Communities through Private Sector Participation (IFC) - PPCR Component 4	2	A	Multi-Sector	8730000	2011	*IM	2011	IFC	MULT
Climate Investment Funds	Dedicated Climate Fund	Enhancing Climate Resilience of Endangered Species (World Bank) - PPCR Component 5	2	A	Forest and Biodiversity	5000000	2011	*IM	2011	*IM	RGN
GEF	Dedicated Climate Fund	Community Based Flood & Glacial Lake Outburst Risk Reduction - Project Preparation Grant - LDCF	Not marked	A	Climate Induced Disaster	63500	2011	59652	2012	UNDP	MULT
GEF	Dedicated Climate Fund	Community Based Flood and Glacial Lake Outburst Risk Reduction - LDCF	2	A	Climate Induced Disaster	6300000	2011	*IM	2011	UNDP	MULT
GEF	Dedicated Climate Fund	National Adaptation Programme of Action to Climate Change - LDCF	2	A	Multi-Sector	200000	2011	200000	2011	UNDP	MULT
Cyprus	Bilateral	Support to GCCA - For NCCSP	2	A	Multi-Sector	816000	2010	36985.53949	2010	*IM	RGN
United Kingdom	Bilateral	Nepal Climate Change Support Programme - ADHOC SUPPORT	2	A	Multi-Sector	3082.501931	2010	284832.7259	2010	Other.	Not Specified
EU	Bilateral	Support to GCCA - For NCCSP	Not marked	A	Multi-Sector	10880000	2010	*IM	*IM	MoSTE	RGN
United Kingdom	Bilateral	Nepal Climate Change Support Programme - Building Climate Resilience in Nepal	Not marked	A	Multi-Sector	10744000	2010	11041158	2013	MoSTE	RGN

United Kingdom	Bilateral	Nepal Climate Change Support Programme -COST FOR CLIMATE CHANGE ADVISER	2	A	Multi-Sector	*IM	2010	44932.97297	2010	Other.	Not Specified
UNDP	Multilateral	Target Resource Assignment to complement TA component of NCCSP	Not marked	A	Multi-Sector	300000	2012	300000	2012	MoSTE	RGN
Finland	Bilateral	Multi Stakeholder Forestry Programme (MSFP) transition phase	Not marked	B	Forest and Biodiversity	13718897	2012	1999492	2013	MoFSC	RGN
Switzerland	Bilateral	Multi Stakeholder Forestry Programme (MSFP)	Not marked	B	Forest and Biodiversity	17226529	2011	3417487	2013	MoFSC	RGN
United Kingdom	Bilateral	Multi Stakeholder Forestry Programme (MSFP)	Not marked	B	Forest and Biodiversity	32310178	2011	8173172	2013	MoFSC	RGN
World Bank	Dedicated Climate Fund	REDD-Forestry and Climate Change (World Bank Trust Funds FCPP TF 094724)	Not marked	B	Forest and Biodiversity	3400000	2011	1422912	2011	MoFSC	RGN
Germany	Bilateral	Improving the Resilience of Vulnerable Population Groups to Climate Change - International Climate Initiative (ICI)	2	A	Multi-Sector	259999	2011	*IM	*IM	TMI	INGO
US FSF	Bilateral	Hill Maize Research Programme (HMRP)	Not marked	A	Agriculture and Food Security	700000	2011	*IM	*IM	International Maize and Wheat Improvement Centre (CIMMYT)	IOTH
US FSF	Bilateral	Hariyo Ban (Green Forests) Programme	Not marked	B	Forest and Biodiversity	29947097	2011	9000000	2011	WWF in sub-partnership with CARE, NTNC and FECOFUN	INGO
ADB	Multilateral	School Sector Programme	1	NR	Multi-Sector	65500000	2011	*IM	*IM	Ministry of Education	RGN
ADB	Multilateral	Kathmandu Valley Water Supply Improvement Project	1	NR	Water supply and other municipal infrastructure and services	80000000	2011	*IM	*IM	Kathmandu valley water supply management board	RGS
ADB	Multilateral	Support for Targeted and Sustainable Development Programmes for Highly Marginalized Groups	1	NR	Multi-Sector	*IM	2011	*IM	*IM	Ministry of Local Development	RGN
ADB	Multilateral	Second Small Towns Water Supply and Sanitation Sector Project	1	NR	Water supply and other municipal infrastructure and services	45100000	2009	*IM	*IM	Department of Water Supply and Sewerage	RGN
ADB	Multilateral	High Mountain Agribusiness and Livelihood Improvement (HIMAL) Project	1	A	Agriculture and Food Security	20000000	2011	3660921	2013	Federation of Nepalese Chambers of Commerce and Industry	RPRIV
ADB	Multilateral	TA - High Mountain Agribusiness and Livelihood Improvement (HIMAL) Project	1	A	Agriculture and Food Security	1510000	2009	1013669	2013	Federation of Nepalese Chambers of Commerce and Industry	RPRIV

