Mapping Actions and Outcomes of Climate Finance Projects in Nepal

TRANSPARENCY INTERNATIONAL NEPAL
coalition against corruption

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Report : Mapping Actions and Outcomes of Climate Finance Projects in Nepal

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The Climate Governance Integrity Programme (CGIP), implemented by Transparency International, is designed to ensure that climate finance is governed with integrity, transparency, and accountability, so the most vulnerable communities can adapt to the climate crisis in 25+ countries around the world.

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FOREWORD

Transparency International (TI) Nepal is a civil society organization dedicated to enhancing public accountability and integrity in Nepal. It was established in 1996 as the national chapter of Transparency International, an NGO that leads a global movement against corruption. Through research, advocacy, intervention, and cooperation, TI Nepal contributes as a catalyst in the fight against corruption in Nepal.

In its mission to promote integrity and governance, TI Nepal implements various thematic and sectoral programs. One of its programs, the Climate Governance Integrity Program (CGIP) Nepal, aims to ensure that climate finance is governed with integrity and accountability, as Nepal faces governance challenges in the climate agenda. Under the CGIP Nepal program, studies on Conflict of Interest in the Energy Sector and Climate Finance Management in Nepal have also been conducted in the year 2023.

Nepal, as one of the most vulnerable countries to climate change, receives a significant amount of foreign aid for the implementation of various climate change mitigation and adaptation activities in the form of climate finance. Therefore, the issue of climate finance governance in Nepal is critical not only for development partners but also for the public of Nepal.

TI Nepal initiated this study on mapping of actions and outcomes of four globally funded climate finance projects that have been implemented since 2020. The main objectives of the study were to assess the present status of implementation of the project activities and overall transparency, accountability, and participation of the stakeholders in project design and implementation.

The study reveals that transparency in the development and implementation of the projects studied have being maintained. However, the projects have been delayed significantly, and outputs/outcomes of the project innovations have not yet been seen in the field. The study finds that Nepal does not have the capacity to implement innovative and large projects on time.

The study emphasizes that climate finance projects need to be designed in such a way that implementation is smooth and local communities get the benefits within the stipulated timeframe. As Nepal has tremendous opportunities for accessing climate finance funds, it needs to enhance its capacity to develop high-quality climate finance projects and implement them effectively.

TI Nepal would like to thank Dr. Yadav Prasad Kandel for his time and efforts for this study, which is expected to provide inputs to enhance the transparency, accountability, and integrity of the climate finance projects in Nepal in the coming years.

This study was made possible through the financial support of Transparency International (TI) under its multi-country Climate Governance Integrity Program (CGIP) in Nepal covering the period October 2023 to December 2025.

Madan Krishna Sharma
President
Transparency International (TI) Nepal
December 2024

List of Acronyms

ADBL	Agricultural Development Bank Limited
AE	Accredited Entity
AEPC	Alternative Energy Promotion Center
AF	Adaptation Fund
AMA	Accreditation Master Agreement
APR	Annual Performance Report
ARO	Asia Regional Office
BRCRN	Building a Resilient Churia Region in Nepal
CBO	Community based organization
CCS	Clean Cooking Solutions
CERP	Critical Ecosyst em Restoration Plan
CFUG	Community Forest Users' Group
COP	Conference of the Parties
CRLUP	Climate Change Resilient Land Use Planning
CSO	Civil Society Organization
ECCD	Economic Cooperation and Coordination Division
ER	Emission Reduction
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESMS	Environmental and Social Management System
ESS	Environmental and Social Standards
FAO-TA	Food and Agriculture Organization Technical Assistance
FCPF	Forest Carbon Partnership Facility
FFP	Forests for Prosperity Project
FRTC	Forest Research and Training Center
GAP	Gender Action Plan
GCF	Green Climate Fund
GESI	Gender Equity and Social Inclusion
GHG	Greenhouse gas

GRB	Gandaki River Basin
GRM	Grievance Redress Mechanism
HIMAWANTI	Himalayan Grassroots Women's Natural Resource Management Association
ICIMOD	International Center for Integrated Mountain Development
IPCC	Intergovernmental Panel on Climate Change
IPP	Indigenous Peoples' Plan
IUCN	International Union for Conservation of Nature
LDCF	Least Developed Countries Fund
MoFE	Ministry of Forests and Environment
NDA	National Designated Authority
NEFIN	Nepal Federation of Indigenous Nationalities
NLCMS	National Land Cover Monitoring System of Nepal
NTNC	National Trust for Nature Conservation
PDO	Project Development Objective
PIM	Project Implementation Manual
PMU	Project Management Unit
PPMU	Provincial Project Management Unit
PSC	Project Steering Committee
SCCF	Special Climate Change Fund
SDG	Sustainable Development Goal
SEP	Stakeholder Engagement Plan
SFM	Sustainable Forest Management
SIMP	Social Inclusion Management Plan
SNRM	Sustainable Natural Resource Management
TI	Transparency International
ToT	Training of Trainers
UNFCCC	United Nations Framework Convention on Climate Change

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EXECUTIVE SUMMARY

Climate change is a governance issue, and climate change governance describes the development challenge that climate change poses and the policy response. It outlines the role of institutions in tackling climate change and key entry points for governance practice. Climate change governance is an open government, which is structured around three fundamental interlinked principles of good governance:

1. Transparency: Public access to government-held information, for example, through access to information laws, open data portals, budget transparency portals, and open contracting.
2. Participation: Formal public and inclusive participation in decision-making, for example, through citizen consultations, beneficiary feedback, and social accountability mechanisms.
3. Accountability: Mechanisms for public accountability, for example, through the role of access-to-information commissions, ombuds offices, and supreme audit institutions, as well as through the adoption of ethical standards and codes of conduct for public officials and the establishment of grievance redress mechanisms.

Climate finance refers to local, national or transnational financing drawn from public, private and alternative sources of funding that seeks to support mitigation and adaptation actions that will address climate change.

Nepal began receiving climate finance in 1997 through adaptation programs supported by Germany, and between 1997 and 2014 the amount committed by various donors for climate finance was USD 652.4 million. Several climate finance projects have been implemented and are being implemented in Nepal from many multilateral and bilateral sources since then. It is anticipated that most of the development assistance Nepal will get in the future will come through the climate finance windows. Nepal has tremendous potential to receive billions of dollars in climate finance projects.

The risk of corruption in climate-vulnerable countries receiving climate finance is a serious cause for concern. The climate funding landscape is complex and fragmentary, which complicates efforts to track financial flows and to ascertain who should be held accountable for decisions and results.

Through the Climate Governance Integrity Programme, Transparency International has been working to ensure that the huge amount of money invested through climate finance is governed with integrity, transparency, and accountability. Under this programme, a brief study has been completed to assess the implementation status and outcomes of the following four Climate Finance Projects that have been implemented in Nepal since 2020:

a) GCF Project (FP118): Building a Resilient Churia Region in Nepal (BRCRN).
b) GCF Project (FP131): Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal.

c) GCF Project (FP172). Mitigating GHG emission through modern, efficient and climate-friendly clean cooking solutions (CCS).

d) Forests for Prosperity Project: World Bank funded Project

The first GCF project- Building Resilient Churia Region in Nepal is under implementation for more than four years (including the two years of preparation) in the 26 river systems of Koshi, Madhesh and Bagmati Provinces. Ministry of Forests and Environment, the Government of Nepal and the Food and Agricultural Organization of the United Nations (FAO), as the accredited entity of the GCF, are jointly implementing the project. The total budget of the project is 47.3 million USD, out of which 39.3 million is a GCF grant and the remaining 8 million is covered from different sources as co-financing.

The second GCF project- Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal is implementing in the Gandaki River Basin covering 16 districts of Bagmati, Gandaki and Lumbini Provinces for about three years. Ministry of Forests and Environment, the Government of Nepal and the International Union for Nature Conservation (IUCN) as the accredited entity of the GCF are jointly implementing the project. The total budget of the project is 32.7 million USD, out of which 27.4 million is a GCF grant and the remaining 5.3 million is covered from different sources as co-financing.

Similarly, the third GCF project- Mitigating GHG emission through modern, efficient and climate-friendly clean cooking solutions (CCS) has been under implementation for about two years in the 150 local governments of the 22 Terai districts of six provinces of the country. This is the first GCF project developed and being implemented through the 1st GCF Accredited Entity of the country- Alternative Energy Promotion Center (AEPC). The total budget of the project is 49.15 million USD, out of which GCF grant is 21.13 million and the remaining 28.02 million is covered from different sources as co-financing.

The fourth climate finance project selected for this study is a World Bank-funded project- Forests for Prosperity Project, which is being implemented in the 50 Municipalities of Madhesh and Lumbini Provinces (25 in each province). REDD Implementation Centre, Ministry of Forests and Environment is implementing the project. This project is slightly different from the other three projects. The total project cost of 24 million USD is covered by a grant as well as a soft loan from the World Bank. Out of the total project budget, 17.9 million is covered from the long-term soft loan and the remaining 6.1 million is in the form of a grant from the World Bank. The project has been under implementation for more than three years. The lending of the project is to provide loans for the forest-based small and medium industries through the Agricultural Development Bank Limited (ADBL), Nepal.

All the four projects described above were developed and are being implemented transparently. Stakeholder mapping was conducted with several consultations at different levels (federal, provincial and local) as required and was organized during the project design phase. Environmental and social risks of the proposed project activities were identified, and different security tools have been developed to address identified risks, which provide mitigation measures to avoid potential negative impacts. Stakeholder Engagement Plans, Gender Action Plans and Grievance Redress Mechanisms developed for the projects also reflect the transparency of the projects.

Regarding the Accountability and Integrity of the project governance, from this very brief and limited study nothing was found that suggests there was no accountability and integrity in the overall project governance. Accountability and integrity of the GCF-funded projects are mostly ensured in principle through the robust accreditation process of the Accredited Entity through which the project is governed and managed. Similarly, accountability and integrity of the World Bank-funded projects are ensured in principle through the World Bank's due diligence procedures and policies, Environmental and Social Standards and fiduciary policies. Furthermore, the World Bank is also an accredited Entity of various international funds including GCF and GEF which also ensures the accountability and integrity of the World Bank-funded projects in principle. However, from this study, it is found that implementation of all projects has been delayed significantly.

It is clear from this study that funds provided by the GCF and the World Bank for the project implementation will not be spent, and the expected outputs and outcomes will not be achieved by the present project completion dates. In this situation, there are two options: one, the project will be extended for a couple of years and another the project is terminated, and unspent money will be frozen (returned to the fund). Both options are not good for the country (the first option could be preferable). There are many reasons for the delay in implementation of the projects. However, Sometimes, the missed deadlines and targets (of the project activities) may be due to the lack of accountability and integrity. The FAO, IUCN, and AEPC as the Accredited Entities responsible for the project governance and management, as well as the Ministry of Forests and Environment and AEPC as the Executing Agencies, should take responsibility for the delay and must take the necessary steps to resolve the issues so that the projects are implemented timely manner and expected outputs and outcomes are achieved within the present project completion dates.

Recommendations

- Nepal has tremendous opportunities to access climate finance funds from development partners and multilateral organizations such as GCF. However, Nepal needs to enhance its capacity to develop high-quality climate finance projects and implement them in a transparent and timely manner with high integrity and accountability. From this brief study, it is found that Nepal has limited capacity to implement large climate finance projects on time. Therefore, Nepal should enhance its capacity for project governance, management and implementation.
- From the BRCRN project study, it seems that some issues were not considered properly when the project was conceptualized and designed. Many experts opine that the project had been conceptualized and designed with unrealistic ambitions. Therefore, it should be ensured that all factors including financial, socioeconomic, technical and human resources should be thoroughly analyzed before the climate finance projects are designed.
- Frequent transfer of government staff responsible for project oversight and coordination is one of the major causes of the delay of project implementation. Therefore, the government should ensure that project staff can work for the entire project period, they should be given full authority to manage the projects, and they should be fully accountable for their work.
- The Annual Performance Report of the BRCRN mentioned that field-level activities were not implemented on time because there were insufficient staff in the field offices. Therefore, it

should be ensured that adequate qualified full-time staff are there in the offices at all levels. For this, not only the government but also the Accredited Entity responsible for the project management should also be made accountable.

- It is widely accepted opinion among experts, development partners and even government institutions that there is no incentive for the government staff to work on the projects. Therefore, for timely implementation of the project, there should be a good package of incentives for the staff.
- In most cases, there is no separate budget for implementation of ESMF, ESMP, SEP and GAP. The project and government staff say it is included in the program budget but the program budget itself is inadequate as budget allocation is normally done on an ad hoc basis without detailed analysis of various factors when the project is designed. In this context, it is impossible to implement ESMPs, SEPs, GAPs and other safeguard tools without having separate budget allocations. Therefore, separate budget allocation for the implementation of the different safety tools is necessary.

कार्यकारी सारांश

जलवायु परिवर्तन एक शासकीय मुद्दा हो । यसले निम्त्याएको विकाससम्बन्धी चुनौतीको नीतिगत सम्बोधन र कार्यान्वयन प्रक्रियालाई जलवायु परिवर्तनसम्बन्धी शासनको रुपमा बुझिन्छ, जसले जलवायु परिवर्तनको सामना गर्नको लागि संस्थाहरूको भूमिका र शासन अभ्यासको लागि प्रमुख प्रवेश विन्दुहरूको रूपरेखा प्रस्तुत गर्दछ। जलवायु परिवर्तनसम्बन्धी शासन एक खुला सरकार हो र यो सुशासनका तीन आधारभूत अन्तरसम्बन्धित सिद्धान्तहरूमा आधारित हुन्छ। जुन यसप्रकार छन् :

१. **पारदर्शिता** : सरकार सञ्चालनसम्बन्धी सम्पूर्ण सूचनाहरुमा सहजरुपमा सार्वजनिक पहुँच हुन सक्ने अवस्थालाई पारदर्शिताको रुपमा बुझिन्छ । उदाहरणका लागि सूचनाको हकसम्बन्धी कानून, खुला डाटा - पोर्टलहरू, बजेटसम्बन्धी पारदर्शी पोर्टलहरू तथा खुला सम्झौताको माध्यमबाट सूचनामा पहुँच ।

२. **सहभागिता** : निर्णय प्रक्रियामा औपचारिक, सार्वजनिक र समावेशी सहभागिता । उदाहरणका लागि, नागरिक परामर्श, लाभग्राही प्रतिक्रिया, र सामाजिक उत्तरदायित्व संयन्त्रहरूमार्फत सरोकारवालाहरुको सहभागिता ।

३. **जवाफदेहिता** : सार्वजनिक जवाफदेहिताको लागि संयन्त्रहरू: उदाहरणका लागि, सूचना आयोगको माध्यमबाट, अनियमिततासम्बन्धी अनुसन्धान गर्ने संस्थाहरु तथा लेखापरीक्षणसम्बन्धी संस्थाहरूको माध्यमबाट, साथै सार्वजनिक अधिकारीहरूको लागि नैतिक मानकहरू र आचारसंहिताहरूका साथै गुनासो निवारण संयन्त्रहरूको स्थापनाको माध्यमबाट जवाफेहिताको सुनिश्चितता ।

जलवायु वित्त भन्नाले जलवायु परिवर्तनलाई न्यूनीकरण र अनुकूलनको माध्यमबाट सम्बोधन गर्नको लागि सार्वजनिक, निजी र अन्य वैकल्पिक वित्तीय स्रोतहरूको माध्यमबाट स्थानीय, राष्ट्रिय वा अन्तर्राष्ट्रियरुपमा हुने वित्तपोषणलाई बुझाउँछ ।

नेपालले सन् १९९७ मा जर्मनीको अनुकूलन कार्यक्रममार्फत जलवायु वित्त प्राप्त गर्न थालेको थियो भने सन् १९९७ देखि २०१४ सम्ममा जलवायु वित्तका लागि विभिन्न दातृ निकायले प्रतिबद्धता जनाएको रकम ६५ करोड २४ लाख अमेरिकी डलर थियो । त्यसयता नेपालमा धेरै बहुपक्षीय र द्विपक्षीय स्रोतहरूबाट जलवायु वित्त परियोजनाहरू कार्यान्वयन भइसकेका छन् भने नयाँ परियोजनाहरु कार्यान्वयन भइरहेका छन् । भविष्यमा नेपालले प्राप्त गर्ने अधिकांश विकास सहायता जलवायु वित्तमार्फत आउने अनुमान गरिएको छ र नेपालले जलवायु वित्त परियोजनाको रूपमा अर्बौं डलर प्राप्त गर्न सक्ने प्रचुर सम्भावना छ ।

जलवायु वित्त प्राप्त गर्ने जलवायु शंकटापन्न देशहरूमा हुने भ्रष्टाचार भने गम्भीर चिन्ताको विषय हो । जलवायु वित्तपोषण परिदृश्य जटिल र खण्डित छ, जसको कारणले यस सम्बन्धमा हुने वित्तीय प्रवाहलाई समाहित गर्न तथा यस सम्बन्धमा भएका निर्णय र परिणामहरूका लागि जवाफदेहिता निर्धारण गर्ने प्रयासहरूलाई जटिल बनाउँदछ ।

जलवायु वित्तमार्फत लगानी हुने ठूलो रकमलाई सत्यनिष्ठा, इमान्दारिता र पारदर्शीरुपमा जवाफदेहिताका साथ सञ्चालनको सुनिश्चितताको लागि ट्रान्सपरेन्सी इन्टरनेशनलले आफ्नो जलवायु परिवर्तनसम्बन्धी कार्यक्रमहरुमा सत्यनिष्ठा र इमान्दारिता पूर्णरुपले कार्यक्रमको माध्यमबाट काम गर्दैआएको छ । ट्रान्सपरेन्सी इन्टरनेशनलको विश्वव्यापी भ्रष्टाचार विरोधी आन्दोलनको राष्ट्रिय च्याप्टरको रुपमा रहेको ट्रान्सपरेन्सी इन्टरनेशनल (टीआई) नेपाल ट्रान्सपरेन्सी इन्टरनेशनल सचिवालयले सन् २०२३ मा सुरु गरेको जलवायु परिवर्तनसम्बन्धी शासनमा सत्यनिष्ठा र इमान्दारिता कार्यक्रमको साझेदार पनि हो । यसै कार्यक्रमअन्तर्गत, ट्रान्सपरेन्सी इन्टरनेशनलको सहयोगमा २०२० देखि नेपालमा कार्यान्वयन भइरहेका जलवायु वित्त परियोजनाको कार्यान्वयनको अवस्था र नतिजाको मूल्यांकन गर्ने प्रयोजनको लागि यो संक्षिप्त अध्ययन सम्पन्न भएको छ। अध्ययनको लागि छानिएका ४ जलवायु वित्त परियोजनाहरु यसप्रकार रहेका छन् :

१. हरित जलवायु कोषको अनुदान सहयोगमा सञ्चालित चुरे उत्थानशील आयोजना ।

२. हरित जलवायु कोषको अनुदान सहयोगमा सञ्चालित नेपालको गण्डकी नदि वेसिनमा कमजोर समुदाय र

पारिस्थितिक प्रणालीको जलवायु उत्थानशीलतामा सुधार परियोजना ।

३. हरित जलवायु कोषको अनुदान सहयोगमा सञ्चालित आधुनिक, प्रभावकारी र जलवायुमैत्री स्वच्छ खाना पकाउने माध्यममार्फत हरितगृह ग्यासको उत्सर्जन न्यूनीकरण परियोजना ।

४. विश्व बैंकको अनुदान तथा सहुलियतपूर्ण ऋण सहयोगमा सञ्चालित समृद्धिका लागि वन परियोजना ।

कोशी, मधेश र वाग्मती प्रदेशका २६ वटा नदी प्रणालीमा सञ्चालित चुरे उत्थानशील आयोजना नेपालमा हरित जलवायु कोषको अनुदान सहयोगमा सञ्चालित पहिलो आयोजना हो । यो आयोजना तयारीको २ वर्षसहित ४ वर्षदेखि कार्यान्वयन भइरहेको छ । आयोजनाको कुल बजेट ४७.३ मिलियन अमेरिकी डलर रहेको छ, जसमध्ये ३९.३ मिलियन हरित जलवायु कोषको अनुदान हो भने बाँकी ८ मिलियन (८० लाख) अमेरिकी डलर विभिन्न स्रोतहरूबाट सहवित्तीयकरणको रूपमा व्यवस्था गरिएको छ । संयुक्त राष्ट्रसंघको खाद्य तथा कृषि संगठनले हरित जलवायु कोषको मान्यता प्राप्त इकाईको रूपमा र वन तथा वातावरण मन्त्रालयले कार्यान्वयन इकाईको रूपमा संयुक्तरूपमा यो आयोजनाको कार्यान्वयन गरिरहेका छन् ।

बाग्मती, गण्डकी र लुम्बिनी प्रदेशका १६ जिल्लाहरुलाई समेट्ने गरी गण्डकी नदी बेसिनमा कमजोर समुदाय र पारिस्थितिक प्रणालीको जलवायु उत्थानशिलतामा सुधार नामको परियाजना नेपालमा हरित जलवायु कोषको अनुदान सहयोगमा सञ्चालित दोस्रो परियोजना हो । करिब तीन वर्षदेखि गण्डकी नदी बेसिनमा कार्यान्वयन भइरहेको यो परियोजनाको कुल बजेट ३२.७ मिलियन अमेरिकी डलर रहेको छ, जसमध्ये २७.४ मिलियन हरित जलवायु कोषको अनुदान हो भने बाँकी ५.३ मिलियन विभिन्न स्रोतहरूबाट सहवित्तीयकरणको रूपमा व्यवस्था गरिएको छ । प्रकृति संरक्षणका लागि अन्तर्राष्ट्रिय संघले हरित जलवायु कोषको मान्यता प्राप्त निकायको रूपमा र वन तथा वातावरण मन्त्रालयले कार्यान्वयन गर्ने निकायका रूपमा यो परियोजना कार्यान्वयन गरिरहेका छन् ।

