



EN

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 2022

Action Document for Local adaptation to Climate Change

ANNUAL ACTION 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 CRIS/OPSYS business reference Basic Act	Local adaptation to Climate Change OPSYS number: ACT-61471 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
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, mainly in selected municipalities of Karnali and Sudurpashchim provinces.
4. Programming document	Multi-Annual Indicative programme for Nepal 2021-2027 ¹
5. Link with relevant MIP(s) objectives / expected results	The proposed action intends to contribute the Specific Objective 1.c: Increased land-use based climate change mitigation and adaptation, and Specific Objectives 2.a: To support the implementation of Drinking Water and Sanitation Goals of Nepal's 15th National Development Plan (NDP).
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	The proposed action intends to contribute to MIP Priority area 1 (Inclusive Green Growth), sector 430 "other multisector".
7. Sustainable Development Goals (SDGs)²	Main SDG (1 only): 13 (climate action) Other significant SDGs (up to 9) and where appropriate, targets: SDGs 1 (no poverty), 2 (end hunger and malnutrition), 3 (good health and well-being), 5 (gender equality), 6 (clean water and sanitation), 7 (clean energy), 10 (reduced inequalities), 15 (life on land).

¹ Within the maximum contribution of the European Union, the authorising officer responsible may adjust the allocation to the respective budgetary years subject to the availability of the commitment appropriations.

² Relevant SDGs can be identified with the [SDG Mapper](#), an electronic support tool for intervention managers.

8 a) DAC code(s)	14015 Water resource conservation 30% 41030 biodiversity 20% 43060 Disaster risk reduction 30% 31220 forestry development 20%			
8 b) Main Delivery Channel	13000 - Third country government (delegated cooperation)			
9. Targets³	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input checked="" type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Biodiversity <input type="checkbox"/> Education ⁴ <input checked="" type="checkbox"/> Human Rights, Democracy and Governance ⁵			
10. Markers⁶ (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 checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Inclusion of persons with Disabilities @	<input type="checkbox"/>	<input checked="" 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"/>
	Policy objectives	Not targeted	Significant objective	Principal objective

³ Actual contribution to targets will be confirmed ex-post based on a standardised methodology.

⁴ This target is specific to INTPA. If the action is marked as contributing to the Education target, please make sure the target on "Social inclusion and Human Development" is also marked.

⁵ Thematic target for geographic programmes (at least 15%) in delegated act.

⁶ For guidance, see <https://www.oecd.org/development/financing-sustainable-development/development-finance-standards/> (go to "Data collection and resources for reporters", select Addendum 2, annexes 18 (policy) and 19 (Rio) of the reporting directive).

If an action is marked in the DAC form as contributing to one of the general policy objectives or to RIO principles as a principal objective or a significant objective, then this should be reflected in the logframe matrix (in the results chain and/or indicators).

11. Internal markers⁷ and Tags⁸:	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	digital connectivity	<input type="checkbox"/>	<input type="checkbox"/>	/
	digital governance	<input type="checkbox"/>	<input type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input type="checkbox"/>	
	digital skills/literacy	<input type="checkbox"/>	<input type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input type="checkbox"/>	
	Connectivity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
digital connectivity	<input type="checkbox"/>	<input type="checkbox"/>	/	
energy	<input type="checkbox"/>	<input type="checkbox"/>		
transport	<input type="checkbox"/>	<input type="checkbox"/>		
health	<input type="checkbox"/>	<input type="checkbox"/>		
education and research	<input type="checkbox"/>	<input type="checkbox"/>		
Migration @ (methodology for tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Reduction of Inequalities @ (methodology for marker and tagging under development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

BUDGET INFORMATION

12. Amounts concerned⁹	<p>Budget line(s) (article, item): BGUE-B2022-14.020131-C1-INTPA</p> <p>Total estimated cost: 43 141 000 EUR</p> <p>Total amount of EU budget contribution EUR 22 000 000</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> - Government of Finland for an amount of EUR 13 000 000 - Government of Nepal for an estimated amount of EUR 7 000 000 - Government of the United States for an estimated amount of USD 1 200 000
--	---

MANAGEMENT AND IMPLEMENTATION

13. Type of financing¹⁰	Indirect management with (a) pillar assessed organisation(s)
---	---

1.2 Summary of the Action

Despite the great progress that Nepal has achieved in most development indicators at national level, the rate of development is geographically unequal. The new federal structure promulgated in the 2015 Constitution presented

⁷ The internal markers have been created to report on the implementation of the Commission's own policy priorities in areas where no DAC reporting tool is available. For the sake of consistency and comparability, the methodology is equivalent to the DAC markers, with three possible positions (main target, significant target, not targeted)

⁸ Methodology for additional tagging providing granularity on internal markers is under development. When a marker is Significant or Principal Objective, please also choose the the relevant yes/no tag.

⁹ This section should be in line with the indicative budget in section **Error! Reference source not found.** (e.g. the amount of the third-party contribution as co-financing of grants should not be specified)

¹⁰ Art. 27 NDICI

an opportunity to tackle the disparities and create an enabling environment for economic growth. Karnali and Sudurpashchim are two of the provinces with lower Human Development Index. Nepal is the least urbanised country in Asia, with about 75% of the population living in rural areas, and 65% working on climate dependent agriculture.

Climate parameters in Nepal are changing, as average temperatures rise and droughts become more frequent. Precipitation is becoming erratic, with increasing floods and landslides, and impacting agricultural production, which has low levels of irrigation. Access to water and land is unequal, exacerbating exclusion of women, lower castes and indigenous peoples and creating potential for localised tensions. Existing legal frameworks for managing natural key resources, such as forests and land, have not fully transitioned to the new federal structure leaving entire ecosystems more vulnerable to degradation and to climate change. In addition, existing mechanisms for forest management such as community forests have prioritised certain species over others, reducing the natural biodiversity and resilience of the forests. For urban municipalities, demographic pressure and management of hazards, especially those linked to climate change, remains an important issue. Growth due to rural to urban migration, and lack of urban planning, increase the exposure of the most vulnerable people to hazards.

