



Climate Change Budget Code

Documenting the national process of arriving at
multi-sectoral consensus

Criteria and Method

Government of Nepal
National Planning Commission

2012

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Singha Durbar, Kathmandu

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National Planning Commission

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Citation: NPC (2012). Climate Change Budget Code, Documenting the National Process of Arriving at Multi-sectoral Consensus, Criteria and Method, Published by Government of Nepal, National Planning Commission with support from UNDP/UNEP in Kathmandu, Nepal in September, 2012.

Published by:

Government of Nepal
National Planning Commission
Singha Durbar
Kathmandu, Nepal
Tel.: +977-1-4211629
Website: www.npc.gov.np

Publication support provided by:

United Nations Development Programme

United Nations House
Pulchowk, Lalitpur
Tel.: + 977-1-5523200
PO Box 107
Kathmandu, Nepal
Website: www.un.org.np
www.undp.org.np

United Nations Environment Programme

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Telephone: + 662- 288-1604
Website: www.unep.org

ISBN: 978-9937-8346-5-0

PEI Nepal Brief

The Poverty-Environment Initiative (PEI) in Nepal supports poverty reduction and inclusive development by integrating pro-poor climate and environmental concerns into development planning and economic-decision making. The PEI is not designed as a stand-alone project as such but rather it aims to provide a programmatic framework for targeted support to national and local level planning, budgetary and economic decision making processes through ongoing UNDP supported programmes, in particular, Strengthening Planning and Monitoring Capacity of NPC (SPMC-NPC) and the Local Government Community Development Programme (LGCDP). At the national level, the PEI helps strengthen the NPC's capacity to integrate pro-poor climate and environment concerns in the national planning, budgeting and monitoring processes. Similarly, at the local government level, it provides technical support to the Ministry of Federal Affairs and Local Development (MoFALD), and District Development Committees (DDCs) and Village Development Committees (VDCs) to integrate pro-poor climate and environment priorities into local level planning and budgeting process with a particular focus on rural infrastructure. The PEI in Nepal began in from February 2010 and ends in December 2012. The PEI Programme Framework complements the existing project documents of the above two projects, which include the stipulated PEI activities in their respective Project Annual Work Plans (AWPs).



Abbreviations

AWPs	Annual Work Plans
CBOs	Community Based Organizations
CFWG	Climate Finance Working Group
CPEIR	Climate Public Expenditure and Institutional Review
DDC	District Development Committee
EC	Environment and Climate
EECC	Environment Energy Climate Change
EIA	Environment Impact Assessment
GDP	Gross Domestic Product
GHG	Green House Gas
GLOFs	Glacial Lake Outburst Floods
GoN	Government of Nepal
INGOs	International Non-governmental Organizations
LGCDP	Local Government Community Development Programme
MCCICC	Multi-stakeholder Climate Change Initiatives Coordination Committee
MoEST	Ministry of Environment, Science and Technology
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoFSC	Ministry of Forest and Soil Conservation
MTEF	Medium Term Expenditure Framework
NAPA	National Adaptation Programme of Actions
NAST	Nepal Academy of Science and Technology
NGOs	Non-governmental Organizations
NPC	National Planning Commission
NPCS	National Planning Commission Secretariat
PEI	Poverty- Environment Initiative
SPCR	Strategic Program for Climate Resilience
SPMC	Strengthening Planning and Monitoring Capacity
ToR	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
VDC	Village Development Committee
WECS	Water and Energy Commission Secretariat

Message

While the climate debates have largely focused on the extent to which climate change would impact livelihood and key economic sectors as well as on the methods of climate adaptation and mitigation programmes, the discussion about the onerous challenges of financing climate programmes has only begun to take shape. Financing climate adaptation and mitigation programmes is vital in translating climate change policies into action. The present efforts to address visible signs of climate impact have been largely project-based. It is difficult to address climate change impacts in a sustainable manner without understanding long term approaches to access and administer the required funds. There is a need to move beyond the time specific project-based climate programmes limited in scope and coverage to long term scaled up approach in addressing climate change impacts. Such a long term financing would require strengthening government's capacity to access available funds while maintaining specified standards and procedures.

One of the difficulties in the existing budgetary system is identification of the climate expenditure. There is a lack of specific budget head to indicate climate change activities. Using climate change budget code is an effort towards generating information on climate expenditure that would facilitate tracking climate expenditure and maintaining financial records to eventually help build a climate financing framework. I believe that climate change budget code will help keep climate finance records transparent and accountable in order to facilitate accessing required funds to address climate change concerns across the country.

This document provides a brief account of how climate change budget code was conceived, formulated, and implemented. It is an attempt to record the entire process of climate change budget coding with the belief that such comprehensive institutional records play an integral role to facilitate development activities. This has been a pioneer movement in tracking climate public expenditure and has identified key areas concerning the process which will help facilitate further progress in the future.

At present, the climate change budget code may seem of little importance, but its future implications are immense, particularly in the sense that multilateral agencies and bilateral donors are focusing on impacts of climate change. In this context, budget code clearly demonstrates the importance placed by a country through the size of budget allocated. It is my belief that this endeavour will benefit many individuals and organisations in the field of climate change expenditure, however, I would like to request all concerned for feedback and suggestions to further enhance the process.

Finally, I would like to extend my gratitude to all those involved in the preparation of this document on the process of developing climate budget code.



.....
Deependra Bahadur Kshetry
Vice Chairperson
National Planning Commission

Foreword

Adverse impacts of climate change are becoming progressively more visible in Nepal resulting in increased frequency and intensity of climate-induced extreme events. For the last few years, a recurrent trend of late Monsoon has been observed with subsequent impact on summer crops. Satellite imagery and other related observations and studies have shown that glaciers are retreating and expanding glacial lakes have increased the threat of catastrophic glacial lake outburst floods. Therefore, the Government of Nepal has accorded high priority to address both short and long-term climate change issues. Efforts have been made to explore appropriate funding mechanism framework on effective management of such climate change issues. It has been perceived that there is a need of institutional capacity for fund mobilization, management and disbursement. This is in reference to the assumption that climate change will continue to affect all economic sectors, and the fund required to implement adaptation and mitigation measures will continue to increase in the future.

Most of the funds required to take adaptive measures and to mitigate climate change will have to be drawn from globally available funds for climate adaptation. In this situation, primarily two factors must be considered while securing globally available funds for climate financing and channeling it to various programs maintaining transparency and international accountability standards. First, the fund has to reach the local people who are most affected by the climate change. Second, existing public financing arrangement may not be adequate when the need for climate funding increases in the future. There is a necessity of a climate finance framework to help establish a clear mandate for public institutions for policy making, regulating, as well as monitoring the climate investment. Such a framework will help the government to channelize all climate projects and streamline climate investments including all 'off-budget' external support through one budgetary indicator.

Introduction of climate change budget code is an effort to track climate public expenditure and thereby facilitate prioritization of allocating development investment on the most vulnerable areas and key sectors. This document briefly explains the development of the process of coding development programmes that are relevant to climate change. I firmly believe that the information generated by way of using climate change budget code will help create effective climate financing policies in the future.



Krishna Hari Baskota

Secretary

Ministry of Finance

Acknowledgements

Introduction of climate change budget code in the national planning and budgetary processes has been possible because of the contribution of many individuals and institutions. I would like to extend my heartfelt gratitude to all of them.

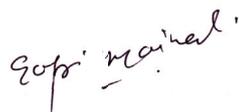
First of all, I would like to thank Mr. Deependra Bahadur Kshetry, the Hon'ble Vice Chairperson of the NPC for providing much appreciated policy guidance throughout the process of developing coding methods and taking lead from the inception of the process till its final approval. Mr. Yuba Raj Bhusal, Secretary, NPC, and Mr. Krishna Gyawali, Secretary, MoEST, deserve special mention for conceptualizing the formation of the climate finance working group to develop climate budget code, and for providing a working framework for the group. I would like to duly acknowledge Mr. Krishna Hari Baskota, Secretary, MoF, for his support and guidance in institutionalizing the climate change budget code.

Heartfelt gratitude are due to the members of the working group; Mr. Hari Pandey, Under Secretary, MoF; Mr. Tek Bahadur Khatry, Under Secretary, MoF; Mr. Ramesh Adhikari, Under Secretary, MoFALD; Mr. Hari Ghimire, Under Secretary, MoEST; Ms. Januka Pathak, Planning Officer, MoFSC; and Mr. Manahari Khadka, Programme Director, NPC, who worked relentlessly to craft the details of climate change budget coding methods.

I would also like to thank my colleagues and Joint Secretaries at NPC, Mr. Pushpa Lal Shakya, Mr. Atma Ram Pandey, Bhava Krishna Bhattarai and Mr. Purusottam Ghimire for their support. Assistance from programme directors Mr. Prakash Kharel, Mr. Yam Lal Bhusal, Rudra Sing Tamang, and Bhagwan Aryal; and planning officers Ms. Nita Pokharel, Ms. Munaka Neupane, Ms. Pratibha Rai, Mr. Prakash Dahal, Mr. Kul Bahadur GC, and Mr. Dila Ram Panthi at the NPC are also highly acknowledged for their participation and valuable contribution in the workshops. A large number of planning officers of key ministries and departments who attended the meetings and workshops during the process are duly acknowledged for their support and contribution.

I would like to extend my gratitude to Mr. Vijaya P. Singh of the EECC Unit at UNDP country office for his continual support. I would also like to acknowledge the contribution made by Mr. Rabi Shankar Sainju, Programme Director of the NPC Secretariat and Project Coordinator; Mr. Gyanendra Shrestha, National Project Manager; Ms. Sujeta Bajracharya, M&E specialist; and all the members of SPMC-NPC/UNDP. Ms. Anuja KC at UNDP is acknowledged for coordinating various meetings. Dr. Ram Chandra Bhattarai, the national consultant is acknowledged for drafting the criteria and method for coding as well as for moderating discussions in the meetings and workshops. I would like to thank Mr. Mabindra Regmi for providing the editorial support in preparing this report. I would also like to thank Mr. Madhukar Upadhyaya, the PEI advisor, for providing technical input as well as for coordinating and facilitating the entire process. Last but not least, Mr. Krishna Dangol and Mr. Chandra Maharjan of SPMC-NPC/UNDP are thanked for the logistical support they provided while arranging the workshops.

The preparation of this process document has been made possible through generous financial support provided by all PEI development partners: the Belgian Development Cooperation, the Danish Ministry of Foreign Affairs, the Capacity Development for Development Effectiveness Faculty for Asia and Pacific, the European Commission, Irish Aid-Department of Foreign Affairs, the Norwegian Ministry of Foreign Affairs, the Spanish Ministry of Foreign Affairs and Cooperation, the Swedish Environmental Protection Agency, the Swedish International Development Cooperation Agency, the UK Department for International Development, and the US Department of State. I would like to duly acknowledge the support from these organizations.