त्यसैगरी, आधुनिक, प्रभावकारी र जलवायुमैत्री स्वच्छ खाना पकाउने माध्यममार्फत हरितगृह ग्यास उत्सर्जन न्यूनीकरण गर्ने नेपालमा हरित जलवायु कोषको अनुदान सहयोगमा सञ्चालित तेस्रो परियोजना हो । ६ प्रदेशअन्तर्गत तराईका २२ जिल्लाका १५० स्थानीय तहमा करिब दुई वर्षदेखि कार्यान्वयनमा रहेको यो परियोजना नेपालको हरित जलवायु कोषद्वारा मान्यता प्राप्त गर्ने पहिलो इकाईको रुपमा वैकल्पिक ऊर्जा प्रवर्द्धन केन्द्राद्वारा विकसित गरी कार्यान्वयन भइरहेको पहिलो परियोजना हो । परियोजनाको कुल बजेट ४९.१५ मिलियन अमेरिकी डलर रहेको छ, जसमध्ये २१.१३ मिलियन हरित जलवायु कोषको अनुदान हो भने बाँकी २८.०२ मिलियन विभिन्न स्रोतहरूबाट सहवित्तीयकरणको रूपमा व्यवस्था गरिएको छ । वैकल्पिक ऊर्जा प्रवर्द्धन केन्द्र, नेपालले हरित जलवायु कोषको मान्यता प्राप्त निकायका साथै कार्यकारी निकायका रुपमा यो आयोजना कार्यान्वयन गरिरहेको छ ।

यस अध्ययनका लागि छानिएको चौथो जलवायु वित्त परियोजना विश्व बैंकको अनुदान तथा सस्तो ब्याजको ऋण सहयोगमा सञ्चालित समृद्धिका लागि वन परियोजना हो, जुन मधेश र लुम्बिनी प्रदेशका ५० नगरपालिकाहरुमा कार्यान्वयन भइरहेको छ । यो परियोजना अन्य तीन परियोजनाहरूभन्दा अलि फरक छ । कूल २ करोड ४० लाख अमेरिकी डलरको परियोजना लागत अनुदानका साथै विश्व बैंकको सहुलियतपूर्ण ऋणले समेटेको छ । आयोजनाको कूल बजेटमध्ये एक करोड ७९ लाख दिर्घकालीन सहुलियत ऋणबाट र बाँकी ६१ लाख विश्व बैंकको अनुदानमा रहेको छ । यो आयोजना तीन वर्षभन्दा बढी समयदेखि कार्यान्वयनमा छ । विश्व बैंकबाट प्राप्त दिर्घकालीन सहुलियत ऋणको माध्यमबाट कृषि विकास बैंक लिमिटेड, नेपालमार्फत वनमा आधारित साना तथा मझौला उद्योगका लागि सहुलियतपूर्ण ऋण उपलब्ध गराउने परियोजनाको लक्ष रहेको छ । विश्व बैंक र वन तथा वातावरण मन्त्रालयअन्तर्गतको रेड कार्यान्वयन केन्द्रद्वारा संयुक्तरुपमा यो आयोजनाको कार्यान्वयन भइरहेको छ ।

माथि उल्लेखित चारवटै परियोजना पारदर्शीढंगले विकास भएका छन् र पारदर्शीरूपमा नै कार्यान्वयन भइरहेका छन् । परियोजना डिजाइन चरणमा सरोकारवालाहरूको पहिचान गरिएको थियो र आवश्यकताअनुसार विभिन्न तहमा धेरै परामर्श गोष्ठीहरु आयोजना गरी सरोकारवालाहरुका चासोका विषयहरुमा गहन छलफल गरिएको थियो । प्रस्तावित परियोजनाअन्तर्गत कार्यान्वयन गर्ने क्रियाकलापहरुको वातावरणीय र सामाजिक जोखिमहरू पहिचान गरिएको थियो र पहिचान गरिएका जोखिमहरूलाई सम्बोधन गर्न विभिन्न सुरक्षा उपकरणहरू विकास गरिएको छ, जसले सम्भावित नकारात्मक प्रभावहरूको न्यूनीकरणका उपायहरूका बारेमा जानकारी प्रदान गर्दछन् । सरोकारवालाहरुको सहभागितासम्बन्धी योजना, लैंगिक समानतासम्बन्धी कार्ययोजनाका साथै परियोजनाका लागि विकास गरिएको गुनासो सुनवाईसम्बन्धी संयन्त्रले समेत परियोजनाहरुको पारदर्शितालाई प्रतिबिम्बित गर्दछन् ।

परियोजना शासनको सत्यनिष्ठा, इमान्दारिता र जवाफदेहिताको सन्दर्भमा, यो धेरै छोटो र सीमित अध्ययनबाट समग्रमा परियोजना प्रशासनमा कुनै जवाफदेहिता र निष्ठा थिएन भन्ने कुनै ठोस आधार भेटिएन ।

हरित जलवायु कोषको वित्तीय सहायतामा सञ्चालित परियोजनाहरूको जवाफदेहिता र सत्यनिष्ठा, इमान्दारिता, सैद्धान्तिकरुपमा प्रयास र मान्यता प्राप्त निकायको बलियो मापदण्डीय प्रक्रियामार्फत सुनिश्चित गरिन्छ, जसको माध्यमबाट परियोजनासम्बन्धी शासन र व्यवस्थापन गरिन्छ । त्यसैगरी, विश्व बैंकको आर्थिक सहायताप्राप्त परियोजनाको जवाफदेहिता र सत्यनिष्ठा विश्व बैंकको उचित परिश्रम प्रक्रिया र नीति, वातावरणीय तथा सामाजिक मापदण्ड तथा विश्वासयोग्य नीतिमार्फत सैद्धान्तिकरूपमा सुनिश्चित गरिन्छ । यसबाहेक, विश्व बैंक हरित जलवायु कोषलगायत विभिन्न अन्तर्राष्ट्रिय कोषहरूको मान्यता प्राप्त इकाई पनि हो, जसले सिद्धान्तमा विश्व बैंकद्वारा वित्त पोषित परियोजनाहरूको जवाफदेहिता र सत्यनिष्ठा एवं इमान्दारिता पनि सुनिश्चित गर्दछ ।

तर, यस अध्ययनबाट चारैवटा आयोजनाहरुको कार्यान्वयनमा निकै ढिलाइ भएको पाइएको छ । यसको आधारमा हालको आयोजना सम्पन्न हुने मितिसम्म हरित जलवायु कोष तथा विश्व बैंकले परियोजना कार्यान्वयनको लागि उपलब्ध गराएको सम्पूर्ण रकम खर्च नहुने र परियोजनाका अपेक्षित परिणामहरुसमेत हासिल हुन नसक्ने कुरामा कुनै शंका छैन ।

यस स्थितिमा, यहाँ दुई विकल्पहरू छन् । पहिलो विकल्पको रुपमा परियोजनाहरुको समय केही वर्षको लागि बढाइनेछ र कुनै कारणवश परियोजनाको अवधि बढाउन सम्भव नभएमा दोस्रो विकल्पको रुपमा परियोजना समाप्त हुनेछ र खर्च नभएको रकम दातृनिकायमा नै फिर्ता हुनेछ । पहिलो विकल्प तुलनात्मकरुपमा राम्रो देखिए तापनि दुवै विकल्पहरु देशको लागि राम्रो मानिदैन । यसले देश ठूला जलवायु वित्त परियोजनाहरु कार्यान्वयन गर्न सक्ने क्षमता नभएको देशको रुपमा चिनिनेछ र भविष्यमा जलवायु वित्त परियोजनाहरु प्राप्त गर्न समेत कठिनाई हुनसक्छ ।

परीयोजनाहरु कार्यान्वयनमा ढिलासुस्ती हुनुका धेरै कारण हुन सक्छन् । तथापि, कहिलेकाहिँ कार्यान्वयनमा ढिलासुस्ती र अपेक्षितरुपमा समयमा नै परिणाम हासिल नहुनुलाई पनि जवाफदेहिता र निष्ठाको कमीको रुपमा जोड्न सकिन्छ । संयुक्त राष्ट्रसंघको खाद्य तथा कृषि संगठन, प्रकृति संरक्षणका अन्तर्राष्ट्रिय संघ र वैकल्पिक ऊर्जा प्रवर्द्धन केन्द्रका साथै विश्व बैंकजस्ता परियोजना शासन र व्यवस्थापनको लागि जिम्मेवार मान्यता प्राप्त संस्थाहरूको रूपमा र वन तथा वातावरण मन्त्रालय र कार्यान्वयन गर्ने अन्य निकायहरुले परियोजना कार्यान्वयनमा भएको ढिलाइको पूर्णरूपमा जिम्मेवारी लिई यसको लागि जवाफदेहीसमेत हुनुपर्दछ । साथै, परियोजना कार्यान्वयनमा देखिएका समस्याहरू समाधान गर्न आवश्यक कदम चाली परियोजनाहरू समयमै कार्यान्वयन हुने र अपेक्षित परिणामहरू वर्तमान परियोजना पूरा हुने समयभित्र नै हासिल हुने सुनिश्चितता गर्नुपर्दछ ।

सिफारिसहरू

यो अध्ययनको आधारमा निम्न सुझाव तथा सिफारिसहरु गरिएको छ :

१. नेपालमा विकास साझेदार र हरित जलवायु कोषजस्ता बहुपक्षीय संस्थाहरूमार्फत जलवायु वित्त परियोजनाहरु प्राप्त गर्ने प्रचुर अवसरहरू छन् । यसका लागि नेपालले उच्च गुणस्तरका जलवायु वित्त परियोजनाहरू विकास गर्न र उच्च निष्ठा र जवाफदेहिताकासाथ पारदर्शीरुपमा परियोजनाहरु समयमै कार्यान्वयन गर्न आफ्नो क्षमता बढाउनु आवश्यक छ । यो संक्षिप्त अध्ययनबाट नेपालमा ठूला जलवायु वित्त परियोजनाहरु समयमै कार्यान्वयन गर्ने क्षमता नभएको पाइएको छ । त्यसैले नेपालले परियोजना सञ्चालन, व्यवस्थापन र कार्यान्वयनका लागि आफ्नो क्षमता बढाउनुपर्छ ।

२. चुरे उत्थानशील आयोजनाको अध्ययनबाट आयोजनाको अवधारणा र डिजाइन चरणमा आयोजना क्षेत्रमा रहेका विविध पक्षहरुको सही विश्लेषण गरिएको थिएन । धेरै विशेषज्ञहरूको विचारमा यो आयोजनाको डिजाइन अति महत्वाकांक्षाहरूको साथ गरिएको थियो । तसर्थ, जलवायु वित्त परियोजनाहरू डिजाइन गर्नुअघि वित्तीय, सामाजिक, आर्थिक, प्राविधिक र मानव संशाधनसहित सबै पक्षहरुको राम्ररी विश्लेषण गरेर मात्र प्रस्तावित क्रियाकलापहरुको बारेमा निर्णय गर्नुपर्दछ ।

३. आयोजनाको अनुगमन र समन्वयका लागि जिम्मेवार सरकारी कर्मचारीको पटक-पटक सरुवा हुनु आयोजना कार्यान्वयनमा ढिलाइ हुनुको एउटा प्रमुख कारण हो । तसर्थ, सरकारले आयोजनाका कर्मचारीहरूले सम्पूर्ण परियोजना अवधिभर काम गर्न सक्ने सुनिश्चित गर्नुपर्दछ र उनीहरूलाई परियोजनाहरूको व्यवस्थापन गर्ने

पूर्ण अधिकार दिनुपर्दछ र उनीहरूलाई आफ्नो कामको लागि पूर्णरूपमा जवाफदेही बनाउनुपर्दछ ।

४. चुरे उत्थानशील आयोजनाको वार्षिक प्रगति प्रतिवेदनमा फिल्ड कार्यालयमा पर्याप्त कर्मचारी नहुँदा समयमै फिल्डस्तरका कार्यक्रमहरु कार्यान्वयन हुन नसकेको उल्लेख छ । त्यसैले सबै तहका कार्यालयहरूमा पर्याप्त योग्य पूर्णकालीन कर्मचारीहरूको व्यवस्था सुनिश्चितता गरिनुपर्छ । यसका लागि सरकारमात्र होइन, आयोजना व्यवस्थापनको जिम्मेवारी पाएको मान्यता प्राप्त निकायलाई पनि जवाफदेही बनाउनुपर्छ ।

५. विज्ञहरू, विकास साझेदारहरू र सरकारी निकायहरूमा समेत परियोजनाहरूमा काम गर्ने सरकारी कर्मचारीहरूको लागि कुनै प्रोत्साहन छैन भन्ने कुरा व्यापकरूपमा स्वीकार गरिएको छ । त्यसैले परियोजनाको समयमै कार्यान्वयनका लागि कर्मचारीका लागि पनि प्रोत्साहनको राम्रो प्याकेज हुनुपर्छ ।

६. अधिकांश अवस्थामा, परियोजनाको लागि तयार पारिएका वातावरणीय तथा सामाजिक व्यवस्थापन प्रारुप, वातावरणीय तथा सामाजिक व्यवस्थापन योजना, सरोकारवालाहरुको सहभागितासम्बन्धी योजना तथा लैंगिक कार्ययोजनाहरुको कार्यान्वयनको लागि छुट्टै बजेटको व्यवस्था गरिएको छैन । आयोजना र सरकारी कर्मचारीले यसलाई कार्यक्रमको बजेटमा समावेश गरिएको बताए तापनि कार्यक्रम बजेट आफैमा पर्याप्त छैन किनकि बजेट विनियोजन सामान्यतया परियोजना डिजाइन गर्दा विभिन्न कारकहरूको विस्तृत विश्लेषणबिना तदर्थ आधारमा गरिन्छ । यस सन्दर्भमा, वातावरणीय तथा सामाजिक व्यवस्थापन प्रारुप, वातावरणीय तथा सामाजिक व्यवस्थापन योजना, सरोकारवालाहरुको सहभागितासम्बन्धी योजना तथा लैंगिक कार्ययोजना र अन्य सुरक्षा उपकरणहरू कार्यान्वयन गर्नको लागि छुट्टै बजेट विनियोजन नितान्त आवश्यक छ ।

Chapter 1. Introduction

1.1 Human caused climate change: An existential threat to human beings

Human activities, principally through emissions of greenhouse gases, have unequivocally caused global warming with global surface temperature reaching 1.1°C above 1850-1900 in 2011-2020, which is causing climate change rapidly compared to the natural pathways of changing climate system. Global greenhouse gas (GHG) emissions have continued to increase, with unequal historical and ongoing contributions arising from unsustainable energy use, land use and land-use change, lifestyles and patterns of consumption and production across regions, between and within countries, and among individuals (IPCC, 2023a).[1] The assessed best estimates and very likely ranges of global warming for 2081-2100 with respect to 1850-1900 vary from 1.4°C in the very low GHG emissions scenario to 2.7°C in the intermediate GHG emissions scenario and 4.4°C in the very high GHG emissions scenario (IPCC, 2023b)[2]

Synthesis Report of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report (AR6) (Climate Change 2023, Synthesis Report (IPCC, 2023c)[3] summarises the state of knowledge of climate change, its widespread impacts and risks, and climate change mitigation and adaptation, based on the peer-reviewed scientific, technical and socio-economic literature since the publication of the IPCC's Fifth Assessment Report (AR5) in 2014. As per the report, some of the observed Climate System Changes and Impacts include:

- Human-caused climate change is already affecting many weather and climate extremes in every region across the globe. Evidence of observed changes in extremes such as heatwaves, heavy precipitation, droughts, and tropical cyclones, are directly linked to human influence.
- Climate change has caused substantial damage and increasingly irreversible losses, in terrestrial, freshwater, cryospheric and coastal and open ocean ecosystems.
- Climate change has reduced food security and affected water security due to warming, changing precipitation patterns, reduction and loss of cryospheric elements, and greater frequency and intensity of climatic extremes, thereby hindering efforts to meet Sustainable Development Goals.
- In urban settings, climate change has caused adverse impacts on human health, livelihoods and key infrastructure.
- Climate change has adversely affected human physical health globally and mental health in assessed regions and is contributing to humanitarian crises where climate hazards interact with high vulnerability.

1 https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_SPM.pdf

2 https://kathmandupost.com/columns/2023/01/11/nepal-s-green-hydrogen-potential

3 https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_FullVolume.pdf

- Human influence has likely increased the chance of compound extreme events80 since the 1950s. Concurrent and repeated climate hazards have occurred in all regions, increasing impacts and risks to health, ecosystems, infrastructure, livelihoods and food.
- Economic impacts attributable to climate change are increasingly affecting peoples' livelihoods and are causing economic and societal impacts across national boundaries.
- Across sectors and regions, the most vulnerable people and systems have been disproportionately affected by the impacts of climate change.

As described by UN General Secretary António Guterres in 2018[4], climate change is an existential threat for most life on the planet including, and especially, the life of humankind.

1.2 Climate change governance

Climate change is a governance issue, and climate change governance describes the development challenge that climate change poses and the policy response. It outlines the role of institutions in tackling climate change and key entry points for the governance practice (World Bank, 2019)[5]. Effective climate action requires political commitment, well-aligned multi-level governance and institutional frameworks, laws, policies and strategies. It needs clear goals, adequate finance and financing tools, coordination across multiple policy domains, and inclusive governance processes. Climate change governance uses institutions to address governance failures, strengthen incentives and build capability for climate action. Climate change governance is an open government, which is structured around three fundamental interlinked principles of good governance (World Bank, 2022)[6]:

1. **Transparency:** Public access to government held information, for example, through access to information laws, open data portals, budget transparency portals, and open contracting.
2. **Participation:** Formal public and inclusive participation in decision making, for example, through citizen consultations, beneficiary feedback, and social accountability mechanisms.
3. **Accountability:** Mechanisms for public accountability, for example, through the role of access-to-information commissions, ombuds offices, and supreme audit institutions, as well as through the adoption of ethical standards and codes of conduct for public officials and the establishment of grievance redress mechanisms.

1.3 Climate finance

With 196 Parties, the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC) is to stabilize greenhouse gas concentrations in the atmosphere at a level that will prevent dangerous human interference with the climate system (UN, 1992)[7]. At the United Nations climate change conference, Conference of the Parties (COP) 21, in Paris, governments agreed that mobilizing stronger and more ambitious climate action is urgently required to achieve

[4] Secretary-General's remarks at Austrian World Summit [as delivered] | United Nations Secretary-General.

[5] https://documents1.worldbank.org/curated/en/711501555389933326/pdf/Climate-Change-and-Governance-Opportunities-and-Responsibilities.pdf

[6] https://openknowledge.worldbank.org/entities/publication/a226f099-8bc9-5f06-83be-f552cbd664de

[7] https://unfccc.int/resource/climateaction2020/

the goals of the Paris Agreement (UN, 2015).[8] Finance, international cooperation and technology are critical enablers for accelerated climate action. If climate goals are to be achieved, both adaptation and mitigation financing would have to increase many-fold (IPCC, 2023c).[9]

Climate finance refers to local, national or transnational financing-drawn from public, private and alternative sources of financing-that seeks to support mitigation and adaptation actions that will address climate change. The Convention, the Kyoto Protocol and the Paris Agreement call for financial assistance from Parties with more financial resources to those that are less endowed and more vulnerable. This recognizes that the contribution of countries to climate change and their capacity to prevent it and cope with its consequences vary enormously. Climate finance is needed for mitigation, because large-scale investments are required to significantly reduce emissions. Climate finance is equally important for adaptation, as significant financial resources are needed to adapt to the adverse effects and reduce the impacts of a changing climate.[10]

Climate finance remains central to achieving low-carbon, climate resilient development. The global climate finance architecture is complex and always evolving. Funds flow through multilateral channels, both within and outside of the UNFCCC Financial Mechanism, and increasingly through bilateral, as well as through regional and national climate change channels and funds. Monitoring the flows of climate finance is difficult, as there is no agreed definition of what constitutes climate finance or consistent accounting rules. The wide range of climate finance mechanisms continues to challenge coordination but efforts to increase inclusiveness and complementarity as well as to simplify access continue (ODI and HBS, 2017)[11]

In the 2009 Copenhagen Accord (UNFCCC, 2010)[12], and confirmed in the Cancun Agreements (UNFCCC, 2011)[13] and Durban Platform (UNFCCC, 2014)[14],developed countries pledged to deliver finance approaching USD 30 billion between 2010 and 2012 with contributor countries at the end of the fast-start finance period self-reporting that these targets were exceeded (Nakhooda et al., 2013). The Paris Agreement on Climate Change 2015 (UNFCCC, 2016)[15] reiterated that developed countries should take the lead in mobilizing and providing climate finance “from a wide variety of sources, instruments and channels” in a “progression beyond previous efforts”.

Internationally, there are numbers of Climate Funds through which millions of dollars are being invested in least developed/developing countries around the world to combat climate change and its impacts. The funds are mainly divided into two categories: Mitigation Fund and Adaptation Fund. The Convention states that the operation of the financial mechanism can be entrusted to

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[8] https://unfccc.int/sites/default/files/english_paris_agreement.pdf

[9] Ibid 3

[10] https://unfccc.int/topics/introduction-to-climate-finance

[11] https://us.boell.org/sites/default/files/cff2_2017_eng-digital.pdf

[12] https://unfccc.int/resource/docs/2009/cop15/eng/11a01.pdf

[13] https://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf

[14] https://unfccc.int/resource/docs/2013/cop19/eng/10a01.pdf

[15] https://unfccc.int/sites/default/files/english_paris_agreement.pdf

one or more existing international entities. The Global Environment Facility (GEF) has served as an operating entity of the financial mechanism since the Convention's entry into force in 1994.

At COP 16, in 2010, Parties established the Green Climate Fund (GCF) and in 2011 also designated it as an operating entity of the financial mechanism. The financial mechanism is accountable to the COP, which decides on its policies, program priorities and eligibility criteria for funding. In addition to providing guidance to the GEF and the GCF, Parties have established two special funds-the Special Climate Change Fund (SCCF) and the Least Developed Countries Fund (LDCF), both managed by the GEF-and the Adaptation Fund (AF) established under the Kyoto Protocol in 2001.