The principal assets of rural municipalities are their natural resources: water, land and forests, which they have a mandate to control through local “Acts on Environment and Natural Resource Management”, some of which are being currently drafted. These plans cover land, water, air, minerals, forests, fisheries, and wild flora and fauna, including ecosystem services. Local governments lack the human resources to plan and implement these acts.

This action intends to support the capacity of local governments and communities to manage their natural resources in regards to adaptation to climate change. The action aims to ensure that Sudurpashchim and Karnali provinces improve the sustainability and conservation of their natural resources with regards to climate change in a participatory and inclusive manner. It takes advantage on the transformative window of opportunity of the implementation of the new federal system, where local governments have increased funding and responsibilities, but need support to maximise impact, while ensuring sustainability, community engagement and inclusion.

The action contributes to the MIP priority 1) Inclusive Green Growth and it is part of the Team Europe Initiative on Green Recovery. It will contribute to SDGs 1 (no poverty), 2 (end hunger and malnutrition), 3 (good health and well-being), 5 (gender equality), 6 (clean water and sanitation), 7 (clean energy), 10 (reduced inequalities), 13 (climate action), and 15 (life on land).

Based on the increasing challenges of climate change, this last phase will build on the proven methodology and expand the scope into other sectors such as forestry and disaster risk reduction, under the umbrella of adaptation to climate change. The action will support local governments on a demand basis, with a combination of technical assistance and small grants for infrastructure, including natural infrastructure. To access the support, local governments will have to contribute financially, as well as adhere to principles of transparency, accountability and sustainability, and inclusion and consent of local communities. The action will target mostly rural municipalities for natural resources and disaster risk reduction, and some urban municipalities for disaster risk reduction (a limited number of urban municipalities these could be outside of the two target provinces depending on selection criteria).

2 RATIONALE

2.1 Context

Nepal is a Least Developed Country (LDC) and one of the most disaster-prone countries in the world. Nepal aspires to graduate to a developing country by 2026. Following the promulgation of the 2015 constitution and the 2017 general elections, transition to federalism and graduation from LDC are the main challenges Nepal is facing. Regional disparities are increasing between urban and rural areas, with remote provinces falling back in human development indicators. Social and gender inequalities are rising as a result of the COVID-19 pandemic.

Development partners, with the government, have agreed to the Green, Resilient, and Inclusive Development (GRID) framework as part of the COVID-19 response. This action would contribute to it, while supporting the European Green Deal and the Team Europe Initiative on Green recovery, and in full alignment with the European Consensus for Development, the Biodiversity strategy and the Farm to Fork strategy, the Council Conclusions on Water diplomacy, the EU Human Rights Guidelines on Safe Drinking Water and Sanitation and the transformative approach of the Gender Action Plan (GAP) III.

Despite the great progress that Nepal has achieved in most development indicators at national level, the rate of development is geographically unequal. The new federal structure promulgated in the 2015 Constitution presented an opportunity to tackle the gender, ethnic and geographic disparities and create an enabling environment for economic growth. Karnali and Sudurpashchim are two of the provinces with lower Human Development Index.

Climate parameters in Nepal are changing, as average temperatures rise and droughts become more frequent. Precipitation is becoming erratic, with increasing floods and landslides, and impacting agricultural production, which has low levels of irrigation. Access to water and land is unequal, exacerbating exclusion of women, lower castes and indigenous peoples and exacerbating social conflictivity. Moreover, their land rights might be threatened by lack of titling, lack of recognition of communal use, land acquisitions and evictions from protected areas. Existing legal frameworks for managing natural resources, such as forests, such as community forest user groups, have not fully transitioned to the new federal structure leaving entire ecosystems poorly managed and more vulnerable to degradation and to climate change.

The principal assets of rural municipalities and communities therein are their natural resources: water, land and forests, which they have a mandate to control. After focusing their first mandate on education and health, currently municipalities are formulating their local “Acts on Environment and Natural Resource Management”, that in the terminology of the government of Nepal will cover plans related to land, water, air, minerals, forests, fisheries, and wild flora and fauna, including ecosystem services and actively harnessing natural resources to provide better quality of human life, as well as protection of ecosystem diversity and biodiversity. However, in addition to the lack of a clear framework, they are also facing difficulties with quantity and quality of staff to expand their services into these areas. On the other hand, the provincial governments are not able to support rural municipalities to perform their functions. Linkages between the provinces and municipalities are not functional yet, and neither are the provinces’ upward linkages to the Federal Ministries and Line Agencies.

For urban municipalities, demographic pressure and management of hazards, especially those linked to climate change, remains an important issue. Growth due to rural to urban migration, and lack of urban planning, increase the exposure of the most vulnerable people to hazards.

This action intends to support the capacity of local governments and communities to manage their natural resources in regards to adaptation to climate change. The action aims to ensure that local and provincial governments in Sudurpashchim and Karnali provinces in the West of Nepal adapt to climate change and adopt resilient management of their natural capital (water, forests), with disaster risk reduction practices. It takes advantage on the transformative window of opportunity of the implementation of the new federal system, where local governments have increased funding and responsibilities, but need support to maximise impact, while ensuring sustainability and inclusion. In particular, the inclusion of women and other excluded groups (indigenous peoples, Dalits etc.) in decision-making structures and processes is necessary to enhance resilient management of natural resources, reduce tensions and local conflicts and increase gender sensitive disaster risk reduction and climate adaptation practices.

The action continues previous EU and Finland funded interventions¹¹ in West Nepal, which started in the sector of Integrated Water Resources Management in 2006 and have achieved excellent results in access to water and sanitation. These interventions combined technical assistance and funds that increased local governments’ capacity to deliver inclusive, gender sensitive and transparent basic services.