ADB	Multilateral	Water Resources Project Preparatory Facility	1	DA-A	Agriculture and natural resources	11000000	2012	*IM	*IM	Ministry of Irrigation	RGN
UNDP	Multilateral	Comprehensive Disaster Risk Management Programme (CDRMP)	Not marked	DA-A	Disaster Risk Management	2706758.72	2011	*IM	*IM	UNDP	MULT
UNDP	Multilateral	Disaster Risk Management Programme	Not marked	DA-A	Environmental policy and administrative management	2879439	2011	2706759	2011	UNDP (Direct Execution)	MULT
UNDP	Multilateral	Disaster Risk Reduction at the National Level- Nepal II	Not marked	DA-A	Disaster Risk Reduction	749272	2009	749225	2012	*IM	RGN
UNDP	Multilateral	Disaster Risk Reduction	Not marked	DA-A	Environmental policy and administrative management	76301	2011	74460	2011	UNDP (Direct Execution)	MULT
UNDP	Multilateral	Enhancing capacities for climate change & disaster	Not marked	A	Climate Induced Disaster	103890	2010	241385	2012	FAO	MULT
UNDP	Multilateral	Capacity for Climate Change	Not marked	A	Agriculture and Food Security	41415	2011	41415	2011	UNDP (Direct Execution)	MULT
UNDP	Multilateral	Koshi Early Recovery Project (KERP)	Not marked	DA-A	Disaster Relief	490598	2009	490598	2012	UNDP	MULT
UNDP	Multilateral	Koshi Early Recovery Project	Not marked	DA-A	Environmental policy and administrative management	45000	2011	44122	2011	UNDP (Direct Execution)	MULT
UNDP	Multilateral	Action Plan to Climate Change	Not marked	A	Multi-Sector	170122	2011	152146	2011	MoSTE	RGN
UNHABITAT	Multilateral	Cities and Climate Change Initiatives	Not marked	A	Urban Settlement and Infrastructure	26000	2009	9441	2011	*IM	MULT
Australia	Bilateral	TEAR Australia ANCP Partnership	1	DA-A	Multi-Sector	419920.553	2011	309533.636	2011	NGOs and civil society	DNGO
Australia	Bilateral	WFP Disaster Management Exercise Capability	1	DA-A	Disaster Prevention & Preparedness	309533.636	2011	125139.0434	2011	Multilateral Organisations	MULT
Austria	Bilateral	NGO/EU co-finance: Disaster prevention programme in rural areas in Western Nepal for marginalized groups	2	A	Climate Induced Disaster	*IM	2010	14344.37086	2010	CARE Österreich	DNGO
Austria	Bilateral	NGO/EU co-finance: SAMRAKSHAN - community based disaster prevention and preparedness, Western Nepal	2	A	Climate Induced Disaster	73971.07898	2011	7855.951057	2011	CARE Österreich	DNGO
Austria	Bilateral	NGO/EU co-finance: Disaster prevention programme in rural areas in Western Nepal for marginalized groups	2	A	Climate Induced Disaster	*IM	2011	139914.9317	2011	CARE Österreich	DNGO
Belgium	Bilateral	Appui logistique à l'enseignement et l'agriculture, renforcement de capacité de la société civile dans le Kaliki districte	1	DA-A	Agriculture	*IM	2010	343009.2715	2010	Indirect Belgium general/not specified	DOTH
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	Industry	387944.0885	2010	46243.44787	2010	USC Canada	DNGO

Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	General Environment Protection	484925.2572	2010	57804.30984	2010	USC Canada	DNGO
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	Agriculture	872869.3458	2010	104057.4646	2010	USC Canada	DNGO
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	Multi-Sector	193972.0443	2010	23121.72394	2010	USC Canada	DNGO
Canada	Bilateral	Forest and Water Management for Mitigating the effects of Climate Change in the Middle Hills, Nepal	1	A	Multi-Sector	*IM	2011	6321	2011	ISET - Nepal	RNGO
Denmark	Bilateral	*IM	1	DNA	Disaster Prevention & Preparedness	101190.3963	2010	101190.3963	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Disaster Prevention & Preparedness	340414.193	2010	340414.193	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Forestry	170395.7416	2010	170395.7416	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Basic Health	741421.0538	2010	741421.0538	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Unallocated / Unspecified	233173.1189	2010	233173.1189	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Agriculture	84084.11541	2010	84084.11541	2010	*IM	DNGO
Denmark	Bilateral	*IM	1	DNA	Unallocated / Unspecified	4442.580668	2010	4442.580668	2010	*IM	DNGO
Denmark	Bilateral	*IM	1	DNA	Trade Policies & Regulations	63140.80899	2010	63140.80899	2010	*IM	DNGO
Denmark	Bilateral	*IM	1	DNA	Government & Civil Society - general	349759.6784	2010	349759.6784	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Unallocated / Unspecified	46362.64897	2010	46362.64897	2010	*IM	DNGO
Denmark	Bilateral	*IM	1	DNA	Unallocated / Unspecified	39220.84742	2010	39220.84742	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Government & Civil Society - general	1595179.549	2010	1595179.549	2010	*IM	DNGO
Denmark	Bilateral	*IM	1	DNA	Agriculture	174879.8392	2010	174879.8392	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Multi-Sector	174879.8392	2010	174879.8392	2010	*IM	RNGO
Denmark	Bilateral	*IM	1	DNA	Multi-Sector	170395.7416	2010	170395.7416	2010	*IM	RNGO
Denmark	Bilateral	A Step Closer: Supporting development in the Karnali Zone	1	NR	General Environment Protection	*IM	2011	837197.93	2011	Skovdyrkerforeningen	DPRIV

