

# CLIMATE INVESTMENT FUNDS

PPCR/SC.5/5  
March 8, 2010

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Meeting of the PPCR Sub-Committee  
Manila, Philippines  
March 16, 2010

**NEPAL: PROPOSAL FOR ACCELERATED FUNDING FOR PHASE 1 ACTIVITIES**

**Proposed Sub-Committee Decision**

The PPCR Sub-Committee having reviewed the document *Nepal: Proposal for Accelerated Funding of Phase 1 Activities* (document PPCR/SC.5/5) approves USD 225,000 in financing to support the preparation of Nepal's phase 1 proposal. The Sub-Committee invites the Asian Development Bank and the World Bank Group to work with Nepal, in consultation with other development partners, in the preparation of the Nepal Strategic Pilot Program for Climate Resilience.

## Background

1. The Government of Nepal was nominated to participate in the Pilot Program for Climate Resilience (PPCR) and accepted the offer on May 13, 2009. As a pilot country, Nepal will receive financial assistance to develop approaches and investments that have the potential to address vulnerability to the impacts of climate variability and climate change and help Nepal embark upon a climate resilient development path. An objective of the PPCR is to demonstrate mechanisms to integrate climate risks and resilience into core development planning while complementing other ongoing initiatives and avoiding duplication. The PPCR process will identify and build on the comparative advantages of relevant stakeholders in the country including government, bilateral and multilateral donor agencies, civil society, private sector, academia and think tanks in creating a coherent and participatory response to climate change.
2. Through the PPCR, Nepal will receive assistance to design and implement a program called the Strategic Program for Climate Resilience (SPCR) within the broader context of sustainable development and poverty reduction. The SPCR will be implemented in two phases: (i) technical assistance (TA) to design the SPCR and build in-country capacity to implement the SPCR (up to \$1.5 million in grant financing); and (ii) implementation of the program (up to \$60 million, half grant and half loan).
3. The World Bank, the Asian Development Bank (ADB) and the International Finance Corporation (IFC) fielded a joint programming mission to Nepal from September 3-9, 2009. The mission took stock of the extent and scope of activities required to prepare the SPCR and documented indicative areas to be covered in the SPCR. The joint programming mission achieved the following outputs: (i) multi-stakeholder consultation workshop; (ii) summary document of the outcomes of the stakeholder consultations with initial Government priorities; and (iii) drafting and agreement on the aide memoire. The Ministry of Environment (MOE) then disseminated the aide memoire (with outcomes of stakeholder consultations) to the six thematic working groups<sup>1</sup> that have been formed to prepare the NAPA.
4. ADB and the World Bank met with MOE and the NAPA thematic working group focal persons between 23-26 November 2009 to follow up on the September joint programming mission. A meeting was also held among MOE, the National Planning Commission (NPC), the Ministry of Finance (MOF), and the Prime Minister's Office (PMO) to discuss institutional arrangements for PPCR. At that time, the Government

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<sup>1</sup> The six thematic working groups constituted out of the NAPA process are: (a.) Public Health (b) Urban Development & Infrastructures, (c) climate-induced disasters, (d) agriculture and food security, (e) forests and biodiversity, and (f) water resources and energy.

asked the World Bank and ADB to engage a team of consultants to help it prepare the SPCR.

5. MOE, NPC and the NAPA thematic working groups have shown impressive commitment to mainstreaming resilience into country development planning and budgeting processes. All stakeholders have alerted the mission and review teams to the fact that they need to reach out quickly to the poorest and most vulnerable communities and that funds would need to be made available quickly to ensure mainstreaming resilience into the development cycle.

6. MOF, NPC, MOE and the PMO have indicated that MOE should take the lead in day-to-day decision-making and coordination and act as the executing agency on the SPCR, but that NPC, the PMO, and MOF will provide overall policy coordination among concerned line agencies and higher-level policy guidance. The Government will likely form an advisory group chaired by NPC to meet as necessary throughout the SPCR preparation phase to guide on prioritization and resource allocation.