Based on the increasing challenges of climate change, this last phase will build on the proven methodology and expand the scope into other sectors such as forestry and disaster risk reduction, under the umbrella of adaptation to climate change. Following Nepal’s 2019 National Climate Change Policy, Local Adaptation Plans of Action (LAPA) are being prepared or updated for each municipality, including actions that will support specific programmes of Nepal’s National Adaptation plan 2021-2050.

The action will support local governments on a demand basis, with a combination of technical assistance and small grants for infrastructure, including natural infrastructure (p.e. planting for landslide prevention, bioswales to increase water penetration, afforestation with selected species etc.). To access the support, local governments will have to contribute financially, as well as adhere to principles of transparency, accountability and sustainability, and inclusion and engagement of local communities. The action will target mostly rural municipalities for sustainable natural resources management and disaster risk reduction, and some urban municipalities for disaster

¹¹ *Water, Energy, Agriculture: Village livelihoods Enhancement in the Mid - Far West (WAVE)*

risk reduction and climate adaptation (a limited number of these urban municipalities could be outside of the two target provinces depending on selection criteria, including on female leadership).

The action will build on female leadership at the local level, working directly with deputy mayors (78 % female in the 2022 election) and ensuring gender and inclusion targets, also with regard to diverse ethnic and caste groups. The action will also will contribute significantly to Nepal's Nationally Determined Contributions (NDCs), where halting deforestation and increasing forest coverage are critical to achieve Nepal's targets.

2.2 Problem Analysis

Environmental protection and land use planning

Lands, assets, uses and rights related to agriculture, forests, cultural heritage, and water are usually relatively well demarcated, though often still without proper documentation. There is no direct legal recognition of customary lands rights of indigenous peoples in Nepal.

The increased commercial use of natural resources (including illegal logging, illegal poaching, road construction, etc.) and its pressure on biodiversity, the increased population pressure areas around urban centres, and hazards like landslides, fires and floods, create risks that require land use planning. Inclusive, rights-based and sustainable land use planning is crucial for conservation of the land, forests, water and biodiversity, which in turn benefits the communities' economic, social and cultural development, sustainable livelihoods, improved health and increased quality of life. Lower-caste, ethnic minority and indigenous peoples' communities, and women-led households are much more vulnerable to shocks as they tend to live more often on marginal and hazard-prone lands, and cannot defend themselves if the natural resources they depend on are encroached upon by more powerful actors. Poor governance and horizontal inequalities and exclusion affect access to natural resources, particularly land. The lack of documented land use makes it harder to reach and document clear agreements on areas that are at risk, where there's a specific value (p.e. ecosystem services), or that are needed for new purposes (roads, markets, waste disposal).

Biodiversity in the targeted provinces is not extensively studied and data is limited. The forestry and water management components take care of the most important issue, i.e. habitat conservation through springshed protection, forest management and afforestation, etc. The municipalities nevertheless require a more definite idea of biodiversity issues at hand, and a rapid appraisal of potential needs. For example, community forestry should increase the promotion of biodiversity within forests and reduce the preference for economically viable species; and human-wildlife conflicts should be identified to address undetected issues that require extra specific measures, while respecting the needs, rights and dignity of local communities and their livelihoods.

Concerning pollution control and Total Sanitation, despite Nepal having declared Open Defecation Free status, it remains an issue that it is difficult to police. The pollution and clogging of trail sides, public land, roadsides, bazaars and water sources with plastic wrappers and other waste is an indicator of increased wealth, road accessibility and reliance on imported goods, but requires much more attention to stave off an increase of human health, biodiversity, and drainage issues.

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

The main stakeholders at the side of duty-bearers are the Federal Ministry of Land management, and the Ministry of Forest and environment at the federal level. At the local level, municipalities and the local governments are also considered as duty-bearers, who have the clear mandate to regulate land use planning. The ministries and the local governments lack capacity to ensure the implementation of their different policies and plans. In particular, at local level it is difficult to find and keep knowledgeable human resources. The community at large as users of the land and natural resources, the different user groups (see below) are considered as rights holders.

Forestry

Nepal has about 6 million ha of forests, which corresponds to 40% of the total land area of the country, and another 4% of land covered by sparse trees and shrub vegetation categorised as 'other wooded land'. The Forest Sector Strategy 2016 establishes the aim is to maintain over 40% forest coverage.

Forests represent an important source of livelihoods and economic sustainability in Nepal. Illegal exploitation and smuggling of forest products degrades forest blocks and creates conflicts between Community Forest User Groups (CFUGs) and illegal traders. Additionally, landless people often occupy and build their homes in forest areas, which equally leads to conflict with CFUGs.

Forests' contribution to the national economy is presently modest, estimated at 2-3% of GDP. However, forests' contribution to energy is huge; some 64% of Nepalese households use fuelwood as their main source of energy. Forests' contribution to fodder for livestock is very significant. Women are usually in charge of gathering firewood and fodder, which represents a big part of their daily tasks. Non-timber forest products such as fruits, nuts, pulses, herbs, honey, mushrooms, medicinal plants, aromatic plants, rattan and bamboo are also important sources of livelihoods for many people, especially in remote communities such as those of the two provinces, and in particular for indigenous communities. At present timber production of about one million cubic metres annually, is able to supply only a quarter of the national demand of sawn timber. Timber production could be increased sustainably. Wood would also provide an environmentally friendly, locally available option for rural construction.

Nepal's community forestry is a success story recognized worldwide, which has helped to green Nepal through afforestation of barren hills and slopes in many parts of the country. At present 35% of the total forest area is under community management and some 32% of the households of Nepal belong to Community Forestry User Groups, which have specific governance bodies with quotas for women. Community managed forests are seen as opportunities for decent work and livelihoods; however the increasing out-migration is also hindering the actual management of the forests.

Despite the success of community management, forest biodiversity has not been adequately protected, and degradation has continued. Invasive plants are affecting the indigenous vegetation. Critically endangered species such as the pangolin are still being illegally hunted. Community forest management is often biased in favour of selective protection of high value species to the detriment of varieties that are deemed or perceived to be of inferior value, for trees and other flora, leading to some homogenising forests.