Global climate finance almost doubled in the last decade, with a cumulative USD 4.8 trillion in climate finance committed between 2011-2020 or USD 480 billion annual average with the private sector responsible for about half (Climate Policy Initiative, 2022).[16] A comprehensive assessment of climate finance is undertaken by the UNFCCC Standing Committee every two years, in its Biennial Assessment. The fifth of these, published in October 2022 (UNFCCC, 2022), found that global climate finance flows were US$803 billion per year on average in 2019–2020, a 12% increase from 2017-2018.[17]

1.4 Climate Finance Projects in Nepal

Nepal began receiving climate finance in 1997 through adaptation programs support by Germany, and between 1997 to 2014 the amount committed by various development partners for climate finance was USD 652.4 million (Dixti et. al, 2016)[18]. Number of climate finance projects have been implemented and are being implemented in Nepal from many multilateral and bilateral sources since then. Ministry of Finance, Economic Cooperation and Coordination Division (ECCD) publishes **'Statements of Technical and Other Assistance'** annually to disseminate a complete set of information on development cooperation received by Nepal to promote transparency and accountability. The statement provides technical and other assistance received with details of major activities, total and annual budget, areas covered, executing agencies, and supporting development partners of the projects/program, which are not reflected in the annual budget. There are also many projects/programs supported by development partners, whose fund flow is channeled through the regular budget of the country.

Statement of Technical and Other Assistance (for Fiscal Year 2023/24) provides details information of different 131 projects/programs and supporting development partners covering the period from 2018-2030 (MoF, 2023).[19] The list does not include the assistance channeled through the INGOs.

[16] https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Global-Landscape-of-Climate-Finance-A-Decade-of-Data.pdf

[17] https://www.lse.ac.uk/granthaminstitute/explainers/what-is-climate-finance-and-where-will-it-come-from/

[18] https://isetnepal.org.np/wp-content/uploads/2019/04/Climate-Finance-Fund-flow_Oxfam-Report_4-May-2016.pdf

[19] https://mof.gov.np/site/publication-detail/3265

It is anticipated that most of the development assistance Nepal will get in future will be coming through the climate finance windows and Nepal has tremendous potential to receive billions of dollars as the climate finance projects. Furthermore, Nepal is graduating from a Least Developed Country (LDC) to a developing country status in November 2026. In this context, development assistance Nepal is getting now from the developed countries will be reduced and it may be possible that most of the development assistance Nepal will get in future will be coming through the climate finance windows and grant part of the assistance will be reduced significantly, and Nepal might need to go for the loan part of the assistance.

1.5 Climate Governance Integrity Program of the Transparency International

Transparency International (TI) is a global movement with a mission to stop corruption and promote transparency, accountability, and integrity at all levels and across all sectors of society and one vision: a world in which government, business, civil society, and the daily lives of people are free of corruption.[20]

Fighting the climate emergency requires large-scale investment in renewable energy and forest management and billions of dollars are funneled into climate finance every year. Those billions of dollars will save and improve lives, but they could also disappear through graft or negligence.

The world has witnessed a vast increase in climate funding in recent years, with sums expected to grow every year as much more is still needed. In 2018, investment in climate action was estimated at US$546 billion (Transparency International, 2022)[21].

The rates of corruption in climate vulnerable countries receiving climate finance are a serious cause for concern. The climate funding landscape is complex and fragmentary, which complicates efforts to track financial flows (there is still no universally agreed upon definition of climate finance), and to ascertain who should be held accountable for decisions and results.

In many countries, governments have indicated a willingness to engage with civil society, but firm commitments and concrete action is still wanted. Transparency International's engagement and leadership on the issue of climate governance globally and nationally is strong. In countries where Transparency International works, the capacity of civil society to demand accountability from climate actors is increasing; there is a growing awareness of where integrity challenges lie and a stronger basis from which to pursue reform and achieve transformation. However, more needs to be done to bridge the gap between the environmental and good governance communities; opportunities for victims and witnesses of corruption to seek redress are still limited. Through the Climate Governance Integrity Programme, Transparency International works to ensure that this money is governed with integrity, transparency, and accountability so that these funds help the most vulnerable people adapt to the climate crisis. Countries receiving climate finance desperately need and deserve it; allowing scarce funds to be stolen cannot be an option.

[20] https://www.transparency.org/en/about

[21] https://www.transparency.org/en/publications/corruption-free-climate-finance-strengthening-multilateral-funds

Billions of dollars are channelled into climate finance annually to cover the required large-scale investment in renewable energy and sustainable forest management to fight the climate change emergency[22]. This huge investment will help fight climate change, and save, and improve lives on earth only if the investment does not disappear through corruption.[23]

Through the Climate Governance Integrity Programme, Transparency International works to ensure that the huge amount of money invested through climate finance is governed with **integrity, transparency, and accountability.**

1.6 Objectives of the Research

Main objective of this research was to assess the implementation status and outcomes of the following four **Climate Finance Projects** that are being implemented in Nepal.

a) GCF Project (FP118): Building a Resilient Churia Region in Nepal (BRCRN).
b) GCF Project (FP131): Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal.
c) GCF Project (FP172). Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions (CCS).
d) World Bank supported project: Forests for Prosperity Project

Other specific objectives of the research include:

1. To assess the governance - integrity, accountability, transparency and other aspects of good governance.
2. To assess how environmental and social safeguards are being addressed and respected while designing and implementing the projects/programs.

1.7 Research Methodology

The methodology applied for this research is both qualitative and quantitative and it is a descriptive research. Mainly, Desk Review, Key Informant Interviews with the project staff were used to collect the information on various aspects of the projects.

Good governance has eight major characteristics.[24] It is the participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive following the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society. Project governance was assessed based on these characteristics.

[22] https://www.transparency.org/en/projects/climate-governance-integrity-programme

[23] Ibid

[24] United Nations Economic and Social Commission for Asia and the Pacific. What is Good Governance? https://www.unescap.org/sites/default/files/good-governance.pdf

1.8 Limitations of the Research

This study has been conducted mostly based on desk review. Field visit and focus group discussions were not conducted because of time and resource constraints. Main objective of this research was to assess the implementation status and outcomes of the chosen climate finance projects in Nepal. However, implementation of the projects has been delayed and only two projects have been implemented in the field for about two years. The other two projects are mostly in inception phase and actual field implementation has not yet started. Therefore, field level data related to the expected outputs and outcomes have not yet been generated in most cases. The scope of the research was limited because of the time and resource constraint for the research.

1.9 Structure of the Report

The report is divided into six chapters. Chapter 1 is the introduction of the research and provides some background information, objective of the research, the methodology of the research and the limitation of the research. Chapter 2 provides the information on the first project of this study: Building a Resilient Churia Region in Nepal. Chapter 3 is the information on the second project: Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal. Similarly, Chapter 4 and 5 provide information on the 3rd and 4th projects of this study: Clean Cooking Solutions; and Forests for Prosperity Project respectively. Chapter 6 provides the Conclusions and Recommendations of the study.

Chapter 2. Building a Resilient Churia Region in Nepal

2.1 Brief Introduction of the Project

Building a Resilient Churia Region in Nepal (BRCRN) project is the first project of the country funded by the Green Climate Fund (GCF). The project is being implemented jointly by the Food and Agriculture Organization of the United Nations (FAO) as the Accredited Entity of the GCF and the Ministry of Forests and Environment (MoFE) of the government of Nepal in 26 river systems of Koshi, Madesh and Bagmati provinces. Table 1 is the summary information of the project.

Table 1. Brief Summary of BRCRN project.

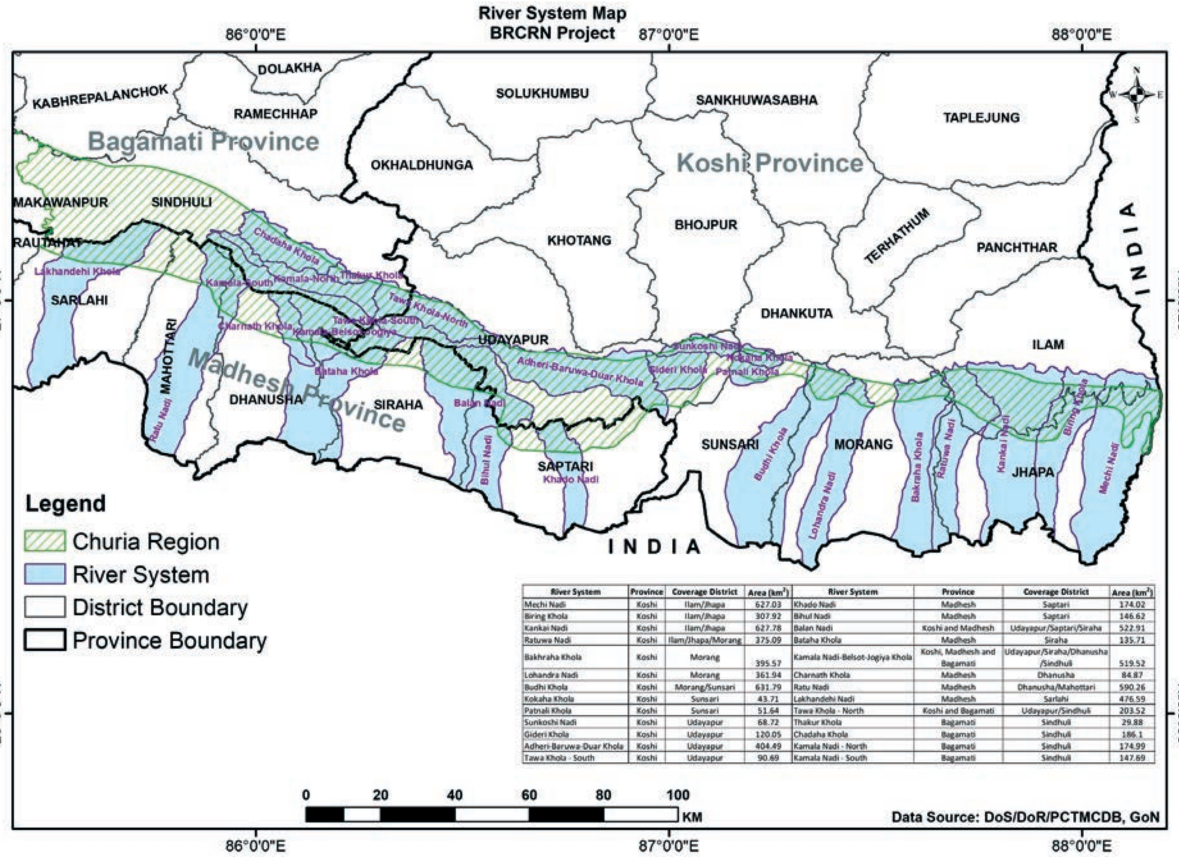
Name of the project	Building a Resilient Churia Region in Nepal (BRCRN)
Funding Agency and Project ID	GCF, FP118
Accredited Entity	Food and Agriculture Organization of the United Nations (FAO)
Date of Submission	13 February 2019
Date of approval	14 November 2027 at the 24th meeting of the GCF board)
Project Duration	7 years (Two years for preparation and 5 years for implementation)
Executing Entity	Ministry of Forests and Environment (MoFE)
Implementation Status	Under implementation
Project Commencement Date	12 May 2020
Estimated Completion Date	12 May 2027
Total Project Value	USD 47.3 million (GCF grant: USD 39.3 m (83%); Cofinancing: 8.0 m (17%)
Expected Emission Avoided	11.5 million tons of CO_2e.
Beneficiaries	**3.2 million** • Direct beneficiaries: 200,681 households and 963,268 people. • At least 50% of beneficiaries will consist of women with proportional representation of Indigenous Peoples (31%), Dalits (13%) and other marginalized groups. • Indirect beneficiaries: 2,252,980 people.

2.2 Project Area

The total area covered by the BRCRN project is about 702,011 hectares, excluding community settlements and water-covered areas of the 26 vulnerable river systems of Koshi, Madhesh and Bagmati provinces. Out of total area, 227,276 hectares is forest area. Out of the project area, 96,311 hectares are flood-affected areas and more than 700,000 people are affected by floods.[25]

[25] https://brcrn.gov.np/indexnepali.php

Figure 1 is the map showing the project area and the river systems. The population of the project area is over 3.2 million of which 51% are women and about 31% and 13% are Indigenous Peoples and Dalits respectively.[26]



River System	Province	Coverage District	Area (km²)	River System	Province	Coverage District	Area (km²)
Mechi Nadi	Koshi	Ilam/Jhapa	627.03	Khado Nadi	Madhesh	Saptari	174.02
Biring Khola	Koshi	Ilam/Jhapa	307.92	Bihul Nadi	Madhesh	Saptari	146.62
Kankai Nadi	Koshi	Ilam/Jhapa	627.78	Balan Nadi	Koshi and Madhesh	Udayapur/Saptari/Siraha	522.91
Ratuwa Nadi	Koshi	Ilam/Jhapa/Morang	375.09	Bataha Khola	Madhesh	Siraha	135.71
Bakhraha Khola	Koshi	Morang	395.57	Kamala Nadi-Belsot-Jogiya Khola	Koshi, Madhesh and Bagamati	Udayapur/Siraha/Dhanusha /Sindhuli	519.52
Lohandra Nadi	Koshi	Morang	361.94	Charnath Khola	Madhesh	Dhanusha	84.87
Budhi Khola	Koshi	Morang/Sunsari	631.79	Ratu Nadi	Madhesh	Dhanusha/Mahottari	590.26
Kokaha Khola	Koshi	Sunsari	43.71	Lakhandehi Nadi	Madhesh	Sarlahi	476.59
Patnali Khola	Koshi	Sunsari	51.64	Tawa Khola - North	Koshi and Bagamati	Udayapur/Sindhuli	203.52
Sunkoshi Nadi	Koshi	Udayapur	68.72	Thakur Khola	Bagamati	Sindhuli	29.88
Gideri Khola	Koshi	Udayapur	120.05	Chadaha Khola	Bagamati	Sindhuli	186.1
Adheri-Baruwa-Duar Khola	Koshi	Udayapur	404.49	Kamala Nadi - North	Bagamati	Sindhuli	174.99
Tawa Khola - South	Koshi	Udayapur	90.69	Kamala Nadi - South	Bagamati	Sindhuli	147.69

Figure 1. Map showing the 26 river systems of the Project Area[27]

2.3 Objectives and Expected Outcomes

The main objectives of the project are to enhance the climate resilience of ecosystems and vulnerable communities in the project area of 26 river systems of Koshi, Madhesh and Bagmati provinces of Nepal through integrated sustainable natural resource management (SNRM) and adopt climate-resilient land-use practices. To achieve the above objectives of the project, different activities are being implemented under the following three components.

a) **Component 1:** Scaling up climate-resilient Sustainable Natural Resource Management (SNRM)
b) **Component 2:** Strengthening institutions and planning for climate-resilient SNRM.
c) **Component 3:** Improving knowledge, awareness and local capacity for climate-resilient SNRM.

[26] Approved project funding proposal available online at: https://www.greenclimate.fund/sites/default/files/document/funding-proposal-fp118-fao-nepal.pdf

[27] Source: BRCRN website (चुरे उत्थानशील आयोजना संक्षिप्त परिचय.pdf)

Table 2 shows the expected outcomes at the end of the project implementation (May 2027)

Table 2. Expected outcomes at the end of the project implementation by May 2027[28]

Expected Outcomes	Indicator	Target (at the end of the project implementation – May 2027)
1. Improved land and forest area management will contribute to reducing emissions	Area of land or forest area (in hectares) under improved and effective management that contributes to reducing carbon dioxide emissions.	• Climate smart agriculture practice is implemented in about 48, 772 ha of agricultural land. • About 148,998 ha of forest ecosystems are managed sustainably. • Restoration of about 12,92 ha of community forests through assisted natural regeneration. • New plantation and management in about 5,890 ha (including public land plantation)
2. Awareness of the risks of climate change and ways to mitigate those risks will be increased among the stakeholders including indigenous people and local communities of the project area	The number of people (men and women) whose knowledge and awareness on climate change risks and mitigation measures	• Male: 4,81,634 • Female: 4,81,634 • Total: 9,63,268
3. Institutional and regulatory systems for climate responsive planning and development will be strengthened	Number of effective and functional institutions for climate action	• An effective and functional institutions and coordinated networks will be established in 26 river systems.

2.4 Present Status of Project Implementation and Progress

BRCRN project is being implemented since 12 May 2020, and by 12 May 2024, four years of the project period have been completed. The Accredited Entity, FAO submitted the first annual performance report of the project to the GCF in August 2021 covering the reporting period from May 12, 2020 to December 31, 2020.[29] The second annual performance report was submitted in October 2022 covering the reporting period from January 1, 2021 to December 31, 2021.[30] Similarly, third annual performance report was submitted in September 2023 covering the reporting period from January 1, 2022 to December 31, 2022.[31]

The latest annual performance report 2022 submitted to the GCF in September 2023 is used for the mapping actions and outcomes for this research. The report provides the overall implementation progress of the project including performance against GCF investment criteria,

[28] Ibid 27

[29] FP118 Building a Resilient Churia Region in Nepal (BRCRN). Annual Performance Report CY2020. https://www.greenclimate.fund/sites/default/files/document/fp118-annual-performance-report-cy2020.pdf

[30] FP118 Building a Resilient Churia Region in Nepal (BRCRN). Annual Performance Report CY2021. https://www.greenclimate.fund/sites/default/files/document/fp118-annual-performance-report-cy2021-v.pdf

[31] FP118 Building a Resilient Churia Region in Nepal (BRCRN). Annual Performance Report CY2022. https://www.greenclimate.fund/sites/default/files/document/fp118-annual-performance-report-cy2022-v.pdf

financial information, project logic framework targets indicators, and development of ESS, Indigenous Peoples, and Gender project elements. It also provides information on challenges encountered and mitigation actions taken.

Following Tables (Table 3, 4, 5 and 6) provide the implementation and progress status of the BRCRN project (Performance against the GCF Investment Criteria and project level Outcomes, Outputs and Activities).

Table 3. Performance of the BRCRN project against the GCF Investment Criteria.

Performance against the GCF Investment Criteria (summary)
Impact potential (Mitigation and adaptation
Adaptation: The Critical Ecosystem Restoration Plans (CERPs) for 26 river systems, developed in 2022, are being implemented from the year 2023, enhancing ecosystem resilience and reducing climate change vulnerability for 3.2 million inhabitants. The project reached 3415 CBO members and direct beneficiaries in 2022. **Mitigation:** In 2022, 24 events were organized to enhance institutions' technical capacity in climate change discourse, land use planning, and ecosystem mapping. A total of 92 government officers were trained in GIS/RS tools and GIS/RS application, fostering collaboration and mainstreaming gender-sensitive and climate resilient land use practices at CBOs level.
Paradigm shift potential
Potential for scaling up and replication: 26 CERPS have been developed for 26 river systems in Nepal, involving government, CBOs, and non-government organizations. The CERP is a pioneering scientific and participatory plan for mitigation and adaptation objectives. The President Chure Board has adopted the CERPs and intervention packages, supporting key downstream interventions. The project completed two provincial Training of Trainers events, focusing on Climate Change Resilient Land Use Planning (CRLUP) and GIS/RS tools. Ninety-two government officers were trained to use tools to measure climate change impacts and natural resources, enabling government support for climate resilient SNRM. Field-level implementation of CERP interventions will enhance the potential of BRCRN Theory of Change.
Sustainable development potential
Environmental co-benefits: Implementation of the CERPs developed for 26 river systems support Sustainable Development Goals (SDGs) 2, 6, 7, 12, 13, 15, and 15 environmental co-benefits, focusing on river-systems for planning and development of solutions, addressing vulnerability and climate change-exacerbated disasters. **Social co-benefits:** The project aims to reduce inequality among beneficiaries by incorporating social co-benefits. In 2022, 1,042 CBOs were profiled, and capacity building training was conducted. A service provider conducted training on environmental and social risk assessment among the 1042 CBO, of which 43% of beneficiaries were women, 40% indigenous community and 8% were Dalit. The Nepal Federation of Indigenous Nationalities (NEFIN) is partnering with a project to promote sustainable natural resources management, with over 30% of the beneficiaries being Indigenous Peoples. In 2022, 13 capacity building events were organized, benefiting 360 participants, including 157 females. The project also focused on women's economic empowerment and leadership development, raising awareness on climate change and Indigenous Peoples' contributions. **Economic co-benefits:** The CERPs aim to reduce climate-induced hazards and contribute to economic growth through interventions like ecosystem restoration, water conservation, and climate resilient agriculture practices.

Gender-Sensitive Development Impact: The project aimed to achieve gender equality and empower women and girls in forestry groups through profiling, resource access, leadership positions, and gender interventions. In 2021, 43% of 3,415 beneficiaries were women, further empowering them.

Efficiency and Effectiveness

Cost-effectiveness and efficiency: The federal and provincial project management units follow government guidelines, while FAO-TA follows FAO guidelines for procurement and project implementation in the field. A joint FAO implementation monitoring mission was organized, resulting in an expanded task force and an orientation workshop for PMU and PPMUs.

Co-financing, leveraging and mobilized long-term investments (mitigation only): MoFE provides substantial co-financing for climate resilient agricultural and forestry models implementation, with CERPs financing leveraging private investment. FAO monitors allocation and implements mitigation measures to alleviate delayed co-financing effects. Maintenance and management are financed by project participants.

Financial viability: The project aligns CERPs with climate resilient forestry and agriculture targets, with GCF grant financing covering initial costs and incentivizing transitions. This will build capacities for local and provincial governments, forestry and agriculture groups.

Application of best practices: The CERPs are prepared based on scientific and available knowledge of best practices for the project. This document will help to create an enabling environment to support the uptake of proven climate-resilient land use practices and fill information gaps and improve the consolidation of relevant information on climate-resilient land use planning and management.

Key efficiency and effectiveness indicators: In addition to MoFE co-financing, the project will also leverage additional private investment as described above, co-financing, leveraging and mobilized long-term investments. As the project has just entered implementation phase in the field after two years of preparatory phase, the time to assess efficiency and effectiveness indicators yet to come.

