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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX II

to the Commission Implementing Decision on the financing of the annual action plan in favour of Nepal for 2024

Action Document for Green Resilient Agricultural Centred Private Sector Economic Development (GRAPE 2)

ANNUAL PLAN

This document constitutes the annual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title OPSYS business reference Basic Act	Green Resilient Agricultural Centred Private Sector Economic Development (GRAPE 2) OPSYS number: ACT-62557 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
2. Team Europe Initiative	Yes - Nepal's Team Europe Initiative on Green Recovery
3. Zone benefiting from the action	The action shall be carried out in Nepal
4. Programming document	Multi-annual Indicative Programme for Nepal 2021-2027
5. Link with relevant MIP(s) objectives / expected results	Priority area 1 - Inclusive Green Growth -Specific Objective 1.c – Increased land-use climate change mitigation and adaptation.
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	Priority Area 1: Inclusive Green Growth, Other Multisector (430)
7. Sustainable Development Goals (SDGs)	Main SDG (1 only): SDG 13 (climate action) Other significant SDGs (up to 9) and where appropriate, targets: SDG 5 (gender equality) SDG 1 (no poverty), 8 (sustainable growth), 10 (reduced inequalities) 12 (responsible consumption and production), 15 (life on land) 17 (partnerships for the goals)
8 a) DAC code(s)	15111 (Government and Civil Society general – Decentralisation and support to subnational government) – 30% 25030 (Business and Other Services – Business Development Services) – 40% 31191 (Agriculture – Agriculture services) – 30%
8 b) Main Delivery Channel	13000 – Third country government (delegated cooperation)

9. Targets	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input checked="" type="checkbox"/> Human Rights, Democracy and Governance			
10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation@	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective
Digitalisation @		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
digital connectivity digital governance digital entrepreneurship digital skills/literacy digital services		YES <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	/
Connectivity @		<input checked="" type="checkbox"/>	<input type="checkbox"/>	
digital connectivity energy transport health education and research		YES <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	NO <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	/

	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities1 @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
BUDGET INFORMATION				
12. Amounts concerned	<p>Budget line(s) (article, item): 14.020131 (South and East Asia)</p> <p>Total estimated cost: EUR 21 000 000</p> <p>Total amount of EU budget contribution EUR 9 000 000</p> <p>This action is co-financed in joint co-financing by Germany for an amount of EUR 12 000 000.</p> <p>This action is part of the Team Europe Initiative (TEI) for Nepal on Green Recovery. In line with the co-financing, Germany will contribute to this Initiative for an indicative amount of EUR 12 000 000.</p>			
MANAGEMENT AND IMPLEMENTATION				
13. Type of financing	Indirect management with the entity(ies) to be selected in accordance with the criteria set out in section 4.4.1			

1.2 Summary of the Action

This Action supports Nepal in achieving a sustainable green recovery and a just socio-economic transformation of its local economies. The overall objective of the action is to advance sustainable climate-resilient local economic development, with a focus on climate change adaptation in the agriculture sector in Karnali and Sudurpaschim provinces of Nepal. The specific objectives aim to improve the enabling environment for climate resilient, nature positive economic development and to expand profitable, innovative, sustainable and equitable climate –resilient agricultural value chains, with a focus on women’s equality and economic empowerment.

The Action supports local economic development with a focus on key agricultural value chains, putting special emphasis on promoting economic empowerment of women and young people, including those with disabilities, as these groups play a key role for the development of the agricultural sector of the two provinces (due to high outmigration of adult male population). The Action supports strengthened market partnerships with the private sector in order to increase dynamics of markets for products and produce from local economies, e. g. high-value niche products with high demand on national and international markets.

Advice on climate-resilient agricultural technologies will be integrated in all activities of the Action, thus making usage of available action research results and international practices. Municipalities and provincial governments in the two provinces will be supported to create better enabling environments for gender-transformative, disability inclusive and climate-resilient local economic development. Awareness raising with regard to women’s economic participation will support unleashing the economic potential of women in rural areas. Finally, best practice regarding climate resilient agricultural production will be upscaled on provincial, national and regional level, while supporting a sustainable anchoring of these practices in existing institutional structures.

The Action is supported within the Team Europe Initiative (TEI) Green Recovery in Nepal and builds on the results and lessons learnt from the first phase of the project “Green Agricultural Productive Ecosystems (GRAPE)”. Expanding the focus on green local economic governance and private sector development, the action re-confirms the European Union commitments as a lead partner in the implementation of the green agenda for Nepal. The action contributes especially to Priority Area 1: Inclusive Green Growth, Other Multisector (430) and partially to

1 For more information, please consult: The European Commission inequality marker - Publications Office of the EU (europa.eu) and Inequality Marker – Complementary Guidelines Application of the I-Marker to SSC fiches and Action Documents | Capacity4dev (europa.eu)

Priority Area 3: Good Governance, Sector Governance and Civil Society (150). Likewise, the Action contributes to the achievement of SDG 13 (main SDG) and SDGs 5, 1, 8, 10, 12, 15 and 17.

1.3 Zone benefitting from the Action

The Action shall be carried out in Nepal, included in the list of ODA recipients.

2 RATIONALE

2.1 Context

Nepal is a landlocked Least Developed Country (LDC) in the Himalayas, endowed with an extremely diverse geography, climate, population, and biodiversity. It is one of the most disaster-prone countries in the world, ranking 4th globally in climate risk (2021 Global Climate Risk Index). While recent data shows improvements in living standards, 20.7% of the population still lives in poverty², with Sudurpaschim and Karnali Provinces facing the highest rates Nepal ranks 106th out of 156 countries in the 2021 Global Gender Gap index, and 118th out of 160 countries in the Gender Inequality index 2017.³ Nepal Census 2021 put the prevalence of persons with disabilities at 2.2%, which is most likely underestimated. Agriculture, employing 65% of the labor force (ILO 2017) but contributing only 21% to GDP (WB 2022), is the backbone of Nepal's economy but is highly affected by climate change challenges. Rising temperatures and more frequent droughts affect agricultural productivity, particularly as 70% of the agricultural land is rain-fed. Erratic precipitation patterns lead to increased floods and landslides, further impacting agriculture. Agriculture productivity is generally low and very vulnerable to climate change, particularly in the most remote areas. Climate change is expected to increase its aggravating factors on the country's food security situation as warming in Nepal is projected to be higher than global average, with a projected warm, by 2080, of 1.2°C–4.2°C, under the highest emission scenario. Unequal access to land and water, heavy reliance on rain and lack of irrigation systems, subsistence farming practices, and a scarcity of agricultural resources further impact on the low agriculture productivity.

