



GOVERNMENT OF NEPAL  
MINISTRY OF FORESTS AND ENVIRONMENT

# Climate Budget tagging in Agriculture sector with focus on policies, risks and gender-based beneficiaries

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GOVERNANCE OF  
CLIMATE CHANGE FINANCE  
TO BENEFIT THE POOR AND VULNERABLE  
IN ASIA PACIFIC  
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# The context

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- Climate change impacts: extreme events of floods, droughts, wildfires, glacial lake outburst floods; water sources declining across the country as silent disaster
- Differential impacts to different groups
- Policy priority - mainstreaming GESI into climate change policies, programs and institutional structures at all governance levels
- Systemic approaches to GESI being developed – Gender Responsive Budget (GRB) and Climate Change Budget (CCB) tagging

# Budget tagging

2009

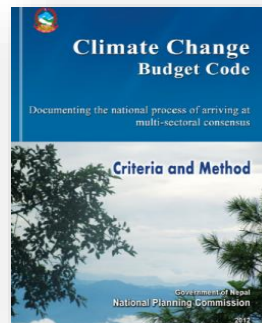


## GRB Tagging to mainstream gender in national development plans and budget

Criteria to define GR activities

- **Participation in planning, capacity building, benefits, income generation and reducing drudgery**
  - **Defined GRB as direct (1) and indirect (2) in the budget database**

2013



## Climate Budget Tagging to integrate Climate Change concerns in the national plans and budget

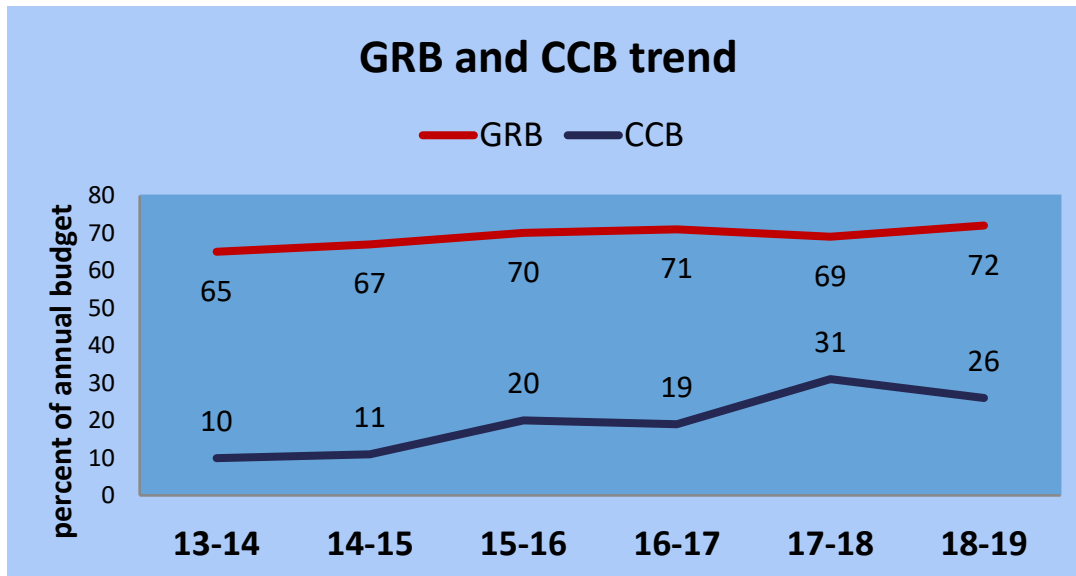
Criteria to define CC activities

- **Contribution to adaptation** (water management, food security, disaster reduction)
- **Contribution to mitigation** (Greenery promotion, GHG reduction, Alternate energy)
- **Both (biogas, policies, research)**

Gaps

- **Blanket criteria didn't capture sectoral differences**
- **Tagging was done post planning exercise**
- **Difficult to see how climate investments helped or hindered reducing vulnerability or increasing resilience of vulnerable population (gender is core)**