### **Proposal**

7. This proposal to the PPCR Sub-Committee requests US\$ 1.5 million in SPCR TA funds, to be released in two tranches. A first tranche of US\$ 225,000 is requested immediately to support the initial phase of the SPCR TA (hereby referred to as the fast track TA) as well as the preparation of the full SPCR TA proposal. The second tranche release will be requested from the PPCR Sub-Committee after a detailed proposal has been prepared for the remaining balance of US\$ 1.275 million. As MOE has limited staff and expertise to prepare the Government's proposal for SPCR, they have proposed using this initial tranche of SPCR TA funds for consulting assistance to prepare the SPCR funding documents for both the SPCR TA (\$1.275 million) and program (up to \$60 million) phases. This will enable efficient follow-up to the results of the joint missions while ensuring continued Government leadership and ownership for the SPCR.

### **Broad Outline of Activities for the SPCR TA (overall \$1.5 million grant)**

8. **Emerging Themes.** Two underlying themes have emerged as crucial to building resilience to climate change impacts in Nepal: (i) adopting a multisectoral approach particularly focusing on sectors at the frontline of impacts which involve the water-agriculture-forestry nexus, and (ii) employing bottom-up initiatives. The main reasons are that climate change impacts transcend sectoral and thematic boundaries and impacts are disproportionately borne at the local level. The activities to be undertaken with support from the SPCR TA will take these findings into account in both design and process.

9. **Proposed Areas of Activity.** The activities to be carried out under the SPCR TA will fall under the following issue areas.

- (i) *Integrated Water Resources Management. Building the resilience of local communities by supporting initiatives in watershed and water resources management, such as multi-purpose and reservoir projects, integration of rain water harvesting to augment water and moisture availability and sustainable wetlands and river valleys, will be a priority area of focus. Long-term approaches for integrated land use planning should also be examined.*
- (ii) *Agriculture. The SPCR TA should explore ways in which to strengthen the resilience of farmers to adapt to climate change. Areas for consideration include climate resilient ways to improve food security through improved crop varieties, storage mechanisms, and crop diversification. Strategies to improve knowledge and agricultural extension services also need to be developed.*
- (iii) *Institutional Strengthening. Adequate institutional capacity is a prerequisite for ensuring the achievement of the PPCR objectives. The SPCR TA will need to work toward strengthening the institutional capacity of local agencies in building climate resilience into the development planning process, through targeted capacity building activities and possible learning-by-doing pilots.*
- (iv) *Climate Resilience and Development Planning. The PPCR aims to integrate climate resilience into core development planning and financing. The SPCR TA should explore processes for building resilience into development planning at all levels. In particular, mechanisms for coordinated adaptation responses at local levels must be developed to ensure a bottom-up perspective.*
- (v) *"Climate Proofing" Infrastructure. The SPCR could include the implementation of measures for integrating climate resilience into infrastructure design. The SPCR TA might develop and demonstrate a screening tool for infrastructure investments that takes into account climate-induced risks and natural hazards risk.*
- (vi) *Knowledge Gaps and Studies. There is more unknown than is known about the likely impacts of climate change in Nepal. This is a consequence of the extreme modeling complexities of downscaling and projecting climate variables at high elevations in monsoonal geographies. The SPCA TA is likely to identify key knowledge gaps for immediate action.*
- (vii) *Urban Sector. There is a need to study and assess climate change vulnerability and risks of urban settlements in Nepal, and develop technical guidelines for urban development and infrastructure. No studies have been carried out in this*

*sector. The SPCR TA might provide a rapid assessment of urban needs and support awareness-raising for urban and infrastructure staff and city managers.*

- (viii) Private Sector. *The private sector is expected to play an important role in Nepal's adaptive capacity. The SPCR TA, for example through consultations and analyses, can help clarify climate risks and impacts to the private sector as well as possible adaptation financing modalities.*

**Expected Outcome and Output for Fast Track Funding** (\$225,000 grant as initial tranche of \$1.5 million TA grant)

10. The expected outcome is agreement by the Government and PPCR Sub-Committee to the SPCR Program for Nepal. The expected output is a Project Preparatory Document both for the SPCR TA and program phases. Consulting services are needed to enable a prompt start of SPCR activities in Nepal and achieve the expected outcome and output.

11. The preparation of a Project Preparatory Document requires a process of scoping, reviewing, analysis and integration of possible ongoing plans and programs. The Project Preparatory Document would serve as the Government's proposal to the PPCR Sub-Committee and will describe the detailed scope of work, implementation arrangements, and financing for the TA phase (up to \$1.5 million) as well as the expected outcome and outputs from the SPCR Program (including a description of each program component with its respective recommended financial allocation and implementation modality).