EU	Bilateral	Strengthening the role of Non State Actors on Climate Change policy formulation in South Asia and enhancing their capacities to influence global climate change negotiations	2	B	Capacity Building	215280	2011	2011	*IM	2011	NATIONAL NGOs	INGO
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2010	2010	88211.92053	2010	*IM	RGN
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2010	2010	47562.91391	2010	*IM	*IM
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2010	2010	60774.83444	2010	*IM	*IM
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2010	2010	54429.13907	2010	*IM	RGN
EU	Bilateral	*IM	1	NR	Energy	*IM	2010	2010	51619.86755	2010	*IM	*IM
EU	Bilateral	Contribution to the Preparation of the Nepal Agricultural Development Strategy	1	NR	Agriculture	*IM	2011	2011	685792.9922	2011	Other	*IM
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2011	2011	38092.32481	2011	Public sector (donor, recipient, other)	RGN
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2011	2011	33286.98554	2011	Public sector (donor, recipient, other)	RGN
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2011	2011	42533.37041	2011	OTHER	*IM
EU	Bilateral	Renewable energy project	1	NR	Energy	*IM	2011	2011	*IM	2011	OTHER	*IM
EU	Bilateral	VSBK Vertical Shaft Brick Kilns and other SCP Sustainable Construction Practices	2	M	General Environment Protection	*IM	2011	2011	727364.1824	2011	International NGOs	INGO
EU	Bilateral	Supply of Computer and Office Equipment	1	M	Energy	*IM	2011	2011	61735.2614	2011	Other	*IM
Finland	Bilateral	Regional Solid Waste Management Project in Nepal	1	NR	Water Supply & Sanitation	*IM	2010	2010	496668.3709	2010	Other	*IM
Finland	Bilateral	Project preparation in Nepal	1	NR	Unallocated / Unspecified	205298.0132	2010	2010	132132.1325	2010	Other	*IM
Finland	Bilateral	Strengthening of Environmental Administration in Nepal	1	DA-A	General Environment Protection	682668.2425	2011	2011	121572.3721	2011	Governments	ROTH
Finland	Bilateral	Project preparation in Nepal	1	NR	Unallocated / Unspecified	262381.8131	2011	2011	103124.0522	2011	Other	*IM
Finland	Bilateral	Increased Capacity of Hydro meteorological Services IC+project	2	A	Climate Induced Disaster	645245	2010	2010	691592	2010	Other, Finnish Meteorological Institute	DGO
Finland	Bilateral	Sanitation and Water for all in the context of Climate Change in Nepal	1	DA-A	Water Supply & Sanitation	12980132.45	2010	2010	*IM	2010	UNICEF	MULT
Finland	Bilateral	Integrating Sexual and Reproductive Health and Biodiversity	1	DA-A	General Environment Protection	1324417.219	2010	2010	*IM	2010	Finnish NGO, Maailman Luonnon Säätiö, WWF Suomen Raha	DNGO
Finland	Bilateral	NGO Support / Integrated river basin management at Koshi River	2	A	Multi-Sector	*IM	2010	2010	308388.0795	2010	Finnish NGO, Maailman Luonnon Säätiö WWF Finland	DNGO

Finland	Bilateral	Forest Resource Assessment in Nepal	1	B	Forest and Biodiversity	869860.9566	2011	*IM	2011	Other	Not Specified
Finland	Bilateral	NGO Support / Participatory development of livelihoods, natural resource management	1	B	Forest and Biodiversity	*IM	2011	1189752.739	2011	Finnish NGO, Maailman Luonnon Säätiö WWF Finland	DNGO
Finland	Bilateral	NGO Support / Reducing poverty in Nepal, through innovative and equitable carbon fin	1	M	General Environment Protection	874723.1788	2010	225165.5629	2010	Finnish NGO, Maailman Luonnon Säätiö WWF Finland	DNGO
Germany	Bilateral	Dialogue with Business about Poverty Reduction and Climate Change	1	B	Multi-Sector	4565.56	2010	4565.56	2010	Public sector institutions	RPRIV
Germany	Bilateral	Local initiative for Food Security Transformation (LIFT)	1	DA-A	Multi-Sector	688741.72	2010	101986.75	2010	Donor country-based NGO	DNGO
Germany	Bilateral	Integrated rural development and nature conservation, Nepal	1	DA-A	Multi-Sector	643944.66	2011	5548.22	2011	Donor country-based NGO	DNGO
Germany	Bilateral	Initiating and Supporting a Process towards Implementation of the Human Right to Food in Nepal	1	DA-A	Government & Civil Society-general	625695.22	2011	1675791.3	2011	Donor country-based NGO	DNGO
Germany	Bilateral	Sub National Governance	1	NR	Government & Civil Society-general	13908124.3	2011	40155.38	2011	GIZ	DGN
Germany	Bilateral	Promoting Independent Media	1	NR	Government & Civil Society-general	40155.38	2011	2144751.4	2011	GIZ	DGN
Germany	Bilateral	Increasing climate change resilience of vulnerable communities in Humla and Jumla districts, Nepal	2	A	Agriculture and Food Security	264746.94	2011	199385.0667	2011	International NGO	INGO
Germany	Bilateral	Ecosystem Based Adaptation in Mountain Ecosystems	2	A	Multi-Sector	3372637	2011	690000	2011	UNDP, UNEP, IUCN	MULT
Germany	Bilateral	Management and Leadership Training for Mountain Development - Support to ongoing Reform Processes in the Himalaya - Hindukush - Pamir	1	NR	Multi-Sector	837197.93	2011	81896.75	2011	GIZ	DGN
Germany	Bilateral	Health Sector Support Programme	1	NR	Basic Health	*IM	2011	1738.15	2011	GIZ	DGN
Germany	Bilateral	Rural development	1	NR	Multi-Sector	1738.15	2011	2143.63	2011	GIZ	DGN
Germany	Bilateral	Management and Leadership Training for Mountain Development - Support to ongoing Reform Processes in the Himalaya - Hindukush - Pamir	1	NR	Government & Civil Society-general	2677.68	2011	161290.32	2011	GIZ	DGN
Germany	Bilateral	Biomass	1	M	Energy	81896.75	2011	111227.75	2011	GIZ	DGN
Germany	Bilateral	Biomass	1	M	Energy	4938.04	2011	*IM	2011	GIZ	DGN
Italy	Bilateral	Community-based land and forest management in the Sagarmatha National Park	2	DA-A	General Environment Protection	199385.0667	2011	86536.05967	2011	Cesvi	DNGO