In rural areas, the migration of male population presents an additional challenge, leaving women responsible for local agricultural production and exposing them to an excessive workload or leaving lands fallow, with consequences on communities' food security. With long term and seasonal outmigration, women make up over 80% of agricultural workers although women entrepreneurship is much lower than men's (only 29% of businesses are led by women) (FAO 2019). Women face lower wages, unequal land ownership which limits their access to credit, technology, resources and traditional norms and last but not least time-poverty. Women and girls with disabilities face additional challenges, which are exacerbated due to stigma and discrimination which prevail in rural parts of Nepal. Addressing gender gaps in agriculture is crucial for enhancing food and nutrition security at the household and community levels, particularly in far-western rural regions facing chronic food deficits due to poverty, high market prices, low agricultural production, inadequate infrastructure, and climate change.

The impending graduation from LDC status in 2026, alongside the federal agenda introduced in 2015, poses key challenges, compounded by increasing regional disparities and a predominantly rural population reliant on agriculture, which is increasingly vulnerable to climate change. The new federal system gives local governments more responsibilities and provides access to funding; however, the major challenge for municipalities and provincial authorities, is to ensure climate resilient economic development; and how to bring it into municipal plans and establish the necessary institutional framework and ecosystem to develop high-performing, sustainable, nutrition-sensitive and climate-resilient value chains. Existing approaches often overlook gender-specific constraints, are not disability-inclusive, and do not address specific discriminations such as caste and ethnic origin, which hinder progress in addressing overall inequalities. Local and Provincial second round elections since the new federal reform, held in 2022, have put in place mandate holders for the next 5 years. This should lead to more stability during that period and facilitate partnerships for Development Partners in their support to transpose national plans and legislation at local level, strengthen the democratic system and deliver on the development agenda.

² 4th Nepal Living Standards Survey 2022-23, World Bank

³ Country Level Implementation Plan – CLIP Nepal

Team Europe has strongly supported Nepal's federal agenda, playing a crucial role in advancing local governance processes and improving service delivery for the most marginalized communities. The first phase of the Team Europe programme “Green Resilient Agricultural Productive Ecosystems” (GRAPE 1) was part of the EU programme Development Smart Innovation through Research in Agriculture (DeSIRA) funded from the Global Climate Change Alliance + (GCCA+). It was co-funded by Finland and Germany and implemented by GIZ. The programme has supported more than 15 000 farmers in increasing productivity and reduced costs on agriculture inputs by adopting climate resilience technologies and practices, contributing to climate change adaptation and preserving biodiversity. GRAPE 1 has also actively supported 19 municipalities in Sudurpaschim and Karnali in enhancing their economic ecosystem integrating climate change-related measures and investments into their local planning processes. Overall, results from this Team Europe initiative are promising in supporting climate resilient agricultural value chains for economic development.

Building upon the successful model established by GRAPE 1, this new Team Europe action will further strengthen green economic development frameworks, investments, and the creation of green jobs within and around the main sector of the rural economy in, but not exclusively, the poorest provinces of Sudurpaschim and Karnali. This action aligns seamlessly with Team Europe's ongoing efforts to enhance the capabilities of local municipalities in fulfilling their roles as local authorities. The focus is on scaling up the support to local municipalities for their planning and investments into more market-based and private sector oriented solutions, while supporting the private sector actors with market development, with a focus on ensuring women's access to entrepreneurship and marketing partnerships. Especially (but not exclusively) women entrepreneurs and businesses of young people will be supported in accessing key positions especially upstream in agricultural value chains with high impact on local economic development, climate resilience and protection of biodiversity.

While the primary geographical focus remains on Sudurpaschim and Karnali provinces, this action may expand its geographical scope to other provinces to develop partnerships with national markets, and in the case of some niche products, such as indigenous food crops and medical and aromatic plants, with international markets.

The action fully responds to the EU Global Gateway⁴ focus on investing in climate resilience as part of its priority area “climate and energy” and in connecting goods, people, and services in a sustainable way. The action is aligned with the European Green Deal⁵, in particular with the Adaptation strategy⁶, the Biodiversity strategy⁷ and the Farm to Fork strategy⁸. It also contributes to prepare Nepal's agrifood system in complying with the EU deforestation regulation⁹. The action is aligned with the Gender Action Plan III¹⁰ and its key priority areas “Addressing challenges and harnessing the opportunities offered by the green transition and the digital transformation” and “Promoting economic and social rights and empowering girls and women” and contribute to the EU Action Plan on nutrition. All being in line with EU priorities, including the Strategy for the rights of persons with disabilities¹² (2021-2030).

The action will be implemented as a Team Europe Initiative, and it will contribute to the implementation of the TEI “Green Recovery in Nepal”, supported by Germany and Finland. Expanding the focus on green local economic governance and private sector development, this initiative will re-confirm the EU commitments as a lead partner in the implementation of the green agenda for Nepal and on the federal reform. The action is fully aligned with Nepal's 15th National Development Plan and the LDC graduation agenda. While reinforcing the country's federal agenda, by working directly with local governments, increasing their capacities, the action delivers on the Second Nationally Determined Contributions (NDCs) and increased commitments following COP 26, the National Adaptation Plan (NAP) and the National Multi-Sector Nutrition Plan (2023 – 2030). The action further enhances synergies with EU programmes, notably the nutrition budget support programme, and will amplify impact and

⁴ [Global Gateway - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

⁵ [The European Green Deal - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

⁶ [EU Adaptation Strategy - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

⁷ [Biodiversity strategy for 2030 - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

⁸ [Farm to Fork Strategy - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

⁹ [Regulation on Deforestation-free products - European Commission \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

¹⁰ [Gender Action Plan III: towards a gender-equal world | EEAS \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

¹¹ “The [Gender Action Plan III](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100) is a Joint communication by the Commission and the High Representative of the Union for Foreign Affairs and Security Policy which was welcomed through [EU Presidency Conclusions](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100) of 16 December 2020 endorsed by 24 Member States”.

¹² [Union of Equality: Strategy for the Rights of Persons with Disabilities 2021-2030 \(europa.eu\)](https://european-council.europa.eu/media/en/press-room/pages/press-room.aspx?pid=100&tid=100&cid=100)

visibility through an integrated territorial approach (geo-targeting) and enhancing the focus on inclusive green growth and serve as multiplier.