Gopi Nath Mainali

Joint Secretary

National Planning Commission Secretariat

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Climate Change Budget Code

1. Introduction

This process document is an attempt to revisit the experiences of engaging with the government ministries and departments in developing a method for tracking climate expenditure in the overall development expenditure. A total of eleven ministries and ten departments related to climate change programmes cooperated together to develop the methodology for tracking climate expenditure. Among the eleven ministries which were involved, some are already focused on climate change activities. The rest, which do not have such programmes, will gradually incorporate them in the future. This document summarises the process of conceptualization of climate budget indicator (climate budget code¹ in this document), formulation of its criteria, methods of application, and finally its implementation. This document

also explains why the government has prioritised tracking climate expenditure.

The concept of developing Climate Change Budget Code emerged when the National Planning Commission (NPC), with support from UNDP/UNEP, conducted a Climate Public Expenditure and Institutional Review (CPEIR) in August 2011. The CPEIR (NPC/UNDP/UNEP/CDDE, 2011b) was a follow-up activity to the Future of Climate Finance in Nepal (NPC/UNDP/UNEP/CDDE, 2011a), a study conducted in 2010. The CPEIR recommended developing a feasible method for tracking climate expenditure in the public finance system. The Climate Change Budget Code has now been implemented in the National Budget of the fiscal year 2012/2013 to facilitate tracking of climate expenditure.

2. Purpose

Nepal is one of the most vulnerable countries in the world in terms of adverse impacts of climate change.

The Government of Nepal (GoN) is committed to take necessary measures to implement climate adaptation and

¹Technically, a budget code refers to a number given as a symbol to the budget of each major development programme/project in the budget document. The term 'code' in this document has been used as an 'indicator' to identify climate related programme and does not in any way denote the code of a climate programme.

mitigation programmes including adoption of low-carbon emissions plan, socio-economic development plan, and support and collaborate to uphold the country's commitments to national and international agreements related to climate change (GoN, 2011). Implementation of this endeavour on addressing climate change will result in increased financial expenditure. The fact remains that, Nepal already depends on financial assistance for nearly two third of its actual expenditure of the development budget. Addressing climate change will incur additional expenses which will affect government spending investment programmes and the government expenditure. Thus the country needs to equip itself for accessing globally available funds for financing climate change activities.

Accessing such climate funds requires establishing a financial system that provides a well documented record showing climate investments in transparent and accountable manner. However, the existing mechanism and processes of development finance is diverse and complex, which makes it difficult to track climate expenditure because headings or sub headings on the topic does not exist in the current budget system (NPC/UNDP/UNEP/CDDE, 2011a). The required level of 'top up' fund must be identified for each sector and effective mechanism to channel the fund where it is required

must be ensured. To overcome the challenge, the CPEIR (NPC/UNDP/UNEP/CDDE, 2011b) recommended using coding structure in order to track thematic climate change expenses at the point of expenditure itself.

Climate change brings lasting changes in the ecosystem services altering its ability to support present and future economic activities. Unlike environmental problems, which are local and can be solved relatively with short term interventions, climate change requires lasting solutions with coordinated interventions in the long term. Sometimes, it is also difficult to differentiate an environmental problem from a climate change problem. This complexity poses problems in identifying appropriate measures to tackle a particular problem, the origin of which is often unclear.

The problem with climate financing also arises with the fact that the ministries within the government have their own development agenda and responsibilities which dissuade these agencies to be concerned about climate change issues. In contrast, there are many non- government organizations that are engaged in climate change activities. Hence, it requires systemic interventions that emphasise addressing both immediate environmental changes as well as long term climate problems. In addition, the interventions must

contribute towards developing ways and means of working with multiple organizations within the government structure as well as outside it. It is the responsibility of the state to create

conducive ambience that facilitates generating and sharing information, developing solutions, implementing plans, and above all accessing funds to sustain the climate change programme.

3. Scope

This document records the process that led to development of the climate change budget coding concept, plans, and other information as they have progressed. Since documenting a process leading to some changes is important for learning from and improving upon the work carried out, this process document attempts to explain key activities with initial insights and how each event led from one level to another and what lessons can be further learnt.

This document also attempts to draw attention to key events that set milestones in the coding exercise, and help continue

to improve upon the methods so that necessary steps can be taken in the days ahead to identify areas for improvement in intervention and coordination for tracking climate expenditure.

The process and the insights and lessons presented here may be of interest to both the government agencies and the development partners as it provides an example of how strategically placed steps, when implemented with clearly defined objectives in a participatory and coordinated manner facilitated formulation of the required policy of climate change budget coding.

4. Limitations

The climate change budget coding exercise, as it stands at the stage, has some limitations. One of the limitations of the method of budget tracking described here is that it has been developed for public finance and not for tracking climate investments made by community based organizations (CBOs), non-governmental organizations (NGOs), and international NGOs (INGOs).

The grassroots initiatives by CBOs often focus directly on local people and deal with changes taking place at the village level. Their investments directed towards solving local problems are usually related to climate activities even though they are not branded as such. Likewise, the NGOs and INGOs, through their local partners, engage with the local community to address climate

issues, generate information, raise awareness, and develop networks and alliances; while at the same time facilitate policy formulation at national and global level on issues of climate change. Together they contribute substantially in addressing issues at local level, and play a key role in developing an improved environment. However, because of the complexity that emerges from the diversity in their operation, tracking climate expenditure made by the CBOs, NGOs, and INGOs may require more complex methods, which is outside the scope of this venture. Moreover, it must be considered that most of these organizations operate over a specific geographical area and for a fixed period which is in contrast to the long term and wide scale development programmes of periodic plans that need to be made climate resilient to have significant effect on the issue of climate change. The knowledge gained from this exercise will help development methods to track climate expenditure of CBOs, NGOs, and INGOs.

Another limitation by virtue of its nature is that climate coding will be applied to development (capital) investment and not for recurrent expenses. The recurrent expenditure would occur irrespective of climate change activities; however, in certain cases, even recurrent expenses need to be included under climate expenses. For example, staff hired to conduct climate related research at the research centres or armed forces used for guarding forests are categorized under recurrent costs, but they need to be counted under climate costs. In the same manner, capital expenditure incurred in constructing buildings and other infrastructures for climate projects cannot be categorized as climate expense. Since coding exercise takes place at the department level where details of activities are available to evaluate a programme, planning officers of the departments will be able to evaluate which cost is to be considered as climate expenses, and why.

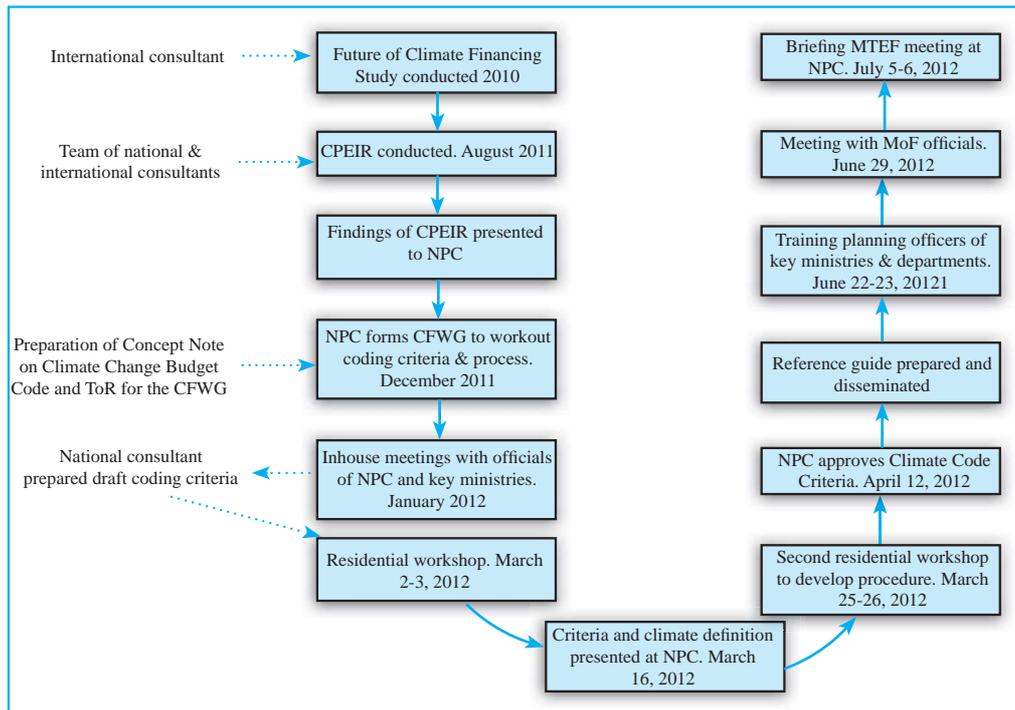
5. Methodology

This Process Documentation has been prepared using narratives to describe end-to-end process by revisiting key activities from the time of its conceptualization to

development of criteria and method of coding. The method of documentation has also used flow chart, which indicates major events in a chronological order.

6. Key events

The following flow chart depicts the key activities involved in the process while developing climate change budget code.



6.1 Future for Climate Financing in Nepal

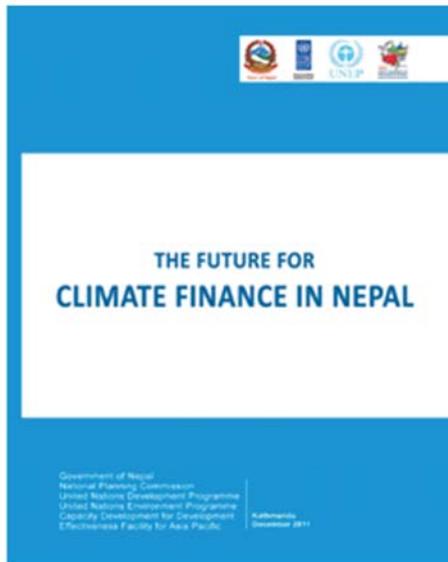
A study on ‘The Future for Climate Financing in Nepal’ (NPC/UNDP/UNEP/CDDE, 2011a) was conducted in 2010 to examine its effectiveness on development. The study highlighted the fact that securing globally available funds and channeling it to implement various programs maintaining highest international accountability standards

and transparency are crucial for climate financing. In addition, it is important that the fund reaches the local people who are most affected by climate change impacts, and the existing public financing arrangement must accommodate these needs as climate funding continues to increase in the future.

Highlights of the study

The study pointed out that the following must be in place by 2020 to implement climate activities effectively:

- Access to international climate finance established with appropriate institutional requirements in place that demonstrates the necessary financial integrity, institutional capacity, transparency and self-investigative powers
- All external support not included in the budget for climate change activities involving government agencies will come to an end.
- Donors should be dissuaded from developing and implementing their own projects and programmes on climate change.



- A joint funding arrangement should be established to channel the investment projects for international funding. This will require significant strengthening of financial planning within national processes.
- Secure significant private sector engagement to complement public funding with private investment.
- A specific urban strategy to secure climate resilience among the growing urban population should be developed.

Recommendations

The study made the following recommendations with respect to climate financing in Nepal

- A national vision for climate finance needs to be formulated to guide the flow of new and additional funding that will support climate change actions up to 2020 and beyond.
- There is need to move quickly from project delivery to a programmatic approach for public funding of climate change actions from international sources.
- The possibility of tracking climate change public expenditure within the national budget should be explored.

