

August 27, 2012

Comments from Germany on the Approval by Mail: Nepal: Building Resilience to Climate-Related Hazards Project (IBRD)

Dear Patricia,

We would like to congratulate the Government of Nepal, especially the Ministry of Environment, Science and Technology, for compiling this well written project proposal for PPCR Component II. The proposal is based on a sound vulnerability assessment. Considering the fact that MoEST has only been appointed recently as climate change focal point for Nepal, and the lack of comprehensive data and projections on climate change in Nepal, this deserves special acknowledgement.

As expressed in earlier comments, we appreciate the professional attitude towards a participatory and inclusive preparation process. Representatives of the German implementing agency GIZ have been in contact with the MoEST and participating MDBs on various occasions during the preparatory steps, and have participated in the SPCR final programming mission in February 2011 and subsequent project preparation activities. This project lies at the strategic heart of the PPCR in Nepal and could potentially have extensive positive and synergetic effects on the other components, and even on programmes beyond the PPCR (climate-sensitive development planning, disaster risk management, food security, agro-business, water management, natural resource management, transport, energy, tourism etc.). We believe that strengthened hydro-met services in Nepal will have a positive impact especially on activities in sectors related to energy, agriculture and food security.

There are no objections from our point of view. We would like to suggest, however, that our recommendations be incorporated during project implementation.

Kind regards,

Frank Fass-Metz

**Comments on proposed project:
Nepal
Building resilience to climate-related hazards**

Summary

We would like to congratulate the *Government of Nepal (GoN)*, especially the *Ministry of Environment, Science and Technology (MoEST, previously Ministry of Environment)*, for compiling this well written project proposal for PPCR Component II. The proposal is based on a sound vulnerability assessment. Considering the fact that MoEST has only been appointed recently as climate change focal point for Nepal, and the lack of comprehensive data and projections on climate change in Nepal, this deserves special acknowledgement.

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various occasions during the preparatory steps, and have participated in the SPCR final programming mission in February 2011 and subsequent project preparation activities.

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There are no objections from our point of view. We would like to suggest, however, that our recommendations (see **bold** highlights below) be incorporated during project implementation.

Individual Comments on the Proposed Project

We acknowledge that the project proposal reflects on the subjects of procurement and implementation capacities in the context of large-scale hydro-met modernization activities with DHM and line agencies.

As in earlier comments on the SPCR, we would again like to highlight the aspect of (financial) sustainability. Component 2 requires the GoN to (gradually) take over activities independently until the PPCR will have phased out. For this, the GoN needs to commit and budget long-term funds for DHM's operation and maintenance in order to ensure sustainability, especially of infrastructure investments under Component 2. This especially holds true for maintaining upgraded real-time hydro-met monitoring and early warning systems under the *Department for Hydrology and Meteorology* (DHM). We acknowledge the positive indication of the GoN to provide additional staff and exempt technical equipment from taxes. We also acknowledge that the question of financial sustainability is reflected in the project document in the results framework (relative indicator in %). It is also to be expected that strengthened weather- and climate-related services will increase demand for DHM's services within Nepal's administration, which could result in increased budgets and possible cost recovery for DHM to cover a small part of the annual cost for operation and maintenance. However, according to the project proposal, the financial commitment of the GoN is still to be defined. Operating and maintenance cost of the planned upgraded hydro-met network have not been quantified sufficiently in the preparation phase. Considering the prolonged difficult political situation in Nepal, also affecting annual budgeting decisions, we still see a considerable risk in financial sustainability. **We therefore recommend to the GoN and World Bank to jointly assess the operation and maintenance cost for DHM, especially for *Component B: Modernization of the observation networks and forecasting* (US\$16,450,000), and bindingly agree on a GoN budget prior to signing and entering the implementation phase of Component II. We further recommend exploring options for a cost recovery scheme for DHM within the GoN administration. DHM is already sharing data that provides the basis for other government bodies to generate funds. However, we are not aware of a financial back flow to DHM.**

We welcome the close cooperation with the WMO. **We also recommend exploring possible partnerships with national meteorological services in India and China, considering joint borders for instance in the Terai region.**

We welcome the holistic approach of Component II and hope that it will link the different donor supported activities (e.g. German support through GIZ, and support by ICIMOD), which DHM is currently receiving, and lead integration of existing measures into a fully modernized national system.

In the broader context, **we would like to encourage the GoN and MDBs to continue the mutual dialogue and preparatory work on weather insurance under the PPCR.** Insurance is a key instrument for national resilience in Nepal.

On a technical note, a major obstacle to real-time data transmission in Nepal is reliability of the mobile phone network. In some parts of the country, reception is unstable or unavailable, while satellite-based telemetry alternatives are rare and expensive. **We recommend giving particular attention to this problem in the implementation phase, ensuring budget commitments from the GoN for providing network coverage, and exploring public private partnerships with commercial providers depending on network coverage in the districts.**

Comments on Cross-Cutting Issues

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 project proposal. We especially welcome the integration of a gender development framework into the adopted environment and social management framework as well as reflecting gender aspects in the governance and peace action plan. **We however recommend further strengthening the gender-focus of impact indicators in the results framework.**

Synergies with German Climate Change Related Engagement in the Country / Region

Synergies had been identified between PPCR Component II and the *Kailash Sacred Landscape Conservation Initiative*, a joint programme to establish a trans-boundary protected landscape between Nepal, India and China, supported by ICIMOD and Germany. This initiative includes cooperation between ICIMOD and the *Department of Hydrology and Meteorology* (DHM) in Nepal, under which a number of automatic hydro-met stations have been established in Nepal (Humla, Jumla, Bajang, Baitadi and Darchula) between 2010 and 2011. Those stations are now under DHM management and should be integrated into the activities under PPCR Component II. This had been outlined in detail earlier in the SPRC document, however is not any more included in the Project Proposal. **We would like to suggest including a paragraph on this matter in the Project Proposal to ensure follow-up.**