2.2 Problem Analysis

Short problem analysis: **Climate change adaptation and biodiversity**

Nepal's Nationally Determined Contribution (NDCs) identifies Agriculture and Food Security, along with Forests, Biodiversity, and Watershed Conservation for climate adaptation measures. As the backbone of Nepal's economy, agriculture faces significant challenges to climate change impacts, including shifting rainfall patterns, extreme temperatures, and weather events such as heavy rainfall and droughts, combined with diminishing water availability impacting on the capacity to pump river water to mid-hill and high hill areas. The rich biodiversity loss is also a concern, with about 40% of native agricultural genetic resources lost due to climate change and modern mono-cropping farming practices.

These extreme weather conditions and the high workload have led to fallow land, threatening soil health and biodiversity. Addressing these challenges requires improving soil health, biodiversity-rich production systems, and water storage management through appropriate technologies, such as the use of drip irrigation, construction of low-cost water storage facilities, and pumping irrigation water using solar energy.

Supporting local and provincial governments' capacities to plan for climate-resilient natural resource management and environmental conservation is key to building resilience. Team Europe (EU and Finland) has recently started the Local Adaptation to Climate Change (LACC - AAP 2022) initiative to address these challenges. LACC is supporting the capacity of local governments and communities to manage their natural resources in regard to adaptation to climate change in Karnali and Sudurpashchim. Additional Team Europe support in climate change adaptation linked to sustainable market development in these two provinces will maximize the benefits.

Identification of main stakeholder, duty-bearers and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) and the right holders, to be covered by the action:

Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLCPA) as main political partner, and other relevant ministries like the Ministry of Forest and Environment (MoFE), the Ministry of Agriculture and Livestock Development, and corresponding ministries and administrations/advisory services on regional and community level.

Rights holders: are the actors of the local agricultural ecosystem, i.e., farmers and farmer groups, cooperatives as well as input and services providers (e. g. for the provision of small-scale, economic solar pumps and drip irrigation material, organic fertilizer, small-scale machinery to ease work etc.).

Short problem analysis: **Local Governance and weak enabling environment**

Local authorities' contribution to climate resilient local economic development and to participatory and accountable decision-making processes although starting to progress still needs support. The enabling environment is still weak in terms of required infrastructure, incentive mechanisms from local and national governments (as well as proper implementation of existing incentive mechanisms), capacity for territorial planning and for developing and implementing local adaptation plans, understanding of market needs and sustainable economic development strategies on the part of local governments and building of mutual trust between private sector and public sector. Despite progress made by the first phase of GRAPE in selected municipalities, there is a clear need for strengthening policy dialogue and for additional capacity development support, which should be extended from the municipal level to the broader district and provincial levels to raise understanding of their responsibilities and to demonstrate potentials for local private sector-led economic development in key agricultural value chains.

Identification of main stakeholder, duty-bearers and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) and the right holders, to be covered by the action:

Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLCPA) as main political partner, and other relevant ministries like the Ministry of Forest and Environment (MoFE), the Ministry of Federal Affairs and General Administration (MoFAGA), the Ministry of Agriculture and Livestock Development, and the Ministry of Industry, Commerce, and Supplies, National Association of Rural Municipalities in Nepal (NARMIN) and to some

extent Municipalities association in Nepal (MUAN). Ministry of Women, Children and Social Welfare (MoWCSW) and the National Women Commission (NWC).

Rights holders: communities in the targeted area, particularly women and young persons, including persons with disabilities. Representative CSOs at local level.

Short problem analysis: **Limiting mindsets and social norms**

Women are important actors in a large number of agricultural value chains, however still limited mostly to agricultural production. In GRAPE I, more than 70% of beneficiaries engaged in agricultural value chains were women, particularly in the production function of the value chains. High levels of both seasonal and permanent outmigration of men, particularly young men, leads to a very high workload for women and consequent time-poverty as they now shoulder productive, reproductive and community work and are mainly responsible for providing food and nutrition security for their families. Not least due to this feminisation of agriculture, women are the drivers of agricultural ecosystems and can be the leaders in promoting changes, including transitioning from a more traditional production role into new marketing and processing roles in the sector.

Despite the potential of women's economic empowerment in agricultural value chains, gender-transformative approaches to agriculture-based economic development are not yet sufficiently implemented in Nepal. Many Women entrepreneurs have limited necessary skills and capacities to move to higher levels of the value chain, for example in marketing of their produces, value addition through use of, and accessibility of, technology/ machinery, branding etc. These gender-specific entrepreneurial challenges are rooted in patriarchal social norms, prevailing mindsets and intersectional discrimination (such as towards women with disabilities) along cast and ethnicity, which largely limit women's economic roles and hinder women to fill functions on higher ends of the value chain. Local (women-led) cooperatives as well as individual entrepreneurs can play a more important role to overcome these challenges but need technical, financial and organizational support and linking to private enterprises in the respective value chain to develop their business in a sustainable way. In addition, stakeholders of the entrepreneurial ecosystem at local level, including local governments, private sector actors in value chains, business development service providers, media, and community members, need to actively acknowledge and embrace women's capacities to lead successful enterprises and their pivotal role in the economy and development of their communities.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Local governments (municipalities, districts and provinces), federal-level and provincial-level women entrepreneur associations, federal associations of the cooperative sector (e. g. Nepal Agricultural Co-operative Central Federation (NACCFL)) and the business sector (e. g. Federation of Nepalese Chambers of Commerce & Industry (FNCCI)), Other stakeholders and service providers from the agricultural entrepreneurial ecosystem, i. e. women farmers and farmer groups, (women-led) cooperatives, (women) traders and retailers, business development service providers, banks and microfinance organizations, public and private advisory services, (women) entrepreneur associations, organisations of persons (and women led) with disabilities, and other civil society organizations (non-governmental organisations (NGOs)). Community centres on village and municipality level and youth organisations, national- and local-level TV and radio programs, media organisations, advocacy NGOs related to gender equality and social inclusion

Short problem analysis: **Shift from subsistence agriculture to private sector models and needs for market partnerships**

Agriculture in Nepal, particularly in Karnali and Sudurpaschim Provinces, remains at a subsistence level due to weak private sector involvement and operational complexity. This results in underdeveloped market connections and challenges for small-scale farmers in accessing distant markets and meeting quality requirements. Women farmers face additional barriers such as limited resources, knowledge, and decision-making representation. To address these issues, the private sector, local service enterprises, and individual entrepreneurs play a crucial role in aggregating production, ensuring quality, linking products to markets, and promoting investments in innovative technologies. Farmers and entrepreneurs need business skills, finance, and digital solutions to develop partnerships and strengthen national and international market linkages. The agricultural sector faces challenges in market

linkages and partnerships due to logistics, quantity and quality issues, access to inputs, storage, and marketing. Despite the increasing role of women in the agriculture sector due to migration, women farmers' potential is hindered by limited resources, knowledge, and skills, but they can contribute to key value chains with traditional knowledge and organizational structures. Private sector-led agricultural development focusing on women's economic empowerment is essential for sustainable and equitable value chains and market connections.

