November 27, 2012

Response of the Government of Nepal and IBRD on the Approval by Mail: Nepal: Building Resilience to Climate-Related Hazards Project (IBRD)

Dear Andrea and CIF AU colleagues,

Please find attached the joint Gov of Nepal - IBRD response to comments made by PPCR SC members on the Nepal Building Resilience to Climate Related Hazards Project, for posting on the CIF website.

Kindly let us know if you have any questions.

Best,

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Nepal Pilot Program for Climate Resilience:
Building Resilience to Climate-Related Hazards Project

Joint Response of the Government of Nepal and the World Bank
to the Comments of the PPCR Sub-Committee Members
September 2012

The matrix below summarizes and responds to the comments provided by the PPCR Sub-Committee members upon their review of the project documentation and approval of the requested PPCR allocation. This exchange has provided valuable input both for the finalization of the project design and for project implementation.

Comments	***Responses***
Coordination and co-financing The members accepted the rationale for this project as a standalone activity, but underscored that efforts should continue to be made to leverage its impact by ensuring close coordination with ongoing activities in climate change knowledge management and disaster risk reduction; and by seeking to more closely integrate PPCR/CIF activities into MDB programming. In particular the partners pointed out potential synergies with:	Agreed.
• Kailash Sacred Landscape Conservation Initiative (supported by ICIMOD, GIZ, DfID);	The stations modernized under the Kailash Conservation program have not been included in the list of those

involving Nepal, India and China, this initiative has modernized a number of automatic hydro-met stations in Humla, Jumla, Bajang, Baitadi and Darchula.	stations to be modernized under the PPCR because they have already been upgraded – but they are an integral part of Nepal's weather and climate observation network. The critical information generated by the Kailash program will be leveraged by the PPCR activities (and vice versa) because the PPCR will enhance DHM's capacity to manage Nepal's growing body of real-time weather, water and climate data, and use this data and information to develop and deliver usable products and services (i.e., weather forecasts and warnings, agricultural advisories, climate and conservation research information)
• Climate Science Programme (currently under design by DfID); This program will develop a regional partnership to enhance climate science capabilities in South Asia, build a regional climate observatory, investment in the basic climate observation infrastructure and improve observatory services.	The PPCR and Climate Science Programme (CSP) are clearly complementary. The PPCR will strengthen basic climate observation infrastructure and analytical and institutional capacity in Nepal, and explicitly calls for cooperation and twinning with other WMO Members in the region. This will enhance Nepal's capacity to participate in regional programs, strengthen the partnerships that the CSP will expand upon, and provide better quality climate observations to underpin the region's evolving scientific research agenda.
• MoAD implemented projects including the Nepal Food Security Monitoring System (NeKsap) and Poverty Monitoring and Analysis System (PMAS) should provide lessons learned for the development of the Agricultural Management Information System (AMIS) in Component D.	The MoAD team will liaise with the NeKsap and PMAS projects to ensure alignment and learning.
Other strategic partnerships WMO, India, China The members welcomed the close cooperation with WMO and recommended exploring possible partnerships with national meteorological services in India and China in particular, considering joint borders for instance in the Terai region.	Agreed. During project preparation the GoN already began communications with WMO and with the national meteorological services of India and China. An early exchange exercise is being planned that will bring representatives of the China Meteorological Administration (CMA) and the India Meteorological Department (IMD) as members of a WMO team to Nepal to share their insights.
Private Sector The members suggested exploring opportunities for public private partnerships, in particular with regard to the challenges associated with the reliability of the country's mobile phone network.	Noted and agreed. In fact the GoN has an ongoing public private partnership to operate and maintain its existing real-time stations. This model and other opportunities for PPPs will be explored during implementation when the design of the upgraded system is finalized. (Equal consideration will be given to the services that could potentially be provided by the Nepal Telecommunication Company.) In addition, with regard to the private sector, this project will be aligned with the 4th Component of the SPCR (Building Climate Resilient Communities Through Private Sector Participation, administered by the IFC) which supports agribusiness resilience and includes an element

	focusing on climate/weather and agricultural information dissemination that builds on the AMIS.
Clarity on expenditures The members requested additional information on specific expenditures, in particular regarding expenditures on office refurbishment and equipment that do not appear directly related to PPCR goals.	The PPCR seeks to modernize a relatively antiquated national observation system. Today, the vast majority of weather and climate readings are taken by hand, mailed or hand delivered to district offices, recorded by hand, forwarded to the national headquarters in Kathmandu, and then either recorded by hand or digitized. To transform this system to modern standards an array of technologies must be put in place that include a significant investment in automated observation equipment, computers and IT. These investments cannot be made through core government funding for DHM, whose current annual budget is just $1.5 million. With regard to office refurbishment, the building in which DHM is currently housed is not structurally sound, nor can it be cost-effectively retrofitted to meet the electrical and cabling requirements of the modernized system. This package of capital investment is necessary to effectively modernize the system and is therefore directly related to the goals of the PPCR.
Financial Sustainability The members recognized that a modernized system has significant recurrent cost implications, with higher operations and maintenance (O&M) costs and a changing staff skills profile. The members agreed with the emphasis on this issue in the project design (i.e., inclusion in the results framework and explicit efforts to build a community of users to demand continued water, weather and climate services.) The members recommended that the GoN and World Bank team consider undertaking a joint assessment of the O&M costs for DHM and agreeing on a budget prior to implementation of the project. It was also recommended that the project explore options for cost recovery.	The need to increase DHM's recurrent budget has been, and will continue to be, an ongoing point of discussion. The GoN informed the team that it works on annual budgets and it is not their practice to commit to future year budget increases as conditionalities for projects. The project has therefore negotiated a results framework that includes an indicator showing increasing resources for DHM each year, until, in the final year of the project, DHM's budget would be adequate to provide financial sustainability. In addition, the project design calls for exploration of cost recovery options where appropriate.
Insurance Members encouraged the GoN and World Bank team to continue dialogue and preparatory work on weather insurance under the PPCR.	Agreed. This is provided for under Component D. It should be noted, however, that there are significant institutional and information management efforts that must be made prior to the launch of a scaled-up weather insurance scheme. The government mandate, laws and regulations are not yet sufficiently developed, and the official weather and agricultural data upon which insurance schemes of this sort rely are only now being developed under the PPCR. The PPCR will seek to meet the critical information needs of such a scheme, and will explore and design potential risk management products.

Gender The members called on the team to further strengthen the gender-focus of impact indicators in the results framework.	Agreed. In addition to exploring possible higher level indicators, results indicators will be disaggregated by gender wherever possible.
Results framework The members would like the GoN and the IBRD to present the results framework for this project as early as possible in implementation.	Agreed.
Loan and grant The members requested clarification about how the Government intends to use the credit/loan portion of the Project.	In accordance with general practice in Nepal, the credit/loan portion will be used for investment in durable goods such as infrastructure and equipment.
Risk management The members were pleased to see the Risk Mitigation Action Plan and urged that this be kept under regular review. In addition they welcomed the Governance and Peace Action Plan (GAP) and requested more information on its background, application to other projects, and whether it was a funded component of the project.	The Risk Mitigation Action Plan and the GAP will both be regularly monitored and financing has been included in the project's detailed budget for these purposes. The GAP is a new tool that is required for all World Bank implemented projects in Nepal in recognition of the challenges the country faces post-conflict.