Full report of Future for Climate Financing in Nepal can be accessed at http://www.npc.gov.np/new/uploadedFiles/allFiles/future_climate_change.pdf

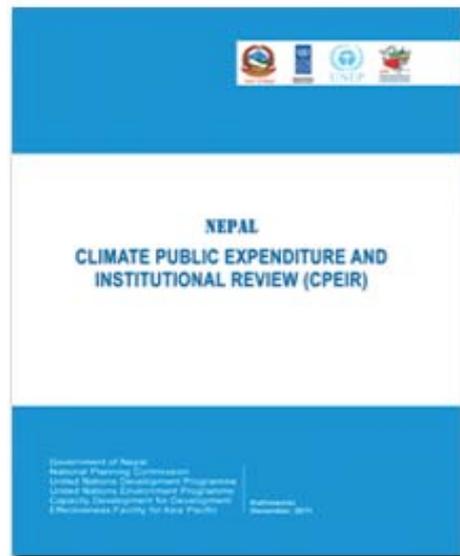
6.2 Climate Public Expenditure and Institutional Review(CPEIR)

Climate Public Expenditure and Institutional Review (CPEIR) (NPC/UNDP/UNEP/CDDE, 2011b) was conceived and carried out in 2011 under the joint leadership of the National Planning Commission (NPC), the Ministry of Finance (MoF), the Ministry of Environment, Science and Technology (MoEST), together with the Ministry of Federal Affairs and Local Development (MoFALD) of the Government of Nepal (GoN). The study reviewed financial management systems as well as the institutional arrangements and policy directives for allocating and spending climate change-related funds. The study entailed an assessment of current policy priorities and strategies as they relate to climate change; review of the institutional arrangements for promoting the integration of climate change policy priorities in budget and expenditure management; and review of the integration of climate change objectives within the budgetary process, including as part of budget planning, implementation, expenditure management, and financing.

Highlights of the study

The review pointed out the following practical issues with respect to tracking climate expenditure.

- *Defining climate change expenditure:* Defining each category of climate change-related expenditure requires attention. Consideration should be given to establishing a national budget coding system that tracks thematic climate change-related expenditure.
- *Delivering climate finance to the local level:* The MoFALD, grant funding modality should be considered to channel climate finance to local bodies. It promotes both national



and local ownership and gives discretion on spending, which is critically important in the context of targeting vulnerable communities and high-risk areas.

- *The need for a sector-led approach:* Climate resilience needs to be integrated into all aspects of national development. Each line ministry

takes the lead in integrating a climate change response within its sector policy. This sector-led approach needs to be reflected by increased financial and human resources at sector level specifically for climate change-related actions.

Full report of CPEIR can be accessed at http://www.npc.gov.np/new/uploadedFiles/allFiles/climate_public_expenditure.pdf

6.3 Formation of Climate Finance Working Group (CFWG)

Following the publication of the CPEIR report, a meeting was held at the National Planning Commission in December,

2011 to apprise NPC officials of the outcome of the study. The participants of the meeting were as follows (details in Annex 1).

- i. Secretary of NPC Secretariat.
- ii. Secretary of Ministry of Environment, Science and Technology.
- iii. Joint –Secretaries of NPC Secretariat.
- iv. The representatives of UNDP Country Office.
- v. Environment Experts from UNDP regional office.

The subsequent steps to CPEIR were discussed in the meeting and as highlighted by the review, establishing a national budget coding system to track thematic climate change-related expenditure drew attention of the meeting. The meeting decided to form a seven-member committee to implement the recommendations of CPEIR study on introducing climate change budget coding. The

committee was named Climate Finance Working Group (CFWG), which comprised of the officials representing the key ministries involved in implementing climate change activities. The group was coordinated by the NPC.

The meeting also decided that Terms of Reference (ToR) for the CFWG be developed within a week, and the task

of developing the ToR was given to PEI advisor at NPC.

A draft of the ToR was prepared in consultation with the concerned officials

at the NPC and the Ministry of Finance, and the Ministry of Environment. It was sent to the CFWG members for review and feedback before they were invited to a formal meeting.

Composition of CFWG

- Coordinator - Gopi Nath Mainali, Joint Secretary, NPC Secretariat;
- Member - Hari Prasad Pandey, Under Secretary, Programme Budget Division, Ministry of Finance;
- Member - Tek Bahadur Khatri, Under Secretary, Foreign Aid Division, Ministry of Finance;
- Member - Hari Prasad Regmi, Under Secretary, Planning Division, Ministry of Environment, Science and Technology;
- Member - Ramesh Adhikari, Under Secretary, Planning Division, Ministry of Federal Affairs and Local Development;
- Member - Januka Pathak, Planning Officer, Planning Division, Ministry of Forest and Soil Conservation and
- Member - Manahari Khadka, Program Director, Infrastructure Division, NPC Secretariat.

6.4 CFWG meeting I

The first meeting of CFWG took place on 6th January, 2012 at NPC to discuss and finalize the ToR.

Following the finalization of the ToR (Annex II), the CFWG discussed further the nature of the climate change budget

coding. The group deliberated on several issues that are important in tracking climate expenditure. For example, many organizations including the NGOs, the private sector, and the INGOs are involved in climate activities. The CFWG

also discussed the difficulty in tracking the investment made by these organizations because many of these investments are either not recorded within the government system or are recorded only in few places like the Social Welfare Council

Meeting highlights

Date: January 06, 2012.

Location: NPC Secretariat.

Participants: CFWG members.

Issues discussed: Terms of Reference for the group.

Outcome: Finalized ToR and agreed to prepare a concept paper for climate budget code.

where the NGOs are officially registered. Investment from private sector is even more difficult to track. Though the exceptions arise as part of compliance to the legal cases of environment impact assessment (EIA).

The group decided to prepare a Concept Note reflecting all these difficulties for

further discussion. PEI assisted in formulating the Concept Note (Annex III), which was circulated to all CFWG members for feedback. The Concept Note was also shared with UNDP CO, UNDP Regional Office and officials at Strengthening Planning and Monitoring Capacity of NPC project (SPMC-NPC).

6.5 CFWG meeting II

The second meeting of the CFWG was held on 22nd January, 2012 at NPC to discuss the Concept Note and make necessary amendments. Here, three problems were identified. First, the coding was being done for the first time and there was no previous example. The CFWG had to chart its own course and come up with some feasible method of coding. Second, the method to be developed had to be simple enough so that its implementation would be smooth. This is in view that a complex procedure with multiple variables would discourage people to accept it readily. Third, it was not possible to identify climate expenditure made by INGOs, NGOs and CBOs on climate change related endeavours. In a bid to address these problems and introduce the Climate Codes in the following year, the CFWG decided

to introduce it only for public expenditure. It was also decided to follow the coding system adopted for pro-poor and gender budgeting (see boxes 1&2). After agreeing on these basics, the second meeting of CFWG suggested preparing criteria for climate budget coding in accordance to the Concept Note. Here, a major decision taken by the CFWG was to prepare the criteria and develop its methodology by hiring a national consultant instead of an international one as

Meeting highlights

Date: January 22, 2012.

Location: NPC Secretariat.

Participants: CFWG members.

Issues discussed: Scoping the climate change budget code. The meeting discussed about key points that would form the basis for climate change budget code.

Outcome: Agreed to introduce climate change budget code in the annual budget of the government, and take up private and NGOs' investment at a later stage as some experience is gained with respect to coding. The meeting also agreed to prepare criteria for the code.

proposed in the PEI plan. The national consultant would prepare the criteria and submit it in the meeting of the stakeholders to be organized later.

A national consultant with substantial experience in public finance management and who also had worked as a national consultant for the preparation of CPEIR, was hired to prepare the first draft of the criteria for climate coding. The ToR for the consultant was prepared (Annex IV). The consultant reviewed the existing budgetary system including the codes used for different bud-

get heads, provisions for assigning new codes to the development programmes, and likely difficulties in assigning codes to climate budget. The consultant had several meetings with CFWG members on a one-on-one basis to clarify contentious issues. The CFWG also agreed the idea of drawing from the criteria used for pro-poor and gender budget coding, which have already been in use for some years. Hence, while preparing the draft criteria for climate change budget code, a detailed review of pro-poor budget coding, and gender budget coding criteria were made.



Meeting of Climate Finance Working Group in progress.

Box 1:

Pro-poor Budget Code

Budget allocated to the following sectors are considered as direct budget targeted at poverty alleviation and coded as '1' on the budget form. The poverty neutral budget is coded as '2'.

- Government budget targeted at rural area.
- Programmes targeted at income generating activities of rural areas.
- Skill development programmes at rural areas.
- Government programmes targeted at social mobilization.
- Budget invested at social sectors.
- Programmes on social security.
- Grant allocated for local bodies.
- Government expenditure on poverty eradication.
- Programmes for development and support of various regional and indigenous people.

Source: MoF, 2011

Box 2:

Gender Responsive Budget Indicators

Gender responsive budget coding was initiated in 2007. It uses the following indicator to identify a development programme as gender responsive programme. Each of the following indicators carries 20% weightage. Based on the indicators the development budget is coded as Gender Budget at three levels as 1 (if >50% budget of the program is allocate to the indicated parameters), 2 (if only 20-50% budget is allocated to gender issues), and 3 (if the budget allocated is <20% of the program budget).

- Women's participation in planning, implementation and monitoring.
- Capacity enhancement of women.
- Benefits to and control of women over project outputs and outcomes ensured.
- Promoting employment and income generation for women.
- Qualitative improvement of women's time utilization or reduced workload.

Source: MoF, 2011

6.6 Finalizing Criteria for Climate Change Budget Coding

In order to finalise the draft criteria submitted by the national consultant, a two-day residential workshop was organized at Godavari on 2-3 March, 2012 where members of the CFWG participated. On the first day, the draft criteria were presented by the National Consultant. The criteria primarily focused on defining the climate change related development activities; and assigning codes based on the degree to which these activities are relevant to climate change. Initially, about 20 programmes covering

all economic sectors were categorized as climate activities. Selection of these programmes was best on consultations with government officials as well as the CPEIR findings. After consideration, CFWG members made suggestions to shorten the list of climate related activity in order to make it user friendly. Likewise, levels of climate significance such as 'highly relevant', 'relevant', and 'neutral' were proposed for coding based on the actual amount of money allocated to climate related activity.

Box 3:

Climate Change Related Activities

Development activities related to any of the following subjects have been considered as climate change related activities.

1. Sustainable management of natural resource and greenery promotion.
2. Land use planning and climate resilient infrastructures.
3. Prevention and control of climate change-induced health hazards.
4. Prevention and control of climate change-induced hazards to endangered species and biodiversity.
5. Management of landfill sites and sewage treatment for GHG emissions reduction.
6. Sustainable use of water resource for energy, fishery, irrigation and safe drinking water.
7. Plan/programmes supporting food safety and security.
8. Promotion of renewable and alternative energy; technology development for emission reduction and low carbon energy use.
9. Preparedness for climate induced disaster risk reduction.
10. Information generation, education, communication, research and development, and creation of data base.
11. Preparation of policy, legislation and plan of action related to climate change.

The suggestions were incorporated in the criteria immediately and were presented to the Working Group the next day. After detailed discussion, the CFWG finalized the criteria and shortened the list of climate activities to eleven, which included all possible climate activities being implemented by the government Ministries and Departments (see box 3).