Table 4. Implementation and progress status of the project outputs and activities

Implementation and progress status of project outputs and activities (BRCRN project)			
Project Output	**Project Activity**	**Status**	**progress (%)**
Output 1.1. Farmers are skilled in using climate-resilient land use practices.	**Activity 1.1.1.** Establish Farmer Field Schools to promote climate-resilient land use	Activity started - progress delayed	10
	Activity 1.1.2. Train farmers to adopt and apply climate-resilient land use practices	Activity not yet due	5
	Activity 1.1.3. Train farmers to adopt agroforestry and livestock management practices	Activity not yet due	1
	Activity 1.1.4. Construct check dams, gully stabilization measures and other local infrastructure to enhance resilience against climate change-induced erosion, sedimentation and flooding risks	Activity not yet due	2
Output 1.2. Natural forest ecosystems are better maintained and protected	**Activity 1.2.1.** Support CBOs to develop/ strengthen and deliver forest management operational plans	Activity started - progress on track	5
	Activity 1.2.2. Train CBOs and landowners to enable more sustainable management of forest ecosystems	Activity not yet due	0

Implementation and progress status of project outputs and activities (BRCRN project)			
Project Output	**Project Activity**	**Status**	**progress (%)**
Output 1.3. Forests and tree coverage are re-stored and maintained in the river system landscapes	**Activity 1.3.1.** Train farmers to adopt agroforestry and livestock management practices	Activity not yet due	5
	Activity 1.3.2. Establish and maintain 7,300 ha of forest plantations to enhance resilience	Activity not yet due	0
	Activity 1.3.3. Train government field staff and CBOs on Forest Landscape Restoration, and support CBOs to implement Assisted Natural Regeneration on 15,990 ha	Activity not yet due	0
	Activity 1.3.4. Provide technical guidance and seedlings to establish tree cover on 16,500 ha of woodlots to enhance ecosystem resilience, and improve fuelwood and timber availability in downstream communities	Activity not yet due	0
Output 2.1. Planning for climate-resilient SNRM is enhanced	**Activity 2.1.1.** Strengthen institutions on climate change impacts and ecosystem mapping	Activity started ahead of schedule	50
	Activity 2.1.2. Develop and validate Critical Ecosystem Restoration Plans (CERPs) for 26 river systems	Activity started ahead of schedule	80
	Activity 2.1.3. Support provincial governments to plan and increase resilience to projected climate change-related extreme events	Activity not yet due	0
Output 2.2. Community-based organizations (CBOs) are equipped to scale up climate-resilient SNRM	**Activity 2.2.1.** Establish, formalize and register CBOs to enable climate-resilient SNRM	Activity not yet due	5
	Activity 2.2.2. Train CBOs on climate-resilient land use planning, and assist them to mainstream SNRM into their CBO management plans	Activity not yet due	0
Output 3.1. Local knowledge on climate-resilient SNRM is enhanced	**Activity 3.1.1.** Equip Local Resource Persons (LRPs) with best practices on climate-resilient SNRM from local experience, including indigenous knowledge.	Activity not yet due	0
	Activity 3.1.2. Raise awareness on climate-resilient SNRM through local schools, media and intra-regional exchange.	Activity not yet due	0
Output 3.2. The extension system is equipped to promote climate-resilient SNRM	**Activity 3.2.1.** Develop 10 modules on SNRM to be used by extension workers, including in the Farmer Field Schools	Activity not yet due	0
	Activity 3.2.2. Enhance and deliver quality climate-informed extension services on SNRM to households	Activity not yet due (This activity is linked with 3.2.1. The 10 modules developed in activity 3.2.1 are the resource materials to train extension agents.	0

Implementation and progress status of project outputs and activities (BRCRN project)			
Project Output	**Project Activity**	**Status**	**progress (%)**
	Activity 3.2.3. Establish and operate a Churia Knowledge Centre (CKC) in each province to enable continuous delivery of climate-informed extension services and planning, and to monitor implementation and results of CERPs and CBO management plans.	Activity not yet due	5

Table 5. Implementation and progress status on the fund level impact indicators of the logic framework

Progress Update on Fund-Level Impat Indicators of Logical Framework					
Fund-level impact indicators	**Baseline**	**Current value**	**Target (Mid-term)**	**Target (Final)**	**Remarks**
Core indicators					
Mitigation Core Indicator 1. Tonnes of carbon dioxide equivalent (tCO_2e) reduced as a result of GCF funded project.	0	0	743764	2366 485 tCO_2e Expected lifetime emission target: 11 480 000	
Mitigation Core Indicator 2. Cost per tCO_2e decreased for GCF funded project.			USD 18.06	USD 17.33 Cumulative value over lifetime: 4.12388	
Adaptation Core Indicator 1. Direct Beneficiaries of GCF funded project (Units: number of individuals and percentage %)	0 (0%)-Female	3667 (30%) -Female	231168 (50% Female)	963 268 (50%) Female	
Adaptation Core Indicator 2.- Indirect Beneficiaries of GCF funded project. (Units: number of individuals and percentage %	0 (0% Female)	15158 (43% Female)	0 (0% Female)	3200 000 (50% Female)	
Adaptation Core Indicator 3. Number of total direct beneficiaries relative to total population (Units: percentage %)	0 (0%)	0.005%	7%	30%	
impact indicators					
M4.1 Tonnes of carbon dioxide equivalent **(tCO_2e)** reduced or avoided as a result of sustainable management of forests and conservation and enhancement of forest carbon stocks	101 094 322 **tCO_2e**	0 **tCO_2e**	743764 **tCO_2e**	2366 485 **tCO_2e**	

A4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change (Units: multiple, as applicable)					
ha of climate resilient agricultural practices implemented	0	0	12189	48772	
ha of forest ecosystems sustainably managed	0	0	45848	148998	
ha community managed natural forests restored through assisted regeneration	0	0	4000	12792	
ha of new planted forests established	0	0	0	5840	

Table 6. Implementation and progress status on the project level outcome indicators of the logic framework

Progress Update on Project Level Outcome Indicators of Logical framework					
Project indicators (Mitigation/Adaptation)	**Baseline**	**Current value**	**Target (mid-term)**	**Target (Final)**	**Remarks**
Outcome M9.0. Improved management of land or forest areas contributing to emissions reductions **Indicator M9.1** Hectares of land or forests under improved and effective management that contributes to **tCO_2e** emission reductions					
ha of climate resilient agricultural practices implemented	0	0	12189	48772	
ha of forest ecosystems sustainably managed	0	0	45848	148998	
ha Community man-aged natural forests restored through assisted regeneration.	0	0	4000	12792	
ha of new planted forests established	0	0	0	5840	
Outcome A5.0. Strengthened institutional and regulatory systems for climate responsive planning and development **Indicator A5.2.** Number and level of effective coordination mechanisms					
26 river-system level CFUG coordination networks - Level	0	0	2	4	
Outcome A8.0 Strengthened awareness of climate change threats and risk reduction process **Indicator A8.1.** Number of males and females made aware of climate threats and related appropriate responses					
number beneficiaries	0	4565	231168	963268	

2.4.1 Adaptive management of the projects in the field conditions during implementation and deviation from the funding

The annual performance report 2022 of the project provides some changes that were made and expected changes in coming years from the activities and targets proposed in the funding proposal. These include:

- The baseline study of the BRCRN project shows an increase in forest area from 254,323 ha in 2010 to 263,020 ha in 2019. The project's mitigation targets were based on a

1.2% deforestation rate during the reference period, but the scenario of the business-as-usual showed a different trend. The study suggests that the mitigation targets may need to be reassessed for better estimate of the project's impact.

- The project involved the Himalayan Grassroots Women's Natural Resource Management Association (HIMAWANTI) in 58 local consultations to incorporate women's issues and solutions into the CERP intervention package.
- The project will strengthen existing CFUG networks at municipal, district, provincial, and national levels but not yet formed new ones at the river system level as proposed in the funding proposal, as per the 3rd PSC meeting.
- The proposed number of soil conservation structures in the project's funding proposal is insufficient to address climate vulnerability and reduce 25% sedimentation in 26 river systems. The project will revisit this issue and report on the next APR. Additional budget is needed to manage the change in demand, which can be arranged through re-allocating funds from other activities in collaboration with local and provincial governments.
- The project is collecting household and hamlet-level information to identify the actual need for woodlots establishment.

The adjustments that need to be made on the different proposed activities based on validated and approved by CERPs and expected to be changed are provided in Table 7.

Table 7. Proposed activities that are expected to be adjusted in the field as per the CERPs

Activities	Proposed in the Funding Proposal	New numbers based on the CERP recommendations
Gully treatments	86 locations	399 locations
Check dam construction	129	327
Climate resilient agriculture	48772 ha	87465 ha
Woodlots establishment	16500 ha	4442 ha

The adaptive managements of the project described above show that some risks (in project implementation) were triggered by the FAO as the AE reporting and engagement due to implementation issues as GCF project activity cycle explains the three main triggers for adaptive management[32] are:

- Risk flags arising from GCF monitoring tools.
- Proactive AE reporting and engagement due to implementation issues; and
- Complaints relating to integrity and violation of environmental and social safeguards

2.4.1 Financial Progress of the Project.

Details of the financial progress of the project is not publicly available. The project website (https://www.greenclimate.fund/project/fp118) provides the disbursed money from the GCF to the accredited entity (FAO) for project implementation. The website shows that a total 36% of

[32] GCF Project Activity Cycle. (https://www.greenclimate.fund/project-cycle)

the GCF grant has been disbursed to the FAO for project implementation as of 12 Sept 2024 (The website was last accessed on 30 September 2024). This is not however the actual amount disbursed/spent by the FAO for field implementation of the project activities, which is far less than the disbursed amount from GCG to the FAO.

2.5 Project Governance and Management

2.5.1 Institutional arrangements

The FAO, as the Accredited Entity, is responsible for project appraisal, oversight, fund management, monitoring reporting, and closure of the BRCRN project. FAO discharges its responsibility through its Technical Assistance Office established for the project and is also responsible for accountability through annual and bi-annual project reports and audits. The Project Steering Committee, under the Ministry of Forests and Environment, provides strategic guidance, coordinates government institutions, reviews annual work plans, approves budgets, and mobilizes technical expertise.

Project Management Unit (PMU) at the federal level, headed by a National Project Director (NPD) is responsible for project implementation as per the annual work plans and budgets approved by the PSC with the help of Provincial Project Management Units (PPMUs). Provincial Coordination Unit (PCU) with a multi-sectoral and multi-stakeholder committee chaired by the Secretary of Provincial Ministry of Industry, Tourism, Forests and Environment is responsible for developing provincial work plans, implementation and monitoring of the plans with guidance from the PMU and PPMU and according to the Project Implementation Manual (PIM).

PPMU, in consultation with the Provincial Coordination Units (PCU) is responsible for coordinating the development of provincial work plans, implementation of plans in the field and monitoring and reporting to the PMU. Figure 2 shows the overall project governance structure.

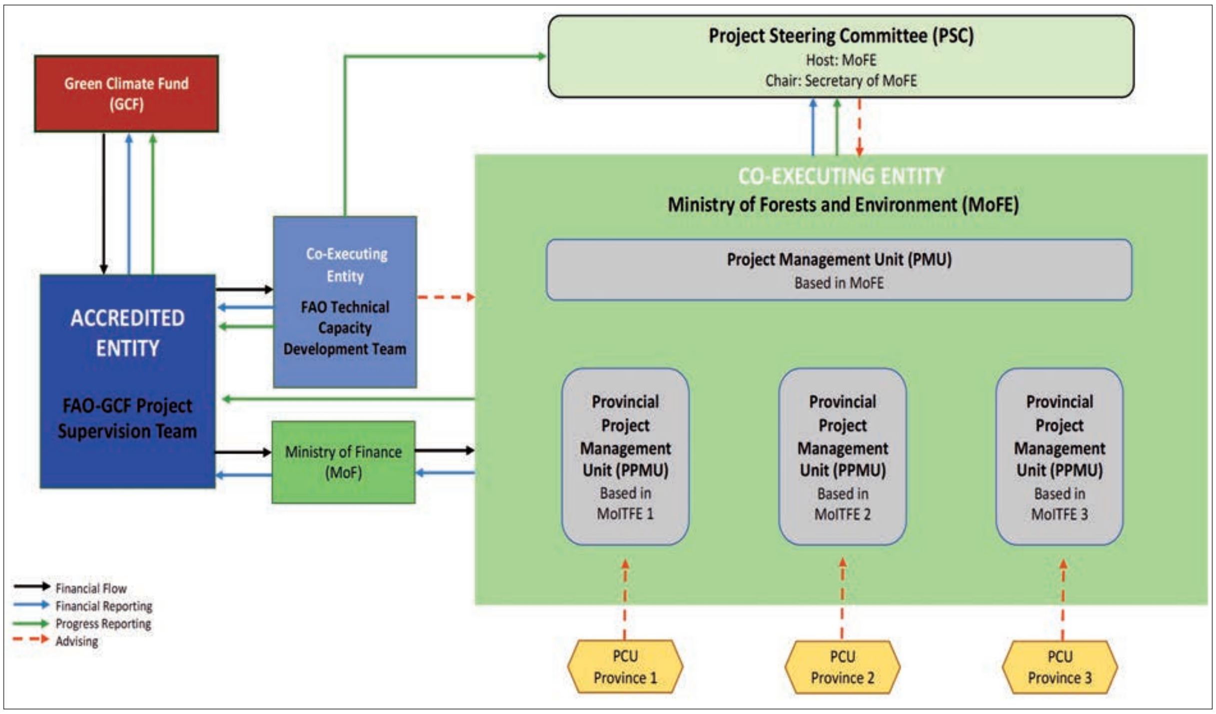


Figure 2. Project governance structure of the BRCRN project

2.5.2 Environmental and Social Safeguards

The Environmental and Social Management Framework (ESMF) of the project was developed to manage potential environmental and social impacts in line with FAO's and GCF's guidelines and performance standards. It aims to promote sustainable agriculture, identify and evaluate environmental and social risks, and implement a mitigation hierarchy based on avoidance, mitigation, and offset.

Based on the FAO Project Environmental and Social Screening Checklist (FAO, 2015)[33], the project was identified as a Category B (moderate risk) project.[34] Environmental and Social Management Plans (ESMPs), Indigenous Peoples' Plans (IPPs) and Social Inclusion Management Plans (SIMPs) developed for all 26 river systems based on the proposed activities were approved and validated in 2024. These are now being implemented in the field.

2.5.3 Stakeholder Participation

Since May 2017, the FAO as the Accredited Entity of the GCF, held five bilateral meetings with the Ministry of Finance, the national designated authority (NDA) of Nepal, to discuss the development of the project. Five technical committee meetings were also held between June 2017 and May 2018 and attended by the government representatives from several sectors, including the NDA and MoFE, to provide feedback on the project concept and proposal. Non-governmental experts were also invited to the meetings. In addition to the consultations with government authorities, the project was presented to diverse stakeholders in consultations to solicit feedback. Over 420 people were consulted through various workshops at the national and district levels, through bilateral meetings with non-governmental organizations at both the national and local levels, and through engagement with local CBOs and communities in the project area. The process included the participation of diverse stakeholders, including women, indigenous people, Dalits and other marginalized minority groups.

Stakeholder consultations continued during the ESMF, CERP, ESMP, IPP and SIMP development process. The project has maintained regular stakeholder consultations during the implementation phase with engagement of representatives from national, provincial and local governments, CSOs (including women's organizations, indigenous people's federations and organizations, and Dalit organizations), CBOs and the private sector.

2.5.4 The Gender Action Plan

The Gender Action Plan (GAP) developed during the project design phase has been revised and adjusted in 2023 based on the learnings of two years, CERP field study, and recommendations from the gender mainstreaming workshops. At least 50% of project beneficiaries will be women,

[33] https://openknowledge.fao.org/server/api/core/bitstreams/a5ca44db-0cdd-43a4-bf87-9e063e6d8252/content

[34] A Moderate Risk project according to FAO guidelines are as follows: 1. A project with identified potential adverse environmental and social impacts. 2. Potential impacts are not unprecedented in the project area. 3. Potential impacts are limited to the project's footprint. 4. Potential impacts are neither irreversible nor cumulative. 5. Potential impacts can be addressed using recognized good management or pollution abatement practices, and there is a demonstrated record of their successful use in the project area (upstream and downstream)

with proportional representation of Indigenous People, Dalits and other marginalized groups. All members of project management structures will undergo trainings on GESI in the context of the BRCRN project, ensuring that all staff are aware of potential barriers, differentiated vulnerabilities and opportunities within the project to empower and engage these groups of beneficiaries. Trainers and local resource persons supporting the project will include diverse people, including women, indigenous people and other marginalized groups, including Dalits.

2.5.5 Grievance Redress Mechanism

The Grievance Redress Mechanism (GRM) developed for the project aims to prevent financial impact on individuals or groups by covering costs associated with preparing or issuance of legitimate complaints, ensuring equal access for vulnerable groups like women, indigenous people, and marginalized individuals. GRM developed during the project design phase is provided in Figure 3:

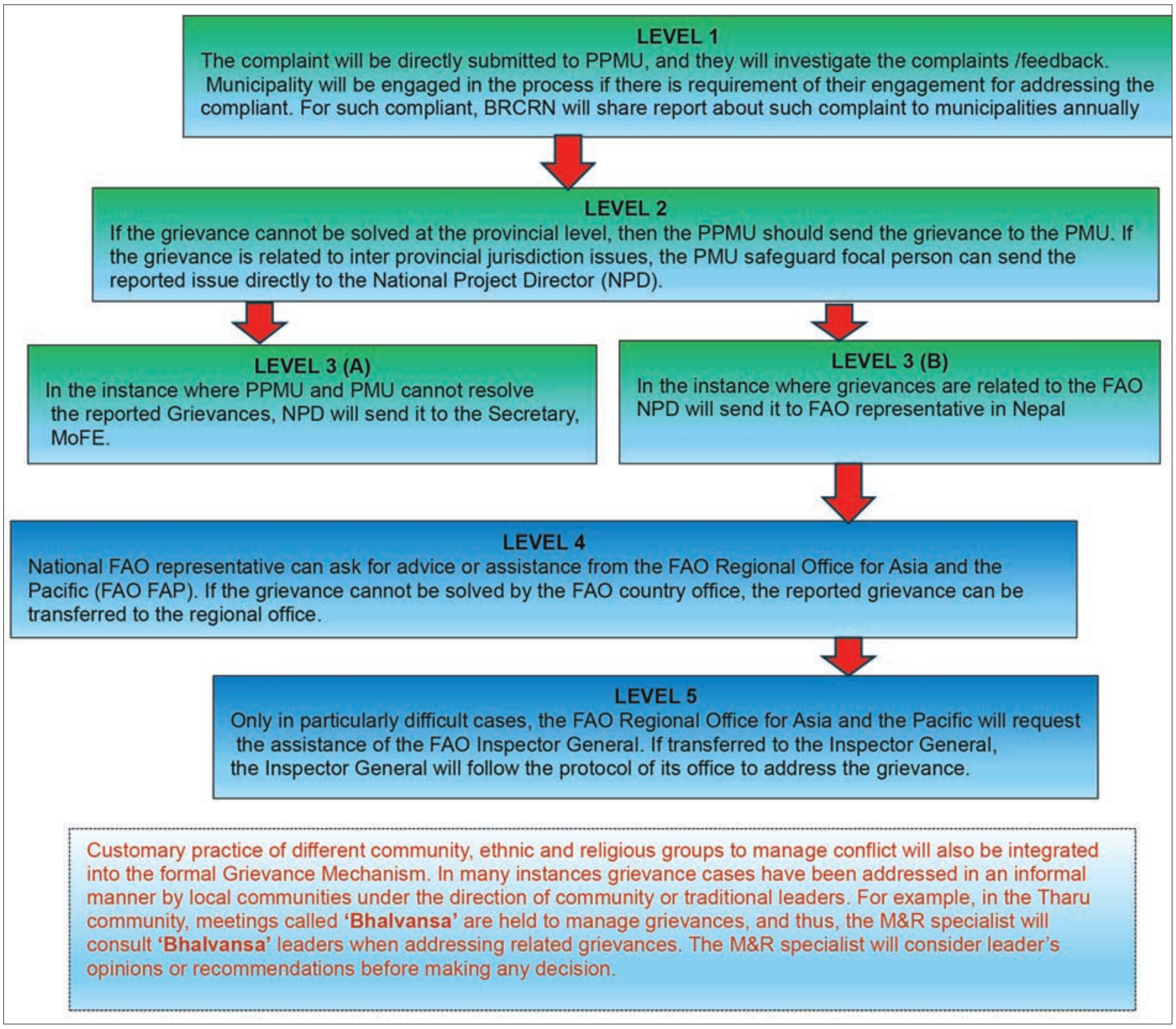


Figure 3. Grievance Redress Mechanism for the BRCRN project

The proposed changes in Grievances Redress Mechanism (GRM) procedures provided in the ESMF was discussed and finalized based on the Local Government Operation Act 2017 and the effectiveness of engagement of local government for addressing the grievances of the project.

There has been no grievances or complaint received in 2022 through the available medium.

GCF's Independent Redress Mechanism has been communicated with the executing entities, peoples, and project beneficiaries. PMU and PPMUs have established and operationalized grievances readdress mechanism with functional toll-free number and complain boxes. Additionally, grievances readdress committee formed at PMU and PPMUs. They regularly track the complaint; however, till now, no complain has been registered.

2.5.6 Monitoring and Evaluation Mechanism

The FAO-GCF project supervision team is responsible for overseeing the implementation of the project in accordance with the Accreditation Master Agreement (AMA). The FAO Office of Evaluation is responsible for independent interim and final evaluations of the project, using a question-driven approach. The interim evaluation will improve implementation and set corrective measures. The final evaluation will assess the intervention's relevance, performance, sustainability, differential impacts, and lessons learned. Mixed methods will be used to measure attributable changes, including qualitative and counterfactual analysis. Primary data collected by evaluators and secondary national data, as well as monitoring reports and activities prepared by project staff, will be used.

