

Nepal's Citizens **Climate Budget**

*Where is Nepal's money
being allocated ?*



WHAT IS A CITIZENS CLIMATE BUDGET?



Nepal's Citizens Climate Budget

presents how the budget is being allocated to address climate change and its effects. It uses official information from the Ministry of Finance and other Government agencies in Nepal.

This is designed for the public to understand how the government uses public finance to address climate change.

30.7%

of Nepal's budget

has been allocated to
activities related to
climate change



Nepal is one of the most vulnerable countries to climate change, requiring effective resource mobilisation to respond to the negative impacts on lives and livelihoods.

Total Annual Budget

for FY 2017/18

NRS.
1278.99
Billion

Climate Change Budget

for FY 2017/18

NRS.
393.33 Billion

NRS

CLIMATE CHANGE VULNERABILITY IN NEPAL

One of the world's most vulnerable countries

In recent years, Nepal has witnessed increasing events of:



Flash Floods



Glacial Outbursts



Droughts



Landslides



Heat Waves and
Cold Waves



Unpredictable
Rainfall

Out of **75** Districts

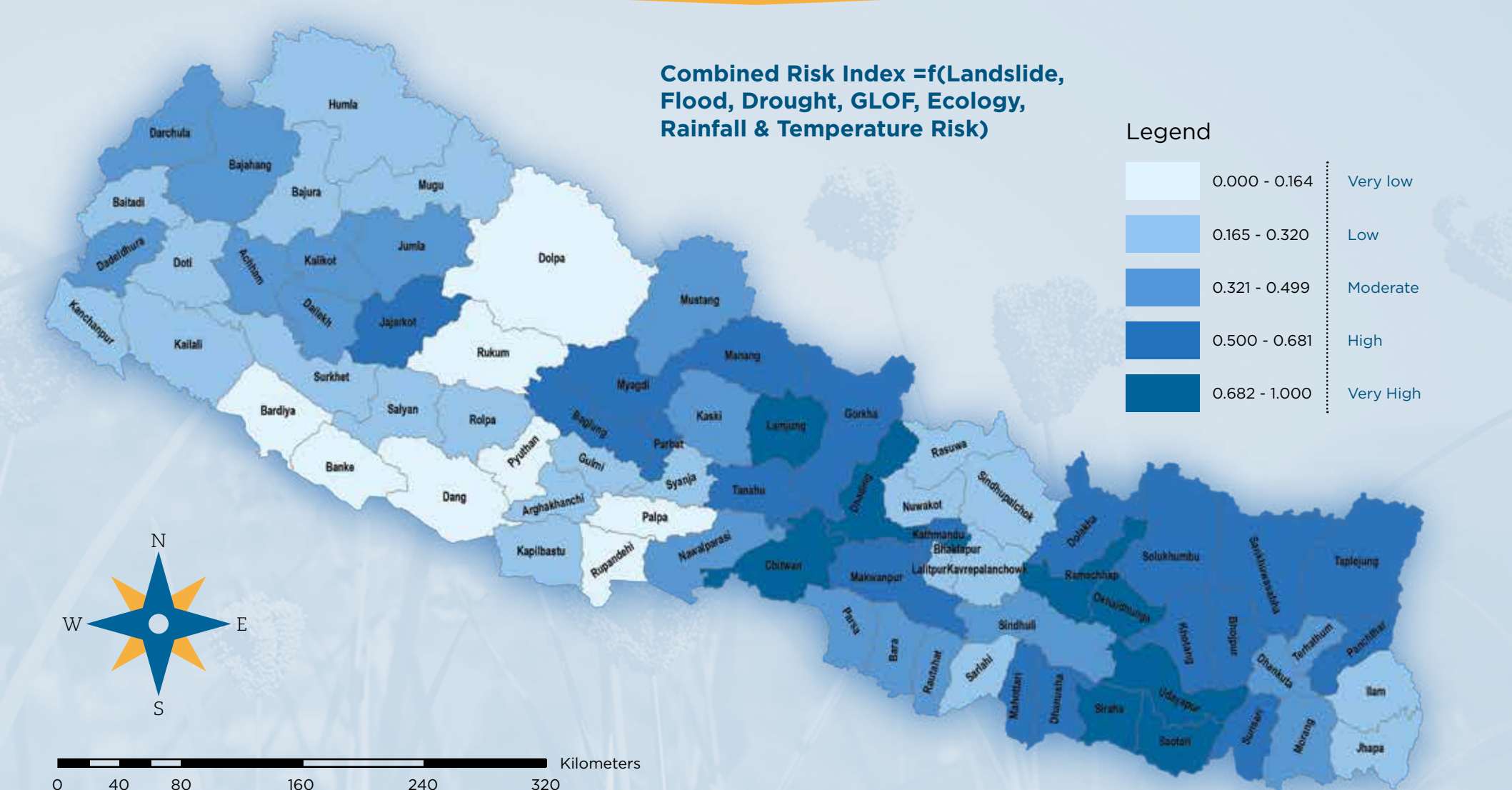
29 are vulnerable
to **Landslides**

12 are vulnerable to
Glacial Outbursts

22 are vulnerable
to **Droughts**

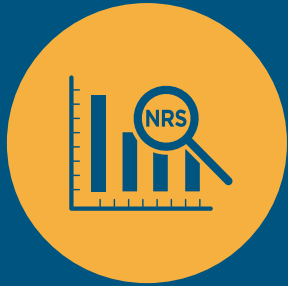
09 are vulnerable
to **Floods**

COMBINED RISK MAP OF NEPAL



Source: Government of Nepal, Ministry of Environment, September 2010"

WHAT HAS BEEN THE ECONOMIC IMPACT OF CLIMATE CHANGE?



**Nepal's
economy loses**

NRS. 28-38
billion/year

in 2013 Prices

**due to current climate
variability and extreme
weather events**



In addition to economic losses, climate change threatens recent development gains and undermines future results and aspirations

HOW IS NEPAL RESPONDING TO THIS VULNERABILITY?

The government is allocating resources to respond to climate change risks.



Fiscal Year	13/14	14/15	15/16	16/17	17/18
Total Annual Budget	517.24	618.10	819.46	1048.92	1278.99
Percentage of total budget that is relevant to climate change (rounded to nearest decimal).	10%	11%	19%	19%	31%
Total amount in budget relevant to climate change	53.5	66.4	159.3	201.6	393.4

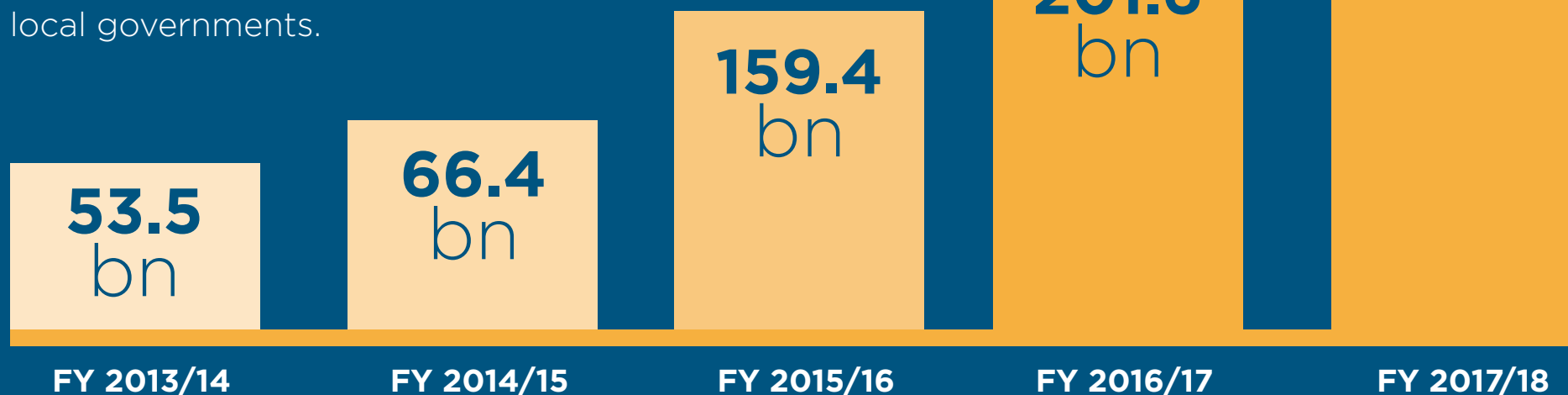
WHAT HAS BEEN THE TREND IN THE LAST 5 YEARS?