# Public finance flow



- The proportion of **direct** GRB has remained between 21 and 38 % while **CC direct** budget at approximately 5 % of the national budget
- The **indirect** GRB budget has remained between 34 and 48 % and **CC indirect** budget increased from about 5% in 2013/14 to 26% in 2017/18

# NDC and CC financing framework (CCFF)

2016

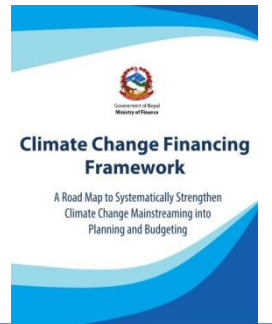
## Nepal's First Nationally Determined Contributions (NDCs)

- Being revised now
- Contributions will be based on national plans (Ex. periodic plan), which will have targets for respective sectors
- Revised NDCs will indicate investment plans as well as attempt to address gender (ToRs being developed)

2017

## Climate Change Financing Framework (CCFF) with a road map for reforms required in the PFM systems to:

- Improve climate budget accuracy and address sectoral nuances
- Improve accountability in governance of climate finance
- Initiate tagging when plans are formulated, not after they have been in the plan
- Enable evaluation of climate investment in reducing vulnerability



2018

## Revision of climate change budget tagging method by the Ministry of Agriculture and Livestock Development

- As part of NAP-Ag process supported by UNDP and FAO, takes lead in improving tagging method as envisioned by CCFF roadmap

# Methodology

| Seven typologies  | Climate functions |            |      | Climate related programs within each typology for 2018/19 | Activities                             |
|---|-------------------|------------|------|---|--|
| Sustainable water management  | Adaptation        | Mitigation | Both |   |  |
| Rehabilitation and maintenance of existing water storage facilities | A                 |            |      | Fisheries development                                     | Expansion of 100 hectares of fisheries |
| Watershed restoration   |                   |            | B    | Integrated water resource management project              | Vegetable block demonstration 190 ha   |
| Measure to prevent erosion and landslides along canals              |                   | M          |      | Small irrigation improvement                              | Windbreak plantation 1 hectare         |

# Level of relevance

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| Q 1 | Is the information about the climate vulnerability of the area where the activity will be implemented <u>available and measurable?</u> | Yes |
|-----|--|-----|
|     |  | No  |
| Q 2 | Are the beneficiaries, including gender, that the activity will support with specified climate objective <u>known and countable?</u>   | Yes |
|     |  | No  |
| Q 3 | Can the linkages of the activity with national climate policy, SDGs and /or NDCs be established?                                       | Yes |
|     |  | No  |

# Data entry

- If 2 or more than 2 of the above three factors are '**Yes**' the activity is considered 'HIGHLY RELEVANT'.
- If 2 of the factors are '**No**', the activity is tagged as 'RELEVANT'.

## Benefits

- Improve budget **accuracy**
- Disaggregate into gender based beneficiaries, help **meet national commitments**, evaluation possible
- **A cycle of demand and supply of climate information**
- MoF coordinates through budget

Narrative for key projects to help monitoring

### Example: Small Irrigation Improvement Project

Short narrative:

It is proposed for drought hit area of village X, for which VRA has been conducted. The project will help 100 women farmers grow off-season vegetables, support outcome 2 of Agriculture Development Strategy and contribute to SDG 2.

## Challenges

- Screening beneficiaries may still be subjective,
- Scaling out to other sectors and sub-national levels



# 2018/19 MoALD Budget Allocation

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This is the first time planning officers of the ministry have done the tagging. The ministry has tagged more budget as the climate budget than earlier.

|         | H. Relevant | Relevant | Neutral |
|---------|-------------|----------|---------|
| 2018/19 | 3.30%       | 46%      | 50.7%   |
| 2019/20 | 3.40%       | 68%      | 28.6%   |

# Key message

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1. Introduction of typology has made it easy to define climate related activities.
2. Tagging during planning has been a good strategy to sensitise planning officers on climate change issues.
3. It has made easy to evaluate whether climate investments helped reducing vulnerability or increasing resilience of vulnerable population (gender is core).

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Thank You