**Implementation Arrangements for Fast Track TA**

12. A team of 5 consultants is needed for approximately 6 months, 2 international and 3 national, for an estimated total of 23 person months. Consultants contracts will be based on deliverables/outputs and consultants may be contracted for shorter periods than allocated. The outline terms of reference for consulting services are included in Section VI.

13. Consultants will be contracted in accordance with the Asian Development Bank (ADB) Guidelines on the Use of Consultants (2007, as amended from time to time). ADB will post the terms of reference on its website, and MOE, World Bank, and others will circulate the terms of reference via email networks and word of mouth. ADB will review CVs and prepare the shortlist. The review of shortlisted candidates will be done through discussion among MOE, ADB, and the World Bank. ADB will enter into contract agreements with the individual consultants. However, day-to-day supervision of the consultants will be done by MOE.

14. The consulting team will be responsible for organizing a series of workshops and national consultations over a period of four months of time to facilitate understanding among stakeholders regarding the approach of reviewing, analysis and prioritization of possible plans. Given the fact that the time period for this fast track TA is short and consultants will need regular feedback on their progress, the team leader will report monthly to MOE, ADB, the World Bank, and key bilateral donors, and these reports will be made available to all concerned Government and non-government stakeholders. Key stakeholders will meet one week after the receipt of each progress report, to provide feedback to the consultants in a coordinated fashion.

15. MOE will serve as executing agency for this fast track TA. For policy coordination and resource allocation, an advisory group will meet as necessary, chaired by Member, NPC, with secretaries of all concerned agencies as members, and Secretary, MOE serving as member secretary.

### **Outline Terms of Reference for Consulting Services**

16. Interdisciplinary international and national consultants with extensive experience in climate change planning, project planning and associated skills will be required to develop PPCR project plans for the Government of Nepal.

17. The objective of the team of consultants is to work under the supervision of MOE in the preparation of an SPCR Project Preparatory Document. The preparation of a Project Preparatory Document requires a process of scoping, reviewing, analysis and integration of possible ongoing plans and programs. The Project Preparatory Document would serve as the Government's proposal to the PPCR Sub-Committee and will describe the detailed scope of work, implementation arrangements, and financing for the TA phase (up to \$1.275 million in additional funding) as well as the expected outcome and outputs from the SPCR Program (\$30-\$60 million), including a description of each program component with its respective recommended financial allocation and implementation modality. The consultant team is expected to suggest priorities to be funded under both the TA and program phases, based on available funding. They are also expected to suggest and facilitate agreements on the working implementation arrangements for SPCR, including the roles of Government, NGOs and the private sector.

18. The consulting team will provide the services and ensure that all work and outputs under the terms of reference comply fully with relevant ADB policies and guidelines.

19. The main tasks for the consulting team are as follows:

- (i) Review guidelines and background documents on PPCR.
- (ii) Review background materials on PPCR/SPCR and climate change in Nepal, including stocktaking reports, the PPCR Mission Aide Memoire,

- concept notes for each Thematic Working Group, the NAPA documents and the reports from the Local Adaptation Plan of Action (LAPA) transect appraisal.
- (iii) Interact with the MOE, NPC, and MOF, coordinators and members of the NAPA thematic working groups, and other relevant Government ministries and agencies.
- (iv) Carry out series of workshops/meetings with the government (all levels), international and national NGOs, the private sector and development partners.
- (v) Ensure that the project preparatory document is delivered and matches the Government's expectations.

20. The tasks of individual consultants will include, but not necessarily be limited to, the following:

**A. Team Leader / Climate Change Adaptation Specialist** (international, up to 4 months)

21. The Team Leader / Climate Change Adaptation Specialist will have extensive knowledge and experience on interdisciplinary climate change planning preferably in South Asia and a working knowledge of managing climate change impacts. A minimum of 10 years of work experience in climate change-related fields is required. The consultant will:

