Climate Budget tagging with focus on policies, risks, and gender-based beneficiaries: Nepal’s Experience

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The context

- Climate impacts: extreme events of floods, droughts, wildfires, glacial lake outburst floods; water sources declining across the country as silent disaster
- Achieving SDGs by 2030 requires enhancing resilience of the vulnerable population whose livelihoods depend on the state of natural resources
- Limited financial resources need to address:
  - SDGs; NDCs; DRR; Inclusive development
- Requires systemic approach
Budget tagging

2009

GRB Tagging to mainstream gender in national development plans and budget
Criteria to define GR activities
• Participation in planning, capacity building, benefits, income generation and reducing drudgery
  • Defined GRB as direct (1) and indirect (2) in the budget database

2013

Climate Budget Tagging introduced in 2013 to integrate Climate Change concerns in the national plans and budget
Criteria to define CC activities
• Contribution to adaptation (water management, food security, disaster reduction)
• Contribution to mitigation (Greenery promotion, GHG reduction, Alternate energy)
• Both (biogas, policies, research)

Gaps

• Blanket criteria didn’t capture sectoral nuances
• Tagging was done post planning exercise
• Difficult to see how climate investments helped or hindered reducing vulnerability or increasing resilience of vulnerable population (gender is core)
Public finance flow

- The proportion of direct GRB has remained between 21 and 38% while CC direct budget at approximately 5% of the national budget.

- The indirect GRB budget has remained between 34 and 48% and for CC indirect budget shown a sharp increase from about 5% in 2013/14 to 26% in 2017/18.

- Strong earthquake of 2015, floods of 2017 (biggest in the recorded history), grants provided to the new local governments changed the reference.

**Private sector investment**: estimates are not available. Private investments are being made in solar, wind and off-grid projects under various initiatives.
NDC and CC financing framework (CCFF)

Nepal’s First Nationally Determined Contributions (NDCs)
- Being revised now and to be approved by the cabinet for commitment and sectoral ownership
- Contributions will be based on national plans (Ex. periodic plan), which will have targets for respective sectors
- Revised NDCs will indicate investment plans as well as attempt to address gender (ToRs being developed)

Climate Change Financing Framework (CCFF) with a road map for reforms required in the PFM systems to:
- Improve climate budget accuracy and address sectoral nuances
- Improve accountability in governance of climate finance
- Initiate tagging when plans are formulated, not after they have been in the plan
- Enable evaluation of climate investment in reducing vulnerability

Ministry of Agriculture and Livestock Development
- As part of NAP-Ag process supported by UNDP and FAO, takes lead in improving tagging method as envisioned by CCFF roadmap
## Methodology

<table>
<thead>
<tr>
<th>Seven typologies</th>
<th>Climate functions</th>
<th>Climate related programs within each typology for 2018/19</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable water management</td>
<td>Adaptation, Mitigation, Both</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rehabilitation and maintenance of existing water storage facilities</td>
<td>A</td>
<td>Fisheries development</td>
<td>Expansion of 100 hectares of fisheries</td>
</tr>
<tr>
<td>Watershed restoration</td>
<td>B</td>
<td>Integrated water resource management project</td>
<td>Vegetable block demonstration 190 hec.</td>
</tr>
<tr>
<td>Measure to prevent erosion and landslides along canals</td>
<td>M</td>
<td>Small irrigation improvement</td>
<td>Windbreak plantation 1 hectare</td>
</tr>
</tbody>
</table>
## Level of relevance

<table>
<thead>
<tr>
<th>Q 1</th>
<th>Is the information about the climate vulnerability of the area where the activity will be implemented <em>available and measurable?</em></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 2</td>
<td>Are the beneficiaries, including gender, that the activity will support with specified climate objective <em>known and countable?</em></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Q 3</td>
<td>Can the linkages of the activity with national climate policy, SDGs and /or NDCs be established?</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>
If 2 or more than 2 of the above three factors are ‘Yes’ the activity is considered ‘HIGHLY RELEVANT’.

If 2 of the factors are ‘No’, the activity is tagged as ‘RELEVANT’.

**Benefits**
- Improve budget *accuracy*
- Disaggregate into gender based beneficiaries, help *meet national commitments*, evaluation possible
- A *cycle of demand and supply of climate information*
- MoF coordinates through budget

**Narrative for key projects to help monitoring**

**Example: Small Irrigation Improvement Project**

Short narrative:
It is proposed for drought hit area of village X, for which VRA has been conducted. The project will help 100 women farmers grow off-season vegetables, support outcome 2 of Agriculture Development Strategy and contribute to SDG 2.

**Challenges**
- Screening beneficiaries may still be subjective, require continued support to planners for sometime, especially when we cover other sectors
- Roll out to sub-national level
Effectiveness and Accountability

- **Citizen Climate Budget (2018, 2019)**
  - Informing general public about CCF

- **Public Exp. Tracking System**
  - Follow the money to see if it has reached the intended beneficiaries; followed guidelines

- **Civil Society Engagement**
  - Collaborative Research on evaluating impact of climate investment on Poverty and Gender

- **Parliament support**
  - Budget scrutiny and oversight on climate finance
Thank You