The project is now in its 5th year but its only in third year of the actual implementation phase. Mid-term evaluation of the project must have been initiated by now. But information on the mid-term evaluation has not yet been provided.

2.6 Transparency in Project Governance and Management

Transparency in project management is the act of sharing all project information, including goals, management issues, decisions taken and progress, with all team members and stakeholders in an open manner. The overall transparency of the BRCRN project looks quite good, as most of the project related information is publicly available through the GCF website.[35] Funding proposals with various annexes and other relevant documents, as well as Annual Performance Reports, are available online. During the project design phase and ESMF development process, all the stakeholders were consulted, and all the relevant information were duly disseminated. A GRM for the project has been established.

2.7 Accountability and Integrity in Project Governance and Management

Accountability and integrity of the GCF funding projects are ensured in principle through the active involvement of one of the GCF accredited entities in overall project management and supervision. For the BRCRN, FAO as the Accredited Entity and Ministry of Forests and Environment, as the Executing Agency are jointly responsible for overall project management including accountability and integrity of the project related activities.

ACCREDITATION MASTER AGREEMENT between the GCF and the Accredited Entity clearly states that *'the Accredited Entity covenants that it shall at all times comply, and where applicable shall*

[35] h https://www.greenclimate.fund/project/fp118

impose such compliance by the Executing Entity, (i) with its own rules, policies and procedures that should enable it to comply with the Fund's Standards, policies and procedures to the extent and scope of its Accreditation".[36]

Funding proposal, ESMF, ESMPs, IPPs, SIMPs, GAP all clearly provide institutional arrangements and roles and responsibilities of different agencies for project implementation, monitoring and evaluation. It is expected that those agencies responsible for the implementation of the project activities are also responsible for accountability and integrity of their decisions and actions.

The project implementation has been delayed and most of the activities have not yet started in the field. Until now, only about 20% of the GCF grant has been disbursed. The Annual Performance Report 2022 mentions that there are some reasons for the delay. One of the reasons mentioned is due to the COVID 19 pandemic. However, there are also some other reasons for the delay. These include lack of sufficient staff at province level and frequent transfer of the government staff responsible for the project.

Sometime the missed deadlines and targets (of the project activities) are considered as the lack of accountability. FAO as the AE and MoFE as the Executing Agency should take the responsibility for the delay and must take the necessary steps to resolve the issues so that the project is implemented timely manner and expected outputs and outcomes are achieved.

[36] Accreditation Master Agreement between the Accredited Entity and GCF (2024). https://www.greenclimate.fund/sites/default/files/document/ama-template-1-february-2024.pdf

Chapter 3. Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal

3.1 Brief Introduction of the Project

Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin (GRB), Nepal is the second project of the country funded by the Green Climate Fund (GCF). The project is being implemented jointly by the International Union for Conservation of Nature (IUCN) as the Accredited Entity of the GCF and the Ministry of Forests and Environment (MoFE) of the Government of Nepal in the Gandaki river basin. The summary information of the project is presented below.

Table 8. Brief information of the project

Name of the project	Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal
Funding Agency and Project ID	GCF, FP131
Accredited Entity	IUCN
Date of Submission	Funding Proposal: 22 Jun 2018; Concept Note: 25 Feb 2018
Date of approval	21 Aug 2020 at the 26th meeting of the GCF board
Project Duration	7 years
Executing Entity	Ministry of Forests and Environment (MoFE)
Implementation Status	Under implementation
Project Commencement Date	03 Nov 2021
Estimated Completion Date	02 Nov 2028
Total Project Value	USD 32.7million (GCF grant: USD 27.4 million; Cofinancing: 5.3 m (16.2%)
Expected Emission Avoided	847.3k CO_2e.
Beneficiaries	**1.9 million people** Direct: 198,016 households; 833,647 people (541,870 women and 291,776 men)]. Indirect: 250,000 households; 1,052,500 people ((631,500 women and 421,000 men)].

3.2 Project Area

The project is being implemented in the Gandaki river basin covering 16 districts of Bagmati, Gandaki and Lumbini Provinces (Figure 4)

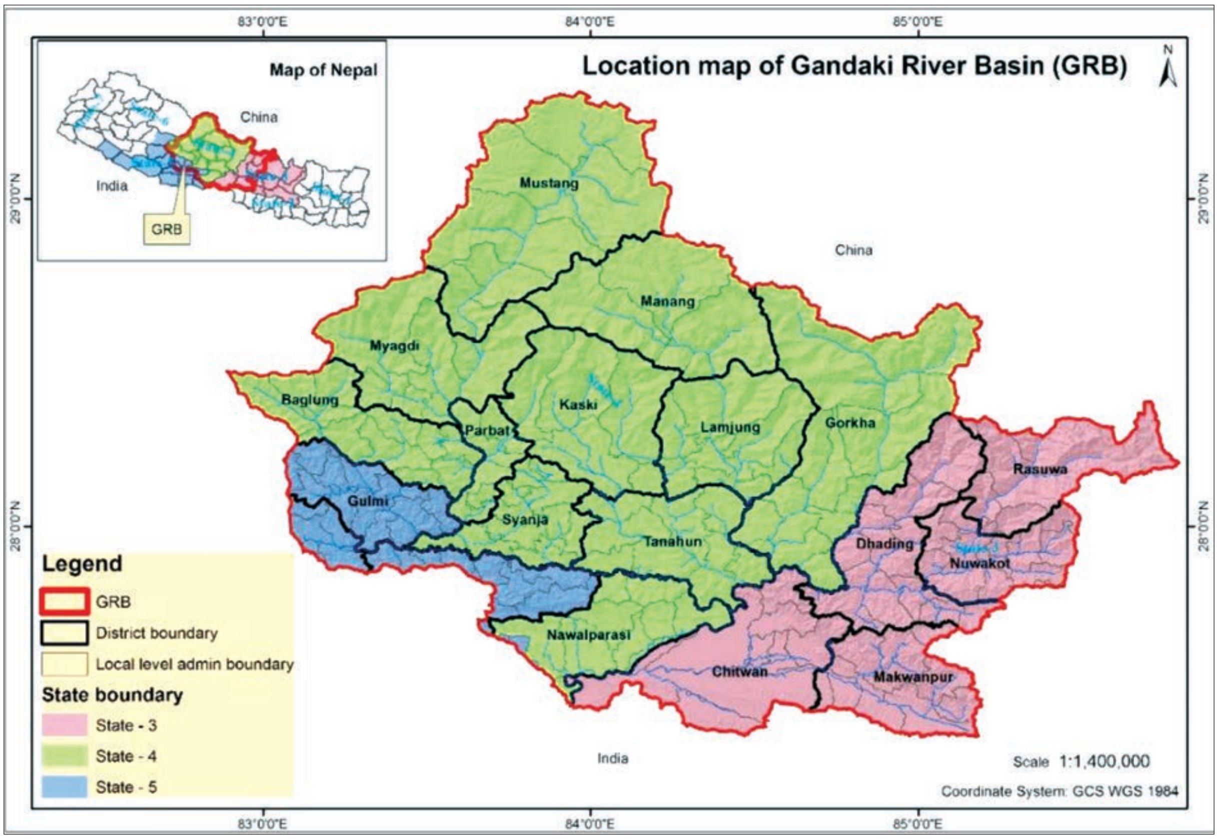


Figure 4. Map showing the project area – Gandaki river basin.

3.3 Objectives and Expected Outcomes of the Project

The main objective of the project is to improve the resilience of climate vulnerable communities and ecosystems in the GRB. To achieve the above objective of the project, different activities are being implemented under the following three components.

a) **Component 1: Community resilience -** Building climate resilience of the livelihood of communities in vulnerable areas of the GRB, through improvements in agricultural production, forest-based enterprise, and integration of climate resilience. Under this component the project aims to implement climate resilient agroforestry and livelihood improvement actions for coping with extreme climate events, and measures for increasing water availability and water use efficiency

b) **Component 2: Ecosystem resilience -** Building climate resilience of the vulnerable ecosystems in the GRB, through improved management of mainly forest ecosystem, rangeland ecosystem, and wetland ecosystem. The component aims to implement conservation and restoration actions, forest landscape restoration and bioengineering actions, and measures to protect vulnerable grasslands.

c) **Component 3: Climate governance -** Strengthening institutional framework and governance of climate change adaptation measures at the national, provincial and local levels with the aim to establish community-based mechanisms for planning, restoration, monitoring, and maintenance of ecosystems, incorporating ecosystem-based climate change adaptation approaches into government policies and plans, and establishing a river basin knowledge management system.

3.4 Present Status of Project Implementation and Progress

Gandaki River Basin Project is being implemented since 3 Nov 2021 and on 2 Nov 2024 three years of the project period will be completed. The Accredited Entity, IUCN submitted the first annual performance report of the project to the GCF on October 24, 2023, covering the reporting period from Jan 1, 2022 to December 31, 2022.[37] This is the only Annual Performance Repot publicly available at the moment, which is used for the mapping actions and outcomes for this study. The report provides the overall implementation progress of the project including performance against GCF investment criteria, project logic framework targets indicators, and development of ESS, and Gender project elements.

The following Tables (Table 9, 10 and 11) provide the overall present status of project implementation and progress against different criteria and indicators.

Table 9. Performance of the Gandaki River Basin Project Against the GCF Investment Criteria

Performance against the GCF Investment Criteria (summary)
Impact potential (Mitigation and adaptation)
The project aims to improve community and ecosystem resilience by shifting climate change adaptation planning from a political boundary to a river basin approach. First annual progress report submitted in September 2023 covering the reporting period of year 2022 does not provide any progress in mitigation and adaptation impact potential since the reporting period was just a preparatory year for project implementation.
Paradigm shift potential
The project aims to transition from a political boundary approach to a river basin approach, involving collaboration with provincial governments to plan and adapt. Three Provincial Coordination Units have been formed in Gandaki, Bagmati, and Lumbini provinces, fostering information exchange and idea gathering. No progress has been reported for the reporting period.
Sustainable development potential
There have been no activities implemented related to this Investment Criteria.
Efficiency and Effectiveness
No progress has been reported as the project has not yet fully implemented in the field.

Table 10 Performance of the Gandaki Basin Project Against the Outputs and Activity Level

Implementation Status and Progress of the Project on Outputs and Activity Level			
Project Output	**Project Activity**	**Status**	**Progress (%)**
Output 1.1. Climate resilient agroforestry and livelihood improvement actions implemented for coping with extreme events.	**Activity 1.1.1.** Establish climate resilient agroforestry practices.	Activity started - progress on track	5
	Activity 1.1.2. Construct small nature-based structures (bamboo check dams, plantations of grass and trees)	Activity not yet due	0

[37] GCF FP131. Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal. Annual Performance Report CY2022 https://www.greenclimate.fund/sites/default/files/document/fp131-annual-performance-report-cy2022-v.pdf

Implementation Status and Progress of the Project on Outputs and Activity Level			
Project Output	**Project Activity**	**Status**	**Progress (%)**
	Activity 1.1.3 Promote drought and flood tolerant varieties (at least one drought tolerant variety (wheat) for hill districts and one flood tolerant variety (paddy) for Terai and plain areas in the Chure and Inner Terai.	Activity not yet due	0
Output 1.2. Interventions for water availability and water use efficiency from irrigation systems and improved water sources implemented	**Activity 1.2.1.** Reconcile of the Water Model for Entire Gandaki River Basin	Activity started - progress delayed	0
	Activity 1.2.2. Construct small scale irrigation systems through improved community participation	Activity not yet due	0
	Activity 1.2.3. Establish water harvesting systems (conservation ponds, water reservoirs) and promote water use efficiency through drip and sprinkle irrigation, and the use of wastewater	Activity not yet due	0
	Activity 1.2.4. Improve water availability through construction and maintenance of water holes in community grasslands	Activity not yet due	0
Output 2.1. Natural ecosystem restoration-based actions implemented for reducing impacts of landslides and floods	**Activity 2.1.1.** Construct climate resilient green belts to protect forests, wetlands, grasslands and conservation ponds from landslides and floods	Activity started - progress on track	7
	Activity 2.1.2. Apply bio-engineering techniques to provide structural support for 70 km erosion prone rural forest roads.	Activity started - progress on track	5
	Activity 2.1.3. Restore the biodiversity of vulnerable forests and grassland ecosystems through the removal and (productive) reuse of invasive species	Activity not yet due	0
Output 2.2. Technical capacity of GRB communities enhanced in maintaining and supporting climate resilient ecosystems	**Activity 2.2.1.** Create new Standard Operation Procedures that support future interventions on agroforestry, forestry, wetlands and grasslands management	Activity not yet due	0
	Activity 2.2.2. Provide technical training to enhance capacity of CFUGs and NGOs in vulnerable communities in maintaining climate resilient Ecosystems.	Activity not yet due	0

Implementation Status and Progress of the Project on Outputs and Activity Level			
Project Output	**Project Activity**	**Status**	**Progress (%)**
Output 3.1. Community-based mechanism for planning, restoration, monitoring, and maintenance of ecosystems established	**Activity 3.1.1.** Technical assistance for community-based planning and development of site-specific management structure and tools for conservation and restoration of ecosystem.	Activity not yet due	0
	Activity 3.1.2. Develop community-based monitoring and maintenance programmes through the local and regional management structures to maintain restored ecosystems	Activity not yet due	0
	Activity 3.1.3. Training and supporting communities in clusters to track the restoration and conservation of the ecosystems in target sites	Activity not yet due	0
	Activity 3.1.4. Link upstream and downstream vulnerable communities through climate informed management of spring-shed and water source protection	Activity not yet due	0
Output 3.2. Ecosystem-based climate change adaptation approaches incorporated into government policies and plans	**Activity 3.2.1.** Prepare River Basin Management framework with integrated sub-riverine watershed and water resource management plans for the GRB that includes forests, grasslands, fisheries, wetlands and agroecosystems.	Activity not yet due	0
	Activity 3.2.2 Develop a framework for assessment for economic valuation of ecosystem and ecosystems services to support planning	Activity not yet due	0
	Activity 3.2.3. Policy Development for local governments to incorporate climate change adaptation and EbA into their Integrated Development Plan	Activity not yet due	0
Output 3.3. Knowledge management established for climate resilient River Basin Management	**Activity 3.3.1.** Establish National and GRB level system for collating data and information on global best practices, lessons learnt, evidence from the field and scientific knowledge on ecosystem- and community-based approaches to adaptation.	Activity not yet due	0
	Activity 3.3.2. Capacitating Provincial governments of three provinces in creating and operationalising an online platform and associated mobile phone application to facilitate access to information in the Decision-Support Tool for decision-makers,	Activity not yet due	0

Implementation Status and Progress of the Project on Outputs and Activity Level			
Project Output	**Project Activity**	**Status**	**Progress (%)**
	communities, NGOs/CBOs and other relevant stakeholders, as well as to allow them to upload data for tracking changes in ecological and socio-economic vulnerability to climate		
	Activity 3.3.3. Generation of the baselines data and mapping of vulnerability, hazard sites, ecosystem services and facilities in communities based on risk profile	Activity started. Progress on track	8
	Activity 3.3.4. Establish climate change adaptation knowledge sharing and learning structures within key clusters to facilitate climate resilient planning and management	Activity not yet due	0

Table 11. Performance of the Gandaki Basin Project on the Logic Framework Indicators

PROGRESS UPDATE ON FUND-LEVEL IMPACT INDICATORS OF THE LOGIC FRAMEWORK					
Fund-level impact indicators	**Baseline**	**Current value**	**Target (Mid-term)**	**Target (Final)**	**Remarks**
Core indicators					
Mitigation Core Indicator 1. Tonnes of carbon dioxide equivalent **(tCO_2e)** reduced as a result of GCF funded project.	0	0	33039	200974 tCO_2e Expected lifetime emission target: 847 250	
Adaptation Core Indicator 1. Direct Beneficiaries of GCF funded project (Units: number of individuals and percentage %)	0	0	0	833647 Final (65%) Female	
Adaptation Core Indicator 2.- Indirect Beneficiaries of GCF funded project. (Units: number of individuals and percentage %	0	0	0	1052 500 (60% Female)	
Adaptation Core Indicator 3. Number of total direct beneficiaries relative to total population (Units: percentage %)	0	0	0	3.14%	
Impact indicators					
A1.1 Change in expected losses of lives and economic assets due to the impact of extreme climate-related disasters in the geographic area of the GCF intervention (Units: Person)	71 persons	0 persons	35 persons	7 persons	

A1.2 Number of males and females benefiting from the adoption of diversified, climate resilient livelihood options (including fisheries, agriculture, tourism, etc.) (Units: number of individuals and percentage %)	0	0	42800 (65% female)	198 000 (65% female)	
A2.2 Number of food secure households (in areas/periods at risk of climate change impacts) (Unit: number of individuals/ households, % percentage, select as many as applicable)	114 057 house-holds	0 house-holds	132 016 households	151 516 households	
A3.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change (Units: multiple, as applicable)					
ha of forests	0	0	43000	101000	
ha of grassland	0	0	3000	8000	
No of wetland ecosystem	0	0	40	83	

3.4.1 Financial Progress of the Project

Details of the financial progress of the project is not publicly available. The project website (https://www.greenclimate.fund/project/fp131) provides the disbursed money from the GCF to the accredited entity (IUCN) for project implementation. The website shows that a total 11% of the GCF grant has been disbursed to the IUCN for project implementation as of 15 Dec 2021 (The website was last accessed on 30 September 2024). This is not however the actual amount disbursed/spent by the IUCN for field implementation of the project activities.

3.5 Project Governance

3.5.1 Institutional arrangements

As an Accredited Entity (AE), IUCN will assume the implementation function in addition to the oversight function. As an AE, IUCN will be overall responsible for the project including project preparation and implementation, financial management and procurement as follows.

- IUCN Headquarters is responsible for overall the financial and technical quality assurance of the project. IUCN Asia Regional Office (ARO) is responsible for the technical supervision of the project, supported by relevant global expertise. IUCN ARO is responsible for liaising with the NDA/Ministry of Finance and the Ministry of Forests and Environment (MOFE) as an Executing Agency.
- As an AE, IUCN oversees project implementation in accordance with the project document, project operation manual, annual work plans and budgets, provides technical guidance to

ensure that the appropriate technical quality is applied to all project activities, and provide financial reports to the GCF for all project funds received.

- In its role as Accredited Entity (AE), IUCN through its Asia Regional Office (ARO) and global headquarters will review the draft disbursement plans and disburse funds based on key deliverables having been met as per the implementation timetable and in line with a disbursement plan, once it has approved this plan, which it will review yearly. Annual supervision missions will be one further tool upon which oversight of project implementation and the budget will be reviewed in greater depth, with the aim of providing guidance to the project management team to ensure delivery of results.

Government of Nepal, Ministry of Forests and Environment as the Executing Entity is responsible for the implementation of the project activities in the field. A Project Steering Committee (PSC) chaired by the Secretary, Ministry of Forests and Environment provides strategic-level project guidance, technical and policy advice; review and advise on annual work plans and budgets and oversights the Project Management Unit (PMU). The project will be executed by the PMU led by the National Project Director under the guidance of the PSC. The PMU will be supported by a Coordinator (Project Team Leader (PTL)), Administrative and Procurement Officer(s), Procurement Officer(s), Accounts Officer(s), Monitoring, Evaluation and Learning Officer(s), Field Officer(s) and other support staff. The PTL will support the PMU decision making process in the capacity of PMU member. At the same time, he will be the prime lead of the operational execution of the project.

Provincial/Local governments, IUCN Nepal and National Trust for Nature Conservation (NTNC) have been selected as collaborating partners for the execution of the project components, and they are accountable for the delivery of the associated outputs. IUCN Nepal will deliver a gender action plan, ESMF and project start-up, monitoring, evaluation and closing activities. Likewise, NTNC will deliver different project activities through Field Execution Offices (FEO) and some activities of Monitoring and Evaluation.

Project Coordination Units (PCU) in each of the provinces (Bagmati, Gandaki and Lumbini Provinces) provide technical backstopping, participate in joint monitoring, mainstream project learning into provincial/local government policies and programs, and provide policy guidance to the Field Execution Offices (FEO).

Field activities will be executed through two Field Execution Offices as follows:

- **Field Executing Office, Kaski -** covering Manang, Mustang, Myagdi, Baglung, Parbat, Part of Kaski, Part of Lamjung, Part of Gorkha, Syangja, Palpa, Arghakhanchi, Gulmi
- **Field Executing Office, Dhading -** covering Rasuwa, Nuwakot, Dhading, Makawanpur, Part of Gorkha, Part of Lamjung, Tanahu, Part of Kaski, Chitwan, Nawalparasi

3.5.2 Environmental and Social Safeguards

The proposal, classified as a moderate risk project (category B), has been prepared with an environmental and social management framework and high-level ESMP, following the IUCNESMS screening process and stakeholder consultation. Environmental and Social Management Plans

(ESMPs) for each sub-project will be developed after they have been individually screened for environmental and social risks before they are implemented in the field.

The project is still in the inception phase, with no significant changes to the Social and Environmental Safeguards or Environment and Social Management Framework. All key environmental and social risks and impacts are valid from the Funding Proposal. The summary Environmental and Social Assessment Report is translated into Nepali and the Project Operational Manual and Annual Work Plan are developed and endorsed by the Steering Committee Meeting.

3.5.3 Stakeholders' engagement

The project's Stakeholder Engagement Plan involved Civil Society Organizations attending inception workshops at federal and provincial levels. One workshop was held in July 2022, while three workshops were held in October, and December 2022. Overview of the project and its activities were shared with the participants.

3.5.4 Gender Action Plan (GAP)

The Gender Action Plan (GAP) focuses on gender-specific activities in project outcomes and output areas, promoting women's participation in decision-making and access to benefits. The plan includes 38 activities across seven outputs, targeting women-headed households to increase incomes and reduce climate change vulnerability. The project aims for 65% direct and 60% indirect beneficiaries to be women.

