

**Nepal's Strategic Program for Climate Resilience (SPCR)
Summary of Comments by PPCR Sub-Committee, and Government/MDB Response**

Who	Comment	Actions Taken/Response
<p>Germany 30 June 2011</p> <p>Dr. Annette Windmeisser Klimapolitik und Klimafinanzierung Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung</p> <p>Climate Policy and Climate Financing Federal Ministry for Economic Cooperation and Development</p>	<p>Summary We would like to congratulate the Government of Nepal (GoN), especially the Ministry of Environment (MoENV), for designing and presenting a sophisticated SPCR document. The SPCR document contains a sound vulnerability assessment, which is especially remarkable considering the lack of comprehensive data and projections on climate change in Nepal, and a highly diverse mountainous landscape posing daunting obstacles to a precise assessment and planning process. The identified key climate change risks (water quality and quantity, disasters, food security and ecosystem health/biodiversity) are well justified. Links with existing development policies in Nepal (<i>Five-Year-Plans, National Adaptation Programme of Action</i> etc.) and activities of other development partners are well documented. Each of the proposed components responds to the identified climate change risks. We particularly welcome the SPCR's commitment <i>to strengthen capacities and institutions to integrate climate change risk management into development planning; to combine disaster risk management with improving the hydro-meteorological monitoring network of Nepal; to develop weather insurances in Nepal.</i></p> <p>Overall, there are no major objections from our point of view.</p> <p>However, we suggest adding clarifications on the implementation capacities of the GoN. The SPCR document outlines significant needs for and challenges of building capacity and ensuring coordination within the GoN, particularly under the lead of the newly established MoENV. The SPCR document should address, how, under such circumstances, the successful, effective, and efficient implementation of the substantial PPCR funds (110 Mio. US\$) would be ensured, especially in view of the rather tight timeframe.</p>	<p>Noted.</p> <p>Capacity assessments have been and will be conducted for each agency playing the lead role in implementing each of the five SPCR components. As indicated, MoENV will coordinate all components, as well as lead the implementation of the cross-cutting capacity development program (component 3). As part of the design of the TA/Component 3, ADB conducted a financial and procurement capacity assessment of MoENV. This led to decisions about the implementing arrangements for the \$7.163 million TA. Experts in results management, knowledge management, and program management have been added to the consulting team in order to coach and build capacity of MoENV staff in these aspects.</p>

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	<p>In addition, we suggest elaborating further on aspects of sustainability. Components 1 and 2 require the GoN to take over and continue activities independently after the PPCR will have phased out. The GoN will need to commit long-term funds to ensure the sustainability of Components 1 and 2. This especially applies for maintaining the planned real-time hydro-meteorological monitoring and early warning systems under the <i>Department for Hydrology and Meteorology</i> (DHM).</p> <p>Furthermore, we suggest taking the recommendations made below (see bold highlights) into account during the following steps of programme preparation.</p> <p><u>Comments on Individual Projects / Measures</u> Component 2: Building Resilience to Climate Related Hazards</p> <p>This component lies at the strategic heart of the SPCR and could potentially have extensive positive and synergetic effects on the other components and on programmes beyond the PPCR (climate-sensitive development planning, disaster risk management, food security, agro-business, water management, natural resource management, transport, tourism etc.). Being designed around the arguably weak and neglected <i>Department for Hydrology and Meteorology</i> (DHM), Component 2 faces significant challenges in terms of and implementation capacities and sustainability. DHM will require substantial continued technical assistance to first systematically upgrade the network of hydro-meteorological stations and then maintain it. Currently, DHM is understaffed and underfunded for this task. In the long run, PPCR cannot fill this gap. The challenge to absorb the proposed budget of 41 million US\$ for Component 2 within four years will be considerable, given the limited experience and capacities of DHM in implementing interventions of that complexity and financial magnitude.</p> <p>We recommend that much attention be given to strengthening DHM technically and institutionally within the landscape of government organizations. We also recommend that the GoN commit increased long-term funding for staff and maintenance costs to enable DHM to keep its upgraded services operational for many years after PPCR has phased out. Ideally, this commitment</p>	<p>Sustainability is a key consideration for Components 1 and 2. In Component 1, the intention is to build the capacity of the Department of Soil Conservation and Watershed Management and other key agencies in hydrological analysis and understanding how interventions in a watershed affect the water balance. In Component 2, a \$4m (tbc) sub-component, "Institutional Strengthening, Capacity Building and Financial Sustainability of DHM," is being developed to address this key concern. Assurances will be sought from Government of Nepal regarding the recurrent budget requirements for the system, and affordability will be one of the basic design criteria for modernization of the hydromet system.</p> <p>Agreed.</p>