Japan	Bilateral	Forest Preservation Programme	2	B	Forest and Biodiversity	6836780.97	2010	6836780.97	2010	Ministry of Foreign Affairs	RGN
Korea	Bilateral	Climate Change and Disaster Prevention	2	A	Climate Induced Disaster	10852	2010	10852	2010	KOICA	DGN
Korea	Bilateral	Analysis of COMS Data	2	NR	Post-Secondary Education	13444	2010	13444	2010	KOICA	DGN
Korea	Bilateral	Eco-village Planning and Maintenance	1	NR	Health, General	9100	2010	9100	2010	KOICA	DGN
Korea	Bilateral	Master's Programmes for International Students	1	NR	Post-Secondary Education	6321	2011	419920.553	2011	KDI School of Public Policy and Management	DOTH
Norway	Bilateral	Disaster Risk Reduction – Nepal	1	DA-A	Disaster Prevention & Preparedness	11580.77591	2010	11580.77591	2010	Redd Barna Norge	DNGO
Norway	Bilateral	Disaster Risk Reduction – Nepal	1	DA-A	Disaster Prevention & Preparedness	86536.05967	2011	349644.0424	2011	Redd Barna Norge	DNGO
Norway	Bilateral	UF - Water management	1	NR	General Environment Protection	*IM	2010	93455.86897	2010	EMIS - Environmental Movements in the South	INGO
Norway	Bilateral	Fredskorpset personnel exchange	1	NR	Communications	56745.80197	2010	56745.80197	2010	Framtiden i våre hender	DNGO
Norway	Bilateral	Gender and Women's Rights - Empowerment and livelihood	1	DA-A	Agriculture	349644.0424	2011	-9642.43657	2011	FORUT - Solidaritetsaksjon for utvikling	DNGO
Norway	Bilateral	Peace Corps, FK Norway, personnel exchange	2	NR	Communications	*IM	2011	9713.449666	2011	Framtiden i våre hender	DNGO
Norway	Bilateral	Peace Corps, FK Norway, personnel exchange	1	NR	Agriculture	*IM	2011	130392.8916	2011	Utviklingsfondet	DNGO
Norway	Bilateral	Peace Corps, FK Norway, personnel exchange	1	NR	Agriculture	130392.8916	2011	*IM	2011	Utviklingsfondet	DNGO
Switzerland	Bilateral	River Protection Works in East Chitwan	2	A	Climate Induced Disaster	2254283.138	2011	1108327.322	2011	*IM	RNGO
Switzerland	Bilateral	SSMP Sustainable Soil Management	1	DA-A	Agriculture	47952.43119	2010	*IM	2010	CGIAR	IOTH
Switzerland	Bilateral	SSMP Sustainable Soil Management	1	NR	Agriculture	*IM	2010	1483447.78	2010	Inter cooperation	DNGO
Switzerland	Bilateral	SSMP Sustainable Soil Management	1	DA-A	Agriculture	6713340.366	2010	959048.6238	2010	Inter cooperation	DNGO
Switzerland	Bilateral	SSMP Sustainable Soil Management	1	NR	Agriculture	*IM	2011	33969.91023	2011	*IM	*IM
Switzerland	Bilateral	Vegetable Seed Project	1	NR	Agriculture	*IM	2010	307284.9333	2010	Centre for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED)	RNGO
Switzerland	Bilateral	Vegetable Seed Project	1	DA-A	Agriculture	2263354.752	2010	287714.5871	2010	CEAPRED	RNGO

Switzerland	Bilateral	Vegetable Seed Project	1	NR	Agriculture	*IM	2011	578841.2985	2011	*IM	*IM
Switzerland	Bilateral	Vegetable Seed Project	1	NR	Agriculture	*IM	2011	901713.2552	2011	*IM	*IM
Switzerland	Bilateral	NARC/CIMMYT Hill Maize Project	1	NR	Agriculture	3884146.926	2010	474729.0688	2010	CGIAR	IOTH
Switzerland	Bilateral	NARC/CIMMYT Hill Maize Project	1	NR	Agriculture	*IM	2010	300227.2945	2010	CGIAR	IOTH
Switzerland	Bilateral	NSCFP N-S Community Forestry Project	1	NR	Forestry	*IM	2010	1476934.881	2010	Inter cooperation	DNGO
Switzerland	Bilateral	Coordination Office Kathmandu	1	NR	Unallocated / Unspecified	*IM	2010	893780.5697	2010	*IM	*IM
Switzerland	Bilateral	Home garden Project	1	NR	Agriculture	*IM	2010	220705.8598	2010	LI-BIRD	RNGO
Switzerland	Bilateral	Small Actions South Asia	1	NR	Agriculture	*IM	2010	75951.85576	2010	*IM	*IM
Switzerland	Bilateral	Power Plant Extension SCECO	1	NR	Multi-Sector	563570.7845	2011	681920.6492	2011	*IM	*IM
United Kingdom	Bilateral	Multilateral Organisation for Support to Climate Change Programme	2	A	Capacity Building	*IM	2010	509652.5097	2010	UNDP	MULT
United Kingdom	Bilateral	Support to Climate Change Unit	2	A	Capacity Building	376362.6162	2011	86258.76884	2011	Third Country Government (Delegated co-operation)	RGN
United Kingdom	Bilateral	Consultancies Climate Change	2	A	Capacity Building	*IM	2010	155673.5907	2010	Other.	Not Specified
United Kingdom	Bilateral	Procurement of Goods for Agricultural Perspective Plan Support Programme	1	NR	Agriculture	*IM	2010	179.2895753	2010	Other.	*IM
United Kingdom	Bilateral	Non Budget Support Rural Reconstruction & Rehabilitation Sector Development Programme	1	NR	Transport & Storage	*IM	2010	248239.6139	2010	Other.	*IM
United Kingdom	Bilateral	SDC Agriculture	1	NR	Multi-Sector	*IM	2010	1544401.544	2010	OTHER	*IM
United Kingdom	Bilateral	Construction of Rural Bridges - Programme Capital	1	NR	Multi-Sector	*IM	2010	1361239.552	2010	Other.	*IM
United Kingdom	Bilateral	Rural Access Programme - Capital	1	NR	Multi-Sector	*IM	2010	14012704.9	2010	Other.	*IM
United Kingdom	Bilateral	Consultancies Rural Reconstruction & Rehabilitation Sector Development Programme	1	NR	Transport & Storage	*IM	2010	10031.13514	2010	Other.	*IM
United Kingdom	Bilateral	Consultancies Rural Access Programme Phase II	1	NR	Transport & Storage	14853780.8	2010	1984151.398	2010	Other.	*IM
United Kingdom	Bilateral	Global Climate Generation	2	A	Multi-Sector	201601.4672	2010	201601.4672	2010	Donor Government	DGN
United Kingdom	Bilateral	Risk Consortium Support	2	NR	Disaster Risk Management and Earthquake	16030.7791	2011	6799.855723	2011	Other.	Not Specified
United Kingdom	Bilateral	UN Secondment to coordinate Nepal Risk Reduction Consortium	2	NR	Disaster Risk Management and Earthquake	124047.7076	2011	37600.94582	2011	Other.	Not Specified
United Kingdom	Bilateral	Support to Build Earthquake Resilience in Nepal - Design Costs	2	NR	Disaster Risk Management and Earthquake	56075.66528	2011	3850895.495	2011	Other.	Not Specified