Nepal's Climate Relevant Budget has increased by almost

7-fold

since FY 2013/14

This increase is due to allocations for reconstruction following the 2015 earthquake - all of which is required to be 'climate resilient'. Likewise, the rise in climate budget in 2017/18 is due to grants set aside for the newly established local governments.



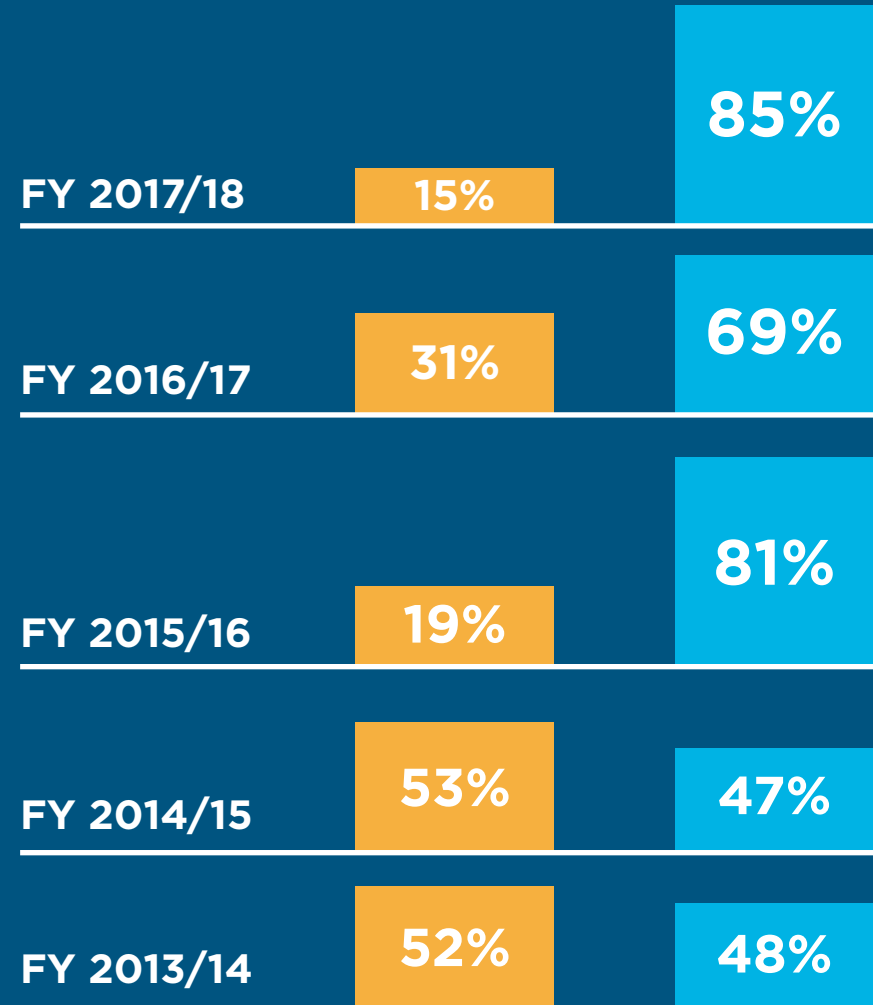
HOW DO WE DEFINE CLIMATE RELEVANCE?

According to the Climate Budget Code developed by the National Planning Commission:

Programmes are considered 'highly relevant' if 60% or more of the allocation is related to climate change.