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	<p>should be conditional for completing the preparation phase of Component 2.</p> <p>It remains somewhat unclear to us who, in the long run, will be the insurance provider. The project proposal does not discuss cooperation with insurance companies. It would seem unlikely to us, though, that government ministries would be best positioned as insurance providers. The proposal does mention, however, that “NGOs may also play an important role”. While they, working at the grassroots level, certainly have an important role in implementing micro-insurance/finance programmes, they can probably not act as a substitute for an insurance company in the long run. Before this background, we recommend that the questions of whether and how there will be cooperation with insurance companies be discussed at a much greater level of detail during the coming steps of programme preparation.</p> <p>On the technical side, a major obstacle to real-time data transmission will be mobile phone network reliability. In large parts of Nepal, reception is unstable, while satellite-based telemetry alternatives are rare and expensive. We recommend giving particular attention to this problem in the programme preparation phase.</p> <p>Component 3: Mainstreaming Climate Risk Management in Development Regarding Activity 1.3 “Establish climate change risk management screening system for development projects”, we recommend pursuing the establishment of a standardized climate risk management approach, which should be mainstreamed into all GoN development planning procedures. To ensure sustainability in the light of high staff turnover in the public administration of Nepal, we suggest creating a consultant market with consultants and trainers (of trainers) knowledgeable in the championed climate risk management approaches. The names of consultants and trainers should be published by the MoENV so that other government institutions and also development partners could locate and hire them.</p> <p>Component 4: Building Climate Resilient Communities through Private Sector Participation</p>	<p>Agreed, this indeed is an important point of discussion during the project preparation. The mandate for the provision of insurance is unclear within the government. Private sector interest in this field is also unclear. The preparation team will therefore include expertise in climate risk insurance to explore in detail the viability of this activity.</p> <p>Agreed. This will be done.</p> <p>Agreed. The approach outlined under TA “Output 1: Climate change risks are integrated into Nepal’s implementation of development projects” is to allow each of the sectoral agencies to conduct case analysis of the impact of climate change on their practices and engineering designs, and then roll the learning from each agency into an overall risk management system. This output will also include training for engineers, planners and private sector consultants and engineers to improve understanding of climate change risk management, and its incorporation into planning, design and implementation. See the TA report’s Supplementary Appendix 1, activities 1.2, 1.3, 1.4, 1.6 and 1.8 for details.</p> <p>Noted.</p>

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	<p>We particularly appreciate the value/supply chain perspective taken in this component, rather prominently for instance in the <i>Investment Project-1: Public and private sector collaboration to enhance food security through promoting climate resilient agriculture</i>.</p> <p><u>Comments on Cross-Cutting Issues</u></p> <p>Participation We highly appreciate the extensive efforts of the GoN, especially the MoENV, and the participating MDBs in allowing for non-exclusive participation of various stakeholders throughout the planning process so far. We encourage all parties involved to maintain a high level of participation in the preparation and implementation phase. With regard to information dissemination, we would appreciate a more systematic and proactive approach.</p> <p>Gender Women have been identified as particularly vulnerable to the negative impacts of climate change in Nepal. Gender aspects have been widely taken into account in the analytical parts of the SPCR. We recommend developing gender-sensitive impact indicators in the preparation phase especially in Components 1, 2, and 5, as women will be both key target groups and crucial stakeholders for a successful implementation.</p> <p>Learning The SPCR document has a short dedicated paragraph on knowledge management, which could provide more details. We understand responsibilities will be shared between the MoENV Climate Change Unit and PPCR staff within the MDBs. Knowledge management initiatives have also been initiated under Nepal's NAPA including a <i>Climate Change Knowledge Management Centre</i> again under the MoENV. Considering the limited capacities and inexperience in knowledge management in the MoENV, and especially in the newly established <i>Climate Change Unit</i>, we recommend</p> <p><i>paying particular attention to designing a harmonized knowledge management regime, customized for all five components; aligning carefully with NAPA knowledge</i></p>	<p>This has been addressed in the detailed design of Component 3. Please see the TA report's Supplementary Appendix 2, section on knowledge sharing. MoENV will be strengthened for more proactive and consistent communication on its websites and through media and stakeholder sharing events.</p> <p>Component 1 has been categorized as "effective gender mainstreaming" according to ADB's gender policy, and gender-related indicators have been included in the initial design and monitoring framework. As part of the design for Component 2 and 5, as well, specific attention will be given to the plight of vulnerable groups (including women). Gender-sensitive indicators will be explored.</p> <p>A knowledge management program has been designed as part of Component 3. Please see the TA report's Supplementary Appendix 2 for details.</p>