The CFWG agreed to use the amount of budget allocated as a basis to provide the codes 1, 2, or 3 corresponding to ‘highly relevant’, ‘relevant’, and ‘neutral’ climate activities respectively.

According to the agreed criteria, if more than 60 percent of the allocated budget

of the programme is going to be spent on climate change related activities the programme will be considered ‘highly relevant’ to climate change, and coded as ‘1’. Similarly, if 20 to 60 per cent of the allocated budget of the programme is going to be spent on climate change related activities, the programme will be considered ‘relevant’ to climate change and coded as ‘2’. And if less than 20 per cent of the total allocated budget is going to be spent on climate change related activities or if the programme is not related to climate change, the programme would fall under the category of ‘neutral’ to climate change, and will be coded as ‘3’ (Table 1).

Table 1

Programme Budget Allocated to Climate Change Related Activities	Relevance of the Programme to Climate Change	Code to be used in the Budget Sheet
If more than 60 percent of the programme budget is allocated to climate change activities.	Highly relevant	1
If 20 to 60 percent of the programme budget is allocated to climate change activities.	Relevant	2
If less than 20 percent of the programme budget is allocated to climate change activities, or if the programme is not related to climate change activities.	Neutral	3

6.7 Formalizing Climate Change Budget Code

On 16th March, 2012 a meeting was held at the NPC with the Honourable Vice-Chairman of NPC. Chief planning officers (Joint Secretary level) of the key

ministries were also invited to the meeting. In addition, officials from Ministry of Finance, Program Directors and Planning Officers of NPC, and CFWG

members were also present at the meeting. The list of participants of the meeting is presented in annex I. The coding criteria and the coding process developed by the CFWG was presented during the meeting. Since it was the first time that details about criteria were presented, it raised numerous questions on why, how, and when regarding climate change budget coding. CFWG members answered the questions and provided justification on its importance. Honourable Vice-Chairman of the NPC, then directed the participants to make necessary arrangement for incorporating the Climate Change Budget Code in the pro-

posed budget of the fiscal year 2012/13. As a result of this meeting, NPC while providing guidelines to the ministries for preparing annual programme and budget, also instructed them to introduce Climate Change Budget Code in the Development Budget from the forthcoming fiscal year.

Meeting highlights

Date: March 2-3, 2012.

Location: Godawari Village Resort, Godawari

Number of Participants: 10.

Representation: Ministry of Forest & Soil Conservation, Ministry of Finance, Ministry of Environment, Ministry of Local Development, National Planning Commission.

Issues discussed: Criteria for coding.

Outcome: Coding criteria finalized.

6.8 Orientation to the Planning Officers

Since the ministries had already been instructed to introduce Climate Change Budget Code in their Development Budget, it became necessary to orient their respective planners involved in budget preparation. From the first workshop of CFWG it had become clear that a residential workshop is particularly helpful to allow ample time for formal /informal discussion on the issues and consolidate the ideas. Therefore, an orientation residential workshop was organized on 25 - 26 March, 2012 to orient the planners. The aim of

this workshop was to disseminate the definition and criteria of Climate Change Budget Code with the planning officers of the NPC, ministries, and departments who would then be responsible for using the Climate Change Budget Codes. The workshop further imparted guidelines to develop procedures to assign codes to proposed programmes. The main purpose of the orientation workshop was to assist the planning officers to acquire the skills necessary to fill the Climate Change Budget Code within the budget form.

Meeting highlights

Date: March 25-26, 2012.

Location: Hotel View Bhrikuti, Godawari.

Number of Participants: 25.

Representation: Ministry of Forest & Soil Conservation, Ministry of Finance, Ministry of Environment, Ministry of Local Development, Ministry of Irrigation, Ministry of Industry, Department of Forests, Department of Soil Conservation.

Issues discussed: Developing and finalizing methods for coding.

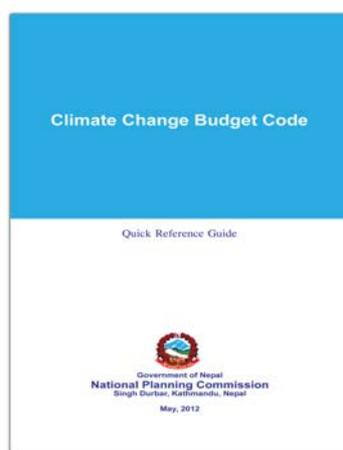
Outcome: Coding method finalized.

Prior to inviting the planning officers to the workshop a two page information sheet on definition and criteria of coding finalized by the first workshop was sent to the participants. This information sheet was sent in order to help the participants understand what was expected of them in the workshop.

On the first day of the two-day workshop, the participants were given a brief overview of what had been developed so far on climate change budget coding. The biggest challenge now was to develop a procedure to assign codes to each of the proposed programmes of the ministries. The problem began to surface as the participants realized that not all ministries have same level of details in their proposed programmes. It is worth mentioning that the detailed activities of each programme is developed by the ministries for budget purposes, while at NPC and MoF, most information are

maintained at programme level (commonly referred to as Part I of Annual Programme Budget). Proposed coding appears at programme level (Part I), while one needs activity details to evaluate the degree to which a programme is relevant to climate change. Therefore, the opportunity at this workshop was used to carry out actual coding on the proposed programme of each ministry. It was also an opportunity to build the procedure

step by step. On the first day, a tentative process was developed which was further developed the next day. Each participant filled the budget form of the respective ministry. One key aspect of this workshop was that the officers (undersecretary level) responsible for budget preparation from the ministry of finance were also present at the workshop. They were very helpful in finalizing the procedure.



6.9 Preparation of Reference Guide

With the set of criteria and procedure in place, the next phase was to get official endorsement to the Climate Change Budget Code from the government. A formal memo was forwarded to the meeting of the National Planning Commission by the Infrastructure Division of the NPC for the approval of the Climate Change Budget Code criteria, procedure, and required modification in the budget forms. The commission approved it on 12th April, 2012. With this, the Climate Change Budget Coding became official and binding.

Normally, the decision of the commission is circulated to all the ministries and the departments, which is done by sending copies of the information sheet. However, in the case of Climate Change Budget Code, it was decided that the key information about the Climate Change

Budget Code, and the ways to do it would be printed as a small booklet and distributed, so that all interested could get copies of the booklet. It must be added here that a booklet has a longer shelf life as well.

Since the booklet was worth sharing with a wider audience outside the government organizations, it was printed in both English and Nepali languages and published as Quick Reference Guide for Climate Change Budget Code. This reference guide provides information on the context, need for climate change budget coding, definition of climate change related activities, and coding procedure. It also provides a template budget form filled with Climate Change Budget Codes for one of the major programmes of the Ministry of Forest & Soil Conservation. A copy of the Quick Reference Guide is in annex V.

6.10 Training planning officers

With clear directives from the NPC and a reference guide in place to introduce Climate Change Budget Code, it was time to train the planning officers (section officer level) of the concerned ministries to implement climate coding. A two-day residential training workshop was organized on 22-23 June, 2012. Planning officers from eight key ministries were

invited to attend the workshop with programme sheets proposed for the forthcoming year. Joint secretaries and planning officers of NPC were also invited to the workshop with a view to have face-to-face interaction with the ministry officials.

Since the month of June is a busy time for all planning officers at the ministries

Training highlights

Date: June 22-23, 2012.

Location: Hotel View Bhrikuti, Godawari.

Number of Participants: 15.

Representation: Ministry of Forest & Soil Conservation, Ministry of Environment, Ministry of Irrigation.

Issues discussed: Practical exercise of coding.

Outcome: Hands-on training to planning officers.

and NPC with the end of fiscal year imminent, it was extremely difficult for the officers to spare time for the training workshop, especially a residential one. And the experiences from the previous two workshops had shown that much can be achieved by having participants engage with each other in an informal manner. Undoubtedly, coding training required undivided attention of the participants. Therefore, it was decided to hold the workshop on Friday after the office hours and continue it through Saturday. Presence of the Joint Secretaries of the NPC at the workshop reflected the importance given by NPC to climate budget as well as the training session. The workshop started at 5 p.m.

with a briefing on the method to assign Climate Change Budget Code, and how to work on actual budget sheets. A detailed discussion was held regarding how the criteria encompass the programs of each ministry. The evening session was concluded at about 7.45 p.m.

The morning session of 23rd June started with practical exercise by the individual participants coding the proposed plan and programmes. Each ministry presented the final codes and pointed out potential difficulties. Such difficulties were discussed in detail and an understanding was reached to continue to discuss some of the issues at a later stage. The workshop was very helpful in raising the confidence of the participants to assign Climate Change Budget Code in the proposed programmes. Planning officers who had participated in all three workshops were satisfied to have been able to master the coding process. The list of participants of the training session is presented in the Appendix VI.

6.11 Meeting at the Ministry of Finance

Ministry of Finance (MoF) is responsible for all matters related to National Budget. Introducing the Climate Change Budget Code is eventually the responsibility of the MoF. Though two

of the CFWG members were from the MoF, it was essential that all officers of the programme and budget division of the MoF were informed about Climate Change Budget Code initiative. An

extended meeting was organized at the MoF on 29th June, 2012 at 8:30 a.m. in the morning. The officers in the ministry spared time for budget code discussion despite a very hectic schedule because of annual budget preparation.

The Secretary of the MoF consented to chair the meeting and presided over 25 officials present at the meeting. The list of participants is presented in appendix VII. A brief presentation was made about the Climate Change Budget Code criteria and development so far, including information about various workshops held for developing the procedure, to the ministry officials. Following the presentation, questions were raised regarding the possibility of introducing Climate Change Budget Code in the budget of the coming fiscal year. Some of the issues raised during the discussion were:

- Though recurrent budget will not be included in the climate coding, several recurrent budget heads include climate change related programs and hence they need to be included in the Climate Change Budget Code as well. Reference guide needed to be updated accordingly.

- Climate Change Budget Code needs to be eventually computer based.
- Climate Change Budget Code needs to be synchronised with the gender budget coding by considering 50 % and above expenditure for highly relevant programme instead of existing 60% as proposed. It requires updating the reference guide.
- Decision regarding lead agency to move climate coding further must be made.
- Secretary of MoF stated the urgency of the climate budget coding and insisted on finding out the ways to make it possible within the limited timeframe for including it during the preparation of the budget.
- Governing body for the monitoring, evaluation and updating the issue of climate budget coding needs to be considered. It was decided to form a high level committee on climate budget coding after the completion of budget of FY 2012/13.

This discussion was very crucial as it corresponded with the period of budget preparation for the fiscal year, 2012/13, and it clarified some of the issues of climate coding and sensitized all involved in budget preparation.

6.12 Presentation at the MTEF Meeting

NPC organized a training on Medium Term Expenditure Framework, (MTEF) on 5-6 July, 2012 at NPC. It was participated by officers from development ministries and departments as well as NPC secretariat. There were altogether 40 participants in a two-day workshop representing all the concerned government ministries and departments. One of the criteria for prioritization of the development programs under MTEF is about the contribution of a development programme to environmental sustainability. With growing threats of emerging climate change to the development programmes,

a separate heading was included to indicate contribution of a programme to climate mitigation and adaptation. Various issues of climate change were discussed with the participants of MTEF training session. In the same way, the climate change budget coding system was also introduced and discussed with the participants. This training was fruitful to finalize the form to be filled by the concerned ministries with climate change budget coding. In this way, the Climate Change Budget Code is to be executed in the forthcoming budget of Fiscal Year 2012/13.