- (i) Undertake scoping and review of existing possible plans for SPCR.
- (ii) Evaluate possible plans identified by each of the NAPA thematic working groups.
- (iii) Oversee the inputs of the Project Design Facilitator, Institutional Specialist, Natural Resources Management Specialist, and Infrastructure, Water and Energy Specialist.
- (iv) Develop a prioritization planning tool and prioritize projects for SPCR.
- (v) Weave the prioritized plans as project plans for implementation.
- (vi) Recommend mechanisms and tools for risk screening and climate proofing development initiatives.
- (vii) Produce drafts of the SPCR Project Preparatory Document as needed to facilitate Government decision-making and consultation among stakeholders.
- (viii) Suggest for Government decision priority outputs and activities to be funded under the SPCR TA (up to \$1.275 million) and Program (\$30-\$60 million).
- (ix) Produce the Project Preparatory Document consisting of (a) fully developed funding proposal for SPCR TA phase including detailed



outputs and activities, specific implementation arrangements, cost estimates and financing plan, and consultant terms of reference; and (b) proposal for SPCR Program (\$30-\$60 million) outlining for each component a description of outputs and activities, implementation arrangements, and financial allocation.

**B. Project Design Facilitator and Deputy Team Leader** (national, up to 6 months)

22. The Project Design Facilitator and Deputy Team Leader must have demonstrated experience in facilitating development project designs for a minimum 10 years. S/he will assist MOE in building consensus among a broader stakeholder group of governments, NGOs, academia and other professionals. The Project Design Facilitator will:

- (i) Assist the Team Leader in designing a process for project design and in preparing, organizing national workshops in coordination with the national specialists.
- (ii) Facilitate national workshops and prepare proceeding documents.
- (iii) Assess and recommend ways in which to strengthen synergies between the SPCR and the National Adaptation Programme of Action managed by MOE;
- (iv) Assess and recommend ways in which to strengthen synergies between the SPCR and the Reducing Emissions from Deforestation and Degradation in Developing Countries initiative and its cell in MOFSC;
- (v) Assess and recommend ways in which to strengthen synergies between the SPCR and the implementation of the National Strategy for Disaster Risk Management managed by MOHA;
- (vi) Assess and recommend ways in which to strengthen synergies between the ongoing climate change initiatives including (but not limited to) the TA for Strengthening Capacity for Managing Climate Change and the Environment, the community-based vulnerability assessment and action-planning initiative, other local adaptation planning initiatives, the climate data digitization and statistical downscaling initiative, and ongoing water resources management and knowledge management initiatives.
- (vii) Under the guidance of the Institutional Specialist, synthesize recommendations and facilitate stakeholder agreement on the proposed institutional arrangements for SPCR.
- (viii) Design and implement a communications strategy for the SPCR
- (ix) Assist the Team Leader and specialist consultants in liaising with teams for other climate change initiatives to ensure harmonization and coordination of consultation processes and national workshops.
- (x) Develop working implementation arrangements for the SPCR TA (up to \$1.275 million) and Program (\$30-\$60 million), including roles of Government, NGOs and the private sector.

- (xi) Perform other tasks relevant as assigned by the Team Leader and Institutional Specialist.

**Natural Resources Management Specialist** (national, up to 6 months)

23. The agriculture-forest-small scale water resource specialist will have extensive knowledge on interdisciplinary resource management and climate change impacts. A minimum of 5 years of work experience is required on planning resource management projects. The consultant will:

- (i) Carry out review of agriculture, forest and small scale water harvesting works including watershed management plans identified by the PPCR process.
- (ii) Collate existing country level climate change studies on agriculture, forest and small scale water resources development – including works carried out by governments, I/NGOs, UN agencies and academic institutions.
- (iii) Interact with government and other non-government agencies, the NAPA team and relevant thematic working groups.
- (iv) Assess ways to support community- or local-level adaptation planning
- (v) Prepare a draft detailed TA and outline SPCR proposal for the natural resources, agriculture, forestry, and social sectors.

**Infrastructure, Water and Energy Specialist** (national, up to 6 months)

24. The Infrastructure, Water and Energy Specialist will have extensive knowledge and experience on carrying out analysis of storage systems and infrastructures to address vulnerability and ensure protection of infrastructure investments in light of climate change impacts. A minimum of 5 years of work experience in a specific sector is required. The Infrastructure, Water and Energy Specialist will:

- (i) Gather data and conduct analysis on storage-systems considering available scenarios on climate change impacts.
- (ii) Review of major infrastructure-related investments including possible plans identified by the PPCR process.
- (iii) Interact with government and other non-government agencies, the NAPA team and relevant thematic working groups

- (iv) Prepare a draft detailed TA and broad outline SPCR proposal for the energy, water supply and sanitation, multi-purpose water storage, transport, disaster risk management and urban development intervention.

