

NEPAL

BASIC FACTS ABOUT PEINEPAL

Timescale: Phase I (2010–2012), Phase 2 (2013-2017).

Partners: National Planning Commission, Ministry of Federal Affairs and Local Development and Ministry of Finance.

Focus: Poverty reduction and inclusive development by integrating climate and environmental concerns and opportunities for the poor into national and local development planning and budgeting, and economic decision-making.

MAINSTREAMING CONTEXT

Natural resources such as forests, agricultural lands, biodiversity and water resources are the livelihood base of almost 90 % of Nepal's population. Altogether, they represent almost 40% of the country's GDP. While in the last decades considerable progress has been made in poverty reduction, unsustainable use of these natural resources and climate change have resulted in widespread environmental degradation now threatening especially poor people's livelihoods and health.

MAIN ACTIVITIES

Strengthening the capacity of the National Planning Commission (NPC) to integrate pro-poor environmental and climate measures into national planning, budgeting and monitoring processes and incorporating poverty-environment indicators in the national Poverty Monitoring System.

Reviewing national development budgetary processes and financing mechanisms to address pro-poor natural resource management priorities and climate change concerns; and developing measures to improve access to financial resources for investing in sustainable natural resource management and climate resilience.

Improving planning and minimum condition and performance measure guidelines and directives for local bodies and supporting management of sand gravel and stones and the development of rural roads and other infrastructure development to enhance pro-poor natural resource management at local level.

Building the capacity of local bodies to incorporate pro-poor environmental measures in planning and budgeting processes and strengthening communities and community organization's capacity to "demand" integration of pro-poor environmental concerns in local planning and budgeting processes.

ACHIEVEMENTS

Sustainability has been integrated into Nepal's key national planning instrument, the Three-Year-Plan (2011-2013) and across relevant sector plans and programmes including infrastructure, agriculture, food security, local development and environment. An increase in the number of programmes and budgets that support pro-poor environment and climate change (PEC) adaptation activities has been seen.

A climate public expenditure and institutional review has been conducted and has led the Government to introduce a climate budget code to track and hopefully increase budget allocation to climate change adaptation and mitigation. The climate budget code has been implemented since the fiscal year of 2012/2013 and will continue to be used to track climate related expenditures in the future. A green economy frame has been formulated to promote sustainable development that will emphasize economic growth as well as reducing the rising income gap and safeguarding the environment.

PEI commissioned a study on drought impact on displacement and migration has led the Government to allocate 250 million rupees to drinking water programmes in the drought affected districts.

The NPC updated its monitoring indicators to incorporate poverty-environment components and reviewed its project prioritization criteria to integrate PEC needs.

Guidelines to construct ecological and inclusive rural roads are being implemented and Environmental Impact Assessments are conducted before extraction of sand, gravel and stones and before building rural roads. In two districts where the guidelines have been implemented the local labour intensive technology has reduced maintenance costs, increased local employment and decreased loss of lives due to landslides. District and Village Development Committees (DDC/VDC) have also incorporated more programs and budgets for PEC friendly infrastructure development in their respective 2012 annual work plans.

The recently established central-and local-level coordination mechanisms have promoted collaboration across government agencies and provided support to the implementation of PEC mainstreaming activities.

The Government has developed and institutionalized the “Environmentally Friendly Local Governance” framework that will benefit poor people particularly women and marginalized groups. A communication strategy to change behavior on environmental management has been developed targeted at all levels of stakeholders, from central government to households.

Local governments in Nepal are taking the lead towards a more sustainable development path and PEC concerns are integrated into local planning and budgeting processes. The improved capacity of local authorities enables them to respond to poor and marginalized communities’ requests by allocating public resources to PEC issues. For example:

- The “Planning and Decision-Making Guidelines” of local bodies were revised and approved to incorporate PEC perspectives. The Ministry of Federal Affairs and Local Development’s fourteen point directives encourages mainstreaming of environmental concerns into planning and infrastructure development guided by two key PEI economic valuation studies.
- A system of performance based grants that rewards green, inclusive, gender sensitive local governments has been established. The “Minimum Condition and Performance Measures Guidelines” were revised to include environment and climate change criteria for use by DDC’s for government grants.
- The Dhading DDC and the Rupandei DDC have increased allocations in the current fiscal year to green development programmes related to water source conservation to ensure sustainable access of irrigation facilities for the poor. As an outcome, some 150 households are benefitting from water source conservation activities in response to increasing droughts.

LESSONS LEARNED

PEI’s limited funding have been able to make a significant impact by being integrated into much larger programmes in particular the \$200 million decentralization programme of the Ministry of Federal Affairs and Local Development. Regular follow up and timely feedback makes program effective even by having a small sized projects. Despite political instability at the national level, the government’s commitments to climate, disaster and environmental management - supported by PEI - has been growing.

WAY FORWARD

Nepal PEI Phase 2 will take a stronger focus on social inclusion and addressing the political economy issues which have undermined pro-poor climate and environment management through supporting local level implementationAs part of Phase 2 Local Governance and Community Development Program and more specifically the Environmental Friendly Local Governance. It will also support the Government to strengthen pro-poor and gender responsive climate budgeting, through partnership with UNDP regional programme on Governance of Climate Finance.