The municipal governments management of forests is lagging behind as most of the municipalities do not have specialists in forestry sub-sector in their staff. The Divisional Forest Offices (DFO), continue their work from ex-district headquarters, but these are remote and not easily accessible. Forest management plans are not updated and approved, which limits the possibility for the user groups to benefit financially from forest products.

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

Duty-bearers: The main actors are the ministry of Forests and Environment at the federal level. At district level, the Divisional Forest offices have the technical staff, but are remote from local governments to provide a sustained support; they should be supporting groups to prepare participatory and inclusive management plans and approve them, in order to be able to commercialise non timber forest products. Local governments lack the staff and technical expertise on forestry. Duty-bearers are state institutions that have the obligation to respect, protect and realise the human rights in relation to forestry and communities living in targeted areas.

Rights-holders: Community forest user groups are a solidly existing community based organisations, with strong representation of women and indigenous peoples, but often still lack capacity. The rights-holders are entitled to know, claim and enjoy their human rights in relation to forestry (impacts of deforestation, land and territorial rights, Right to Free, Prior and Informed consent (FPIC), right to adequate standard of living, right to have customary use of lands recognised, etc.).

Other non-state actors: Private sector is important in forestry, but the main beneficiaries are the intermediaries selling, they also have the obligation to comply with national legislation and international conventions on human rights (e.g. ILO conventions on labour rights and rights of Indigenous Peoples, CEDAW, Convention on the rights of the child, etc) and Business and Human Rights Standards, including on corporate due diligence and social and environmental safeguards.

Water resource management

Proper water management increases people's access to safe drinking and household water, sanitation, irrigation, livestock, energy, forestry and grazing lands, and is further important for proper drainage and flood and erosion control. It also enhances their access to water related rights as for example the right to health and the right to an

adequate standard of living. Participatory water management approaches have also proven to bring together communities and to promote inclusion, including for women of lower castes.

Traditionally communities have harnessed water for irrigation, drinking water and farm use. New technologies like piped systems as well as use of cement and reinforcement in canals, dams, reservoirs and toilets have led to increases of water quantity and quality and increased water use. However, this is not always accompanied by measures to ensure water availability and increased watershed management, which could become a source of local conflicts and tensions. It is thus important to conserve and protect water sources on which not only water supply and irrigation schemes depend, but also forests, unirrigated farm fields, e.g. springshed protection, check dams, recharge ponds. This is even more crucial in light of climate change and increasingly erratic rain patterns. These changes exacerbate unequal access to water and create tensions, especially where there are competing uses (e.g. irrigation, drinking water, hydropower, or industrial use).

Access to water remains a crucial issue for communities, and it is a specific burden for women, who are in charge of fetching water when there is not tap at the household level. It is also a matter of inclusion, as caste based discrimination is particularly interlinked to issues of purity, cleanliness and water. Menstrual hygiene and gender sensitive water, sanitation and hygiene (WASH) facilities remain an important concern in Nepal.

Municipalities have the capacities to manage repairs for short / mid term problems (financial and human capacities), but they need to plan for bigger repairs that may be necessary after 10-15 years.

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

Duty-bearers: At federal level, policy making, guidance and assistance and contributing to municipal budgets. At local level, Municipal bodies and committees representing autonomous local government in planning, budgeting/financing, monitoring and reporting.

Representatives of rights-holders: Water User Associations (WUAs) represented by WUSCs in service provision at the community level, and other community level user groups or committees dealing with WASH..

Other non-state actors: private sector service providers (firms, individuals, NGOs and community based organisations supporting WUSCs on commercial or voluntary basis).

Disaster Risk Reduction (DRR)

Nepal is assessed to be the 10th most vulnerable country for climate change effects in the world. It also has the steepest gradients in the whole world: the waters from the highest mountains will rush down 8,5 km vertically in a horizontal distance of about 100 km. This is causing problems at both ends; in the hills and mountains running water causes severe erosion and degradation of topsoil and even extensive landslides. In the flat lands of Terai, where the water flows slow down, floods are a common problem. Due to its topography, water passes Nepal quickly and seasonal droughts are frequent. The Western part of Nepal is receiving much less precipitation than the Eastern and Central part and is therefore more vulnerable to droughts.

The historical warming of Nepal's climate is still modest, just over a degree (centigrade) over the past 100 years. Precipitation, however, has decreased over the past 50 years, but extremes in precipitation are increasing. Extreme weather events (heavy rainfall, snowstorms, hailstorms, storms, severe lightning) are likely to be more frequent in the future.

Women are living in conditions particularly vulnerable to climate change as they depend heavily on nature to carry out their daily routines; due to outmigration of male population, women do most agricultural work. They typically fetch the water for the family use and for livestock. They also play a major role in the collection of fodder and various forest products, including fuelwood.

Local governments are still more focused on response than preparedness, and lack the capacity to plan their interventions in light of risks. Their Local Adaptation Plans should be a good support to ensure that risk mitigation strategies are adopted. In urban areas, there's an opportunity to work with municipalities in planning disaster resilient public spaces, created necessary redundancies and improving the cities' response to climate change.

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

Duty-bearers: At the federal level, the National Disaster Risk Reduction Management Agency (NDRRMA), under the Ministry of Home Affairs, is in charge of coordinating disaster risk reduction. The Ministry of Federal Affairs and Administration coordinated the work of NDRRMA at the local level. Local governments are in charge of incorporating DRR considerations in their planning, and have a system (BIPAD portal allowing them to visualise their important assets and the follow up of hazards. NGOs are very active in the DRR space, and communities remain generally vulnerable.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is that Sudurpashchim and Karnali provinces improve the sustainability and conservation of their natural resources to notably increase their climate resilience.

The Specific Objectives (Outcomes) of this action are that

1. Provinces and municipalities adopt more effective practices in sustainable and climate resilient natural resource management and environment conservation.
2. Municipalities have adopted gender responsive climate change adaptation measures.