Programmes are considered 'relevant' if 20-60% of the allocation is related to climate change

Note: There has been a minor methodological change since FY2017/2018

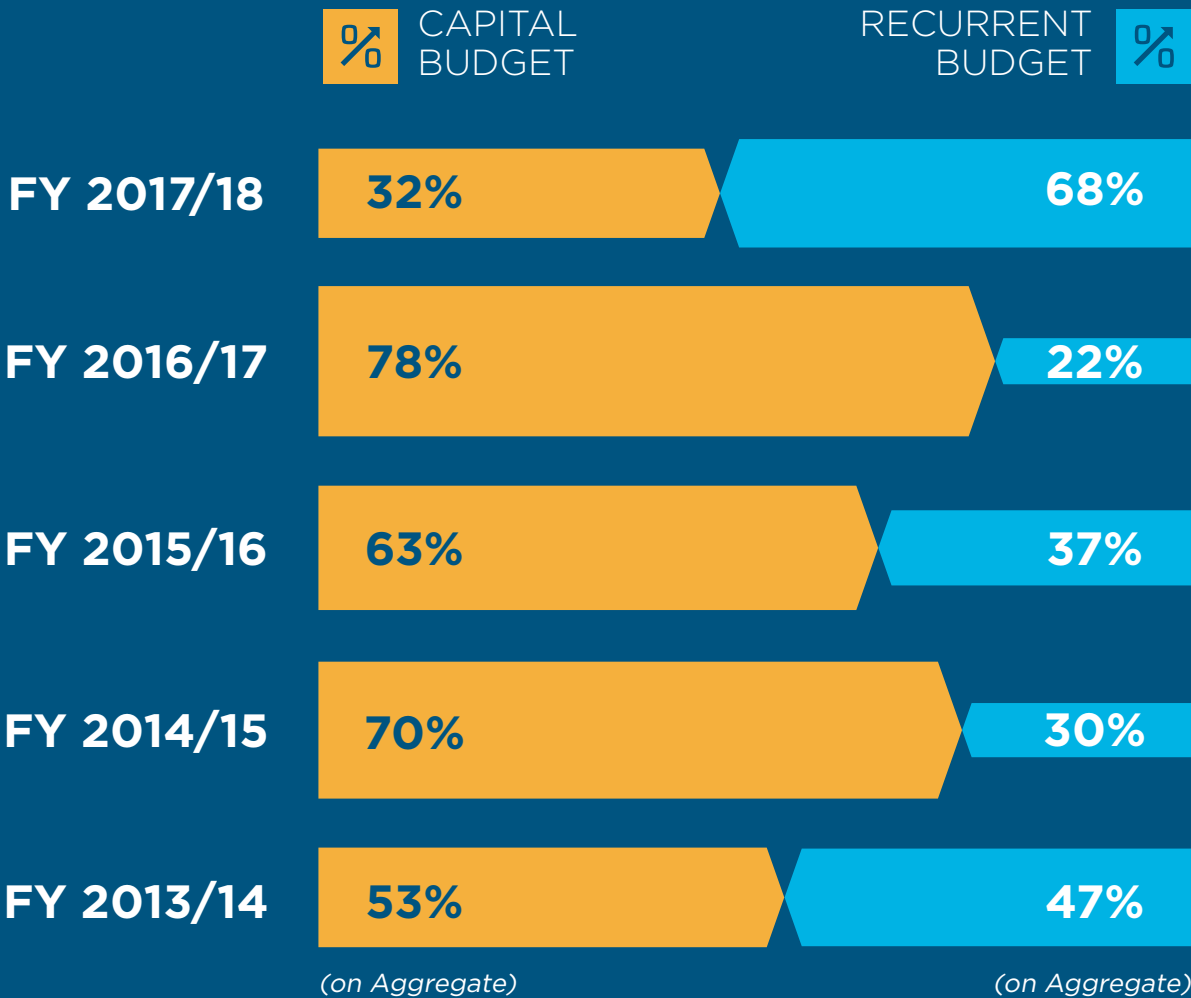


HOW IS THE BUDGET DIVIDED?



Nepal's budget is divided into capital budget (for goods and debt servicing), and recurrent budget (for salaries, operations and services).

Of the climate relevant budget the division of capital and recurrent has been:



WHERE DOES THE MONEY GO?