High-value niche products, such as ginger, cardamom, medicinal and aromatic plants (MAPs), indigenous crops, and non-timber products, hold potential for women's economic empowerment and local biodiversity protection. However, market demands require partnerships between local producers, their organizations like cooperatives, and private sector enterprises, which are currently mostly underdeveloped and unequal. Developing these value chains and fostering a mindset change for gender-transformative practices necessitates collaboration at all levels.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

At local level: actors of the agricultural entrepreneurial ecosystem, i.e. women farmers and farmer groups, (women-led) cooperatives, (women) traders and retailers, local governments (municipalities, districts and provinces), business development service providers, banks and microfinance organizations, public and private advisory services, (women) entrepreneur associations and civil society organizations (NGOs), and other service providers for the agricultural ecosystem, as well as community centres on village and municipality level, organisations of persons with disabilities and youth organisations.

Local Governments (municipalities, districts and provinces), and at national level, Ministry of Land Management, Cooperatives and Poverty Alleviation (MoLCPA) as main political partner, and other relevant ministries like the Ministry of Forest and Environment (MoFE), the Ministry of Federal Affairs and General Administration (MoFAGA), the Ministry of Agriculture and Livestock Development Ministry of Women (MoALD), Children and Social Welfare (MoWCSW), and the Ministry of Industry, Commerce, and Supplies (MoICS).

Other national stakeholders: federal-level and provincial-level women entrepreneur associations, federal associations of the cooperative sector (e. g. NACCFL) and the business sector (e. g. FNCCI), stakeholders and service providers from the agricultural entrepreneurial ecosystem, civil society at local level such as the women associations and organisations of persons with disabilities (OPDS); the International Centre for Integrated Mountain Development (ICIMOD) as the regional technical institution on technical solutions for climate-resilient agriculture, national- and local-level TV and radio programs, media organisations, advocacy NGOs related to gender equality and social inclusion. Gender/GESI/disability focal points in ministries: Agriculture, Forests and Soil Conservation, Health, Federal Affairs and General Administration, and NPC (National Planning Commission 2020).

Short problem analysis: **Need for upscaling of best practice**

GRAPE 1 has tested a limited number of climate-resilient technologies and practices among farmers, with emerging results. However, these initiatives require further development with a gender-responsive lens and wider dissemination among farming communities, particularly women, including households with persons with disabilities to fully leverage their potential for sustainable production and local socio-economic development. Follow-up is necessary to increase the adoption of climate-resilient technologies and practices introduced by GRAPE 1, recognizing that adoption and the shifting to agro-ecology practices is a complex process that takes time. Collaboration with the private sector is crucial to strengthen the supply of these technologies at the local level. Additionally, upscaling formats like training schemes still have to be institutionalized, e.g., through integration of relevant curricula in local universities, provincial training centres and agricultural training centres as part of the local Agricultural Knowledge and Information System (AKIS).

Best practices still need to be integrated into training schemes of national associations relevant for the sector as well as in national policies, dialogue formats and in regional exchange mechanisms. All these upscaling activities have to integrate a gender, disability and youth responsive approach to ensure that the high potential of women and youth is strengthened, including in decision-making and planning.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

Academia, ICIMOD as the regional technical institution on technical solutions for climate-resilient agriculture, civil society (particularly women's association and organisations of persons with disabilities), local government, private sectors institutions. National Commissions for Women (NCW), Dalits, Indigenous Nationalities, Madhesi, Muslims, Tharus, National Inclusion Commission.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The **Overall Objective** (impact) of this action is “To advance sustainable climate-resilient economic development, with a focus on climate change adaptation in the agriculture sector in Nepal”.

The **Specific Objectives** (outcomes) of this action are

1. Specific Objective (SO1) – “To support local governments in their commitments and practices for climate resilient, nature-positive economic development in Nepal, with a focus on Karnali and Sudurpaschim provinces.
2. Specific Objective (SO2) – “To expand profitable, innovative, sustainable and equitable climate-resilient agricultural value chains, that support women's equality and economic empowerment.”

The **Outputs** to be delivered by this action contributing to the Specific Objective 1 (SO1) are:

1.1 Local governance /enabling environment: Gender-responsive, climate-resilient, and inclusive economic development initiatives strengthened at Local and Provincial governments' level.

1.2 Awareness raising: Relevant stakeholders of the business ecosystems supported, respect women's capacities to manage successful and sustainable businesses.

The **Outputs** to be delivered by this action contributing to the Specific Objective 2 (SO2) are:

2.1 Business development: Improved and inclusive development services for innovative initiatives with focus on women- and youth-led businesses at local, provincial, and national level.

2.2 Partnerships for market development: Increased opportunities for partnerships in the private sector for climate-resilient value chains, market linkages and supporting services, developed with a focus on women's economic empowerment.

2.3 Upscaling of best practice: Best practices developed for gender-transformative, climate-resilient market development that respect the biodiversity are upscaled.

3.2 Indicative Activities

Output 1.1 Local governance /enabling environment focuses on creating an enabling environment for gender-responsive, climate-resilient and nutrition-sensitive local economic development by enhancing municipalities capacities for territorial planning and local adaptation. Activities under this output builds on previous experiences and target motivated areas with high potential for rapid progress in market linkages.

Activities relating to Output 1. facilitate policy dialogue and the development and implementation of relevant strategies in cooperation with political decision makers, community learning centres, chambers of commerce, women entrepreneur networks, representative of persons (women) with disabilities. Gender Equality and Social Inclusion policies at provincial and local government level will be supported as well as the work of the gender focal points active at the local governments. New formats for public-private dialogues will be set up, emphasizing women's representation decision-making. Limited co-financing will be provided for municipal investments in central infrastructure supporting the action's key objectives.

Output 1.2 Changing Mindsets focuses on changing mindsets regarding women's capacities to run successful businesses and economic participation among stakeholders at local, provincial and national levels. Activities target local governments, financial institutions, business development service providers, private sector actors in the value

chains, men and women entrepreneurs, as well as community members. Stakeholders of the entrepreneurial ecosystem will increasingly recognise the importance of women's active economic role in local economic development. This output contributes to supportive frameworks for overall local economic growth, impacting all other areas of this Action.