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives (Outcomes) are

- 1.1 contributing to Outcome 1 (or Specific Objective 1): Increased capacity of provincial and local governments for, water, forests and land management planning following climate resilience and sustainability principles,.
- 1.2 contributing to Outcome 1 (or Specific Objective 1): Rural municipalities, communities and third parties have increased capacity and access to tools for sustainable, resilient, inclusive management and conservation of forests, biodiversity and watersheds.
- 1.3 contributing to Outcome 1 (or Specific Objective 1): Rural municipalities, communities and third parties have increased capacity and access to tools for sustainable, resilient, inclusive conservation of water resources, and WASH.
- 2.1 contributing to Outcome 2 (or Specific Objective 2): Gender transformative DRR urban planning measures are developed and planned in urban municipalities.
- 2.2 contributing to Outcome 2 (or Specific Objective 2): Increased human and financial capacity of municipalities to implement their LAPAS.

3.2 Indicative Activities

For outcome 1, Output 1.1 is about developing the institutional capacity of local governments to have the frameworks and people to ensure sustainable and climate resilient natural resource management and environment conservation.

Activities relating to Output 1.1 comprise support to improve or newly formulate, provincial and municipal acts, policies, roadmaps/strategies, plans; strengthen relevant policy, monitoring, coordination, consultation, public information and oversight mechanisms in an inclusive and participatory manner, address human resources needs (piloting new positions, training, coaching), and draft the multi-actor MoUs, step-by-step manuals and implementation and funding arrangements between the implementation partners (such as users groups) that ensure effective plan implementation. A strong focus on Gender Equality and Social Inclusion will be ensured in all the documents and mechanisms. Disaster risk reduction will be mainstreamed in each sector using existing tools (p.e. BIPAD portal¹²) and simple assessment and step-by-step guidelines.

Outputs 1.2 and 1.3 are about actually supporting the implementation of the above plans by the relevant local stakeholders (Water user groups, community forest user groups, cooperatives, local communities,), for both

¹² <https://bipadportal.gov.np/>

ecosystems (1.2- forests, biodiversity and watersheds), and water systems (1.3 - conservation of water resources, and WASH).

Activities relating to Output 1.2 include building multi-stakeholder partnerships for coordinated implementation; and training them and supporting them to implement priority environmental interventions such as measures for improvement of forest health, habitats and ecological connectivity (control invasive species, controlled resource use, promote endangered species like Cheer Pheasant), recharge ponds for resilient forests and biodiversity, and others. The programme will also train and support Community Forestry User Groups and private forest owners to implement climate resilient, inclusive sustainable forest management plans, with a specific attention to climate resilient livelihoods through sustainable agroforestry geared to communities in vulnerable situations. Forest fire preparedness, and Risk Sensitive Land Use Plans will also be developed, with concrete nature based solutions such as bio-engineering for slope stabilisation and source protection, erosion check dams for gully erosion control, landslide drainage.

Activities relating to Output 1.3 include support to watershed management (water recharge and retention) for sustainable water supply service delivery; study, pilot and promote climate resilient water supply and sanitation measures/technologies, like solar water pumps. The programme will promote and support water saving technologies like multiple water use systems, rainwater harvesting, water recharge, retention, and reuse technologies (using spring-shed mapping), and solar water pumps for irrigation, paying specific attention to solutions that reduce the work burden on women. The programme will also support municipalities in operating and management capabilities, including with private sector, ensuring sustainability of the systems.

For outcome 2, output 2.1 will focus on urban municipalities, delivering gender transformative urban planning that improves urban resilience. Output 2.2 will be mainstreamed across all outputs, ensuring that activities in the programme are consistent with existing LAPAs, or with LAPA planning principles for municipalities without a LAPA, and that these are delivering consistently for the populations in most vulnerable situations, including women, children, indigenous peoples, people with disabilities and people of marginalized castes.

Activities relating to Output 2.1: In a selection of urban municipalities, and under guidance of the Urban Development Ministry, the programme will develop, test, and adapt a gender-sensitive city planning toolkit with specific participation of local female leaders (mayors or council members, community organisers and other grass-root leaders, students of urban design) and local communities, identifying specific risks (climate and non-climate related), and inclusive design solutions. The programme will support the implementation of some of the solutions (“proof of concept” community led spatial solutions), and the larger scale proposals will be developed and included in the financial planning process of the municipalities. Some of the issues addressed can be flooding, urban heat islands, increased urban green corridors, universally accessible public spaces, public safety, mobility redundancy, etc. Urban municipalities could also include municipalities outside of the targeted provinces.

Activities relating Output 2.2 will include a strong monitoring system, including specific gender and inclusion analyses, and support to mainstream inclusive, climate-adapted solutions included in the existing LAPAs.

3.3 Mainstreaming

Environmental Protection & Climate Change

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 G1. This implies that one of the specific objectives (Outcome 2 “Municipalities have adopted gender responsive climate change adaptation measures”) addresses gender equality. In addition, this programme will specifically support female leadership in

local planning processes and will have a strong disaggregated monitoring system to generate evidence on which practices have the biggest impact on women and disadvantaged communities.

Human Rights

The project will adopt a Human Right Based Approach, applying the HRBA principles of universality, non-discrimination and equality, participation, and empowerment. HRBA is embedded in the step by step approach that the action promotes, ensuring inclusive participation in decision making processes of communities in vulnerable and marginalised situations. A specific strategy and action plan will be prepared for ensuring systematic, inclusive planning and implementation processes in each of the sectors, including specific considerations for the rights of indigenous peoples. Overall the action will apply the working principles of the human rights based approach (HRBA): applying all human rights for all, meaningful and inclusive participation, access to decision-making, non-discrimination, equality, accountability and rule of law for all, and transparency and access to information supported by disaggregated data. Nepal is the first Asian country to have ratified ILO Convention 169 on Indigenous peoples in 2007. Approximately 37% of Nepalese population self-identify as indigenous people.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that the action will prepare an analysis covering disability issues to identifying specific outcomes and social barriers for persons with disabilities, analyse the norms and root causes of the discriminatory practices, as well as how to address them in implementation and monitoring to show the progress towards transformative change. Particular attention will be given to child-gender-disability (CGD) friendly activities. An outcome indicator is related to participation of persons differently able in decision-making process. Systematic collection and use of disability disaggregated data (disability disaggregation shall be carried out by using the best available methodology – the Washington Group Short set of questions).