Honourable VC of the NPC presiding over a meeting organized by the Climate Finance Working Group to present the Climate Change Budget Coding Criteria to senior officials of key ministries and NPCCS.

interest them. Initial discussions about the proposed Climate Change Budget Code usually received some resistance because there was no prior example of such code being used elsewhere. That the proposed method was only applicable to the government budget also posed difficulty because it would not help track climate investments of NGOs and private sector.

During the course of the code development, it was often asked if the actual cost of climate activities can be calculated using climate budget code. In principle, the cost can be calculated by adding budget of all 'highly relevant' programmes assigned with a designated code '1' in which more than 60% of the budget is dedicated to climate activity. In such cases, the entire cost of the programme will be counted as climate

cost. In case of 'relevant' programme, one needs to be careful that only 20-60 percent of the budget is dedicated to climate activity, and therefore, one can consider an average of about 50 percent of the programme as climate cost. The problem lies in the third category – the 'climate neutral' activities which may have some climate cost involved, but will not be counted because it is less than 20 percent of the total budget of the programme and would generally balance out with the upper two categories of the climate activities. However, in practice, it can pose some difficulties. If the 'climate neutral' programme is a big programme with its allocated budget in millions of rupees, even 20 percent of the budget could be much higher than the cost of many 'climate relevant' programmes. This needs to be sorted out as we gain experience in interpreting the situation. We need to



Secretary of the Ministry of Finance presiding over a joint meeting of officials of the NPC and MoF to discuss Climate Change Budget Code.

see how many of such programmes will be encountered when Climate Change Budget Code is introduced.

Generally, the budget indicates recurrent and capital budget. The recurrent budget is dedicated for staff and operational cost, which will be incurred whether it is used for climate activities or not. The capital investment is for development activities which also include those activities that are designed to adapt to the climate impact or for climate mitigation. Based on this classification, the general criteria have been formulated so that recurrent budget will not be coded for climate expenditure while the capital investment will be. However, in some programmes, even development budget falls under recurrent budget. In such cases recurrent budget has to be considered for climate expenditure. Whether the recurrent budget will be taken for coding or not will be decided at the ministry level where concerned planning officers will be able to evaluate if the development activities fall under recurrent budget or not.

The following factors were helpful in expediting the process and solving the problems as they emerged during the process of developing climate change budget coding criteria and procedure:

- The objective was clear from the onset that there is a need to develop a method of tracking budget allocated for climate change activities.
- The entire exercise was done by officers who formed a Climate Finance Working Group (CFWG) representing key ministries directly involved in climate activities and was coordinated by NPC – the apex body for coordinating national development plans.
- It was experiential learning for all members of the CFWG and progress at every step was a matter of encouragement.
- The two previous studies, ‘The Future for Climate Finance’ and ‘CPEIR’ provided ample evidences that there is a need to make some improvement in the budget system in order to make climate expenditure more visible and help coordinate climate finances in the days ahead.
- Constant leadership provided by NPC and MoF’s support was instrumental.
- Continuous support from UNDP/ UNEP to NPC in the process remained crucial to facilitate it.

9. Conclusion

The climate coding exercise brings forth some useful insights that are worth mentioning. First of all, it was

an act accomplished within a year from its inception to its approval. Several factors contributed to this achievement.

Essentially, it was the leadership provided by the NPC and the commitment shown by Ministries of Environment and Finance. The success also resulted because of the enthusiasm of the CFWG members, who decided to work out the steps and methods of climate budget coding on its own and emphasized that it would be carried out without relying on expert support from elsewhere. Furthermore, constant support from UNDP helped carry out interactions as and when deemed necessary.

Since the coding at this initial stage is to be done manually, it will require refining and retuning as the process evolves. With time, coding criteria will have to be processed further to suit the requirements of diverse nature of work being carried out by different ministries. In addition, manual system of coding will have to be converted into a computer based system to make it compatible with the budget system. Furthermore, mechanism to analyse the climate expenditure and perhaps to plan climate finance using information generated by Climate Change Budget Code needs to be developed. NPC has taken the lead in introducing the code and it should be maintained that NPC continues to lead in the years ahead. It must be mentioned that regular monitoring is required for effective implementation of climate coding and delivery of the outcome of this expenditure in the needy area. For this, a governing body should be

established without delay to address the implementation and monitoring processes. It may be done by establishing a comprehensive group similar to the CFWG to sustain continuation of the system.

The discussion on climate change issues is normally limited within climate specialists and experts, and seldom among bureaucrats. Meetings of CFWG, as well as residential workshops brought together officials representing different organisations including MoF and NPC officials, who had not had discussed climate change issue to the extent it was done in these meetings. Most of the participants were of the opinion that climate problems are taken care of by National Adaptation Programme of Actions (NAPA) and hence believed that they have limited role to play. Since the discussions during the meetings, especially while developing criteria for coding focused at climate change impacts and on ways to track the budget allocated to climate change activities, participants began to realize that in addition to the frame provided by NAPA for urgent and immediate actions, multiple actors and agencies have roles to play in addressing climate change concerns. This was a valuable emergent outcome of the climate coding exercise.

The nature of the observed impacts of rising temperature and emerging climate change in Nepal is diverse. The impacts

range from the changing picture of snow in the high altitudes to increased frequency and the magnitude of floods and droughts in the hills and plains, and their impacts on the biological diversity. Since global warming is responsible for these changes, one of the probable solutions to it lies in limiting Green House Gas (GHG) emissions. Therefore, people in general feel that climate problems have to be mitigated by reducing GHG emissions. However, opportunities for mitigation in our case are low because Nepal's share in GHG emissions is negligible, and yet, Nepal will be impacted adversely by any climate change. It is important for Nepal to primarily develop its resilience to climate change impacts by enhancing its adaptation capability. Nevertheless, Nepal is committed to taking all possible measures to promote a low-carbon development path and carbon sequestration in order to maximize benefits from adaptation. Climate change budget coding exercise seemed to be an excellent opportunity to define the focus of development programmes in terms of their contribution to climate mitigation or adaptation. As coding required defining climate activity and determining the degree of its relevance to address climate issues, it helped planners at the implementation level across all ministries to see how theoretical understanding of mitigation or adaptation is being translated into practice through regular development programmes.

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Participants of the meeting

S.N	Name	Designation	Organization
1	Mr. Yuba Raj Bhusal	Secretary	NPCs
2	Mr. Krishna Gyawali	Secretary	MoEST
3	Mr. Purushottam Ghimire	Joint Secretary	NPCs
4	Ms. Meena Khanal	Joint Secretary	MoEST
5	Mr. Pushpa Lal Shakya	Joint Secretary	NPCs
6	Mr. Bhaba Krishna Bhattarai	Joint Secretary	NPCs
7	Mr. Gopi Nath Mainali	Joint Secretary	NPCs
8	Mr. Tek Bahadur Khatri	Under Secretary	MoF
9	Mr. Hari Prasad Pandey	Under Secretary	MoF
10	Mr. Ek Raj Sigdel	Environment Specialist	LGCAP/MLD
11	Mr. Mika Korkeakoski	SPO	UNEP ROAP
12	Mr. Madhukar Upadhyaya	PEI Advisor	UNDP/NPC
13	Dr. Paul Steeve	Environment Advisor	UNDP
14	Mr. Manahari Khadka	Under Secretary	NPCs
15	Mr. Gyanendra Shrestha	NPM	SPMC-NPC
16	Ms. Nita Pokharel	Planning Officer	NPCs
17	Mr. Vijay Singh	ACD	UNDP

Terms of Reference

Climate Finance Working Group

Establishing Budget Coding for Climate and Environment Expenditure

Background

Climate change is a new area of public policy that will have a significant impact on people's lives. The Government of Nepal (GoN) has accorded high priority to address climate change issues. It has adopted NAPA and approved climate change policy. A Climate Change Council headed by the Right Honorable Prime Minister oversees the overall policy coordination and guidance, while a Multi-stakeholder Climate Change Initiatives Coordination Committee (MCCICC) is in place to promote functional level coordination and information sharing on climate change matters. Ministry of Environment is the lead agency to formulate and coordinate climate related policies. The donors have provided and/or are in the process of designing the provision of resources for the implementation of climate change related programmes. Fourteen donors/development partners and the Ministry of Environment have an MoU which provides additional basis for the donors and development partners to provide support and resources to Nepal on climate change activities.

Much of the climate change response in the Three Year Plan (2010-2013) focuses on natural resource management, i.e. forests, agriculture, water and energy. However, climate change will impact the whole economy. The National Adaptation Programme of Actions (NAPA) has prioritised programs across a broad range of sectors including public health and urban settlements. Major climate change programs are planned with external support: the most significant till date being the Strategic Program for Climate Resilience (SPCR). Though climate change is a priority for the government and has attracted attention in recent years, it has to compete for policy priority in the days ahead. At the national level, climate change remains an emerging policy theme, but not all sectors are equally aware about the impacts climate change would have on their development activities. Climate change continues to be an environmental – rather than an economic – concern. The challenge will be to take climate change beyond environmental domain and make it

a major context for all development planning across all development sectors, which will result in wide-ranging and substantial cost implications.

At present there is a limited understanding of what the cost of responding to climate change will be. As a result, it is not yet clear as to what strategic financing framework would be required to manage the much needed response to climate

change. The rapid growth in climate change expenditure presents obvious risks as systems of financial management, governance, control, and effectiveness. The associated risks should be recognized at implementation and monitoring levels. It is also necessary to recognize that the capacity building procedures to mitigate governance risk is designed as integral component of development plan and programme design.

Climate Financing

Climate financing is an emerging issue. Even though many programmes are underway to address climate and environmental issues through government and other agencies, it is difficult to isolate exact expenditure on climate issues because of lack of definition of the climate expenses. A wide range of terms are used in climate expenditure which makes identifying the distinctions between each type of climate activity and climate expenditure, and therefore, the intended outcomes, more difficult. Within the Government Classification Chart, there is lack of explicit methodology to ascertain climate change-related expenditure. However, the amount of climate change-related expenditure by the GoN is significant, as evidenced by:

- Annual expenditure in climate change constitutes around 2 to 3 percent of Gross Domestic Product (GDP) and around 2-8 per-

cent of Government Expenditure (depending on definitions). In both cases the trend is increasing.

- Around 80 percent of climate change expenditure relates to adaptation activities.
- Around 90 percent of expenditure relates to Capital Expenditure.
- Around 60 percent of the climate change expenditure is executed directly by Central Government Agencies and 40 percent of the nationally controlled budget is executed through Local Agencies of the ministries.

Furthermore, a larger proportion of government climate change expenditure is composed of donor Funding (55%), while its share in overall government expenditure is about 25 percent. This indicates that the trend in climate change funding is moving towards

increased donor funding. A significant sum pertaining to technical assistance in climate related expenditure, about US\$13 million per year, is not budgeted or accounted for in government systems (i.e. it is 'off budget'). This contributes to a fragmentation of budget implementation and hinders full co-ordination of expenditure to facilitate best results in terms of outputs and outcomes.