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	<p><i>management while avoiding unnecessary additional work load on the MoENV; building on the MDBs established skills in knowledge management to substantially support the MoENV in this task.</i></p> <p>Synergies with German Climate Change Related Engagement in Nepal We highly appreciate the very professional attitude towards an open and participatory process and sound donor harmonization. GIZ was in contact with the MoENV and participating MDBs on various occasions throughout the process of SPCR preparation, has contributed its global expertise in weather and crop insurances, and GIZ staff have participated in the SPCR <i>Final Programming Mission in February 2011</i>. The SPCR document (on its pages 35 and 43) highlights relevant links to the ongoing German support <i>in the sub-national governance programme (SUNAG), which plans activities in the field of climate risk management, and to the Department for Hydrology and Meteorology in the field of automatic climatic and environmental monitoring as part of the German support to the Kailash Sacred Landscape Initiative.</i></p> <p>The German side has offered to continue the active cooperation, through GIZ, during the preparation phase, especially in Components 2, 3 and 4.</p>	<p>Noted. The team notes with appreciation the active participation of German colleagues in the development of the SPCR and looks forward to continued cooperation.</p>
<p>United Kingdom 15 July 2011</p> <p>Jane Higgins Policy Analyst - Low Carbon Development and Adaptation Teams Climate and Environment Department Department for International Development</p>	<p>The UK is pleased that all SPCRs were endorsed at the sub-committee meeting. We suggest the following areas for improvement/consideration:</p> <p>Areas for improvement</p> <ul style="list-style-type: none"> - The proposed coordination arrangements should be clarified. 	<p>Coordination and results management for the SPCR have been built into Component 3, with various coordination mechanisms outlined, and an initial results framework outlined that MoENV will develop with professional support. MoENV has already set up a Climate Change Program Coordination Committee chaired by the Honorable Minister for Environment to monitor results and provide overall coordination and guidance of all climate change programs including SPCR. A management information system will be set up to monitor progress, and MoENV will convene</p>

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	<ul style="list-style-type: none"> - The SPCR ought to be stronger on ensuring that any potential conflict issues are addressed in implementation. - Compensation payments, as well as insurance, should be taken into consideration (to ensure the poorest can benefit). - There should be a clear explanation of how the programme will provide support to move to more harmonised, strategic funding, and overarching institutional mechanisms. - Consideration should be given to Component 5 (“Enhancing Climate Resilience of Endangered Species”) and how it fits in with overall PPCR objectives. 	<p>other components by piloting ways the private sector can help Nepali communities adapt to climate change.</p> <p>The Government intends to ensure a focus on consultation, ensuring inclusiveness, and targeting vulnerable groups. Water use conflicts will be addressed through Component 1.</p> <p>These mechanisms will be explored in the detailed discussions on insurance.</p> <p>The Government has already established a Climate Change Program Coordination Committee (chaired by the Honorable Minister of Environment and comprised of Secretaries from all key ministries), and Component 3 provides strong coordination mechanisms. Details may be found in Component 3’s report, Supplementary Appendix 3. The Government is laying the ground work to identify climate change financing mechanisms, with support of UNDP, DFID, and others.</p> <p>Component 5 focuses on the third identified climate change risk, ecosystem health. Temperatures are rising fastest at high altitudes, and the survival of endangered species is an important indicator of the health of these mountain ecosystems. Safeguarding these unique natural habitats against climate change threats will diminish human-wildlife conflicts and sustain the natural capital that is vital for livelihoods of isolated mountain communities, including tourism. Climate adaptation in these high altitude ecosystems adds an important dimension to the SPCR, and it appears to be the only PPCR investment globally to focus directly on ecosystems/biodiversity.</p>
<p>Canada 22 July 2011 Jan Sheltinga</p>	<p>Canada is pleased to support the Strategic Program for Climate Resilience (SPCR) for Nepal, which was approved by the Sub-Committee for the Pilot Program for Climate Resilience (PPCR) on June 28, 2011 in Cape Town. We would</p>	