Democracy

By reinforcing the municipality-led climate adaptation governance in different natural resource sectors, using participatory and inclusive approaches for planning and implementation, the action will further strengthen local democracy and transparency, and increase local ownership.

The action will also strengthen Users groups (Water Users groups, Sanitation Committees, Community Forests Users Groups, cooperatives etc.), support them in incorporating inclusive and democratic governance practices, and will systematically ensure that they are involved in all the decision making processes, including public audits to promote good governance and transparency.

Conflict sensitivity, peace and resilience

The action aims to build the resilience of communities to climate change. The Conflict Analysis Screening carried out recommends to strive to increase social inclusion, promote the federal system, in particular the local and provincial levels as a lever for more inclusive democracy and increased equality in access to services, and promote transparency, participation and accountability in all levels of government and public life, as well as participation of disadvantaged groups and ensure FPIC for indigenous peoples,.. The Action will also pay specific attention to inter and intra community exclusion, to ensure leaving no one behind while doing no harm, as well as ensuring meaningful participation of indigenous peoples in decision making processes related to natural resources. The area of forest use and conservation interfacing with unresolved land and water management issues and rights is extremely conflict sensitive, but also offers potential for conflict prevention and greater inclusion.

Disaster Risk Reduction

Disaster Risk Reduction is at the core of the action, embedded in all outcomes and outputs. The action will also build on the results achieved by ECHO's interventions on urban preparedness, articulating a nexus approach, and the work supported through CSOs building local and gender sensitive resilience to climate change (calls for proposals 2019 and 2021).

Other considerations if relevant

N/A

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/Medium/Low)	Impact (High/Medium/Low)	Mitigating measures
external environment	Risk 1: <i>Local capacities do not develop as required by the federalisation process Or do not adequately consult and engage with communities in order to promote their participation in decision making</i>	Medium	High (mismanagement of funds, no new systems in place)	<i>Increased awareness of the benefits at all level of government of participating in the projects, support of LG during the process with coaching and technical assistance Participatory approaches with meaningful inclusion of communities are prioritised in each action</i>
external environment	Risk 2: <i>New elected teams (May 2022) undermine results achieved so far</i>	Medium	Medium (weak post project support)	<i>New teams could decide to undo previous gains. However, it is also an opportunity to build / improve processes with the new local governments, in place until 2027. Institutionalised support options to be developed during project implementation. Facilitate peer to peer support and exchanges to institutionalise learning</i>
external environment	Risk 3: <i>Natural disasters (floods, landslides, earthquake) disrupt implementation</i>	Medium	Medium (human and financial resources diverted to emergency operations)	<i>Ensure planning gives room for potential delays; risk informed planning and design, always consider using disaster resilient design and technologies; advocate for appropriate disaster risk management at provincial level, ensure gender responsiveness of DRR</i>
external environment	Risk 4: <i>Pandemics</i>	Medium	High (delays in implementation, reduction of local funding)	<i>Ensure planning gives room for potential delays; promote recommended individual behaviour to reduce risks; practice physical distancing as and when needed.</i>
external environment	Risk 5: <i>Insufficient fund allocation at local level</i>	Medium	High (other local priorities are given preference)	<i>Local priorities to be taken into account in municipality's selection; formal memorandum of understanding signed by all actors prior to implementation. Peer to peer visits to other municipalities where the support has taken place</i>

Lessons learnt:

The programme draws extensively from the previous experiences, and builds upon the following lessons learnt:
The combination of a strong presence of project staff, including in remote areas, participatory processes led by local government, using their procedures, and gender inclusive community mobilisation through formal processes (such as Water User Groups, social audits etc.) were crucial to increase ownership and accountability

of the previous projects, proven by an increase of contribution by the local governments. Strengthening/establishment of local Cooperatives to manage more complex schemes like irrigation, micro-hydro and promotion of commercial agriculture were also successful. Using checklists, data disaggregation and mandating equal participation of women and excluded groups in the planning and implementation was also very important to ensure gender sensitivity, as well as specific trainings and activities geared towards women representatives, intergenerational dialogues etc., especially in regards to menstrual hygiene and in local languages. Using a blanket approach, i.e. full coverage of drinking water, sanitation and hygiene services in its entire working area, i.e. no one left behind, was extremely important to address exclusion. Targeting vulnerable populations to the detriment of others (who may be less vulnerable, but still facing a lot of deprivations) can be counterproductive in terms of acceptance of the programme. Promoting multiple uses of water -systems (MUS), i.e. domestic water supply schemes are connected to irrigation and/or water based energy production was also an important point to increase the resilience of the community..

3.5 The Intervention Logic

The underlying intervention logic for this action is that:

- If local and provincial governments in Karnali and Sudurpashchim have the legal framework and the institutional capacity (human resources) to practice sustainable, inclusive and participatory environmental conservation and management of natural resources, and they allocate their own funding and lead in the processes,
- If local stakeholders and disadvantaged communities have the capacity and tools to ensure the sustainable, resilient, inclusive management and conservation of forests, biodiversity and watersheds, and migration remains at similar recent levels,
- If rural municipalities, communities and third parties have the capacity and tools to ensure the sustainable, resilient, inclusive conservation of water resources, and WASH, and the capacities for maintenance remain stable,

Then, stakeholders can effectively practise sustainable and climate resilient natural resource management and participatory environment conservation, because previous experiences have proven that promoting a strong local ownership while iteratively increasing capacities on sectors of primary concern such as water, forests and livelihoods will ensure the continued implementation of behavioural changes.