Activities relating to Output 1.2 include inclusive and accessible communication activities, community dialogues and policy dialogues on women's economic empowerment, involving all public, private and civil society stakeholders.

Output 2.1 Business Development supports existing businesses and new businesses contributing to the gender-transformative, climate-resilient agricultural value chains, with a focus on women and youth. While a focus is on businesses at local and provincial levels, support will also be provided for businesses on national level when these businesses contribute to the development of the selected value chains. New, innovative business models to upscale climate-resilient agriculture production technologies based on agroecology practices and circular economy principles and service businesses supporting value chains are of special interest.

Activities relating to Output 2.1 includes training, coaching, mentoring and access to seed money for the development of selected agricultural value chains and partnerships. Skill development covers climate-resilient technologies, agroecology, digital literacy and digital business technologies, processing, circular economy (including energy efficiency), marketing, branding, business management, product development, access to (green) finance, leadership and self-confidence. Support for women with disabilities will be considered. Incubation programmes and peer networks will support women and youth entrepreneurs in starting and growing businesses within the selected value chains.

Output 2.2 Partnerships for market development support business partnerships with the private sector to strengthen market linkages in selected climate-resilient, nature-positive agricultural value chains.

Activities relating to Output 2.2 promote partnerships between farmer groups, cooperatives, service providers, and private traders ensuring national and international marketing of products while considering climate-resiliency, biodiversity and the EU zero deforestation regulation and certification schemes. Emphasis is on high-value products with high demand (niche products and other products), involving women and youth, and ensuring fair and socially sustainable practices.

Output 2.3 Upscaling of best practice focuses on best practices for gender-transformative, disability-inclusive, climate-resilient and biodiversity-friendly local economic development.

Activities relating to Output 2.3 involve scaling up best practice from previous phase of GRAPE on local, provincial, national and even regional level. Local value chain actors will be trained on innovative technologies practices for climate-resilient and biodiversity respectful production, processing and marketing. Cooperation with local NGOs, universities, provincial and agricultural training centres, and other training providers of the local Agricultural Knowledge and Innovation Systems (AKIS-System) will promote best practice upscaling. Relevant Ministries and national private sector associations, chambers of commerce and others will be engaged in policy dialogue and development. Accessible digital solutions and exchange platforms will be essential. Best practices will be gender-transformative or at the minimum will have a gender-responsive adaptation, and new models of practice will incorporate a gender lens from the start.

The commitment of the EU's contribution to the Team Europe Initiative (TEI) to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change

Aid to environment and climate change adaptation are significant objectives of this Action, as it will promote sustainable, climate-smart agriculture practices, and the adoption of more drought resistant practices and crops through their access to markets. Environmental and biodiversity protection is an induced area of attention by promoting agro-ecology and agroforestry management and addressing aspects such as soil cover, adoption of less soil depleting crops, organic fertilizer use, reducing land degradation, erosion control, integrated water resources

management, etc. Promotion of pest and disease control will be promoted, focusing on integrated management techniques and including environmental safeguards for biodiversity conservation.

Outcomes of the SEA screening (relevant for budget support and strategic-level interventions)

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening (relevant for projects and/or specific interventions within a project)

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening (relevant for projects and/or specific interventions within a project)

The Climate Risk Assessment (CRA) screening concluded that this action is no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD Gender DAC codes identified in section 1.1, this action is labelled as G2. This implies that one of the Overall Objective is to support women and youth led climate resilient local economic development". The action will specifically look into gender transformative approaches to support women in climate resilient agriculture value chains and in changing mindsets about women contribution and potential in the sector. The action will provide an important contribution to EU GAP III as a unique initiative with a gender transformative approach in its core that is further complemented by a human rights-based and intersectional approach.

Human Rights

The action is marked as G2 according to the OECD-DAC gender marker methodology and has a clear focus on rights-based principles, particularly emphasizing socio-economic rights, gender equality, and social inclusion. These principles serve as the foundation for collaborative efforts with local municipal governments, private sector entities, and civil society stakeholders. The program revolves around (i) local governance, emphasizing both rights holders' ownership of service delivery and the reinforcement of duty bearers' participatory and accountable decision-making processes and (ii) empowerment of women and youth in the agriculture sector in vulnerable communities at high risk of climate change adverse impact.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D0. This implies that rights and inclusion of persons with disability are however mainstreamed in the wider gender equality approach which includes an intersectional lens. The action will pay attention to engaging with network of organisations of persons with disabilities (under the umbrella of the National Federation of Disabled -NEPAL and Nepal Disabled Women Association and their district level networks). Entrepreneur skills, financial literacy skills, new agricultural technologies, leadership and other capacity building activities should to the most possible extent be developed with accessibility in mind and proactively targeting also women with disabilities.

Reduction of inequalities

The action plan is formulated with a focus on rights-based principles, particularly emphasizing the right to food, gender equality, and social inclusion (GESI). These principles serve as the foundation for collaborative efforts with local municipal governments, private sector entities, and civil society stakeholders. The program revolves around (i) local governance, emphasizing both community ownership of service delivery and the reinforcement of local authorities' participatory and accountable decision-making processes and (ii) empowerment of women and youth, including those with disabilities in the agriculture sector in vulnerable communities at high risk of climate change adverse impact.

Democracy

By reinforcing local government capacities to adopt gender-responsive and climate resilient local economic development, using participatory and inclusive approaches for planning and implementation, the Action will further strengthen local democracy and transparency within the framework of the overall Team Europe support to federalism in Nepal.

Conflict sensitivity, peace and resilience

The action has a key focus on combating inequalities, in particular for women and embrace more inclusive development for women and youth while building resilient to climate change in vulnerable communities. Conflict analysis is based on gathering from the phase 1 of this Action which has addressed risks associated with the limited capacity of local governments, as well as access to land and resources along with inequalities due to gender, cast and ethnicity and by potential tensions among communities. The strategy adopted has focused on bottom-up planning with local government and participatory approaches with communities during the planning process and the adoption of climate resilient practices.

Disaster Risk Reduction

Increasing climate resilience is the principal objective of the action, Disaster Risk Reduction is a crosscutting issue and at the heart of all results areas.