In order to understand the climate financing issues and to continue to take required steps, the GoN with support from UNDP carried out two key studies in 2011 with respect to climate financing. The first study focused on the future of climate financing in Nepal, which was conducted in June 2011; and the second study, conducted in September 2011, was titled Climate Public Expenditure and Institutional Review (CPEIR). Both studies analysed the financing structure of the GoN and have recommended measures to facilitate the process in terms of outputs and outcomes. These include, among others, creating a funding framework; establishing separate and explicit climate change identities for administrative units within ministries dealing with climate change; and establishing budget codes that help track thematic climate expenditure at the point of expenditure.

Some of the problems with climate financing as indicated by the studies need immediate attention. In line with the key

findings of the CPEIR at the national level, there is an absence of a coherent definition and classification of climate change and climate expenditure at the local level. This has a significant impact on how local bodies integrate climate change into their local development planning and budgeting and what they perceive as sources of climate finance.

Climate finance is channelled to the local level and is delivered by local organizations that come from 1) central government grant, 2) donors' direct funding, and 3) local bodies' internal sources. Though, climate finance at local level is largely made up of (2) and (3), there is a lack of clarity on the corporate identify of different local actors, which has led to a confusion as to which climate expenditure is on-budget or off-budget and whether the spending is counted twice. The availability of different sources of climate finance at the local level also presents a significant challenge for national government and local bodies to track the totality of spending on climate change activities affecting the prioritization, management and delivery of climate finance.

The study also suggested establishing a full record of technical assistance in the Red Book to ensure recognition of all aspects of Government expenditure in the national system. This initiative will enhance the ability to identify climate change expenditure and funding more accurately and comprehensively.

A meeting held at the NPC on 3rd November, 2011 to discuss the study outputs decided to take an action to implement some of the key recommendations. It was decided to establish a Climate Financing Working Group (CFWG) to examine the possibility of using budget codes for climate and environment in the budget of

the forthcoming fiscal year 2012/13, and take necessary steps to implement it. The CFWG would be led and coordinated by the NPC. In addition, UNDP through PEI (SPMC-NPC) will provide logistical assistance to the team. The CFWG comprises of the following members:

Team Composition

National Planning Commission:	Mr. Gopi Nath Mainali, Joint Secretary (Coordinator)
	Mr. Manahari Khadka, Under Secretary
Ministry of Finance:	Mr. Hari Pandey, Under Secretary
	Mr. Tek Bahadur Khatri, Under Secretary
Ministry of Environment:	Mr. Hari Ghimire, Under Secretary
Ministry of Forests and Soil Conservation:	Ms. Januka Pathak, Asst. Planning Officer
Ministry of Local Development:	Mr. Ramesh Adhikari, Under Secretary

Responsibilities

1. Review budget coding for gender and poverty and identify lessons for climate coding.
2. Review climate finance reports produced for the Government of Nepal including methodology and results on climate expenditure.
3. Explore possibilities of defining climate and environment expenditure at activity level
4. Suggest measures to establish budget codes that will help track thematic climate expenditure at the point of expenditure
5. Agree on a workplan with timelines and responsibilities for implementation of climate budget codes for the fiscal year 2012/13
6. Suggest other climate finance recommendations for implementation.
7. Communicate the recommendations to key government ministries and broader stakeholders of donors and civil society through MCCICC and other forum

Time: One month

Concept Note

Working Towards Climate Budget Code

Climate change will be a major concern for development in the years to come. Droughts, flash floods, torrential rains, rapid glacier melting, floods due to glacial lakes outbursts, and declining groundwater table will have serious impact on ecosystem, economy, and eventually on the livelihood of the people. Therefore, the government of Nepal (GoN) has accorded high priority in addressing climate change issues. Since the understanding of the cost responding to climate change is limited at present, it is not yet clear as to what strategic financing framework would be required to manage the ever increasing expenses on climate activities. The rapid growth in climate change expenditure presents considerable challenges to the existing systems of financial management, governance, control, and effectiveness. The associated risks have to be assessed both at implementation and at monitoring levels.

In order to understand the climate and environment budget and expenses trend, the NPC with support from UNDP reviewed the current scenario through Climate Public Expenditure and

Institutional Review (CPEIR). The review revealed several key issues with respect to climate public expenditure in the current government budget system. One of the issues requiring immediate attention is defining environment and climate (EC) expenditure. Without accepted definition of what is environmental or climate expenditure, it is difficult to designate a particular expenditure as EC expenditure. In practice, all expenses under an environment or a climate project or programme have been considered as EC expenditure. In doing so, even expenses made on purchasing vehicles or constructing buildings are considered as EC expenditure. Furthermore, the current arrangement classifies allocated budget as recurrent and capital. Recurrent budget is not necessarily spent on EC activities but it does facilitate capital expenditure on EC to take place. In such cases, the question arises as to why should the recurrent cost not be considered as EC cost as well?

The CPEIR exercise identified about 83 programmes and projects currently being implemented under various ministries as follows:

1. Ministry of Industry
2. Ministry of Energy
3. Ministry of Agriculture and Co-operatives
4. Ministry of Forest and Soil Conservation
5. Ministry of Environment, Science and Technology
6. Ministry of Physical Works and Planning
7. Ministry of Irrigation
8. Ministry of Federal Affairs and Local Development

The 83 programmes and projects were selected for review on the basis of their names, which indicated that they were dedicated or related to EC activities. Their names included single or a combination of areas within the environment field including; agriculture, water, forest, land, disaster, climate, energy, hydropower, food, carbon, biodiversity, soil, biogas, river, soil waste, and so on. The CPEIR does not consider programmes and projects costs as EC expenditure if it is not under one of those headings. The CPEIR considered both recurrent

and capital expenditures of the selected programmes and projects as EC costs, and presented them in the report as separate costs. In doing so, the costs pertaining to vehicles and buildings were also included in environment climate (EC) costs.

While selecting the organizations, the CPEIR has considered the organizations at programme and project level excluding all expenditure incurred by the ministry or departments that are related to EC. For example, it is likely that even within the ministries and departments there is expenditure for organizing trainings and workshops, exposure visits, and publications. If such trainings or workshops have focused on EC issues, the cost needs to be considered as EC costs. However, by excluding departments and ministries from the review, the opportunities to track these costs would be non-existent. Instead of just considering at the organizational level and identifying programmes or projects from the departments and ministries, it is necessary to isolate activities related to EC at all levels.

Issues

Tracking public expenditure on climate and environment needs to be comprehensively encompassing. In order to achieve such comprehensiveness, the following points were deemed integral:

Selection of organization

In addition to the eight ministries selected for review by CPEIR, there may be other ministries and organization who incur climate related expenditures. For example, the Ministry of Social Welfare coordinates activities of NGOs, many of which carry out EC related activities. Organizations such as Water and Energy Commission Secretariat (WECS), Nepal Academy of Science and Technology (NAST), etc. also need to be included in the fold. Similarly, universities spend

substantial amount of money in EC related educational activities. Academic programmes on Environment under Kathmandu University, Pokhara University, and Tribhuvan University are examples of such expenditures. The question raised here is whether they should be considered as EC expenditure or not. Similar queries need to be addressed in order to track public climate and environment expenditure.

Criteria to consider EC expenditure:

The following expenditures also need to be discussed before making decision on what EC costs are.

- i. Cost associated with management, protection and development of water, forests, grassland, land, and other natural resources (e.g. support to community involved in management, protection and development)
- ii. Protection of environment (e.g. armed forces guarding the parks)
- iii. Pollution control (municipalities)
- iv. Flood management and energy development (local government's costs)
- v. Climate adaptation, field study, awareness building (done by many NGOs)
- vi. Knowledge generation (universities and some NGOs)

- vii. Knowledge dissemination and publication (media)

To overcome the gaps shown by the review, the CPEIR has recommended developing environment and climate (EC) budget code. With budget codes, the expenditure can be tracked at all levels irrespective of the organization or the sector.

From what has been learnt, some key questions need to be addressed to proceed with climate budget coding. The following are some of the preliminary thoughts for discussion on definition of EC expenditure.

In addition to the expenditure already considered as EC costs, there may be other expenses that would qualify as EC

expenditure. The cost of any activity that would directly or indirectly lead to the protection, management and development of natural resources and improve understanding and knowledge of managers, users and practitioners of such resources. The definition should also include the seven points mentioned above.

1. Selecting organization: What should be the criteria for selecting organizations? Once the definition of the EC expenditure is agreed upon, the organizations would be easy to identify.
2. Developing budget code for climate and environment.

Terms of Reference Short-term National Consultant

To develop criteria on establishing budget code for climate and environment

I. Objective

The objective of this assignment is to prepare criteria to develop budget coding for environment and climate expenditure. The criteria will be based

on the experiences of developing gender and poverty budget codes, which are already being used in the national budget, and in consultation with climate environment experts.

II. Background

Climate change will be a major concern for development in the years to come. Droughts, flash floods, torrential rains, rapid glacier melting, floods due to glacial lakes outbursts, and declining groundwater table will have serious impact on ecosystem, economy, and eventually on the livelihood of the people. Therefore, the government of Nepal (GoN) has accorded high priority in addressing climate change issues. Since the understanding of the cost responding to climate change is limited at present, it is not yet clear as to what strategic financing framework would be required to manage the ever increasing expenses on climate activities. The rapid growth in climate change expenditure presents considerable challenges to the existing systems of financial

management, governance, control, and effectiveness. The associated risks have to be assessed both at implementation and at monitoring levels.

In order to understand the climate and environment budget and expenses trend, the NPC with support from UNDP reviewed the current scenario through Climate Public Expenditure And Institutional Review (CPEIR). The review revealed several key issues with respect to climate public expenditure in the current government budget system. One of the issues requiring immediate attention is defining environment and climate (EC) expenditure. Without accepted definition of what is environmental or climate expenditure, it is difficult to designate a particular expenditure

as EC expenditure. In practice, all expenses under an environment or a climate project or programme have been considered as EC expenditure. In doing so, even expenses made on purchasing vehicles or constructing buildings are considered as EC expenditure. Furthermore, the current arrangement classifies allocated budget as recurrent and capital. Recurrent budget is not necessarily spent on EC activities but it does facilitate capital expenditure on EC to take place. In such cases, the question arises as to why should the recurrent cost not be considered as EC cost as well? Therefore, the CPEIR has recommended monitoring EC expenses through some measures.

The CPEIR exercise identified about 83 programmes and projects currently being implemented under various ministries as follows:

1. Ministry of Industry
2. Ministry of Energy
3. Ministry of Agriculture and Co-operatives
4. Ministry of Forest and Soil Conservation
5. Ministry of Environment, Science and Technology
6. Ministry of Physical Works and Planning
7. Ministry of Irrigation
8. Ministry of Federal Affairs and Local Development

The 83 programmes and projects were

selected for review on the basis of their names, which indicated that they were dedicated or related to EC activities. Their names included single or a combination of areas within the environment field including; agriculture, water, forest, land, disaster, climate, energy, hydropower, food, carbon, biodiversity, soil, biogas, river, soil waste, and so on. The CPEIR does not consider programmes and projects costs as EC expenditure if it is not under one of those headings. The CPEIR considered both recurrent and capital expenditures of the selected programmes and projects as EC costs, and presented them in the report as separate costs. In doing so, the costs pertaining to vehicles and buildings were also included in environment climate (EC) costs.