United Kingdom	Bilateral	Climate Change Conference in Dakar	2	NR	Capacity Building	843.9083039	2011	1727046.621	2011	Non-governmental organisations (NGOs) and civil society	RNGO
United Kingdom	Bilateral	Strategic Partnership Agreement With HELVETAS Nepal	1	NR	Transport & Storage	*IM	2010	5011583.012	2010	Non-governmental organisations (NGOs) and civil society	INGO
United Kingdom	Bilateral	DFID Nepal - Strategic Programme Review	2	NR	Transport & Storage	12023.08432	2011	1227505.835	2011	Other.	*IM
United Kingdom	Bilateral	Construction of Rural Bridges -Programme Capital	1	NR	Multi-Sector	*IM	2011	34198.66945	2011	Other.	*IM
United Kingdom	Bilateral	Consultancies & Project Expenses Rural Access Programme Phase II	1	NR	Transport & Storage	*IM	2011	376362.6162	2011	Other.	*IM
United Kingdom	Bilateral	Impact Evaluation and Research	1	NR	Transport & Storage	508185.2677	2011	8070575.665	2011	Other.	*IM
United Kingdom	Bilateral	Rural Access Programme - Capital	1	NR	Multi-Sector	12810530.91	2011	743344.0205	2011	IMC Worldwide Ltd	IPRIV
United Kingdom	Bilateral	Consultancies Rural Reconstruction & Rehabilitation Sector Development Programme	1	NR	Transport & Storage	*IM	2011	672640.3655	2011	Other.	*IM
United Kingdom	Bilateral	Non Budget Support Rural Reconstruction & Rehabilitation Sector Development Programme	1	NR	Transport & Storage	*IM	2011	843.9083039	2011	Other.	*IM
United Kingdom	Bilateral	Research into long term impacts of development in the Koshi hills of Nepal	1	DA-A	Multi-Sector	419669.766	2011	104427.9416	2011	Other	Not Specified
United States	Bilateral	Initiative for Climate Change Adaptation	Not marked	A	Multi-Sector	2000000	2012	750000	2012	MoSTE	RGN
Multi Country Projects											
US FSF	Bilateral	Environmental Security and Glacial Melt	Not marked	A	Climate Induced Disaster	6000000	2011	*IM	*IM	University of Colorado	DOTH
US FSF	Bilateral	Adaptation in Asia	Not marked	A	Multi-Sector	1900000	2011	*IM	*IM	*IM	Not Specified
US FSF	Bilateral	Food assistance programmes	Not marked	NR	Food security	12000000	2010	*IM	*IM	*IM	*IM
Australia	Bilateral	South Asia Water Initiative - Climate Change and Water	Not marked	A	Water Security	101276	2012	101276	2012	AusAid	DGN
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	Agriculture	*IM	2011	35870.99383	2011	USC Canada	DNGO
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	Multi-Sector	*IM	2011	89677.48458	2011	USC Canada	DNGO
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	General Environment Protection	*IM	2011	71741.98767	2011	USC Canada	DNGO
Canada	Bilateral	USC Canada - Programme 2010-2015 / USC Canada - Programme 2010-2015	1	DA-A	Industry	*IM	2011	1546.860783	2011	USC Canada	DNGO
Canada	Bilateral	Publication and Dissemination Support : Adaptation to Climate Change in South Asia	1	A	Research and Publication	*IM	2011	424820.5439	2011	ISET-Nepal	RNGO

EU	Bilateral	2009-2010 Global Programme On Agricultural Research For Development (ARD)	2	A	Dev. Food Aid/ Food Security Ass.	27800000	2011	691660.178	2011	International NGOs	INGO
EU	Bilateral	Sustainable & Efficient Industrial Development (SEID) Bhutan and Nepal	1	M	Industry	*IM	2011	36126.25139	2011	International NGOs	INGO
Finland	Bilateral	Capacity building of forest inventory methods and techniques in Nepal and Vietnam	1	B	Forestry	294559.2325	2011	254118.7848	2011	Other, institutions	IOTH
Germany	Bilateral	Capacity Building for sustainable urban development in Asia - City Development Initiative for Asia (CDIA)	1	B	Multi-Sector	5548.22	2011	4938.04	2011	GIZ	DGN
Norway	Bilateral	PRIO-BIPSS collaboration on Water scarcity in Bangladesh & South Asia	1	DA-A	Water Supply & Sanitation	988179.3366	2011	165439.6559	2011	University, college or other teaching institution, research institute or think-tank	INGO
Norway	Bilateral	Peace Corps, FK Norway, personnel exchange	2	M	General Environment Protection	9713.449666	2011	19172.6439	2011	Clean Air Initiative for Asian Cities	INGO
Norway	Bilateral	PRIO-BIPSS collaboration on Water scarcity in Bangladesh & South Asia	1	DA-A	Water Supply & Sanitation	*IM	2011	267637.2979	2011	PRIO - International Peace Research Institute, Oslo	DNGO
Norway	Bilateral	WB SAWI (South Asia Water Initiative)	1	DA-A	Water Supply & Sanitation	3013643	2011	1070549.192	2011	World Bank	MULT
Sweden	Bilateral	Climate financing and aid effectiveness	2	A	General Environment Protection	104134.8477	2011	104134.8477	2011	UNDP	MULT