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	<p>like to share our comments on the SPCR with the CIF Administrative Unit for reference and inclusion on the CIF Website.</p> <p>The proposed investment program components are excellent and show strong promise for demonstrating timely adaptation solutions. It is also commendable that NGOs, the private sector and other development partners have been consulted and will be involved through SPCR planning and implementation. For example, this approach will encourage synergy with the EU-DFID funded watershed initiatives underway in Karnali, Rapti and Bagmati and the watershed conservation measures in Shivapuri which contributes to the water supply of Kathmandu.</p> <p>One possible component which has not yet been developed for Nepal concerns the social issues relevant to communities impacted by climate change. There is a wide range of issues to be addressed, including mid to long term responses such as migration.</p> <p>Not surprisingly, another area for concern is the capacity of government to implement programs, While the self assessment process has identified definite weaknesses in certain government agencies, it is not clear how these weaknesses will be addressed, unless capacity development is already underway in an earlier phase of the SPCR, as has been the approach in Bangladesh.</p> <p>As well, the various component concept notes are silent on the roles of NGOs and the private sector even though the planning process has acknowledged the importance other these sectors in addressing adaptation issues. As the proposals are further developed, we will be watching for solid integration of NGOs and the private sector in program implementation.</p>	<p>Noted.</p> <p>Appropriate social development programs will be integrated into Components 1, 2 and 5 as necessary based on poverty and social analyses. The long-term expected impact of Component 1 is reduced outmigration from communities within climate vulnerable watersheds.</p> <p>Agreed. This is an integral part of Component 3 which supports MoENV to manage the SPCR. See the Component 3 report's Supplementary Appendix 3 for details. Additionally, the other components will have targeted capacity building programs, as described above.</p> <p>NGOs will be used as implementing agencies for appropriate scopes of work and based on competitive selection. Several support packages for Component 3 have been targeted for NGOs and research organizations. Component 2 calls for the creation of a competitive grant mechanism to encourage innovation and the participation of a broader group of stakeholders (i.e., research organizations, NGOs and academia) in capacity building activities and the development of weather, water and climate products will be explored. The detailed planning of each component will consider additional appropriate roles for NGOs and the private sector.</p>

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	In conclusion, we believe that the current approach, as indicated by the various component concept notes proposed, is an excellent start to the implementation of PPCR in Nepal.	Noted.

Appendix 1: Synergy between NAPA and SPCR

NAPA		SPCR	
Thematic component	Option	Thematic component	Option
Water resources and energy	<ul style="list-style-type: none"> • Implement climatically sensitive watershed and aquatic ecosystems protection, rehabilitation and management programs • Management of existing and extension of new hydrological and meteorological networks of DHM 	Building climate resilience of watersheds in mountain eco-regions	<ul style="list-style-type: none"> • Improved participatory watershed management planning taking into account the impacts of climate change
Climate-induced disaster	<ul style="list-style-type: none"> • Enhance the capacity of all the water-induced disaster related institutions and strengthen early warning system and forecasting • Making preparation for emergency response, relief and rehabilitation measures 	Building resilience to climate –related hazards	<ul style="list-style-type: none"> • Establish early warning systems • Strengthen weather and flood forecasting information systems • Improve access to financial instruments that reduce the adverse impacts of climate induced shocks
Forests and biodiversity	<ul style="list-style-type: none"> • Capacity building for forest management • Research to control invasive species, study of life cycle of pathogen • Identification of threatened flora and fauna, establishment of corridors and connectivity and implementation of landscape level conservation plan 	Enhancing climate resilience of endangered species	<ul style="list-style-type: none"> • Build capacity, enhance knowledge and implement activities to improve climate resilience of critically endangered species by safeguarding natural habitats
Agriculture and food security	<ul style="list-style-type: none"> • Local capacity building and training on new technology 	Building climate resilient communities through private sector participation	<ul style="list-style-type: none"> • Enhanced agricultural productivity contributing to food security through capacity building of farmers and agri-supply chain members and facilitating better access to finance
Urban settlement and infrastructure	<ul style="list-style-type: none"> • Enforcement of planning regulation, building codes in urban areas incorporating climate change dimensions 	Mainstreaming climate change risk management in development	<ul style="list-style-type: none"> • Strengthened climate change risk management capacity in Nepal's private sector by climate proofing vulnerable infrastructure, mainly hydropower stations.
Public health	<ul style="list-style-type: none"> • Integration of health impacts of climate change into broader development plans and related activities 		