In order to develop a proper climate public expenditure tracking procedure, the CPEIR has recommended establishing budget codes which would help track thematic climate expenditure at the point of expenditure. Hence, the NPC intends to hire a short-term consultant to review past efforts of budget coding and prepare criteria for developing climate and environment budget codes. The consultant will work under the guidance of National Project Director and under the direct supervision of the Project coordinator, National project Manager and PEI advisor. The consultant will also work with CFWG to finalize the criteria on climate expenditure.

III. Rationality of the Assignment

The CPEIR has taken EC expenditure at programme and project level leaving all expenditure incurred by the ministry or departments that are related to EC. For example, it is likely that even within the ministries and departments there is expenditure for organizing trainings and workshops, exposure visits, and publications. If such trainings or workshops have focused on EC issues, the cost needs to be considered as EC costs. However, by excluding departments and ministries from the

review, the opportunities to track these costs would be non-existent. Instead of just considering at the organizational level and identifying programmes or projects from the departments and ministries, it is necessary to isolate activities related to EC at all levels. The climate and environment budget code would indicate the purpose for which the budget is allocated, and help identify all climate and environment budget activities irrespective of organizations.

IV Scope of work

Tracking public expenditure on climate and environment needs to be comprehensively encompassing. In order to achieve such comprehensiveness, the following points were deemed integral:

1. EC organization

Since all the government budget that appear in the *Red Book* should be considered for EC coding, it is likely that more ministries and organizations need to be considered while tracking EC expenditure in addition to the eight ministries selected for review by CPEIR. Some criteria must be developed for selecting organizations which would

require an acceptable definition of what is and what is not EC expenditure. Once the definition of the EC expenditure is agreed upon, the organizations would be easy to identify.

2. Defining EC expenditure

In addition to the expenditure considered for EC cost in CPEIR, there may be other expenses that would qualify for EC expenditure. The cost of any activity that would directly or indirectly lead to the protection, management and development of natural resources

and improve the understanding and knowledge of managers, users and practitioners of resources need to be identified as EC costs.

Defining EC cost needs to consider the following:

- i. Cost associated with management, protection and development of water, forests, grassland, land, and other natural resources (e.g. if the budget is used to support, educate, train, or sensitize communities involved in management, protection and development of these resources)
- ii. Protection of environment (e.g. budget used to maintain armed forces guarding the parks)
- iii. Pollution control (if government budget is used to support municipalities in reducing pollution)
- iv. Flood management and energy development (budgetary support to DDC and VDC)
- v. Climate adaptation, field study, and awareness building
- vi. Knowledge generation
- vii. Knowledge dissemination and publication (media)

V The Tasks

Under the guidance of the National Programme Director and direct supervision of the Project Coordinator, the National Project Manager, and the PEI advisor, the consultant will carry out the following tasks:

- Based on the CPEIR recommendations, review budget coding for gender and poverty and identify lessons for climate coding
- Provide detailed account of parameters used for gender and poverty budget codes
- Work on parameters to define EC cost based on the intended use of the fund which would be indicated by the budget head, fund utilization, users, or the intended results or outcomes of the expenses incurred
- Explore possibilities of defining climate and environment expenditure at the activity level
- Suggest measures to establish budget codes that help track thematic climate expenditure at the point of expenditure

VI Outputs/Deliverables

- The outputs of this assignment will be as follows. The consultant will submit a brief report in three copies outlining; a) a set of criteria to develop climate and environment cost; and b) a set of parameters to define climate and environment cost based on the intended use of the fund as indicated by the budget head, fund utilization, users, or the intended results or outcomes of the expenses incurred. The output needs to be detailed in order to assist the CFWG in developing EC budget codes.

VII Minimum Qualification and Experience

- Master's degree in a relevant field such as Accountancy, Economics, Development Economics from a recognized University
- Minimum of five (5) years of experience in related fields such as budget preparation, and budget coding process including a review and proven record in informing and influencing such processes
- Good understanding of the budget preparation process; particularly in climate and environment sectors
- Fluency in English
- Strong interpersonal skills with ability to work under pressure and to establish and maintain effective work relationships with people of different backgrounds
- Ability to take initiative and to work independently as well as part of a team;
- Excellent oral and written communication skills, with ability to express ideas clearly, concisely and effectively, both orally and in writing while reporting
- Working experience with government organizations would be an advantage.

VIII Duration and Location

The consultant will be hired for duration of 10 days starting from 3rd February, 2012 till completion of this assignment. The consultant will be based in Kathmandu.

Quick Reference Guide

Climate Change Budget Code

1. Context

Climate change has become a serious concern as its impacts are being increasingly felt on water resources, food security, biodiversity, forests resources, infrastructure, human health, tourism, and livelihood bases. As stated in the Climate Change Policy 2011, the Government of Nepal aims to improve livelihoods by implementing climate programmes such as mitigating and adapting to the adverse impacts of climate change, adopting a low-carbon emissions socio-economic development path, and supporting and collaborating in the spirit of the country's commitments to national and international agreements related to climate change.

To implement the climate programme, the Climate Change Policy 2011 envisions establishing a Climate Change Fund and mobilize the financial resources from public and private as well as national and international sources. It also envisions utilizing the available financial resources for climate adaptation, mitigation

of adverse impacts, and low carbon development activities along with food, health and livelihood security of victims of water-induced disasters such as floods, landslides and droughts. The policy aims to disburse at least 80 percent of the available funds for climate change activities at the grass root level.

A strategic financial framework needs to be in place for a coordinated and effective implementation of climate programmes. Such a framework would also help ensure climate investment and maintain transparency in climate expenditure. Since understanding of the existing climate financing situation is important to steer the formulation of such a framework, the NPC conducted Climate Public Expenditure and Institutional Review (CPEIR). The CPEIR highlighted some of the inconsistencies in expenditure tracking and recommended using climate budget codes while preparing an annual budget for national development plans.

2. Need for Climate Change Budget Code

Though the Ministry of Environment coordinates most of the climate related activities, it does not include additional climate related activities implemented by other ministries and departments. Similarly, there are climate related activities carried out under research and infrastructure development, but they are not reported as climate activities but fall under the broader category of research and infrastructure development. Information about climate activities of non-government organizations and the private sector is not readily available either. As a result, it is difficult to figure out the extent of investment in climate activities in the country to foresee the required level of investment. As there is no separate provision of climate budget head in the existing budget format, the financial statement of the government does not depict climate expenses and therefore, it is difficult to monitor climate expenses to make future plans. Lack of information regarding climate expenses will continue to pose a problem in formulating plans integrating committed financial investments in the coming years as climate activities will cover a

significant portion of the development budgets.

It can be assumed that climate change will affect all sectors of development and the impacts will generally be interrelated and interdependent. Since the whole society at large will be affected in one way or the other, it is important to enhance the capacity of both the communities and the institutions to adapt to climate impacts. Information regarding the relationship between development sectors and climate change will enhance our knowledge. If such information regarding the organizations involved in climate activities and of climate programmes under these organizations are available, it will be easier to enhance adaptive capacity as well as ensure investment for climate programmes. It is also necessary to agree on the criteria to differentiate between climate and environment programmes in order to delineate climate expenses without mixing it with environment expenses. Using climate budget codes will not only help demarcate climate expenses, but it will also facilitate monitoring and effective implementation of climate activities.

3. What Climate Change Budget Code Helps to Address

A climate change budget code will help answer the following questions which need to be answered while implementing climate change programmes.

- Which expenses are to be assigned as climate expenditure?
- Should the recurrent cost be considered as climate expenditure?
- How can we assure if the climate funds have reached the communities at the grass root level where it is needed most?
- How to foster sector-wise climate activities?
- How to improve and simplify coordination which is crucial at the centre?
- How to harmonize international support to sustain financial assistance needed in the long term?

4. Climate Change Related Programmes

The following programmes have been considered as climate related programmes:

- i. Sustainable management of natural resource and greenery promotion
- ii. Land use planning and climate resilient infrastructures
- iii. Prevention and control of climate change induced health hazards
- iv. Prevention and control of climate change induced hazards to endangered species and biodiversity
- v. Management of landfill site and sewage treatment for GHG emission reduction
- vi. Sustainable use of water resource for energy, fishery, irrigation and safe drinking water
- vii. Plans/programmes supporting food safety and security
- viii. Promotion of renewable and alternative energy, technology development for emission reduction, and low carbon energy use
- ix. Preparedness for climate induced disaster risk reduction
- x. Information generation, education, communication, research and development, and creation of database
- xi. Preparation of policy, legislation, and plan of action related to climate change

5. Climate Change Budget Code

Development activities related to the headings mentioned under 4 above will be considered as a climate activity and will be subjected to coding. Overall, activities related to reducing or stabilizing emissions, carbon sequestration, or enhancing adaptive capacity of communities and institutions to the climate impacts on human and natural systems will be coded as highly relevant or relevant to climate change. Others will be considered as neutral.

As shown in the table below, if more than 60 percent of the allocated budget of the programme is to be spent on climate

related activities (as defined under 4), the programme will be considered highly relevant to climate change, and marked as '1' in the code. In the same manner, if 20 to 60 per cent of the allocated budget of the programme is going to be spent on climate related activities the programme will be considered relevant to climate change, and marked as '2' in the code. However, if less than 20 percent of the total allocated budget is going to be spent on climate related activities or if the programme is not related to climate change, the programme will be considered neutral to climate change, and marked as '3' in the code.

Climate change expenditure	Relevance to climate change	Code to be used in the budget sheet
If the expected expenditure is more than 60% of the total budget.	Highly relevant	1
If the expected expenditure is 20% to 60% of the total budget.	Relevant	2
If the expected expenditure is less than 20% of the total budget, or if the programme is not related to climate change.	Neutral	3

6. Coding Procedure

The coding procedure will follow these steps:

1. Coding will be done only for development/capital budget and not for recurrent budget.
2. At the activity level, two columns will be added in the budget sheet.
3. One column will indicate if the activity is related to climate change and the second column will show the allocated budget of the activity.
4. Each activity will then be marked as 'yes' if it is related to climate change, and 'no' if it is not related to climate change.
5. The allocated budget for all the activities marked as 'yes' will be summed and written at the bottom of the second column.
6. This total will be converted as a percentage of the total budget and noted.
7. The percentage of the climate activities will be judged against the criteria given under 5 and coded 1, 2, or 3.
8. An example of the coding for National Forest Programme of the Ministry of Forest and Soil Conservation is given in table A.
9. In the NPC budget sheet, one column will be added to depict the indicated climate budget code.
10. The code will be shown against each programme. An example of National Forest Programme is given in table B.