*IM=Information Missing
Sources of data: ADB, AMP-GoN, CFU, ICIMOD, CRS 2010, CRS 2011, DCR 2011/12, GCCA Website, IATI, ODI-WRI, Oxfam Nepal, UNDP Website, World Bank Website

Annex II: Criteria used for further analyzing adaptation relevance of the project that was Rio marked

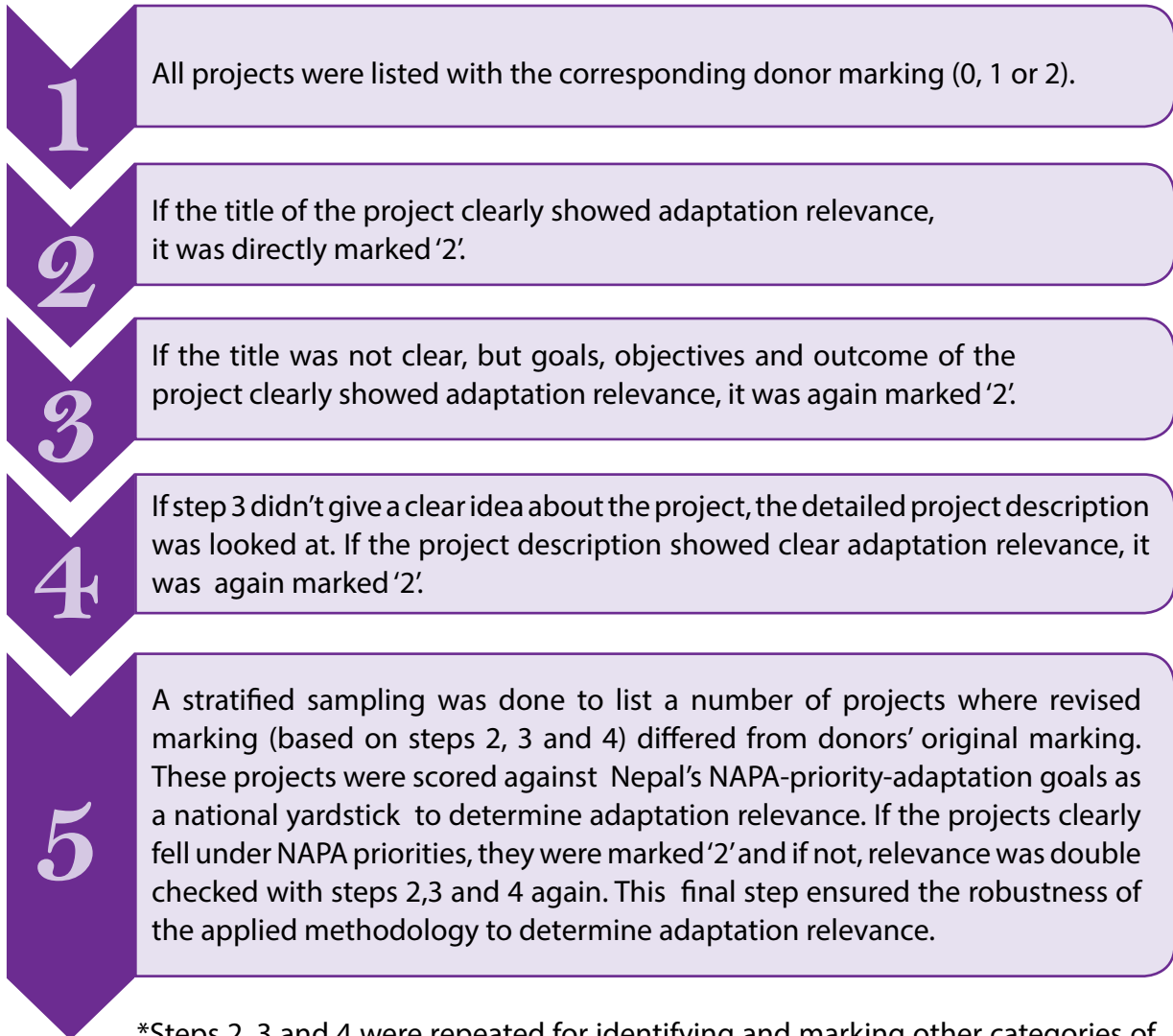
As a standard, following definitions have been used throughout the study as a basis for separating adaptation from mitigation projects. Those projects which fit into both of these definitions have been marked 'Both Adaptation and Mitigation' while those falling into none of these definitions have been marked 'Non-climate change relevant' projects.

Adaptation: "Adjustment in natural or human systems in response to actual or expected climatic stimuli or their effects, which moderates harm or exploits beneficial opportunities" (IPCC, 2001).

Mitigation: "An anthropogenic intervention to reduce the sources or enhance the sinks of greenhouse gases" (IPCC, 2001).