3.5.5 Grievance Redress Mechanism (GRM)

IUCN has an institution-wide Environmental and Social Management System (ESMS) grievance and redress mechanism in place to address stakeholders' complaints related to issues where IUCN projects have overlooked ESMS principles, standards, and procedures. The aim of the grievance mechanism is to provide people or communities fearing or suffering adverse impacts from a project with the assurance that they will be heard and assisted in a timely manner as descried in the IUCN ESMS GRM Guidance Note (IUCN, 2020).[38] The IUCN grievance mechanism is conceptualized as a three-stage escalating process as shown in Figure 5.

Figure 5. GRM structure of the project

Since the project has not yet started implementing activities in the field, no issues/complaints have been received.

[38] https://iucn.org/sites/default/files/2022-05/iucn-esms-grievance-mechanism-guidance-note.pd

3.5.6 Monitoring and Evaluation Mechanism

As IUCN is the accredited entity for the project, the project will comply with the IUCN Monitoring and Evaluation Policy. Figure 6 shows the monitoring and reporting channels and feedback mechanisms for the project.

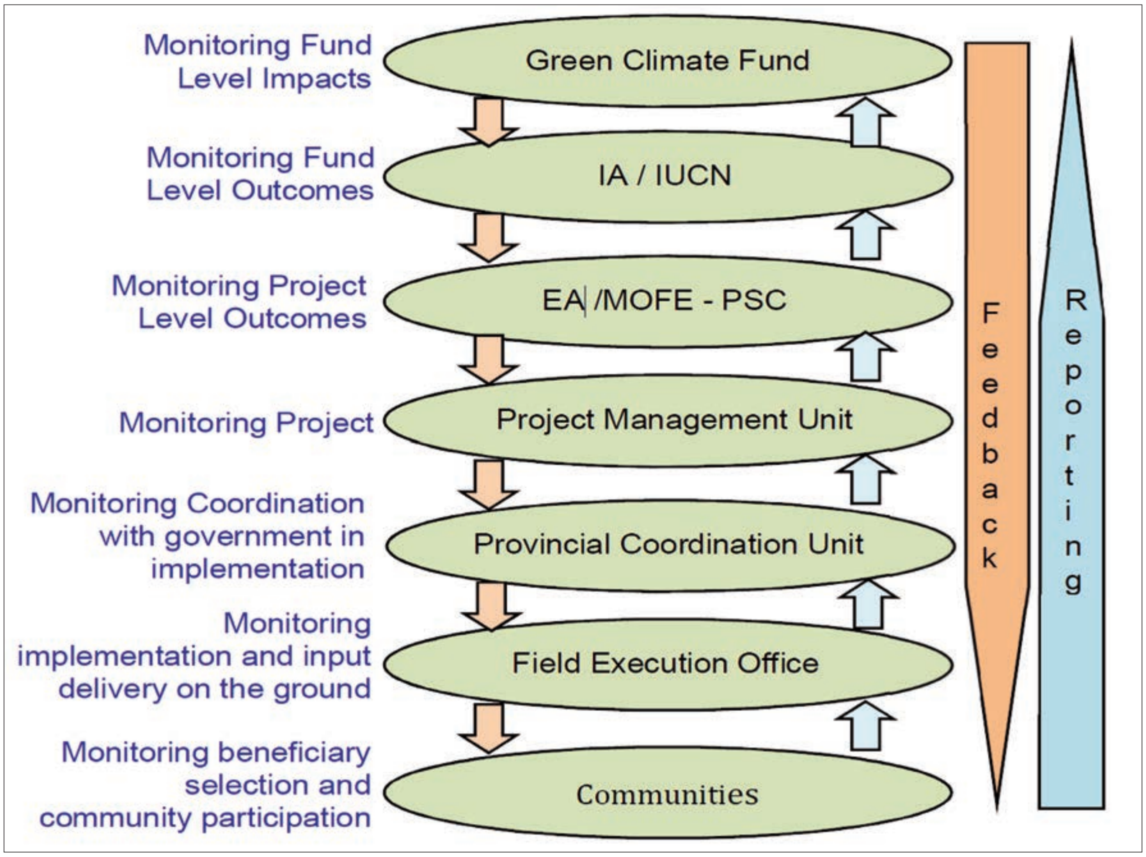


Figure 6. Monitoring and reporting channels and feedback mechanisms for the project

3.6 Transparency of the Project Governance and Management

Overall transparency of the project looks quite good as most of the project related information is publicly available through the GCF website (https://www.greenclimate.fund/project/fp131). Funding proposal with various annexes and other relevant documents as well as Annual Performance Reports are available online. During the project design phase and ESMF and stakeholder engagement plan development process, all the stakeholders were consulted, and all the relevant information was duly disseminated. A GRM for the project has been established.

3.7 Accountability and Integrity on the Project Governance and Management

Accountability and integrity of the GCF funding projects are ensured in principle through the active involvement of one of the GCF accredited entities in overall project management and supervision. For the project - Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal, IUCN as the Accredited Entity and Ministry of Forests and Environment, as the Executing Agency are jointly responsible for overall project management including accountability and integrity of the project related activities.

ACCREDITATION MASTER AGREEMENT between the GCF and the Accredited Entity clearly states that *'the Accredited Entity covenants that it shall at all times comply, and where applicable shall impose such compliance by the Executing Entity, (i) with its own rules, policies and procedures that should enable it to comply with the Fund's Standards, policies and procedures to the extent and scope of its Accreditation'*.[39]

Funding proposal, ESMF, Stakeholder Engagement Plan, and GAP clearly provide institutional arrangements and roles and responsibilities of different agencies for project implementation, monitoring and evaluation. It is expected that those agencies responsible for the implementation of the project activities are also responsible for accountability and integrity of their decisions and actions.

The project implementation has been delayed and most of the activities have not yet started in the field. Until now, only about 11% of the GCF grant has been disbursed. Sometimes the missed deadlines and targets (of the project activities) may be due to the lack of accountability. IUCN as the AE and MoFE as the Executing Agency should take the responsibility for the delay and must take the necessary steps to resolve the issues so that the project is implemented timely manner and expected outputs and outcomes are achieved.

[39] Accreditation Master Agreement between the Accredited Entity and GCF (2024). https://www.greenclimate.fund/sites/default/files/document/ama-template-1-february-2024.pdf

Chapter 4. Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions

4.1 Brief Introduction of the Project

Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions (CCS) is the third project of the country funded by the Green Climate Fund (GCF) and the 1 st project that has been developed and is being implemented by the one of the GCF Accredited Entities of the country, Alternative Energy Promotion Center (AEPC). The project is being implemented in the 22 Terai districts of the country. Table 12 is the summary information of the project.

Table 12. Summary information of the Project-Clean Cooking Solution

Name of the project	Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions (CCS).
Funding Agency and Project ID	GCF, FP172
Accredited Entity	Alternative Energy Promotion Center (AEPC)
Date of Submission	Funding Proposal: 22 Jun 2018; Concept Note: 25 Feb 2018
Date of approval	07 Oct 2021 at the 30th meeting of the GCF board; FAA: 14 Jul 2022
Project Duration	5 years
Executing Entity	AEPC
Implementation Status	Under implementation
Project Commencement Date	13 Dec 2022
Estimated Completion Date	12 Dec 2027
Total Project Value	49,151,817 USD (GCF grant: 21,128,224USD (43%) Cofinancing: 28,023,593 (57%)
Expected mitigation impact	6,513,629 tCO_2eq - Lifetime (24 years)
Beneficiaries	1 million households (More than 4.8 million people)- more than 50% are women.

4.2 Project Area

Geographically, 22 Terai districts of the 6 provinces of the country cover the project area. However, proposed activities will be implemented only in 150 out of 284 local governments (Palikas) of the project area. Figure 7 shows the map of the project area.

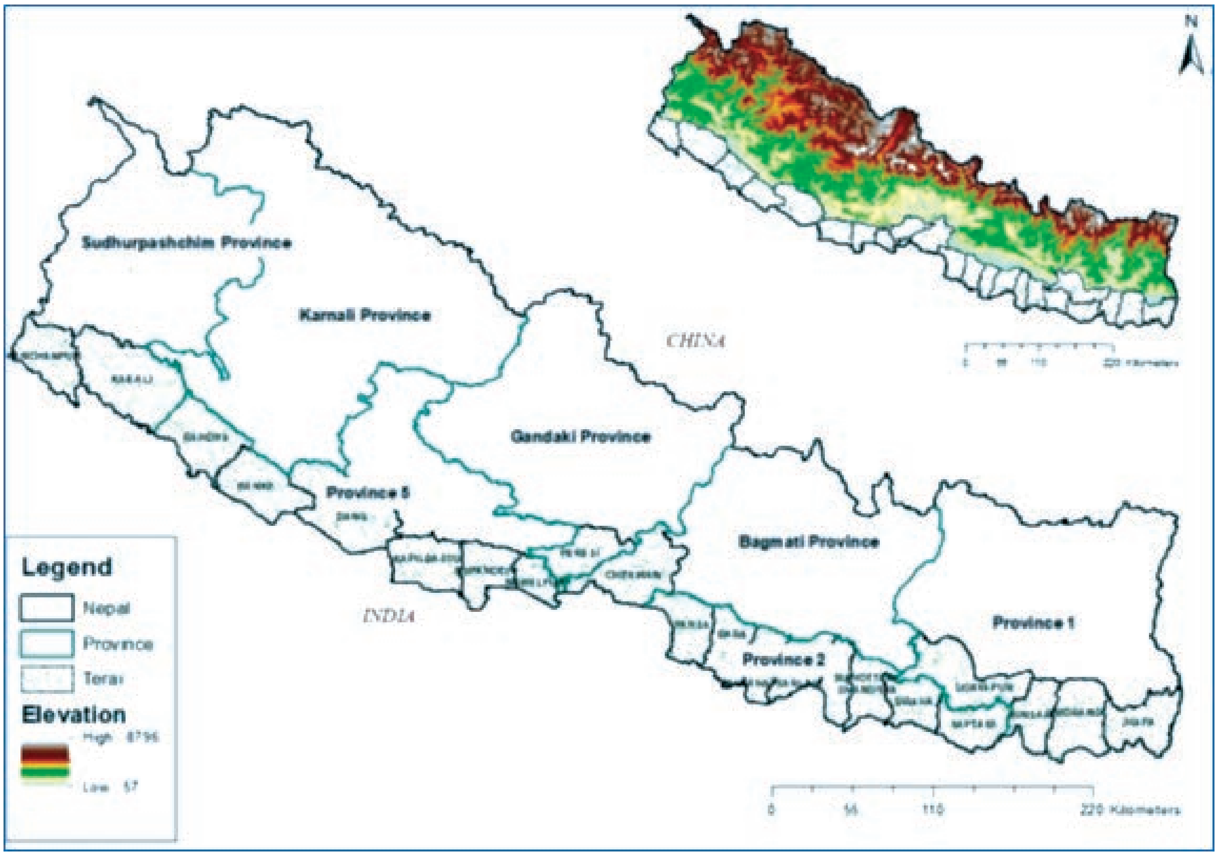


Figure 7. Map showing the project area of the Clean Cooking Solution Project.

4.3 Objectives and Expected Outcomes

The main objective of the project is to promote Clean Cooking Solutions by scaling up the deployment of clean cooking technologies through accelerated investment and market development, as well as installing 500,000 Electric Stoves, 490,000 Tier 3+ ICS and 10,000 biogas plants.

4.4 Present Status of Project Implementation and Progress

The Clean Cooking Solutions Project has been implemented since 13 Dec 2022 and on Dec 31, 2023, one year of the project implementation has completed. This period is mainly the inception phase of the project and actual field level implementation has not started yet. The project has developed Project Operational Manual and other preparatory works have been almost completed. Project is now in the process of selection of the Project Municipality as well as other service providers and vendors of CCS instruments. The first Annual Performance Report of the project has not yet been made public and therefore detailed information on implementation status and progress is not yet available. Table 13 below shows that most of the activities under different outputs have not started yet ***(Status: Activity started - progress delayed; or Activity not yet due)***.

Table 13. Present Status of Implementation and Progress of the Project Clean Cooking Solutions.

Project Outputs Implementation Status			
Project Output	**Project Activity**	**Status**	**progress (%)**
Component 1: Scaling up the deployment of clean cooking technologies through accelerated investment and market development			
Output 1.1.	**Activity 1.1.1** Development of Annual Procurement and Deployment Plan	Activity started - progress delayed	0%
	Activity 1.1.2. Procurement and Deployment of annual targeted number of CCS	Activity not yet due	0%
	Activity 1.1.3. Disbursement of initial 60% payment instalment to the vendor upon delivery of CCS to respective municipalities	Activity not yet due	0%
	Activity 1.1.4. Monitoring and Verification of Installed CCS units for Output Based Financing (OBF)	Activity not yet due	0%
Component 2: Strengthen enabling environment through sector-based assessments and quality assurance of the technologies			
Output 2.1. Enhancing product standards, conducting assessments, surveys and analysis	**Activity 2.1.1.** Develop partnership agreement between AEPC, Province Governments, Local Government and other implementation partners.	Activity started - progress delayed	0%
	Activity 2.1.2. Update existing standards 65 and set benchmarks for the technologies required for the project implementation	Activity not yet due	0%
	Activity 2.1.3. Develop Municipal Energy Plan template by analyzing standards and formats	Activity not yet due	0%
Output 2.2. Strengthening quality assurance mechanisms	**Activity 2.2.1.** Strengthening and establishing testing centre for ensuring the quality of the proposed technologies	Activity not yet due	0%
	Activity 2.2.2. Development of Management Information System as a national monitoring system with real time data collection from LGs	Activity started - progress delayed	0%
Component 3: Empowering institutions, capacitate supply chain and ensure increased access to clean cooking solutions			
Output 3.1. Capacity development of sub-national institutions	**Activity 3.1.1.** Conduct national stakeholder consultation workshop between AEPC, PG and LG	Activity not yet due	0%
	Activity 3.1.2. Develop LG Municipal Energy Plan	Activity not yet due	0%
	Activity 3.1.3. Capacitating Local Governments and Provincial Governments	Activity started - progress delayed	0%
	Activity 3.1.4. Annual national level review and consultation meeting	Activity not yet due	0%

Project Outputs Implementation Status			
Project Output	**Project Activity**	**Status**	**progress (%)**
Output 3.2. Increased awareness and outreach to enhance demand	**Activity 3.2.1.** Mobilize clean cooking mobilizers in each LG	Activity not yet due	0%
	Activity 3.2.2. Development of training materials	Activity not yet due	0%
	Activity 3.2.3. Identifying clean cooking champions	Activity started- progress delayed	0%
	Activity 3.2.4. Develop materials for awareness on CCS (in national and local languages) with its impact potential on livelihoods and support to vulnerable communities.	Activity not yet due	0%
	Activity 3.2.5. Campaigns and promotional activities in coordination with the PGs, LGs, community champions, NGOs and volunteers	Activity not yet due	0%
	Activity 3.2.6. Ameliorate awareness materials and guidelines	Activity not yet due	0%
Output 3.3. Strengthening service centres, biomass manufac-turers to provide quality and affordable clean cooking solutions	**Activity 3.3.1.** Capacity and training needs assessment	Activity started - progress delayed	0%
	Activity 3.3.2. Ameliorate project materials and guidelines	Activity not yet due	0%
	Activity 3.3.3. Establish and strengthen service centres at provincial and local level	Activity not yet due	0%
	Activity 3.3.4. Conduct trainings to service centre operators and local manufacturers incollaboration with financial and Council for Technical Education and Vocational Training (CTEVT) institutions	Activity not yet due	0%
	Activity 3.3.5. Conduct skills development training to CCS beneficiaries and vulnerable groups in collaboration with CTEVT at Province level	Activity started - progress delayed	0%
	Activity 3.3.6. Strengthen existing regional level service centres under AEPC's past CCS projects into fully operational province level service centres.	Activity not yet due	0%

4.4.1 Financial Progress of the Project

Details of the financial progress of the project is not publicly available. The project website (https://www.greenclimate.fund/project/fp172) provides the disbursed money from the GCF to the accredited entity (AEPC) for project implementation. The website shows that a total 14% of the GCF grant has been disbursed to the AEPC for project implementation as of 24 Jan 2024 (The website was accessed last on 30 September 2024). This is not however the actual amount disbursed/spent by the AEPC for field implementation of the project activities.

4.5 Project Governance

4.5.1 Institutional arrangements

A Project Management Committee (PMC) led by the Executive Director (ED) of AEPC provides strategic oversight on the design, implementation, monitoring and reporting of the project whilst ensuring multi-stakeholder participation with a dedicated Project Implementation Unit (PIU) set up at AEPC for day-to-day administration. Four Provincial Project Management Units (PPMU) have been established. Figure 8 shows the institutional arrangements for project implementation.

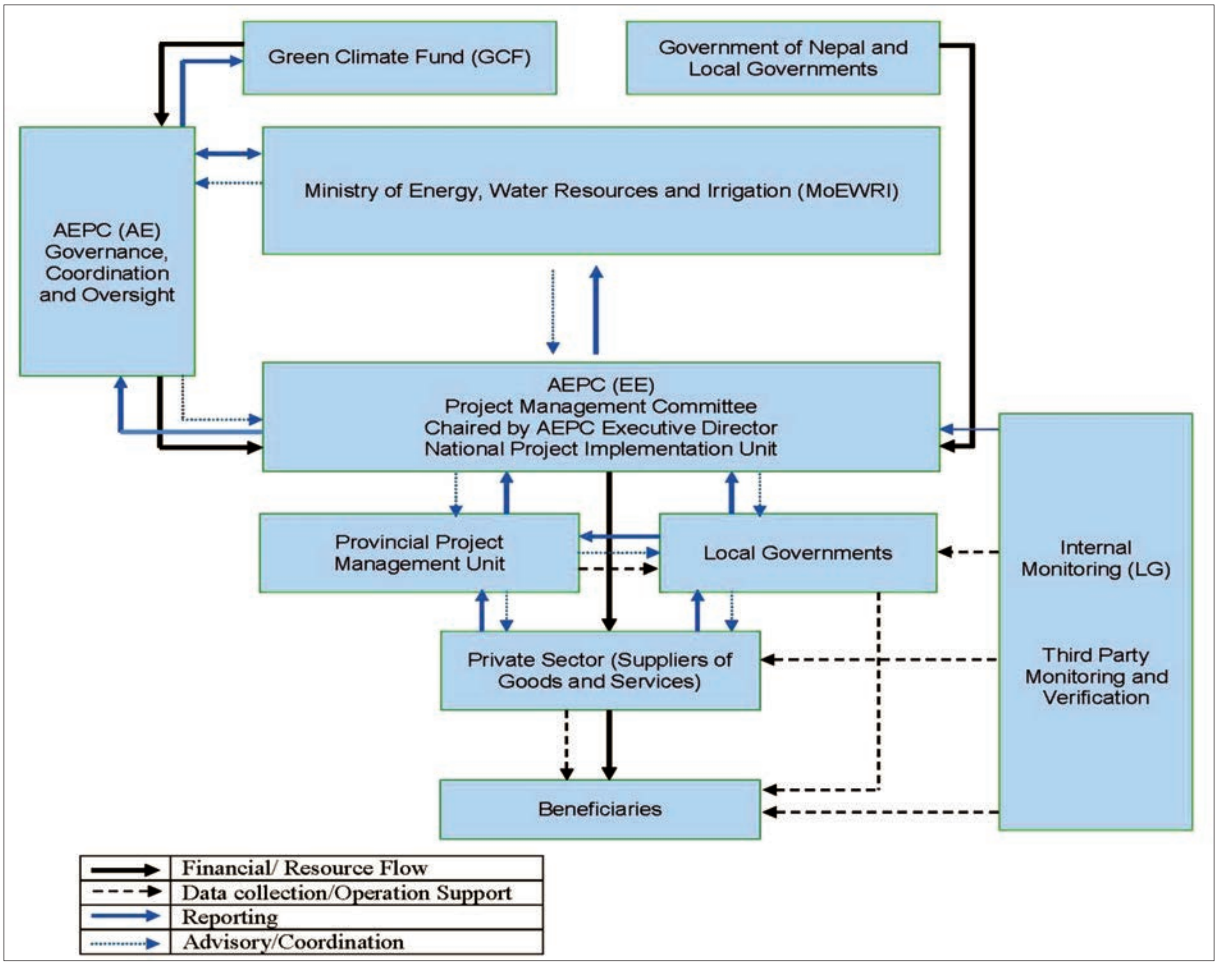


Figure 8. Institutional arrangements for CCS project implementation.

In terms of the installation and dissemination of CCS, there are four major stages.