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium / Low)	Mitigating measures
External environment	Limited capacity of local governments	medium	high	Capacity development of technical staff in local governments whose tenure is not linked to the political mandate of the local governments
External environment	Lack of land titling or certificates	high	medium	Awareness raising on land access will be part of the advisory services provided under this action, this will include dialogues with local government
External environment	Lack of inclusion and consultation with communities by local governments	medium	high	Focus on establishing public private and civil society / citizens dialogue mechanisms at local government level, capacity development of municipal technical officials and associations to participate in such mechanisms
External environment	Extreme weather events and natural disasters	medium	high	Emphasis on risk-informed planning, flexible training approaches, utilization of technologies and agroecological farming techniques that reduce the impact of these phenomena.
External environment	Tensions and conflicts within communities	low	medium	Detailed analysis and selection of target communities taking intersectionality and do-no-harm, into account; ensuring transparency of target group selection mechanisms and involving local actors in the process.
External environment	Social and gender norms and gender-	high	high	Mainstreaming mindset change into all outputs of the project and with all project stakeholders. Working with Local Government, promoting policies for gender

	specific barriers preventing gender-responsive/transformative approaches			transformative approaches and creating spaces for dialogues.
External environment	Non-tariff barriers and subsidised or free imports	medium	medium	Focus on high-value niche products with high national and international demand

Lessons Learnt:

Findings from phase I of the GRAPE indicate that,

- Municipalities are open to integrating climate resilience measures into their local economic development planning but need guidance to understand the potential of public actions for transitioning from agricultural subsidies to more resilience-oriented and market-based solutions that respects local needs and customs.
- Capacity development formats for municipal staff can be more efficient and effective by utilizing Communities of Practice and Peer-Learning Formats instead of individualized advisory services in each municipality.
- Joint monitoring of activities and measures (e.g., through mutual visits of municipalities) is an effective instrument for joint learning and scaling up.
- Cooperation with the private sector like traders can be effective when connections between smallholder farmers, local businesses, and actors in the higher ends of value chains are facilitated in the frame of partnerships.
- Transformative Partnerships with the Civil Society have emerged as an unexpected positive outcome, civil society is eager to work in a more coordinated way, using GRAPE approach and methodology.
- Women farmers and women-led cooperatives are key actors for agricultural-based, climate-resilient economic development due to feminization of agriculture and gender-specific high impact of climate change.
- Women are mainly engaged in the production process only but lack access to machinery and technologies due to gender norms; due to outmigration, women are transitioning into new roles in agriculture, but also left with an increasing work load at the same time; mindset change related to women's capacities and roles in agricultural value chains is necessary as well as supporting women farmers and entrepreneurs with services and technology that ease their work load and drudgery improving tracking of gender equality relevant activities. This also will contribute to women being able to invest their time e. g. in processing and marketing of produce. Working with women's rights advocates, considering care economy solutions such as childcare and nutrition services, and ensuring improved labours' rights when partnering with large private sector companies is a must.
- The inclusion of women in policy dialogues is insufficient and women need to be supported to engage and increase their knowledge and understanding of local policies and laws; increased representation and active participation of women in the development and implementation of policies related to agricultural-based economic ecosystems, as well as capacity development of women entrepreneurs regarding policies and support schemes is necessary.
- Prevailing discriminatory social and gender norms constitute a serious limitation to gender-transformative approaches with the objective to improve the active participation of women in local economies; activities to promote mindset change among all stakeholders of local entrepreneurial ecosystem is needed to create a more enabling and equal environment from a societal perspective.

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

- If strategies for local economic development which take into account potentials for gender transformation, climate resilience, protection of biodiversity and nutrition security have been developed in municipalities in the frame of a participatory process including private sector actors, academia, civil society and others,
- If other public stakeholders on provincial and district level support this process,
- If mindset changes regarding the role and potential of women and youth in local economic development can be achieved through successful models, capacity development and sensitization campaigns, and
- If local governments allocate respective budgets to identified priority activities to operationalize strategies,

Then gender-responsive, disability-inclusive and climate-resilient and nutrition-sensitive local economic development will be sustainably anchored on local level, thus contributing to a just socio-economic transformation, climate-resilient and green recovery.

And,

- If local businesses contributing to gender-transformative, climate-resilient and nutrition-sensitive local economic development will develop services for the agro-ecosystem and agricultural value chains,
- If high potential women entrepreneurs create successful models of businesses for gender-transformative and climate-resilient local economic development, and
- If market linkages in agricultural value chains are reinforced or newly established through partnerships between the private sector (traders etc.) and local producers, aggregators and processors, and
- If value chains for high-value niche products with high economic importance for women in remote rural areas will be reinforced,
- And if women's economic empowerment is strengthened in respective value chains,

Then gender-transformative, climate-resilient local economic development will be sustainable and the economic situation especially of women will be improved. At the same time the market- and private sector-oriented value chain development approach will – due to the strong focus on women-led enterprises or cooperatives – create models for successful gender transformation in local economies.

And,

- If best practices for the promotion of gender-transformative, climate-resilient local economic development is generated and models for women's economic empowerment in local economic development are available in selected provinces, and
- If approaches and instruments to upscale these best practices within these provinces and on national and regional level are available, and
- If national policy makers integrate best practices and lessons learned into respective policies, and
- If the general mindset and attitude regarding the importance and potential of women for local economic development has positively developed,

Then the upscaling of best practice will be sustainable and the mainstreaming of gender-transformative, climate-resilient local economic development in public policies, strategies and schemes and private sector activities can be ensured.