Project Type	Definition		Part of the project documentation that validates the definition1	Yes (√) or No (×)	Relevance/Marking (corresponding to Rio Marking definition)
A (Pure adaptation)	Meets IPCC 2001 definition of adaptation	√	Title of the project clearly shows adaptation relevance	√	2
			Goals, objectives and outcome clearly show adaptation relevance	√	2
			Description of the project clearly shows adaptation relevance	√	2
			The project clearly meets the NAPA's priority adaptation goals (a national yardstick)	√	2
DA-AR (development assistance projects with some activities contributing towards climate change adaptation)	Some activities meet IPCC 2001 definition of adaptation	√	The project is not explicitly climate change relevant but has some activities in the project documentation which meet the IPCC definition of adaptation	√	1
M (Mitigation)	Meets IPCC 2001 definition of mitigation	√	Title, goals, objectives, outcome or description of the project show mitigation relevance	√	1 or 2 (the categorization of mitigation projects into 1 or 2 is beyond the scope of this study)
B (both adaptation and mitigation)	Meets IPCC 2001 definition of both adaptation and mitigation	√	The project has only some components of both adaptation and mitigation according to the definition, but not as the primary goal or objective of the project.	√	1
NR (climate change not relevant with no adaptation and mitigation activities)	Meets IPCC 2001 definition of adaptation or mitigation	×	The project has no single adaptation or mitigation activity that satisfies the IPCC definition	√	0

Step by step process undertaken to classify the adaptation projects*:



*Steps 2, 3 and 4 were repeated for identifying and marking other categories of projects (M, DA-AR, B and NR) in a similar way.

Annex III: Year wise commitment and disbursement of adaptation fund from 2009 to 2012

Year	Type	Adaptation finance (in USD)
2009	Commitment	47875870
	Disbursement	0
2010	Commitment	80401427
	Disbursement	46058612
2011	Commitment	375784610
	Disbursement	44814237
2012	Commitment	34181897
	Disbursement	3428111
Total	Commitment	538243804
	Disbursement	94300960

Annex IV: List of Interviewees

S. No.	Name	Organisation
1	Dr. Sabita Thapa	Department of International Development (DfID)
2	Ms. Anupa Lamichhane and Ms. Shanti Karanjit	United National Development Programme (UNDP)
3	Mr. Arjun Kumar Thapa	Ministry of Science, Technology and Environment (MoSTE)
4	Mr. Sury Bahadur Singh	Asian Development Bank (ADB)
5	Mr. Anil Pokhrel and Ms. Stephanie Borsboom	World Bank
6	Ms. Moon Shrestha	Ecosystem Based Adaptation in Mountain Ecosystem Project
7	Ms. Anupa Pant	International Financial Corporation (IFC)
8	Mr. Akhanda Sharma	Ministry of Science, Technology and Environment (MoSTE)
9	Mr. Shib Nandan Prasad Shah	Ministry of Agriculture Development
10	Dr. Rishi Ram Sharma	Department of Hydrology and Meteorology (DHM)
11	Dr. Jagannath Joshi	Department of Soil Conservation and Watershed Management (DSCWM)
12	Mr. Batu K Uprety	Individual Expert and Former Joint Secretary, MoSTE

Annex V: Questionnaire

A. Budget

- 1 What is the total budget of the project?
- 2 Verify the total pledge supported amount for adaptation work, if given.

B. Financing related questions

- 1 What is the priority of the climate change project? What are the areas covered?
- 2 What is the funding for climate change adaptation or mitigation (or both)?
- 3 Is the support loan or grant (or both)? If loan what is the interest rate?
- 4 Is the support additional to ODA?

C. Governance and Structure

- 1 How is the money channeled into the country? What are the institutions through which the funding is flowing? Bilateral or multilateral, or both?
- 2 Who are the implementing institutions – government, private or NGOs? Are there coordination systems in place? If so, how do they work?
- 3 How is the project linked to other adaptation projects?
- 4 Views on governance and structural set up: how decentralized is it?
- 5 How is the funding channeled to the local level, how do the communities benefit? Do they participate in funding disbursement decisions?

- 6 The government policy says 80 per cent of the funds should go to the local level. Is this possible in your project? If yes, how and if not, why?
- 7 Is the project in line with Nepal government's climate change policy? Or NAPA priority themes?
- 8 What would be the ideal structural set-up in implementing climate adaptation projects?
- 9 What are the main challenges of the current structure for implementing adaptation projects?
- 10 Are there any other funding structures you see more appropriate e.g. Global Fund in Nepal, Poverty Alleviation Fund (PAF), etc.?
- 11 What is the monitoring mechanism in the funded project?
- 12 How do you ensure transparency and accountability in the project?
- 13 How is gender issue addressed in the funded project?

D. Enhancing the capacity of the government

- 1 How is the project building the capacity of the government – local to national?
- 2 Is the project helping build new institutions or structure in implementing adaptation actions?

Annex VI: Examples of climate adaptation recipient types in Nepal

Recipient types		Examples of Recipients
MULT	Multilateral	World Bank, ADB, UNDP, IFC, FAO, UNEP, etc.
RGN	Recipient Government National	National government agencies such as Department of Soil Conservation and Watershed Management, Ministry of Science, Technology and Environment, etc.
RGS	Recipient Government Sub-National	Kathmandu Valley Water Supply Management Board
RNGO	Recipient NGO	Institute for Social and Environmental Transition (ISET) – Nepal, Local Initiative for Biodiversity, Research and Development (LI-BIRD), Centre for Environmental and Agricultural Policy Research, Extension and Development (CEAPRED), etc.
RPRIV	Recipient Private	Federation of Nepalese Chambers of Commerce and Industry (FNCCI)
ROTH	Recipient Other	-
DGN	Donor Government National	KOICA, GIZ, AusAid, etc.
DGO	Donor Government Other	Finnish Meteorological Institute
DNGO	Donor NGO	CARE Österreich, USC Canada, ReddBarnaNorge, WWF SuomenRaha, Cesvi, etc.
DPRIV	Donor Private	Skovdyrkerforeningen
DOTH	Donor Other	KDI School of Public Policy and Management, University of Colorado, etc.
INGO	International NGO	The Mountain Institute, Clean Air Initiative for Asian Cities, etc.
IPRIV	International Private	IMC Worldwide Ltd
IOTH	International Other	International Maize and Wheat Improvement Centre (CIMMYT), CGIAR, etc.
UNSP	Unspecified	Unspecified