1. Local Government selection
2. Municipal Energy Plan and required technology identification.
3. Demand prioritization and beneficiary identification.
4. Demand allocation

The following flow chart (Figure 9) shows the overall CCS installation modality

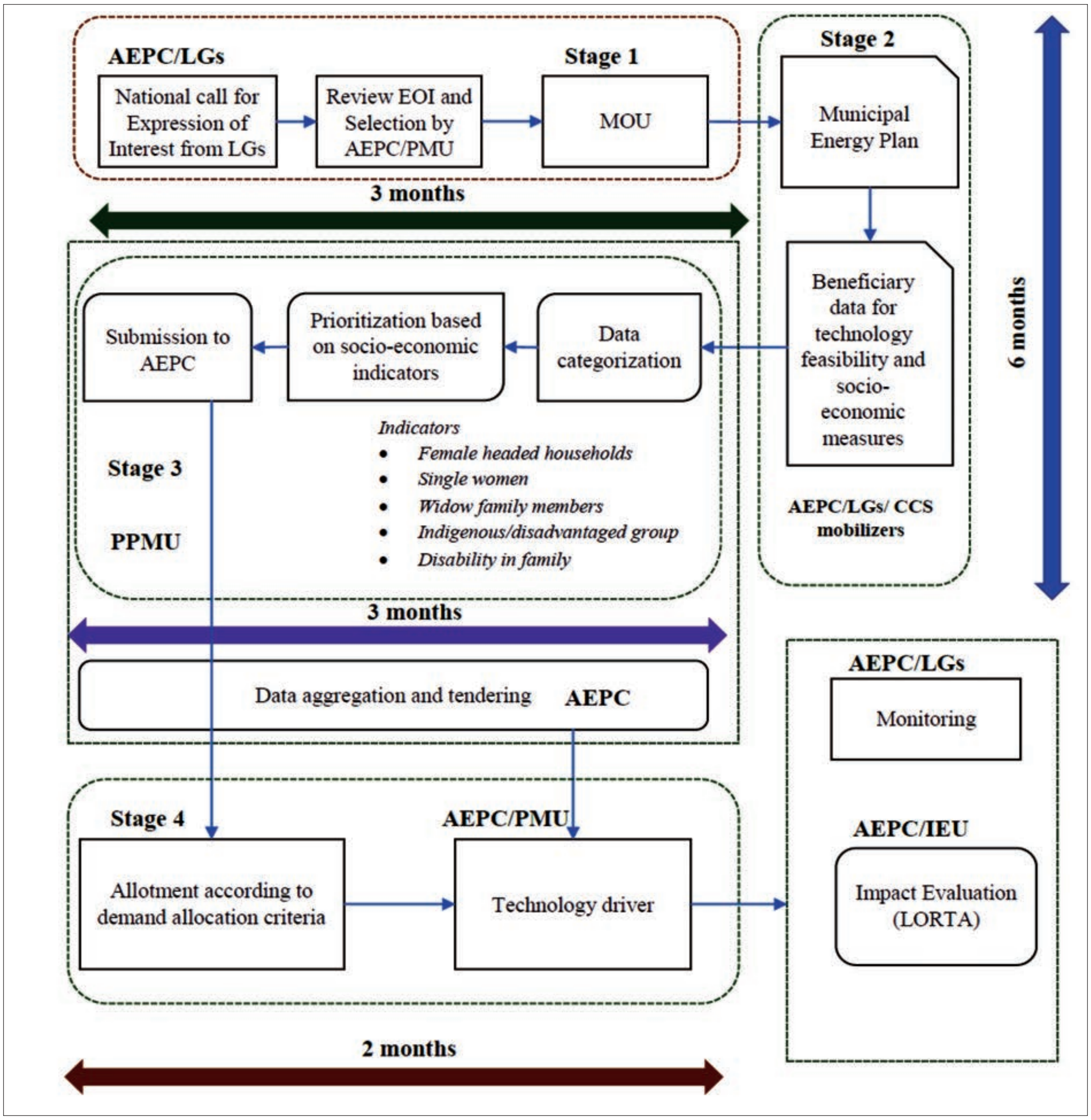


Figure 9. Overall CCS installation modality for the project

4.5.2 Environmental and Social Safeguards

The Environmental and Social Screening of the project based on the GCF's and AEPC's Environment and Social Policy[40] classifies the project, in principle be categorized as C (Low risk). The identified potential environmental and social impacts are:

- Site-specific environmental impacts from biogas plants such as unmanaged disposal of bio-slurry

[40] Environmental and Social Safeguard Policy of AEPC, 2018.
2018-06-24_Environmental and Social Safeguard Policy of AEPC (1).pdf

- Potential risk of environmental contamination from the unsafe disposal of damaged or obsolete cookstoves (ICS and Induction stoves)
- Water availability to operate the biogas plant
- Women, Indigenous people and marginalized minority groups often experience discrimination and may face additional barriers to their participation and engagement

The Environment and Social Action Plan developed for the project provides mitigation measures for the potential environmental and social risks of the project activities.

4.5.3 Stakeholder Participation

All the stakeholders of the project have been identified and multiple stakeholder meetings, key informant interviews and focal group discussions were conducted during the feasibility study and project design phase, which included representation from women groups, local NGOs and communities. Further consultations were organized while developing the Project Operational Manual. All the relevant stakeholders will be involved in the project implementation phase.

4.5.4 Gender Action Plan (GAP)

The approved Gender Action Plan (GAP) forms the basis for operationalizing results and recommendations of the gender assessment. It incorporates gender elements during project formulation (and design), project implementation, project monitoring and evaluation. GAP ensures necessary intervention to mainstream gender and integrates gender perspectives in the project to maximize clean cooking benefits. It is compliant with GCF's updated gender policy and AEPC's Gender Equality and Social Inclusion (GESI) policy.[41] The GAP is aligned with the outputs of the log frame and planned output and activities. Additionally, the project will document the positive and negative effects of the project activity on gender relations by setting up adequate, gender-sensitive monitoring and collecting sex-disaggregated data.

4.5.5 Grievance Redress Mechanism

AEPC's Complaint Handling was developed to ensure that all complaints made by the public are handled effectively and consistently. AEPC has established an internal committee for handling complaints and grievances led by one of the Directors. If there are complaints and grievances received from the coordinator, an immediate senior official will lead the team to investigate it. The process for receiving and handling complaints is shown in Figure 10.

[41] Alternative Energy Promotion Centre Gender Equality and Social Inclusion (GESI) Policy, 2018 https://www.aepc.gov.np/docs/alternative-energy-promotion-centre-gender-equality-and-social-inclusion-gesi-policy-2018-1655958553.pdf

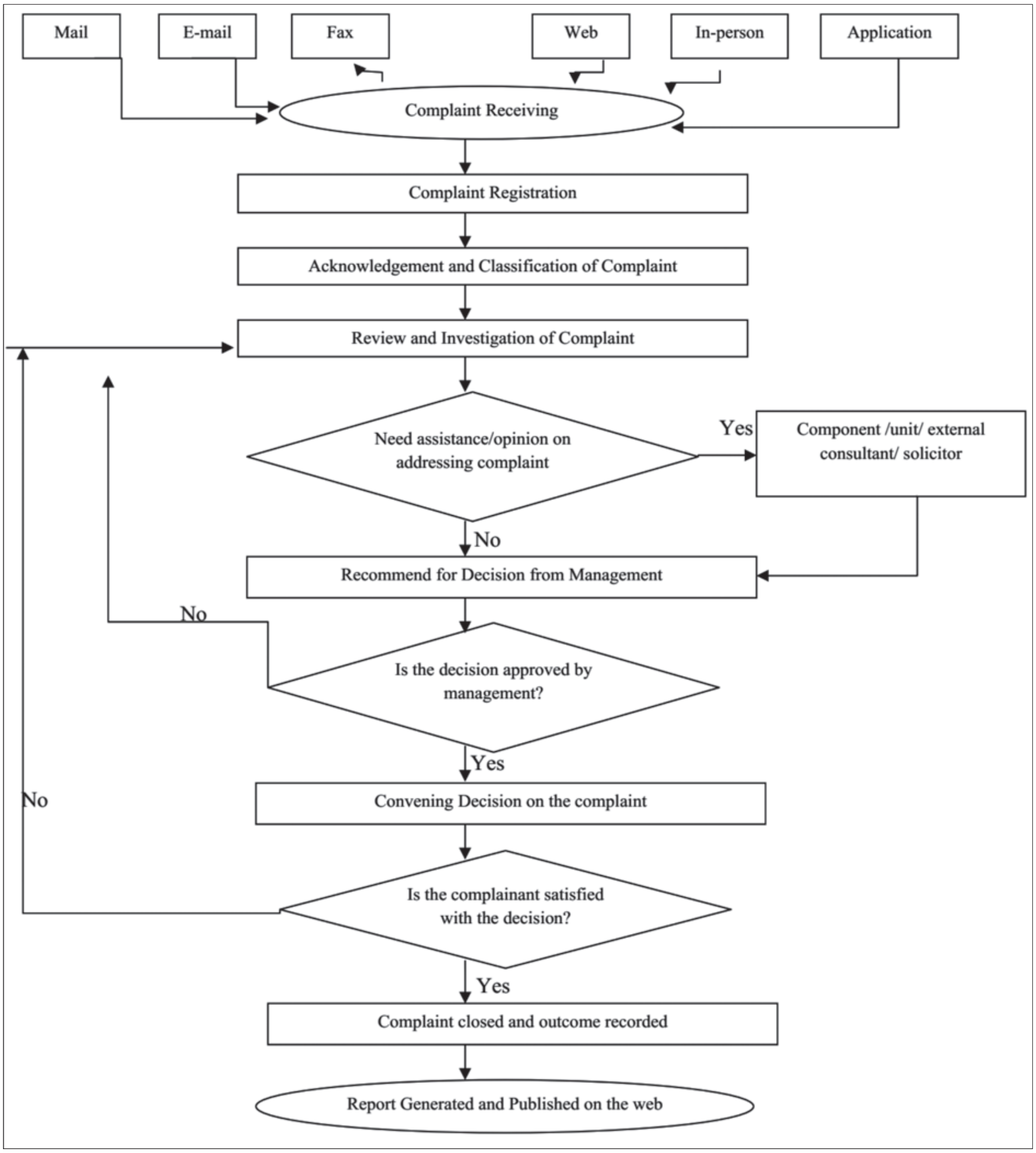


Figure 10. Grievance Redress Mechanism for the CCS Project

4.5.6 Monitoring and Evaluation Mechanism

AEPC has set up a Monitoring and Quality Assurance (MQA) Unit within the Technical Support component which is responsible for setting up an output-based monitoring and evaluation system. One of the major tasks of the unit is to make regular assessments of progress and compare the variations of set results and annual plans. It will also cover the monitoring of energy-related climate change, as well as socio-economic impacts including Gender and Social Inclusion (GESI).

The Monitoring and Quality Assurance unit has been setting up necessary monitoring and evaluation systems and tools such as baseline, Management Information system (MIS), verification, reporting, review and feedback, progress tracking etc. toward instituting an output-based monitoring and evaluation system. The output-based monitoring and evaluation system will therefore be designed to detail the operation of feedback mechanisms including how it provides management information to different levels of PIU. AEPC also envisages developing an integrated web-based MIS as another vital instrument so that everyone interested will have easy access to the required information.

4.6 Transparency in Project Governance and Management

Overall transparency of the project looks quite good as most of the project related information is publicly available through the GCF website (https://www.greenclimate.fund/project/fp172). Funding proposal with various annexes including Environmental and Social Action Plan and Gender Assessment and Action Plan are available online. Project Operational Manual has been developed in July 2023 and available online at the AEPC website (https://aepc.gov.np/doc/project-operation-manual-for-ccs-project-gcf fp172).

4.7 Accountability and Integrity in Project Governance and Management

Accountability and integrity of the GCF funding projects are ensured in principle through the active involvement of one of the GCF accredited entities in overall project management and supervision. For the project – Clean Cooking Solution, AEPC as the Accredited Entity as well as Executing Agency is responsible for overall project management including accountability and integrity of the project related activities.

ACCREDITATION MASTER AGREEMENT between the GCF and the Accredited Entity clearly states that 'the Accredited Entity covenants that it shall at all times comply, and where applicable shall impose such compliance by the Executing Entity, (i) with its own rules, policies and procedures that should enable it to comply with the Fund's Standards, policies and procedures to the extent and scope of its Accreditation".[42]

Funding Proposal, Environmental and Social Action Plan, Gender Assessment and Action Plan and Project Operational Manual all clearly provide institutional arrangements and roles and responsibilities of different agencies for project implementation, monitoring and evaluation. It is expected that those agencies responsible for the implementation of the project activities are also responsible for accountability and integrity of their decisions and actions.

The project is still in the inception phase and has not entered the implementation phase. Only 14% of the GCF grant has been disbursed until now. First Annual Performance Report has not yet made publicly available. The project is under implementation for more than one year, but actual field level activities have not yet been started. Sometimes the missed deadlines and targets (of the project activities) may be due to the lack of accountability. AEPC as the AE and EE should take the responsibility for the delay and must take the necessary steps to resolve the issues so that the project is implemented timely manner and expected outputs and outcomes are achieved.

[42] Accreditation Master Agreement between the Accredited Entity and GCF (2024). https://www.greenclimate.fund/sites/default/files/document/ama-template-1-february-2024.pdf

Chapter 5. Forests for Prosperity Project

5.1 Brief Introduction of the Project

Forests for Prosperity Project (FPP) is a World Bank supported projects under the forest Investment Program of the Climate Investment Funds. The Government of Nepal and the World Bank signed loan and grant agreements for the $24 million Forests for Prosperity Project ($6.1 million as grant and $17.9 million as concessional loan) on March 19, 2021.[43]

The Forests for Prosperity Project is the first World Bank-supported Forest sector investment project in Nepal in over 15 years, and the third part of a joint programmatic engagement on forest landscapes by the World Bank and the government of Nepal. The Project is expected to complement the Emission Reduction (ER) Program that is being implemented in the 13 Terai Arc Landscape districts under the Carbon Fund of the World Bank's Forest Carbon Partnership Facility (FCPF), which is the first results-based ER Program that is being implemented under the REDD+ initiative. Table 14 provides the summary of the project.

Table 14. Summary Information of the Forestry for Prosperity Project

Name of the project	Forests for Prosperity Project (FFP)
Funding Agency and Project ID	The World Bank (under the Climate Investment Fund); P170798
Date of approval	July 8, 2020
Project Duration	5 years
Implementing Agency	Ministry of Forests and Environment; and Agricultural Development Bank, Nepal
Implementation Status	Active (Under implementation)
Project-Effectiveness Date	16-Jul-2021
Original Closing Date	September 30, 2026,
Total Project Cost	US$ 24.0 million; Commitment amount: US$24.0 million
	Additional financing of 12 million US$ has been approved by the World Bank for the Project in 2024.
Beneficiaries	People in targeted forests and adjacent communities with increased monetary or non-monetary benefits from forests: 110,000

5.2 Project Area

The FFPP is being implemented in 50 Palikas (Municipalities) of Madhesh and Lumbini Provinces. Figure 11 shows the project area.

[43] World Bank Press Release (March 19, 2021): Government of Nepal and World Bank sign $24 Million financing agreement to support sustainable forestry and boost green recovery https://www.worldbank.org/en/news/press-release/2021/03/19/government-of-nepal-and-world-bank-sign for-24-million Forestry for Prosperity Project

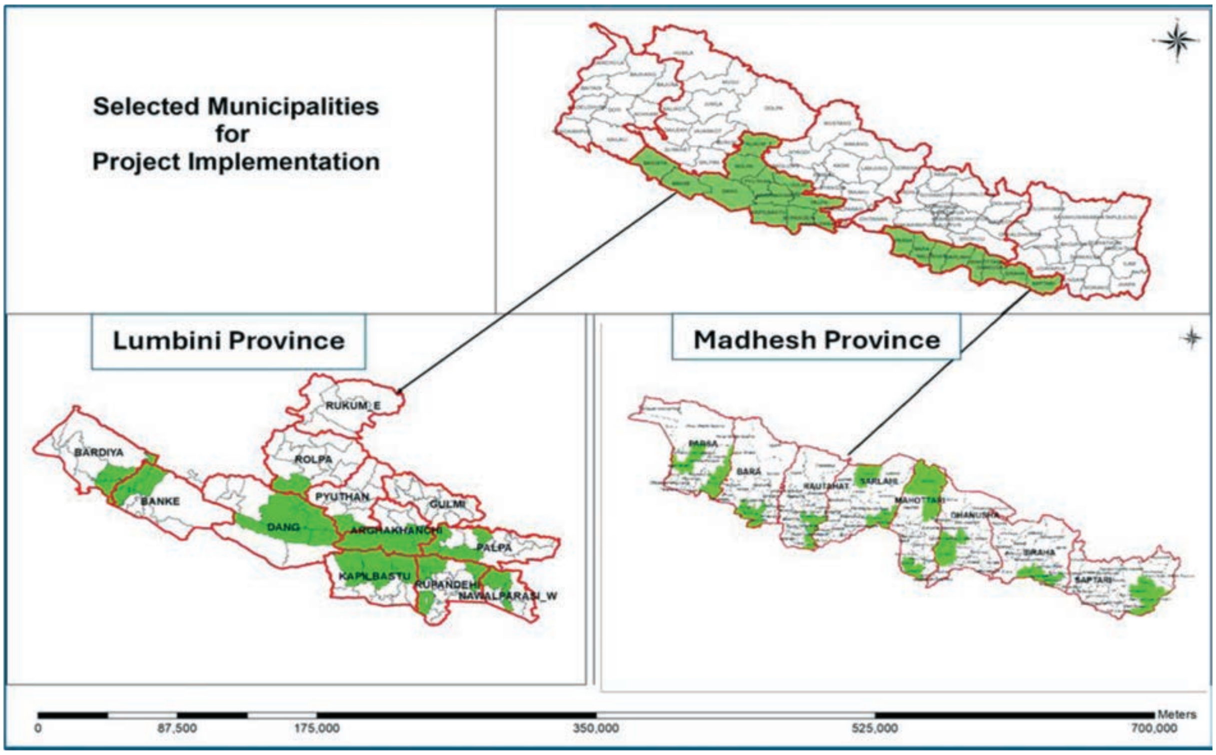


Figure 11. Map showing the project area of the FFP project.

5.3 Objectives and Expected Outcomes of the Project

The Project Development Objective (PDO) is to improve sustainable forest management; increase benefits from forests and contribute to net Greenhouse Gas Emission (GHG) reductions in selected municipalities in Madhesh and Lumbini Provinces. The project aims at transforming Nepal's forest sector. The project is expected to improve sustainable forest management and develop a strong forest-based private sector (small and medium enterprises) through a concessional loan providing economic benefits, ecosystem services, and climate resilience to forest-dependent people in selected municipalities. The project has four components and the project's results framework comprises four PDO-level indicators, and 14 intermediate result level indicators.

Component-1: Policy and capacity building support for new government structures and processes for sustainable forest management (SFM):

The component aims to support Nepal's Forest Sector Strategy implementation by addressing challenges from federalization, enhancing understanding among local, provincial, and federal governments, and fostering capacity-building for informed decision-making in sustainable forest management.

Component-2 Community-based SFM and smallholder forest plantations

This component aims to enhance productivity and increase forest area under community-based forest management (CBFM), establishing plantations and agroforestry on degraded, underutilized, or marginal lands owned by smallholder farmers and local government.

Component-3 Forest enterprise improvement and development

The component aims to improve enabling conditions and finance access for forest-based private sector enterprises, addressing constraints related to policy and regulatory environment. It aims to ensure predictable raw material supplies and increase demand for financial products from participating financial institutions and private banks. The Agriculture Development Bank (ADBL) Nepal as the Financial Intermediary is involved in designing and piloting a credit line for establishing and strengthening forest-based small and medium enterprises.

Component-4: Project governance, monitoring, and learning

The component will fund a federal government-level Project Management Unit (PMU) and an additional PMU in Madhesh and Lumbini provinces, supporting project implementation, documenting lessons learned, and preparing progress and financial reports.

5.4 Present Status of Implementation and Progress of the FFP

Three years of implementation of the FFP have been completed on 15 July 2024 (since 16 July 2021). The project has in total 18 results indicators – four PDO indicators, four indicators under component-1, four indicators under component-2, four indicators under component-3, and two indicators under component-4. The achievements made under these indicators are summarized below in Table 15.

Table 15. Key Indicators and Achievements of the Forestry for Prosperity Project

Results Indicator	Baseline	Project Target	Achievement so far	Remarks
PDO I-1: People in targeted forests and adjacent communities with increased monetary or non-monetary benefits from forests, Number	0	110,000	88,413	People benefiting from: Renewal of CF OPs – 77,982 New CFs - 9,127 Private Plantation – 104 Public Plantation – 1,200
PDO I-2: Net GHG emission reduced, Metric ton CO_2e	0	17,740,000		An estimate of GHG emission reduced so far is in-process using FAO EX-Ante Carbon Balance Tool (EX-ACT)
PDO I-3: Share of project beneficiaries with rating "satisfied" or above on project interventions (livelihood, forest management, other), Percentage	HH – 9.5 FBE – 10.5 PF – 17.1	80	85	The satisfaction level survey has been completed. The field data entry and analysis are going on. Preliminary results of the pilot survey indicate 85% of satisfaction level. But this satisfaction level is likely to go down substantially in the overall survey – as indicated by the colleagues who are carrying out data entry and analysis.

Results Indicator	Baseline	Project Target	Achieve-ment so far	Remarks
PDO I-4: Forest Area brought under management plans, ha	0	15,900	7,252.65	1916.58 (Kapilvastu-10 CFUGs) 1481.43 (Banke - 7 CFUGs) 1090.16 (Nawalparasi West – 4 CFUGs) 1555.71 (Rupandehi 8 CFUGs) 858.92 (Sarlahi 4 CFUGs) 206.03 (Dhanusha 2 CFUGs) 143.82 (Siraha 5 CFUGs)
IR-1 I-1 Policy and Regulatory Reforms supported at federal, state and municipal levels supporting SFM, Number	0	50	32	Federal Level: Plantation Grant Manual 2079, CBFM Grant Manual 2079, Private Forest Development and Management Procedure 2080, Procedure for Private Sector Participation in Forest Carbon Trade 2080 Province Level: Madhesh Province Silviculture based Forest Management Guideline 2079 Province Forest Act 2080, Madhesh Pradesh Municipality Level: Land Use Strategic Plan -1 Forest Act – 8 Gazetted, 7 in-process Environmental/Natural Resources Act - 5 Gazetted, 7 in-process Private Forest Management Procedure – 6 Gazetted, 21 in-process Public Land Management Procedure – 6 Gazetted, 21 in-process
IR-1 I-2 Local Governments with approved land-use plans and/or strategic forest sector plans, Number	0	50	3	Land Use Plans of Parsa Rural Municipality, Nawrajpur Rural Municipality and Harion Municipality are completed and gazetted. Land-Use Plans preparation is in-process in 22 municipalities of Madhesh province and 25 municipalities of Lumbini province
IR-1 I-3 Awareness of the federal forest sector structure, Number	0	0	NA	This indicator has been removed in the results framework proposed for project restructuring
IR-1 I-4 Quality of services provided by local governments to communities and forest-based enterprises, Percentage	0	80.00	NA	This indicator has been rephrased with greater clarity in the results framework proposed for project restructuring

Results Indicator	Baseline	Project Target	Achieve-ment so far	Remarks
IR-2 I-1 Forest area under CBFM, ha	530,000	545,000	B+1,748.96	824.75 (Kapilvastu 3 CFUGs) 313.86 (Nawalparasi West 2 CFUGs) 52.5 (Saptari 1 CFUG) 80.00 (Bara 1 CFUG) 35.92 (Siraha 2 CFUGs) 441.93 (Sarlahi 2 CFUGs)
IR-2 I-2 Poor households with land allocation inside CBFM areas, Number	28	B+ 650		Activities related to this indicator has been planned in fiscal year 2081/2082
IR-2 I-3 Private smallholder plantation area, ha	1421.85	B+ 5,000	B+ 71.80	13.65 (Plantation completed in 2079/2080) in Madhesh province 33.90 (Plantation expected in 2080/2081 in Madhesh province) 24.25 (plantation expected in 2080/2081 in Lumbini province)
IR-2 I-4 Area of public land managed by disadvantaged/poor groups for plantation/ agro-forestry, ha	627.65	B+ 1,350	B+ 180.75	4.75 (public land plantation completed in 2079/2080 in Lumbini province) 14.40 (public land plantation completed in 2079/2080 in Madhesh province) 96.40 (public land plantation expected in 2080/2081 in Lumbini province) 65.20 (public land plantation expected in 2080/2081 in Madhesh province)
IR-3 I-1 Timber and non-timber forest enterprises registered, Number	5,819			The component implementation manual (CIM) developed for component-3 "forest-based enterprises improvement and development" has been approved by GON, and the ADBL which received USD 1.5 million already, is all prepared to lend this money to potential forest-based SMEs.
IR-3 I-2 Roundwood supplied from CBFM areas, Cubic meter	35,419.91			
IR-3 I-3 Increase in number of women with skilled jobs in the forestry value chains, Percentage	16.97	50		
IR-3 I-4 Finance provided for establishing or improving FBEs, USD	0	6,000,000		
IR-4 I-1 Annual participation of stakeholders in project governance, Number	0	5,000	6,300	Federal Level – 113 PPMU Lumbini – 453 PPMU Madhesh – 156 Madhesh Municipalities -5,578

Results Indicator	Baseline	Project Target	Achieve-ment so far	Remarks
IR-4 I-2 Documents, including studies, stories and surveys produced and shared with open access, Number	0	30	NA	This indicator has been removed in the results framework proposed for project restructuring. We are, however, documenting the success stories and case studies.