And,

- If urban municipalities plan and implement gender transformative DRR urban planning measures, and allocate sufficient funding, and use government systems,
- And If municipalities have the human and financial capacity to implement their LAPAS in a gender responsive manner, and the federal government allocates additional resources for their implementation,

Then, municipalities will have adopted gender responsive climate change adaptation measures because there will have been effective gender equality and social inclusion mainstreaming at all levels of the action.

- If local governments effectively practice sustainable and climate resilient natural resource management and environment conservation, and there is no major disruption in the electoral transition with the new local elections,
- And if the climate change adaptation measures that are adopted mainstream gender responsiveness, reducing the impact of climate change for women and other populations in vulnerable situations, and these are continued in similar processes that are conducted by the local governments,

Then, local and provincial governments in Sudurpashchim and Karnali adapt to climate change and practise sustainable and climate resilient natural resource management and environment conservation, because they will have integrated these issues in their development policies and their implementation.

The programme takes advantage of the transformative window of opportunity of the implementation of the new federal system, where local governments have increased funding and responsibilities, but need support to maximise impact, while ensuring sustainability and inclusion.

The action is designed following the best practices of previous projects, 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	Sudurpashchim and Karnali provinces improve the sustainability and conservation of their natural resources to notably increase their climate resilience.	<p>1. Ha of land under sustainable and participatory management practices (forest, watershed etc.)</p> <p>2 # of NRM related policies adopted by local & provincial governments with support of the programme</p> <p>3. Proportion of important sites for terrestrial and freshwater biodiversity that are covered by protected areas, disaggregated by ecosystem type (terrestrial / freshwater) supported by the programme (SDG 15.1.2)</p>	<p>1. 0 Ha</p> <p>2. 0</p> <p>3. 0</p>	<p>1. tbd</p> <p>2. at least one per government</p> <p>3. tbd</p>	<p>1. FAO- Global Forest Resources Assessments (FRA)</p> <p>2. Government publications, programme reports</p> <p>3. Baseline and endline studies conducted and budgeted by the EU-funded intervention</p>	<i>Not applicable</i>
Outcome 1	Provinces and municipalities adopt more effective practices in sustainable and climate resilient natural resource management and environment conservation	<p>1.1 **GERF 2.2 Areas of agricultural and pastoral ecosystems where sustainable management practices have been introduced with EU support</p> <p>1.2**GERF 2.9 Areas of terrestrial and freshwater ecosystems under (a) protection, with EU support (km2)</p> <p>1.3 Extent to which women, men, girls and boys and their civil society organisations and activists are able to influence strategies on climate mitigation, adaptation, disaster risk reduction and sustainable management of natural resources and biodiversity, on local, national and regional levels, disaggregated at least by sex (GAP III) and ethnicity</p>	<p>1.1 0</p> <p>1.2. 0</p> <p>1.3. 0</p>	<p>1.1 80% of groups supported by the programme</p> <p>1.2 tbd</p> <p>1.3. tbd</p>	<p>1.1 Progress reports for the EU-funded intervention</p> <p>1.2 Progress reports for the EU-funded intervention</p> <p>1.3 Progress reports for the EU-funded intervention</p>	no major disruption in the electoral transition with the new local elections
Outcome 2	Municipalities have adopted gender responsive climate change adaptation measures	2.1 # of gender responsive climate change adaptation measures adopted	<p>2.1 0</p> <p>2.2 0</p>	<p>2.1 At least 1 per municipality</p> <p>2.2 tbd</p>	2.1 Progress reports for the	Local governments continue to mainstream gender

		2.2 Number of women, men, girls and boys, in all their diversity (including persons differently abled), participating equally in public planning and consultation meetings on local and national levels, disaggregated by sex and ethnicity (GAP III)			EU-funded intervention 2.2 Progress reports for the EU-funded intervention	responsiveness in other processes related to climate change
Output 1 relating to Outcome 1	Increased capacity of provincial and local governments for water, forests and land management planning following climate resilience and sustainability principles.	1.1.1 % Provincial and local governments with an adequate performance index score on agreed NRM roadmap progress 1.1.2 Number of land, water, forests and land management plans developed with support of the EU-funded intervention	1.1.1 0 1.1.2 0	1.1.1 70% 1.1.2 tbd	1.1.1 Progress reports for the EU-funded intervention 1.1.2 Text of strategies and policy documents 1.1.3 Text of strategies and policy documents	Local governments allocate their own funding and lead in the processes
Output 2 relating to Outcome 1	Rural municipalities, communities and third parties have increased capacity and access to tools for sustainable, resilient, inclusive management and conservation of forests, biodiversity and watersheds.	1.2.1 Number of Households (HHs) reporting new income sources, disaggregated by source and sex of head of HH 1.2.2 Number of beneficiaries trained by the EU-funded intervention with increased knowledge and/or skills in land management, disaggregated by sex and ethnicity	1.2.1 0 1.2.2 0	1.2.1 50% 1.2.2 tbd	1.2.1 Progress reports for the EU-funded intervention 1.2.2 Pre- and post-training test reports	migration remains at similar recent levels
Output 3 relating to Outcome 1	Rural municipalities, communities and third parties have increased capacity and access to tools for sustainable, resilient, inclusive conservation of water resources, and WASH.	1.3.1 Degree of integrated water resources management 1.3.2 % of municipalities with a Water Use Master Plan less than 3 year old or updated with the last 3 years 1.3.3 EURF (GAP III) Number of individuals with access to improved drinking water source and/or sanitation facility with EU support, disaggregated by sex and ethnicity	1.3.1 tbd 1.3.2 tbd 1.3.3 tbd	1.3.1 tbd 1.3.2 90% 1.3.3 tbd	1.3.1 UNEP-GEMI – Integrated Monitoring of Water and Sanitation 1.3.2 Progress reports for the	capacities for maintenance of water systems remain stable