Fiscal Year

Sectors	13/14	14/15	15/16	16/17	17/18
Economic affairs	68.9%	68.0%	84.7%	77.7%	27.8%
Housing and community amenities	24.3%	13.5%	9.1%	14.6%	9.1%
Environmental protection	5.4%	5.4%	4.5%	7.0%	3.6%
General public service	1.0%	0.5%	0.4%	0.6%	59.3%

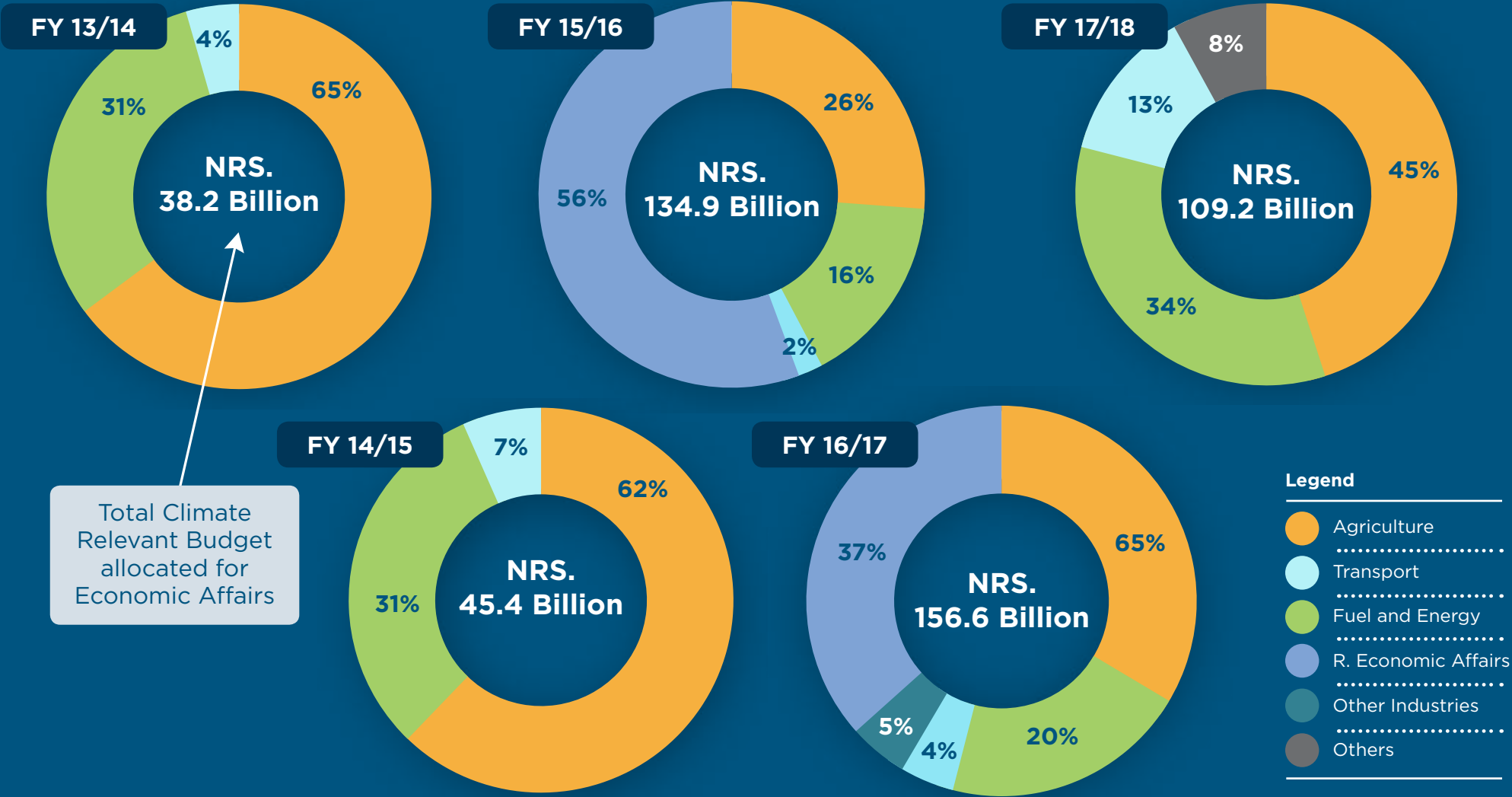
Note: The 17/18 increase in 'general public service' is the result of a new structure in which resources are channeled through local government as grants which are used for development activities including climate relevant activities.