The Action takes advantage of the window of opportunity provided by the implementation of the new federal system, where local governments have increased funding and responsibilities, but need support to promote local economic development, while ensuring sustainability and inclusion. The action is designed following the best practices of GRAPE 1, using government systems and promoting strong local ownership.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g., including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Results	Results chain (@): Main expected results (maximum 10)	Indicators (@): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To advance sustainable climate-resilient economic development, with a focus on climate change adaptation in the agriculture sector in Nepal.	<p>1. Number of women-led business officially registered</p> <p>2. Multidimensional poverty index</p> <p>3. Average income of small-scale food producers, disaggregated by sex and geographic location (GERF 1.1 SDG 2.3.2 and TEI MORE)</p> <p>4. Proportion of agricultural area under productive and sustainable agriculture, disaggregated by geographic location (SDG 2.4.1)</p>	<p>1.247,882 (2018)</p> <p>2.25.3 % (2021) Sudurpaschim 39.5 % (2021) Karnali</p> <p>3. To be determined (TBD) at the inception phase</p> <p>4. TBD at the inception phase</p>	<p>1..309,852(2028)</p> <p>2.18.9% (Sudurpaschim) (2028) 29.6 % (Karnali)</p> <p>3. TBD at the inception phase</p> <p>4. TBD at the inception phase</p>	<p>1.National Economic Surveys 2018</p> <p>2. NPC 2021Government publications, programme reports and project endline studies</p> <p>3. Statistics from Ministry of Agriculture, FAO statistics</p> <p>4. Statistics from Ministry of Agriculture, FAO statistics</p>	<i>Not applicable</i>
Outcome 1 (Specific objective 1)	To support local governments in their commitments and practices for climate resilient, nature-positive economic development in Nepal, with a focus on Karnali and Sudurpaschim provinces.	<p>1.1 Percentage of annual budget in selected municipalities invested on gender-transformative, disability inclusive, climate-resilient, bio-diversity friendly local economic development.</p> <p>1.2 Percentage of stakeholders who recognise women as active economic actors, disaggregated by sex and age</p>	<p>1.1 2% (2024)</p> <p>1.2 0 % (2024)</p>	<p>1.1 10% (2028)</p> <p>1.2 80 % (2028) M: X, F: X Youth (under 30 years old): X</p>	<p>1.1 Budgets and publicly available data of the partner municipalities</p> <p>1.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	Political conditions remain stable and allow progress in business development.
Outcome 2 (Specific objective 2)	To expand profitable, innovative, sustainable and equitable climate-resilient agricultural value chains, that support women's equality and economic empowerment.	<p>2.1 Number of total businesses that have started, or further developed, businesses on climate-resilient local economic development with EU support that are profitable by the end of the Action, disaggregated by sex and age</p> <p>2.2: Number of private sector companies with a women economic empowerment model which have increased in the frame of partnerships the volume of export by at least 20%.</p>	<p>2.1 15 (2024) Women lead: X Youth lead (under 30 years old): X</p> <p>2.2 0 (2024)</p>	<p>2.1 650 (2028) Women lead: X Youth lead (under 30 years old): X</p> <p>2.2 3 (2028)</p>	<p>2.1 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>2.2 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	Positive development of business climate.

		<p>2.3 Number of women-led enterprises that have introduced new or improved products or services in support of climate-resilient, biodiversity friendly value chain development.</p> <p>2.4 Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support, disaggregated by sex. GEF 2.6</p>	<p>2.3 0 (2024)</p> <p>2.4 To be defined at baseline study level M: X, F: X</p>	<p>2.3 20 (2028)</p> <p>2.4 To be defined at inception phase M: X, F: X Youth (less than 30 years old): X</p>	<p>2.3 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p> <p>2.4 Baseline and endline surveys conducted and budgeted by the EU-funded intervention</p>	
Output 1.1	Gender-responsive, climate-resilient and inclusive economic development initiatives strengthened at Local and Provincial governments' level	<p>1.1.1 Number of structured gender-responsive agreements between local governments and stakeholders, that have been finalised and presented to the relevant stakeholders with the support of the EU.</p> <p>1.1.2 Number of local governments' action plans for local economic development promoting gender-transformation, disability-inclusive, climate-resilience and biodiversity based on a participatory analysis of competitive advantages drafted/finalised with the support of the EU.</p>	<p>1.1.1 1 (2024)</p> <p>1.1.2 0 (2024)</p>	<p>1.1.1 3 (2028)</p> <p>1.1.2 15 (2028)</p>	<p>1.1.1 Progress reports for the EU-funded intervention, based on Minutes of Meetings</p> <p>1.1.2 Local economic development strategies of selected municipalities</p>	<p>The local governments have sufficient human and financial resources to support local business development.</p> <p>Inclusion and consultation with communities by local governments is available.</p>
Output 1.2	Relevant stakeholders of the business ecosystems supported, respect women's capacities to manage successful businesses.	<p>1.2.1 Number of people reached with EU-funded awareness raising activities (disaggregated by sex and age)</p> <p>1.2.2 Number of people participating with EU support in dialogues on women's economic empowerment. (disaggregated by sex, and age and disability)</p>	<p>1.2.1 0 (2024)</p> <p>1.2.2 0 (2024)</p>	<p>1.2.1 50,000 (2028) M: X, F: X Youth (under 30 years old): X 1.2.2 2,000 (2028) M: X, F: X Youth (under 30 years old): X</p>	<p>1.2.1 Reports from campaigns and community dialogues</p> <p>1.2.2 Progress reports for the EU-funded intervention based on list of the participants</p>	<p>Social norms and gender-specific barriers do not hinder the participation of women in the project's activities</p>

Output 2.1	Improved and inclusive development services for innovative initiatives with focus on women and youth-led businesses at local, provincial, and national level.	<p>2.1.1 Number of existing businesses, that have received business development services by the program, disaggregated by sex and age</p> <p>2.1.2 Number of potential business founders disaggregated by sex and age that have started a climate resilient business with the support of the EU</p> <p>2.1.3 Number of (b) green jobs supported/sustained by the EU, disaggregated by sex and age (GERF 2.13, b)</p>	<p>2.1.1 50 businesses (2024) Women lead: X Youth lead: X</p> <p>2.1.2 25 (2024)</p> <p>2.1.3 tbd25 (2024)</p>	<p>2.1.1 500 businesses (2028) Women lead: X Youth lead: X</p> <p>2.1.2 500 (2028) Women lead: X Youth lead: X</p> <p>2.1.3 tbd</p>	<p>2.1.1 Progress reports for the EU-funded intervention</p> <p>2.1.2 Progress reports for the EU-funded intervention</p> <p>2.1.3 Progress reports for the EU-funded intervention based on Pre-post training tests</p>	Sufficient applicants for support schemes can be identified even in remote municipalities.
Output 2.2	Increased opportunities for partnerships in the private sector, for climate-resilient value chains, market linkages and supporting services developed with a focus on women's economic empowerment.	<p>2.2.1 Number of implemented partnerships with private sector actors and/or multiple actors supporting market linkages and related business models, disaggregated by climate resilient, bio-diversity friendly value chain.</p> <p>2.2.2 Number of high value niche products that have new or improved access to national or international markets in the frame of fair and equal partnerships with the private sector with the support of the EU.</p>	<p>2.2.1 2 (2024)</p> <p>2.2.2 2 (2024)</p>	<p>2.2.1 10 (2028)</p> <p>2.2.2 10 (2028)</p>	<p>2.2.1 Project document/s agreements Documentation of established partnerships</p> <p>2.2.2 Progress reports for the EU-funded intervention</p>	Non-tariff barriers and subsidised or free imports do not prevent market development. Partners are ready to enter into cooperation agreements.
Output 2.3	Best practices developed for gender-transformative, climate-resilient market development that respect biodiversity are upscaled.	<p>2.3.1 Number of stakeholders trained by the EU-funded intervention with increased knowledge and/or skills on best practices, disaggregated by sex, age and sector) and type of stakeholder (predefined indicator, proxy, line 1434)</p> <p>2.3.2 Number of women value chain actors with increased training, financial resources, technology or other resources for sustainable knowledge and safe food production, sustainable energy, sustainable transport, and clean water sources, for family consumption or for productive uses (GAP III indicator)</p> <p>2.3.3 Number of value chain actors /or skills on gender-responsive, climate-resilient and biodiversity friendly innovative technologies and practices for production, processing and marketing, disaggregated</p>	<p>2.3.1 0 (2024)</p> <p>2.3.2 16.000 (2024)</p> <p>2.3.3 tbd M: X, F: X Stakeholders A, B, C: X</p>	<p>2.3.1 To be defined at inception (2028) M: X, F: X Stakeholders A, B, C: X</p> <p>2.3.2 25.000 (2028)</p> <p>2.3.3 tbd M: X, F: X Stakeholders A, B, C: X</p>	<p>2.3.1 Progress reports for the EU-funded intervention, based on Pre-post training tests.</p> <p>2.3.2 Progress reports for the EU-funded intervention based on Pre-post training tests.</p> <p>2.3.2 Progress reports for the EU-funded intervention</p>	Best practices are well documented and related knowledge products adapted to relevant target group's needs.