**Institutional Specialist** (international, up to 1 person month)

25. The institutional specialist will assess the areas of synergy among existing institutions responsible for climate change, and ongoing and planned climate change adaptation initiatives. S/he will recommend the implementation arrangements for the SPCR (both TA and program phases) and build consensus among concerned stakeholders for the ways in which those responsible for SPCR collaborate with other initiatives. A minimum of 10 years of experience in institutional assessment, preferably in the environment sector, is required. The consultant will undertake the following tasks:

- (i) Determine the gaps in strengthening institutional capacity of Government agencies at all levels in building climate resilience into the development planning process, and recommend targeted capacity building activities during the TA phase and through learning-by-doing during the implementation phase.
- (ii) Develop recommendations for institutionalizing climate proofing mechanisms, tools, and/or protocols across climate-affected sectors.
- (iii) Draft the implementation arrangements for the SPCR project preparatory documents.

**Reporting and Supervisory Arrangements**

26. The consulting team will report to and be guided regularly by the concerned Joint Secretary, MOE.

27. Progress reports will be submitted monthly to MOE, NPC, MOF, the World Bank, ADB, and key bilateral development partners, and a meeting will be organized one week after report submission to receive and discuss any feedback and concerns from the representatives of those organizations. After incorporating feedback, the progress reports will be submitted to other concerned Government agencies and interested stakeholders, and be made available on the Government and PPCR website. The draft Project Preparatory Document will be submitted to the same stakeholders at the end of the fifth month of work, and be reviewed/discussed through the same procedure as the monthly reports.

## Cost Estimates and Financing Plan

28. This proposal requires \$225,000 in financing from the Climate Investment Fund. Disbursement will be through ADB. Expenses in categories 2-4 will be disbursed through the contracts of the individual consultants.

### COST ESTIMATES

(\$'000)

		Total
Item		Cost
1. Consultants		
a. Remuneration		
i. International Consultants		95,000.00
ii. National Consultants		61,200.00
b. Travel		12,000.00
c. Per Diem		24,750.00
2. Seminars, Workshops, Meetings and		
Resource Persons*		17,300.00
3. Reports and Communications*		1,750.00
4. Office Equipment, Furnishings, and		3,000.00
Space Improvements*		
5. Contingencies		10,000.00
	<b>Total</b>	<b>225,000.00</b>

\* Any additional needs that are identified exceeding this budget allocation may be financed by the ADB-financed TA 7173: Strengthening Capacity for Managing Climate Change and the Environment

## Annex 1 – Letter from Government of Nepal in support of the preparation of SPCR



Government of Nepal  
**MINISTRY OF ENVIRONMENT**

22 February, 2010

Ref. 1051

Subject: Support for the preparation of the Project-Preparatory Document for the Strategic Program for Climate Resilience (SPCR)

Mr. Barry Hitchcock  
Asian Development Bank

Ms. Sne Goldmark  
The World Bank

Dear Sir/ Madame

As you are aware, the Government of Nepal, Ministry of Environment, is fully engaged in the Pilot Program for Climate Resilience (PPCR). To accelerate the development of the Strategic Program for Climate Resilience (SPCR), the Government of Nepal request the Asian Development Bank (ADB) and the World Bank to engage a team of five consultants for a period of up to six months to prepare a Project Preparatory Document to be submitted to the PPCR sub Committee. The Project Preparatory Document is anticipated to reflect the Government's expectations and is the result of consultations with stakeholders at various levels. This document will serve as the blueprint for the overall program and will provide detailed program components, recommended financial allocation and implementation modality.

We Request that the financing of the consultants will be through an initial tranche of USD \$ 225,000 out of the total USD 1.5 million SPCR TA funds from the Climate Investment Fund. To expedite the process, we request that the funds to the consultants will be disbursed through the ADB, with the Ministry of Environment providing regular supervision and coordination of the consultants. Please find the copy of agreed SPCR proposal for your necessary procedure.

I look forward to hearing from you as soon as possible.

Sincerely yours,

(Ritu Pantha)  
Statistical Officer

CC: Dr. Claudia Sadoff  
The World Bank  
Ms. Cindy Malvicini  
Asian Development Bank