For FY 2013/14 to 2017/18, 65.42 % (in aggregate) of CC budget has been allocated to

Economic affairs

Economic affairs includes general economic, commercial and labour affairs, agriculture, forestry, fishing and hunting, fuel and energy, mining, manufacturing and construction, transport, communication and other industries

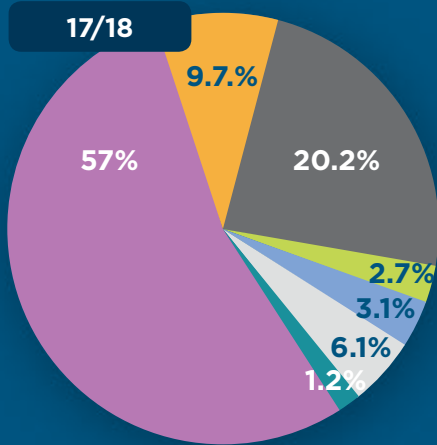
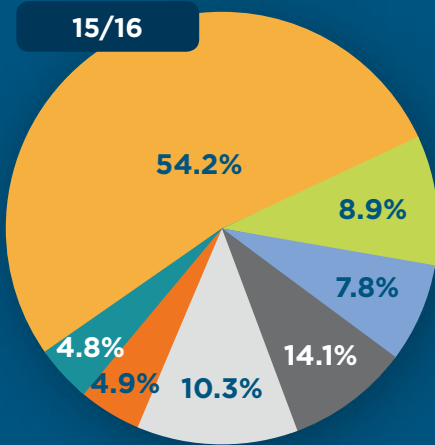
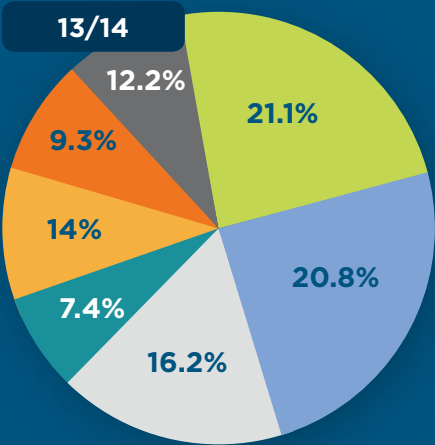
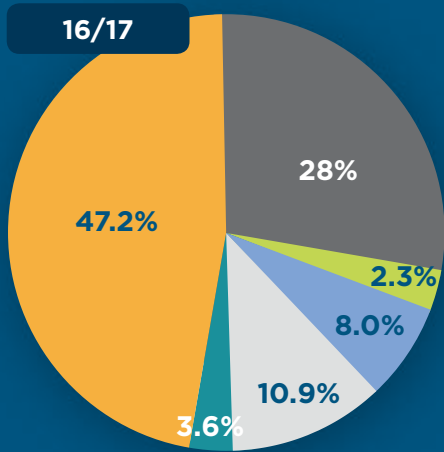
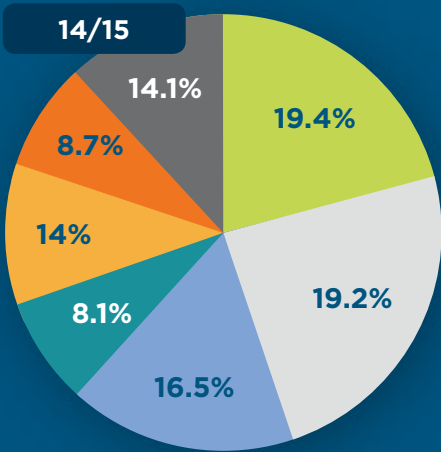
WHAT IS INCLUDED IN 'ECONOMIC AFFAIRS'?



APPROPRIATION OF CLIMATE RELEVANT BUDGET BY MINISTRIES

Legend

- Ministry of Urban Development
- Ministry of Agriculture Development
- Ministry of Irrigation
- Ministry of Science Technology and Environment
- Note: The MoSTE was changed to Ministry of Population and Environment in FY 2016/17 so there was 0 % allocation to MoSTE in the same year.
- Ministry of Forests and Soil Conservation
- Local Government
- Ministry of Finance
- Ministry of Finance keeps a lump sum to address unexpected needs including natural calamities. It also includes budgetary allocations for financing debt services, and research for special projects such as hydropower and physical infrastructure development.
- Other





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Photo credit: UNDP Nepal

**UNDP's Governance of Climate
Change Finance Programme**

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