					EU-funded intervention 1.3.3 Progress reports for the EU-funded intervention	
Output 1 relating to Outcome 2	Gender transformative DRR urban planning measures are developed and planned in urban municipalities.	2.1.1 Number of measures promoting integrated urban planning that were implemented by the government with support of the EU-funded intervention 2.1.2 Number of beneficiaries trained by the EU-funded interventions with increased knowledge of climate change mitigation and adaptation strategies, disaggregated by sex and ethnicity	2.1.1 0 (2022) 2.1.2 0 (2022)	2.1.1 to be defined 2.1.2 to be defined	2.1.1 Progress reports for the EU-funded intervention 2.1.2 Progress reports for the EU-funded intervention	Local governments allocate their own funding and lead in the processes
Output 2 relating to Outcome 2	Increased human and financial capacity of municipalities to implement their LAPAS.	2.2.1 Proportion of local governments that adopt and implement local disaster risk reduction strategies in line with national disaster risk reduction strategies (EURF) 2.2.2**GERF 2.5 Number of cities with climate change and/or disaster risk reduction strategies: (a) developed, with EU support 2.2.3 **GERF 2.5 Number of cities with climate change and/or disaster risk reduction strategies: (b) under implementation with EU support 2.2.4 Extent to which inclusive disaster risk reduction policies are being implemented by partner government	2.2.1 tbd 2.2.2 0 2.2.3 0 2.2.4 tbd	2.2.1 70% 2.2.2 tbd 2.2.3 tbd 2.2.4 tbd	2.2.1 National Progress Report of the Sendai Monitor, (UNISDR) 2.2.2 Progress reports for the EU-funded intervention 2.2.3 Progress reports for the EU-funded intervention 2.2.4 Progress reports for the EU-funded intervention	Federal government allocates funding for LAPA implementation

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 60 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 Modalities

The Commission will ensure that the EU appropriate 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.

4.3.1 Indirect Management with a pillar assessed entity

A part of this action may be implemented in indirect management with an entity or entities, which will be selected by the Commission's services using the following criteria:

For the implementation of outcome 1 and outcome 2 (output 2.2):

- Previous experience in at least 2 of the sectors covered, working in rural municipalities in western Nepal (at least 20 municipalities); at least 4 years of experience.
- Having the procedural capacity to implement budgets with funding modalities using country systems yet allowing significant fiduciary controls, merging EU budget with federal and local budgets.
- Knowledge of the areas of intervention (rural districts of Sudurpashchim and Karnali).

For the implementation of outcome 2 (output 2.1):

- Previous experience implementing urban planning processes, especially gender sensitive or gender responsive actions.
- Operational capacity in Nepal proven by a stable structure, with at least 15 people in the past 3 years, working on infrastructure related programmes
- Value added of knowledge networks.
- Implementation of an average of 1 million euros per year in the past 4 years.

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

In case the implementation modality needs to be changed from indirect to direct management mode, the action would be implemented by Direct Management (Procurement), procuring services for the implementation of the two specific objectives.

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.

4.4. 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 realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.5 Indicative Budget

Indicative Budget components¹⁴	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.3		
Objective 1. Stakeholders are enabled and effectively practise sustainable and climate resilient natural resource management and environment conservation.		
4.3.1 Indirect Management with a pillar assessed entity	16 000 000	16 000 000 EUR
Objective 2. Municipalities have adopted gender responsive climate change adaptation measures.		
4.3.1 Indirect Management with a pillar assessed entity	5 500 000	1 200 000 USD 4 000 000 EUR
Evaluation – cf. section 5.2 Audit – cf. section 5.3	200 000	N.A.
Contingencies¹⁵	300 000	N.A.
Totals	22 000 000	20 000 000 EUR 1 200 000 USD

4.6 Organisational Set-up and Responsibilities

Selected municipalities are responsible for the planning, budgeting, implementation and monitoring of the programmes in their area, in the form of municipal sub-projects. Agreements between each partner municipality, concerned ministries in the province, will be signed defining roles and responsibilities of each party. The Municipality Council is the ultimate decision-making body above, in all matters related to implementation of the sub-projects.

A Project Steering Committee/Project Board will be established and co-chaired by the EU, relevant Nepali and development partner counterparts. The selected implementing partner will also provide the secretariat. This 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 both to ensure policy dialogue and

¹⁴ N.B: The final text on audit/verification depends on the outcome of ongoing discussions on pooling of funding in (one or a limited number of) Decision(s) and the subsequent financial management, i.e. for the conclusion of audit contracts and payments.

¹⁵ Consider that for contracts where no financing agreement is concluded, contingencies must be covered by individual and legal commitments by 31 December of N+1.

sector coordination and to provide 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 the cooperating partners active in these sectors. 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 detailed during the inception of the project, in agreement with the 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.

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:

Monitoring and reporting of the Project will be result-based and focused on achieving the planned outputs, outcomes and impacts. The tentative indicators and targets are presented in the log frame. A baseline study will be conducted by the project, and updated at least once for end line and for those results where it would be necessary, several intermediate results. The monitoring of the programme will also serve to increase the monitoring capacity of the local governments. Specific attention will be paid to follow the data and results for women and girls and excluded groups and groups in vulnerable situations, including on their participation at decision level, what initiatives for their inclusion worked (or not, and why, in order to generate evidence on the transformational capacity of the activities.

Municipalities will be improving their data management from their own resources and the programme will facilitate that in the applicable way to capacitate in collection, management and distribution in a nationally agreed format.

5.2 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation(s) will be carried out for this action or its components via independent consultants, through a joint mission contracted by the Commission. The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to the implementation modality 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 federalisation process has entrusted local governments with the provision of basic services, and the role of women in leadership. The evaluation will assess their progress in fulfilling this mandate, both from a technical and financial point of view. Moreover, all evaluations shall assess to what extent the action is considering the human rights based approach, as well as how it contributes to gender equality and women's empowerment. Expertise on human rights and gender equality will be ensured in the evaluation teams.

The Commission shall inform the implementing partner at least 3 in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation

experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Evaluation services may be contracted under a framework contract.

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.

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.