5.4.1 Financial Progress of the Project.

The project has been under implementation for about four years. But only less than 15% of the fund has been disbursed until July 2024 and outcomes of the field level activities have not yet visible. Figure 12 is the graph showing actual disbursed amount of the fund against the originally planned disbursement (from the latest progress report).

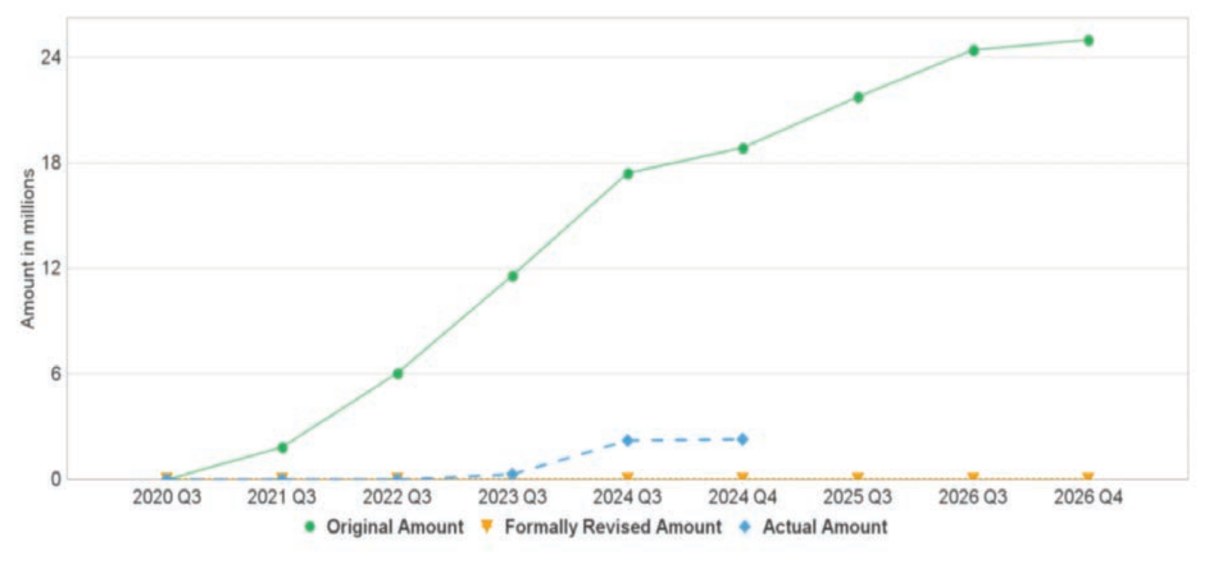


Figure 12. Graphs showing the actual disbursement of the fund against the originally planned disbursement for the project.

5.5 Project Governance and Management

5.5.1 Institutional Arrangement

The MoFE is responsible for overall coordination, management and oversight of the project, which is being executed by all three tiers of government, including the forestry sector in Madhesh and Lumbini Provinces, and local governments in project municipalities.

Federal-level Project Steering Committee chaired by the Secretary, MoFE oversights the program and activities, evaluates and approves PMU annual work plans and budgets, provides directives on strategic aspects of the implementation management, and makes decisions on the Project coordination and mobilization of resources. Provincial-level Project Steering Committees chaired by the secretaries of the provincial Ministries of Forests evaluate and approve PPMU annual work plans and budgets and facilitate PPMU in coordination, planning and implementation of the project. A credit line has been established for Component 3, with funds disbursed from the Ministry of Finance to Agricultural Development Bank Limited (ADBL), Nepal. The PPMUs and ADBL will coordinate closely with PMU/REDD IC to ensure well-coordinated project components and strong communication between the project and GoN.

Three Project Management Units (PMUs) have been established. At the federal level, REDD Implementation Center is coordinating the project on behalf of the MoFE and the Project Management Unit (PMU) has been established. At the Provincial level, Provincial Project Management Units (PPMUS) have been established in each of the two provinces (Madhes and Lumbini). These PMUs are responsible for project management and implementation, including budgeting, accounts management, annual work plans, contract management, financial management, procurement, environmental and social risks management, communications, monitoring and evaluation, technical assistance, and capacity building.

At the local level, Office of the Municipal Executive and Forest and Environment Committee (FEC) coordinates project activities in each participating municipality ensuring a high level of stakeholder communication, accountability and transparency in project implementation. Fund flow mechanism of the project is shown in Figure 13.

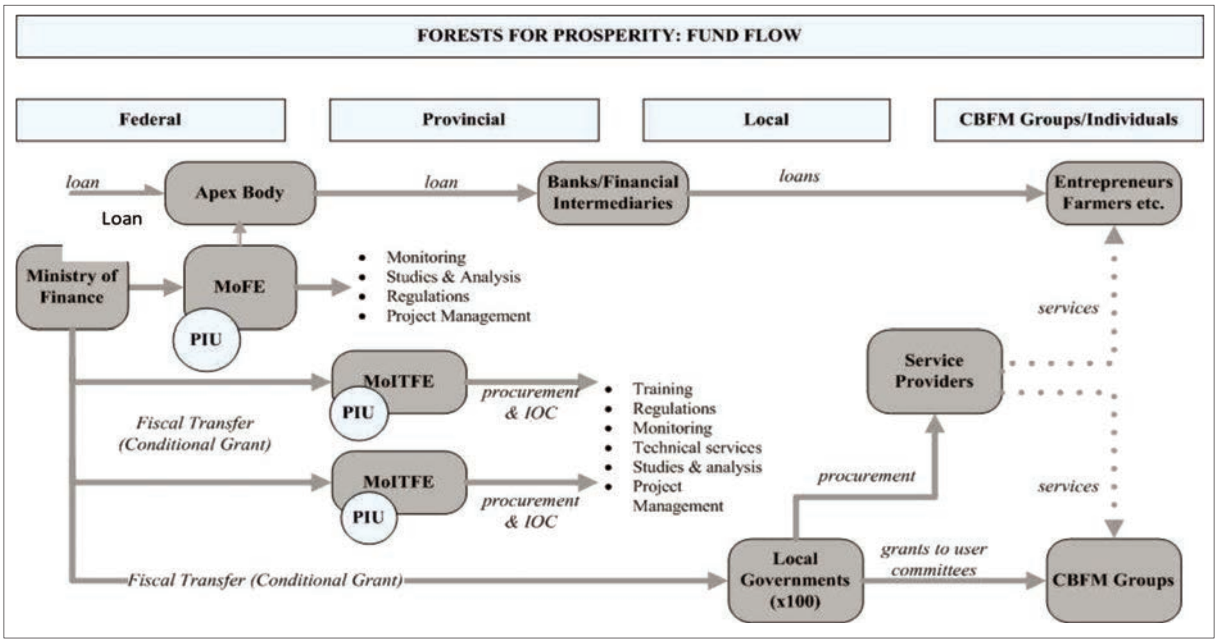


Figure 13. Fund flow mechanism for Forestry for Prosperity Project

5.5.2 Environmental and Social Safeguards

Projects supported by the Bank through investment project financing are required to meet the Environmental and Social Standards (ESSs) to manage the risks and impacts of the Projects under the World Bank's Environmental and Social Policy. Environmental and Social Risk Classification of the project is substantial[44] and all World Bank Environmental and Social Standards

[44] The World Bank. Investing in Forests for Prosperity at a Time of Transformation (P170798). Environmental and Social Review Summary.

https://documents1.worldbank.org/curated/en/903041559054726338/pdf/Environmental-and-Social-Review-Summary-ESRS-Investing-in-Forests-for-Prosperity-at-a-Time-of-Transformation-P170798.pdf

(ESSs)[45] are relevant for the project. Different safeguards tools have been developed to address the potential environmental and social risks associated with the project activities.

The Environmental and Social Management Framework (ESMF)[46] has been prepared to assist in screening, assessment, management of environmental and social risks of the project from an early stage in project planning and to integrate mitigation measures during the design of project activities and their implementation. The ESMF provides a framework for effective management of the environmental and social issues and the impacts that are likely to emerge during project implementation and specific guidance on the policies and procedures to be followed for environmental and social assessment along with roles and responsibilities of the various implementing agencies. Some other safeguards tools developed for the project include Environmental and Social Commitment Plan, and Stakeholder Engagement Plan.

5.5.3 Environmental and Social Commitment Plan (ESCP)

The ESCP of the project[47] sets out material measures and actions that the government of Nepal as the Recipient shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring, and reporting arrangements, and grievance management. The ESCP also sets out the environmental and social (E&S) instruments that shall be adopted and implemented under the Project, all of which shall be subject to prior consultation and disclosure, consistent with the ESS, and in form and substance, and in a manner acceptable to the World Bank.

5.5.4 Stakeholder Engagement Plan (SEP)

The Stakeholder Engagement Plan of the project[48] outlines the engagement process, methods, sequencing, consultation topics, and target stakeholders and how the FFP project will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or complain about the project and any activities related to the project. The SEP specifically emphasizes methods to engage groups considered most vulnerable and that are at risk of being left out of project benefits.

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[45] World Bank. Environmental and Social Framework (2017).
https://thedocs.worldbank.org/en/doc/837721522762050108-0290022018/original/ESFFramework.pdf

[46] Environmental and Social Management Framework (ESMF) Investing in Forests for Prosperity at a Time of Transformation (P170798).
https://documents1.worldbank.org/curated/en/126871583805453063/pdf/Environmental-and-Social-Management-Framework-ESMF-Investing-in-Forests-for-Prosperity-at-a-Time-of-Transformation-P170798.pdf

[47] Environmental and Social Commitment Plan (ESCP) - Investing in Forests for Prosperity at a Time of Transformation - P170798.
https://documents1.worldbank.org/curated/en/327351583855335080/pdf/Environmental-and-Social-Commitment-Plan-ESCP-Investing-in-Forests-for-Prosperity-at-a-Time-of-Transformation-P170798.pdf

[48] Revised Stakeholder Engagement Plan (SEP) Forests for Prosperity Project (P170798).
https://documents1.worldbank.org/curated/en/099090524160536951/pdf/P17079816e9e2c061a5091288c85755889.pdf

5.5.5 Grievance Redress Mechanism (GRM)

The FFP GRM comprises a sequential and time-bound process of three levels to receive and address project related feedback and grievances. GRM has been put in place to address the concerns and complaints of beneficiaries and project stakeholders by adopting an understandable and transparent process that is culturally appropriate and readily accessible to all the segments of affected communities. The project's GRM is at no cost to complainants and guarantees that there will be no retribution for people who lodge complaints about project activities. Furthermore, the grievance redress mechanism will not impede access to judicial and administrative remedies. This system's primary purpose is to ensure a robust and transparent process, consisting of a sequential resolution process available to address the complaints swiftly. In addition, this GRM will incorporate procedures for addressing grievances related to Sexual Exploitation and Abuse (SEA)/Sexual harassment (SH)/GBV.

5.5.6 Monitoring, Evaluation and Learning

MoFE/PMU is responsible for monitoring and evaluation of the overall project progress and results. The Provincial Ministry on Forests /PPMUs is responsible for monitoring and evaluating of project activities at provincial level and field levels. Project Municipalities also perform monitoring and evaluation of the project activities implemented in their territories. Key project M&E functions include (i) informing the planning of work program and budget; (ii) project progress monitoring; (iii) results monitoring and evaluation; and (iv) reporting. Progress monitoring reports are prepared every 4 months. Mid-term evaluation and final evaluation of the project will also be conducted. ADBL Nepal is responsible for monitoring progress of the project component 3 implementation.

5.6 Transparency in Project Governance and Management

Overall transparency of the project looks quite good as most of the project related information is publicly available online at World Bank website (https://projects.worldbank.org/en/projects-operations/project-detail/P170798) as well as website of the REDD Implementation Centre (http://redd.gov.np/post/forests-for-prosperity-project). Project document, ESMF, ESCP, SEP as well Procurement plans are available online. Project Operational Manual provides the institutional arrangements and other project governance procedures in details.

5.7 Accountability and Integrity in Project Governance and Management

Accountability and integrity of the World Bank funded projects are ensured in principle through the World Bank's due diligence procedures and policies. The World Bank Inspection Panel (IPN) is an independent accountability mechanism providing an avenue for people and communities who believe that they have been, or are likely to be, adversely affected by a World Bank funded project. Revised and improved IPN (World Bank, 2020)[49] effective from September 2020 has been instrumental in ensuring accountability and improving compliance with World Bank policies and procedures.

[49] https://documents1.worldbank.org/curated/en/972351583772786218/pdf/Report-and-Recommendations-on-the-Inspection-Panel-s-Toolkit-Review.pdf?_gl=1*nsq29c*_gcl_au*NDU3NDg5Njc5LjE3MjYyMzYyNTc.

As discussed in Section 5.4.1 the implementation of the project activities in the field has been significantly delayed and only less than 15% of the money has been disbursed until July 2024 even though the project has been under implementation for about four years. Sometimes the missed deadlines and targets (of the project activities) may be due to the lack of accountability. The WB and REDD IC of the Ministry of Forests and Environment should take the responsibility for the delay and must take the necessary steps to resolve the issues so that the project is implemented timely manner and expected outputs and outcomes are achieved.

Chapter 6. Conclusions and Recommendations

6.1 Conclusions

The first GCF project- ***Building Resilient Churia Region in Nepal*** is under implementation for more than four years (including the two years of preparation) in the 26 river systems of Koshi, Madhesh and Bagmati Provinces. The total budget of the project is 47.3 million USD, out of which 39.3 million is GCF grant and remaining 8 million is covered from different sources as cofinancing.

Details of the financial progress of the project are not publicly available. The project website (https://www.greenclimate.fund/project/fp118) provides the disbursed money from the GCF to the accredited entity (FAO) for project implementation. The website shows that a total of 36% of the GCF grant has been disbursed to the FAO for project implementation as of 12 Sept 2024 (The website was last accessed on 30 September 2024). This is not however the actual amount disbursed/spent by the FAO for field implementation of the project activities, which is far less than the disbursed amount from GCG to the FAO.

The second GCF project- ***Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin, Nepal*** is under implementation in the Gandaki river basin covering 16 districts of Bagmati, Gandaki and Lumbini Provinces for about three years. The total budget of the project is 32.7 million USD, out of which 27.4 million is GCF grant and remaining 5.3 million is covered from different sources as cofinancing.

Details of the financial progress of the project are not publicly available. The project website (https://www.greenclimate.fund/project/fp131) provides the disbursed money from the GCF to the accredited entity (IUCN) for project implementation. The website shows that a total of 11% of the GCF grant has been disbursed to the IUCN for project implementation as of 15 Dec 2021(The website was accessed on 30 September 2024). This is, however, not the actual amount disbursed/spent by the IUCN for field implementation of the project activities.

Similarly, the third GCF project- ***Mitigating GHG emission through modern, efficient and climate friendly clean cooking solutions (CCS)*** is under implementation for about two years in the 150 local governments of the 22 Terai districts of six provinces of the country. This is the first GCF project developed and is being implemented through the 1st Accredited Entity of the country- Alternative Energy Promotion Center (AEPC). The total budget of the project is 49.15 million USD, out of which GCF grant is 21.13 million and remaining 28.02 million is covered from different sources as cofinancing.

Details of the financial progress of the project are not publicly available. The project website (https://www.greenclimate.fund/project/fp172) provides the disbursed money from the GCF to the accredited entity (AEPC) for project implementation. The website shows that a total of 14% of the GCF grant has been disbursed to the AEPC for project implementation as of 24 Jan 2024 (The website was accessed last on 30 September 2024). This is not however, the actual amount disbursed/spent by the AEPC for field implementation of the project activities.

The fourth climate finance project chosen for this study is **a World Bank funded project-** ***Forests for Prosperity Project,*** which is being implemented in the 50 Municipalities of Madhesh and Lumbini Provinces (25 in each province). This project is a little bit different than the other three projects. The total project cost of 24 million USD is covered by **grant as well as the soft loan** from the World Bank. Out of the total project budget, 17.9 million is covered from the long-term soft loan and the remaining 6.1 million is in the form of grant from the World Bank. The loan part of the project is to provide loans for the forest based small and medium industries through the Agriculture Development Bank Limited (ADBL) Nepal. The project has been under implementation for about four years. But only less than 15% of the fund has been disbursed until July 2024 and outcomes of the field level activities have not yet been visible.

All the four projects described above were developed **transparently** and are being implemented **transparently**. Stakeholder mapping was conducted and several consultations at different levels (federal, provincial and local) as required were organized during the project design phase. Environmental and Social risks of the proposed project activities were identified, and different safeguard tools have been developed to address identified risks, which provide mitigation measures of the potential negative impacts. Stakeholder Engagement Plans, Gender Action Plans, as well as Grievance Redress Mechanisms developed for the projects, also reflect the **transparency** of the projects.

Regarding the **Accountability and Integrity** of the project governance, from this brief study, nothing was found that suggests there was no accountability and integrity in the overall project governance. Accountability and integrity of the GCF-funded projects are mostly ensured in principle through the robust accreditation process of the Accredited Entity through which the projects are governed and managed. Similarly, accountability and integrity of the World Bank-funded projects are ensured in principle through the World Bank's due diligence procedures and policies, Environmental and Social Standards and fiduciary policies. Furthermore, the World Bank is also an Accredited Entity of various international funds, including GCF and GEF, which also ensures the accountability and integrity of the World Bank-funded projects. However, from this study, it is found that implementation of all projects has been delayed significantly.

It is clear from this study that funds provided by the GCF and the World Bank for the project implementation will not be spent, and the expected outputs and outcomes will not be achieved by the present project completion dates. In this situation, there are two options, one the project will be extended for a couples of years, and another the project is terminated, and unspent money will be frozen (returned to the fund). Both options are not good for the country (the first option can be considered mainly due to the complex problems of stakeholders in the participatory approach which takes longer time). There are many reasons for the delay in implementation of the projects. ***However, Sometimes the missed deadlines and targets (of the project activities) may be due to the lack of accountability and integrity.*** The FAO, IUCN, AEPC as the Accredited Entities responsible for the project governance and management as well as the Ministry of Forests and Environment and AEPC as the Executing Agencies should take responsibility for the delay and must take the necessary steps to resolve the issues so that the projects are implemented timely manner and expected outputs and outcomes are achieved within the present project completion dates.

6.2 Recommendations

- As discussed, Nepal has tremendous opportunities for accessing climate finance funds from development partners and international organizations such as GCF. For this however, Nepal needs to enhance its capacity to develop high quality climate finance projects and implement them in a transparent and timely manner with high integrity and accountability. From this very brief study, it is found that Nepal does not have the capacity to implement large climate finance projects in time. Therefore, Nepal should enhance its capacity for project governance, management and implementation.

- The BRCRN project study suggests that there are a few issues which were not considered properly when the project was conceptualized and designed. Many experts opine that the project is conceptualized and designed with unrealistic ambitions.

- Frequent transfer of government staff responsible for project oversight and coordination is one of the major reasons for the delay of project implementation. Therefore, the government should ensure that project staff can work for entire project periods and they should be given full authority to manage the projects.

- The Annual Performance Report of the BRCRN mentioned that field level activities were not implemented on time because there were insufficient staff in the field offices. Therefore, it should be ensured that adequate qualified full-time staff must be there in the offices at all levels. For this, not only the government but also the Accredited Entity responsible for the project management should also be made accountable.

- It is widely accepted among the experts, development partners and even in government institutions that there is not any incentive for the government staff to work on the projects. Therefore, for timely implementation of the project, there should be a good package of incentives for the staff.

- In most cases, there is no separate budget for implementation of ESMF, ESMP, SEP and GAP. The project and government staff say it is included in the program budget. The program budget itself is inadequate as budget allocation is normally done on an ad hoc basis without a detailed analysis of various factors when the project is designed. In this context, it is impossible to implement ESMPs, SEPs, GAPs and other safeguard tools without having separate budget allocations. Therefore, separate budget allocation to implement different safeguard tools is necessary.

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