Table A : Detail Activities of National Forest Programme

S.N.	Programme/Activity	Unit	FY 068/69			Remarks	Climate relevance	Budget	Percent budget
			Annual target						
			Qty.	Weightage	Budget				
1	2	3	13	14	15	25			
1	Forest management and Utilization Programme								
1.1	Preparation and implementation of Block Forest Management Plan	Blocks	2	0.58	1200		Yes	1200	
1.2	Collaborative Forest Management Plan Preparation	Number	2	0.58	1200		Yes	1200	
1.3	Collaborative Forest Management Plan Implementation	Number	8	9.60	20000		Yes	20000	
1.4	District Forest Area Plan Preparation	Number	1	0.17	350		Yes	350	
1.5	Preparation of Five-year District Forest Work Plan (including IEE)	Number	4	0.19	400		Yes	400	
2	Forest Protection Programme			0.00					
2.1	Plantation, management and protection of encroached area	Ha	1000	12.00	25000		Yes	25000	
2.2	Participatory control and management of encroachment	District	31	2.78	5800		No	0	
2.3	Forest Fire Management								
2.3.1	Fire line construction	Km	300	2.88	6000		Yes	6000	
2.3.2	Maintenance of fire line	Km	600	2.88	6000		Yes	6000	
2.3.3	Forest fire control network	Group	46	1.92	4000		Yes	4000	
2.3.4	Awareness and extension for forest fire control	District	74	1.92	4000		Yes	4000	
2.3.5	Establishment of forest fire structure (center)	Number	1	0.10	200		Yes	200	
2.4	Court cases on forest damage	District	52	0.38	800		No	0	
2.5	Forest, wildlife conservation and intelligence	District	31	0.96	2000		Yes	2000	
2.6	Control of wild elephant threats	District	6	0.58	1200		No	0	
2.7	Documentation of birds, preparing booklet	Number	1	0.04	75		Yes	75	
2.8	Local FM programme on wildlife conservation	District	74	1.20	2500		Yes	2500	
2.11	Pre planning workshop on forest management	Number	5	0.24	500		Yes	500	
2.12	Audit orientation programme		1	0.10	200				

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3	Protected forest special programme		0	0.00	0		Yes		
3.1	Protected forest plan preparation	Number	4	1.20	2500		Yes	2500	
3.2	Protected forest plan implementation	Number	8	11.04	23000		Yes	23000	
4	Forest development programme			0.00					
a	Plant production and plantation			0.00					
4.1	Nursery construction	Number	18	3.06	6375		Yes	6375	
4.2	Seedling production	Ha	3350	0.00	0		Yes	0	
4.3	Plantation for income generation on public land by forming groups	Ha	100	0.72	1500		Yes	1500	
4.10	Vatsala Devi Religious and Natural Site conservation (Nuwakot)	Number	1	0.14	300		Yes	300	
4.11	Ramdhuni Devi Religious and Natural Site conservation (Sunsari)	Number	1	0.07	150		Yes	150	
4.13	Kalika Temple Conservation (Gulmi)		1	0.05	100		Yes	100	
4.14	Rajapani Ancient and Ecological Area conservation (Kapilvastu)		1	0.14	300		Yes	300	
4.16	Devghat Green and Ecological Area Conservation (Nuwakot)	Number	1	0.05	100		Yes	100	
4.17	Ganeshthan Area Conservation (Chitwan)	Number	1	0.02	50		Yes	50	
6	Coordination, Monitoring and Evaluation Programme			0.00					
6.1	DFCC Establishment and Institutionalization	District	30	1.44	3000		No	0	
6.2	Information, Communication, Organization Management Study	Center	1	0.24	500		No	0	
	Public Construction		5782		121500				
7	Building and Vehicle (6.04)								
7.1	Construction of buildings and Range Posts	Number	40	38.40	80000		Yes	80000	
(a)	Total of capital cost (6.05)				201500				
AA	Programme under recurrent budget			0.00					
8	Reshunga Forest Development Programme	Times	3	0.03	60		Yes	60	
9	Armed Forces Training Center Tikauli		0	0.00	0				
	In-service refresher training	Times	2	0.14	300		Yes	300	

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	Training armed forces on forest and wildlife conservation	Times	2	0.14	300		Yes	300	
10	Facilitation of collaborative and protected forest implementation	Number	6	0.19	400		Yes	400	
11	Preparing directives on programme budget preparation, approval, implementation and approval	Number	5	0.02	50		No	0	
	Total of recurrent costs (4.04)				1110			0	
12	Monitoring Evaluation budget (22611)		0	0.34	700		No		
13	Maintenance of buildings and associated structures		1	2.40	5000		No	0	
	Recurrent total				6810				
	Programme total			100	208310				
14	Operation budget				3500				
	Grand total				211810			168860	79.72

Table B : Budget Heads of MoFSC's Programme

SN	Budget Number				Budget Sheet			('In '000 Rupees)					
	New Budget Subhead No.		Regular Budget Subhead No.	Programme/Project	Revised Estimate FY 2067/68	Projected Budget		Priority Series	Strategic Pillar	Pro-poor code	Gender Code	Climate Change Budget Code	
						Fy 2069/70	FY 2070/71						
Administrative					2,645,237	2,838,528	3,073,049						
1	329	011	-3/4	59-3/4-110	Ministry of Forest and Soil Conservation	47,549	43935	45740	1	7	2	3	
2	329	012	-3/4	59-3/4-120	Department of Forest	28,376	37031	38489	1	7	2	3	
3	329	013	-3/4	59-3/4-121	Regional Forest Directorates	43,783	44950	45675	2	7	2	3	
4	329	014	-3/4	59-3/4-122	District Forest Offices Including Forest Security Army	1,271,595	1342927	1473142	1	7	1	3	
5	329	015	-3/4	59-3/4-130	Department of Plant Research	64,640	72266	82491	1	7	2	3	
6	329	016	-3/4	59-3/4-140	Department of Soil Conservation and Watershed Management	18,130	23140	25595	1	7	1	3	
7	329	017	-3/4	59-3/4-150	Department of Wildlife Conservation and National Parks	83,092	36503	40226	1	7	2	3	
8	329	018	-3/4	59-3/4-152	National Parks Security Group	999,040	1133100	1197200	2	7	2	3	
9	329	019	-3/4	59-3/4-154	Elephant Breeding Center	63,197	74718	92113	2	7	2	3	
10	329	020	-3	59-3-160	Department of Forest Research and Survey	25,835	29958	32378	1	7	2	2	
Development Works					1,489,142	2,741,035	2,978,889						
Programmes/Projects (Central Level)					900,502	1,732,210	1,887,762						
11	329	101	-3/4	59-3/4-200	Forest Research and Survey Project	89,069	154105	175710	2	4	1	3	
12	329	123	-3/4	59-3/4-205	REDD Forestry and Climate Change Programme	8,389	175650	217695	1	6	2	2	
13	329	102	-3/4	59-3/4-230	Herbs and Medicine Development Programme (Karnali Herbs and Medicine Processing included)	27,918	93550	94150	1	1	2	2	
14	329	103	-3	59-3-260	Biodiversity Programme	5,830	3030	3340	2	6	2	3	
15	329	104	-3/4	59-3/4-280	Forest Training Center	23,950	44430	54150	2	6	1	2	
16	329	106	-3/4	59-3/4-310	National Forest Development and Management Programme	42,971	310900	331460	1	6	2	3	1
17	329	108	-3/4	59-3/4-314	Leasehold Forestry and Livestock Development Programme	94,594	108669	101071	1	4	1	2	
18	329	109	-3/4	59-3/4-330	Tree Improvement Center	12,934	17290	18846	2	6	2	3	

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19	329	110	-3/4	59-3/4-350	Extension Education	2,651	6610	7655	2	6	2	3	
20	329	111	-3/4	59-3/4-352	Biodiversity Support Programme for Terai and Shivaliks	28,881	35911	38252	1	6	2	3	
21	329	112	-3/4	59-3/4-500	Plant Research Programme	13,426	24283	29706	1	6	2	2	
22	329	113	-3/4	59-3/4-610	Watershed Management Programme	7,699	11179	11764	2	6	2	3	
23	329	124	-3/4	59-3/4-611	President Chure Conservation Programme	177,650	303345	325470	1	4	2	3	
24	329	114	-3/4	59-3/4-710	Wildlife Reserve Project	167,431	147840	171075	2	6	2	3	
25	329	115	-3/4	59-3/4-720	National Parks Project	197,109	295418	307418	1	6	2	3	
Development Programme (District Level)						588,640	1,008,825	1,091,127					
26	329	801	-3/4	59-3/4-801	Community Forestry Programme	106,267	174805	206075	1	6	1	1	
27	329	804	-3/4	59-3/4-810	District Soil Conservation Programme	416,923	533751	557445	1	6	1	2	
28	329	805	-3/4	59-3/4-821	Community Development and Forest/Watershed Conservation Project	43,590	110504	127379	1	6	1	3	
29	329	806	-3/4	59-3/4-832	Plant Protection and Park Development Programme	8,745	21088	24244	2	6	2	2	
30	329	807	-3/4	59-3/4-834	Plant Utilization and Marketing Project	13,115	18677	21484	2	6	2	2	
31	329	127	-3/4	59-3/4-715	Regional Conservation Project for Wildlife Conservation	0	133000	134500	1	1	2	2	
32	329	128	-3	59-3-716	Institutional Capacity Building Project for Protected Mountain Area		17000	20000	1	1	2	2	
Total						4,134,379	2,992,633	3,248,759					

List of Trainees

S.N	Name	Designation	Organization
1	Mr. Prakash Dahal	Planning officer	NPCs
2	Ms. Nita Pokharel	Planning Officer	NPCs
3	Ms. Munaka Nuepane	Planning Officer	NPCs
4	Mr. Surya Prasad Gautam	Section Officer	Ministry of Industry
5	Mr. Rajendra Thike	Electrical Engineer	DoED
6	Mr. Mohan Raj Acharya	Engineer	Ministry of Irrigation
7	Mr. Ishwori Datt Paneru	Section Officer	MoEST
8	Mr. Bishnu Prasad Shrestha	G. Officer III, (Technical)	MoFSC
9	Mr. Shree Krishna Poudel	Section Officer	MoFALD

Meeting at the MoF

S.N	Name	Designation	Organization
1	Mr. Krishna Hari Baskota	Secretary	MoF
2	Mr. Gopi Nath Mainali	Joint Secretary	NPCS
3	Mr. Tek Bahadur Khatri	Under Secretary	MoF
4	Mr. Hari Prasad Pandey	Under Secretary	MoF
5	Mr. Durgesh Kumar Pradhan	Under Secretary	MoF
6	Mr. Devi Prasad Sharma	Under Secretary	MoF
7	Mr. Them Prasad Pagyani	Under Secretary	MoF
8	Ms. Shiva Devi Dahal	Under Secretary	MoF
9	Mr. Yagya Man Bhandari	Under Secretary	MoF
10	Mr. Krishna Bahadur Bohara	Under Secretary	MoF
11	Ms. Nita Pokharel	Planning Officer	NPCS
12	Mr. Umesh Raj Rimal	Section Officer	MoF
13	Ms. Apsara Karki	Section Officer	NPCS
14	Ms. Sushila Pandit	Section Officer	MoF
15	Mr. Chandra Kanta Niraula	Section Officer	MoF
16	Mr. Niraj Pradhan	CE	MoF
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