		by sex and type of stakeholder (predefined indicator, proxy, line 1434)				
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4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 48 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component: N/A

4.4 Implementation Modalities

The Commission will ensure that the EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures¹³.

4.4.1 Indirect Management with an entrusted entity

This action may be implemented in indirect management with an entity, which will be selected by the Commission's services using the following criteria:

- Recognised partners by the Government of Nepal;
- Extensive experience in agriculture value chain and local economic development of at least 4 years;
- Possibility to provide significant co-financing to the intervention;
- Having the procedural capacity to implement EU funding and a solid understanding of local government planning and budgetary processes, including merging EU or EU Member States budget with federal and local budgets;
- Knowledge of the geographical areas of the intervention and of the diverse stakeholders.

4.4.2 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option)

In case the Action cannot be implemented through indirect management due to circumstances outside of the Commission's control Direct Management will be used as alternative implementation modality (Procurement).

4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realization of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

¹³ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.4		
Specific Objective 1: To support local governments in their commitments and practices for climate resilient value chain development in Karnali and Sudurpaschim provinces.		
Indirect management with an entrusted entity- cf. section 4.4.4	3 300 000	6 000 000
Specific Objective 2: To expand profitable, innovative, sustainable and equitable climate-resilient agricultural value chain to support women’s equality and economic empowerment.”		
Indirect management with an entrusted entity- cf. section 4.4.4	5 500 000	6 000 000
Evaluation – cf. section 5.2 Audit – cf. section 5.3	200 000	N.A.
Contingencies	0	N.A.
Totals	9 000 000	12 000 000

4.7 Organisational Set-up and Responsibilities

A Project Steering Committee will be established and co-chaired by the EU, relevant Nepali and development partners counterparts. The selected implementing partner will provide the Secretariat. The Steering Committee, which may also be joined by other development partners if contributing to the same overall objective, will in principle meet twice a year and will be instrumental in ensuring both policy dialogue and sectoral coordination and in providing high level strategic steering and oversight of the project. It will also be used as a forum to stimulate exchange of information and coordination among partners, including private sector. Further technical committees might be set up as required to ensure efficient implementation and monitoring of the project. The final organisational set up will be confirmed and further details at the inception of the project, in agreement with Government of Nepal.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner’s responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the

logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Data collection and reporting will be done at three levels: municipality/community level, cluster level and project level. The type of data to be collected and the level of aggregation varies at these three levels. While the focus of data collection at municipality/community level is mainly on activities, primary production, and marketing related activities, the focus of cluster level data collection is on outputs (including higher level activities) and includes aggregation of data from municipalities/communities and district/provinces where relevant. The cluster level data collection includes collection of information on knowledge products as well. The project level data collection focuses on collecting required details for output and impact indicators, lessons learned and challenges, and knowledge products.

Municipality/community level data is collected using standard MS Excel formats on regular basis, particularly at monthly and quarterly intervals. Local Resource Persons and Municipal Agriculture Coordinator are responsible for data collection. Cluster level data is collected using semi-digital platform, using the standard MS Excel formats stored in MS Teams Folder, in which Cluster Managers, Junior Advisors and Partners Officials regularly update information on events and farmers' database. Current semi-digital platform could be upgraded to fully digital mode replacing by a suitable data collection Application. In addition to regular updates on events and farmers' database, partners provide quarterly and biannual reports using two separate standard templates.

At project level, the operational plan is updated on monthly basis, whereas progress on activities and indicators are compiled quarterly and annual basis by aggregating the inputs received as quarterly and biannual reports from the partners. Project level reporting includes Quarterly reporting to MoLCPA, and separate Annual Reporting to BMZ and EU/FI, using standard templates for each case.

Regular data collection and reporting is complemented by baseline, midline and endline survey results. GRAPE designed and carried out Joint Learning and Monitoring Visits to observe the progress made in the field on periodic basis by involving focal ministry, provincial ministries and implementing partners, whereas KOMPASS International Business surveys are carried out to identify and document unintended results. Mechanisms to ensure women's participation in the design and monitoring and evaluation of the programme will be put in place, including validation of programs' planning and results. All monitoring and reporting shall assess how the action is considering gender equality, human rights-based approach, and rights of persons with disabilities. Indicators shall be disaggregated at least by sex, age, disability, ethnic group and caste.

5.2 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultant through a joint mission via an implementing partner.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the implementation, the engagement of stakeholders, the coordination aspects within the wider Team Europe Initiative on Green Recovery in Nepal and to prepare the exit strategy of the programme.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that the action contains innovative elements, entails strategic partnerships elements among a diverse array of stakeholders and contribute to the larger impact of a Team Europe Initiative.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination¹⁴. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluation services may be contracted under a framework contract. Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and social and disability inclusion. Expertise on human rights, disability and gender equality and social inclusion will be ensured in the evaluation teams.

¹⁴ See best practice of evaluation dissemination

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 “[Communicating and Raising EU Visibility: Guidance for External Actions](#)”, it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union’s support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.