Bibliography

- AMP-GoN. Aid Management Platform, Ministry of Finance, Government of Nepal. [online] Available at: <<http://portal.mof.gov.np/>> [Accessed 28 January, 2014].
- Ballesteros, A. and Moncel, R., 2010. Additionality of Climate Finance. World Resources Institute.
- Bird, N., 2011. The future for climate finance in Nepal. Overseas Development Institute.
- Caruso, R. and Ellis, J., 2013. Comparing different definitions and methods to estimate mobilised climate finance. Organisation for Economic Cooperation and Development (OECD) and International Energy Agency (IEA).
- Clapp, C., Ellis, J., Benn, J. and Corfee-Morlot, J., 2012. Tracking Climate Finance: What and How? Organisation for Economic Cooperation and Development (OECD) and International Energy Agency (IEA).
- Climate and Development Knowledge Network (CDKN), 2012. Economic Impact Assessment of Climate Change in Key Sectors in Nepal. Study Inception Report.
- Climate Investment Funds (CIF). [news online] Available at: <<https://www.climateinvestmentfunds.org/cifnet/?q=country/nepal>> [Accessed 27 January 2014]
- CPI, 2011. The landscape of climate finance - A Climate Policy Initiative Report.
- Creditor Reporting System (CRS), 2010. Organisation for Economic Co-operation and Development.
- Creditor Reporting System (CRS), 2011. Organisation for Economic Co-operation and Development.
- Development Cooperation Report (DCR 2011/12). International Economic Cooperation Coordination Division, Ministry of Finance, Government of Nepal.
- Devkota, D. and Pantha, R., 2009. Lessons from the PPCR Process, National Planning Commission and Ministry of Environment (Power point presentation, October 26-27, Washington DC).
- DfID, 2011. Joint EU and DFID Broad Programme Framework, 'Nepal Climate Change Support Programme: Building Climate Resilience in Nepal'.
- GCCA. [news online] Available at: <<http://www.gcca.eu/national-programmes/asia/gcca-nepal-climate-change-support-programme>> [Accessed 27 January 2014]
- GEFa. [news online] Available at: <http://www.thegef.org/gef/project_detail?projID=5203> [Accessed 27 January 2014]

- GEFb. [news online] Available at: <http://www.thegef.org/gef/project_detail?projID=4551> [Accessed 27 January 2014]
- GEFc. [news online] Available at: <http://www.thegef.org/gef/project_detail?projID=5111> [Accessed 27 January 2014]
- Government of Nepal (GoN), 2011. National Framework on Local Adaptation Plans for Action. Ministry of Science, Technology and Environment.
- IPCC, 2001. Third Assessment Report. Climate Change 2001: Working Group II: Impacts, Adaptation and Vulnerability.
- Khanal, M., 2011. Strategic Program for Climate Resilience (SPCR), Ministry of Science, Technology and Environment, Government of Nepal (Power point presentation, June 29).
- Ministry of Environment (MoE), 2010. National Adaptation Programme of Action to Climate Change. Kathmandu. Nepal
- Ministry of Environment (MoE), 2011. Climate Change Policy, 2011. Government of Nepal. Kathmandu. Nepal
- Ministry of Science, Technology and Environment (MoSTE), 2012. Project Document Nepal Climate Change Support Programme: Building Climate Resilience in Nepal.
- Nakhooda, S., Fransen, T., Kuramochi, T., Caravani, A., Prizzon, A., Shimizu, N., Tilley, H., Halimanjaya, A. and Welham, B., 2013. Mobilising International Climate Finance: Lessons from the Fast-Start Finance Period. Overseas Development Institute, World Resources Institute and iGES.
- Organisation for Economic Co-operation and Development (OECD), 2011. Handbook on the OECD-DAC Climate Markers.
- Overseas Development Institute (ODI). AFAl International Adaptation Flow Mapping Guidelines.
- Oxfam International, 2009. Even the Himalayas have Stopped Smiling: Climate Change, Poverty and Adaptation in Nepal.
- Pant, A., 2013. PPCR Pilot Country Meetings (Power point presentation, May 3, Washington DC)
- Practical Action. Promoting adaptation to climate change in Nepal - A briefing for government advisors and development practitioners. [pdf online] Available at: < <http://practicalaction.org/media/download/5754>> [Accessed 8 February, 2014]
- Rupantaran. [news online] Available at: < [http://www.rupantaran.org.np/news_details/220/Nepal+Climate+Change+Support+Programme-Startup-Phase+\(NCCSP\).html](http://www.rupantaran.org.np/news_details/220/Nepal+Climate+Change+Support+Programme-Startup-Phase+(NCCSP).html)> [Accessed 27 January, 2014].
- UNFCCC, 2011. Decision 1/CP.16. Report of the Conference of the Parties on its sixteenth session, held in Cancun from 29 November to 10 December 2010, Addendum, Part Two: Action taken by the Conference of the Parties at its sixteenth session. FCCC/CP/2010/7/Add.1
- Wiseman, K. and Chhetri, R., 2011. Governance of Climate Change Adaptation Finance in Nepal, OxfamNepal.
- World Bank (WB), 2012. "Project Appraisal Document", Sustainable Development Department Nepal, Country Management Unit, South Asia Region.
- World Bank (WB), 2010. Aid Memoire, Nepal: Pilot Program for Climate Resilience (PPCR). World Bank/ADB/IFC Joint Mission.



Cover Photo: Conservation pond, Nawalparasi, Nepal
Source: Oxfam archive

This conservation pond was constructed to enhance adaptive capacity of farmers to adopt to water shortage in the community.



OXFAM

**OXFAM
COUNTRY OFFICE, NEPAL**

Jawalakhel – 20, Lalitpur
G.P.O. Box; 2500, Kathmandu, Nepal
TEL: +977-1-5530574, 5542881, 5544308
EMAIL: oxnepal@oxfam.org.uk
WEBSITE: www.oxfam.org.uk, www.oxfam.org