

Developing Climate Resilient Livelihoods in the Vulnerable Watershed in Nepal

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

6989

Countries

Nepal

Project Name

Developing Climate Resilient Livelihoods in the Vulnerable Watershed in Nepal

Agencies

UNDP

Date received by PM

10/2/2018

Review completed by PM

2/19/2020

Program Manager

Fareeha Iqbal

Focal Area

Climate Change

Project Type

FSP

PIF ☐

CEO Endorsement ☐

Project Design and Financing

1. If there are any changes from that presented in the PIF, have justifications been provided?

Secretariat Comment at CEO Endorsement

FI, 10/23/2018:

Yes, cleared. A sub-component has been included on knowledge management, with justification provided (though this still needs to be reflected in Table B; see comment for Item 2, below). Also, co-financing amount has changed (\$40 M at PIF stage; \$35.8 M at CEO Endorsement stage), owing to changes in Government structure in the intervening period.

Response to Secretariat comments

2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?

Secretariat Comment at CEO Endorsement

FI, 10/23/2018:

Adjustments are requested.

1. As the first submission for this CEO Endorsement Request has been received in GEF-7, the agency is requested to kindly display the revised CCA strategy objectives (2018-2022) in Table A. The GEF-7 CCA strategy and new FSP CER templates are available on the GEF website.
2. For LDCF projects, 50-80% of the project grant should go towards investment (INV in Table B). However, all the components have been labeled 'Technical Assistance'. Please identify the INV sub-components.
3. Knowledge Management (KM): In the "changes made since PIF stage" section, it states that a KM sub-component has been added. However, this is not reflected in Table B, and the Output 2.5 described in the CER is not shown in Table B. Please adjust Table B to include output 2.5.
4. On Payment for Ecosystem Services (PES) related sub-components: will LDCF resources only support guideline development for PES, or also support implementation of PES schemes? Please clarify. If the guidelines are not being developed for implementation of PES in this project, then when/how will they be applied, and is there a clear commitment to do so in the targeted areas/communities? Please discuss.
5. Please include taxonomy keywords in the section on Project Information in Part I of the online CEO Endorsement Request. This enables the project to show in search results for specific keywords.

FI, 12/17/18:

Table A of the online form still displays the objectives corresponding to the previous CCA strategy. Could these please be updated to reflect the objectives of the 2018-22 CCA Strategy?

FI, 6/6/2019:

Not yet. CCA-3 shown in Table A is incorrect; it corresponds to the CCA Strategy for 2014-18, not for 2018-2022. As requested on 10/23 and 12/17, can you please update to align with the current Programming Strategy? It is available here: http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.LDCF_SCCF_24.03_Programming_Strategy_and_Operational_Policy_2.pdf

FI, 6/18/2019:

Not yet. Whereas in earlier versions, Table A was aligned with CCA objectives of reducing vulnerability and mainstreaming adaptation, it now seems to have the objectives of reducing vulnerability and fostering enabling conditions for NAPs/EAs. Could the agency please ensure that even if the numbering of the objectives has changed from GEF-6 to GEF-7, that the intended objectives remain unchanged?

FI, 6/20/2019:

Cleared.

6/27/2019:

The Policy, Partnerships & Operations (PPO) Unit has provided the following review comments, which need to be addressed:

- (1) In section A6, re Institutional arrangements and coordination, it states: if “consensus cannot be reached within the Board, final decision rest with UNDP Program Manager” – This arrangement does not follow the preclusion of implementing and executing functions as stated in the Guidelines for project and program cycle.
- (2) In the same section, it is shown that the Senior Supplier – who has the authority to commit or acquire supplier resources required by the project— is the Assistant Country Director of UNDP CO. As in the previous case, this arrangement does not follow the preclusion of implementing and executing functions as stated in the Guidelines for project and program cycle.
- (3) There appears to be a glitch that does not allow the ProDoc to open. The Agency is requested to kindly resubmit the ProDoc (with all annexes, including revised budget, etc.)

FI, 7/29/2019:

Thank you for your response. However, further adjustments are requested:

- (1) On the first item, PPO has responded as follows: UNDP policy cannot supersede a GEF policy or guideline pertaining to the GEF project cycle. To state that the intervention of a UNDP program manager when the Project Board is unable to reach consensus is "not an execution function but rather an oversight function" is not accurate. To take a final decision on the execution of a project is indeed an execution function. It may be relevant also to note that during the June GEF Council meeting, the Secretariat met with UNDP's new GEF Executive Director (Pradeep Kukulasuriya) and Nancy Bennet to discuss issues pertaining to executing and implementing functions, and as a result, UNDP committed to review its policies and procedures in this regard vis-à-vis the GEF project and program cycle policy and guidelines.

(2) Regarding the second item, PPO has clarified that an intention of a country to request service support from UNDP must be clearly spelled out before (not after) CEO Endorsement. This should be done by following the procedure presented in Annex 8 of the Guidelines on the Project and Program Cycle Policy, which is as follows: “if a GEF Agency is considering to execute some project activities, some documentation to be submitted at CEO Endorsement at the latest. This documentation must include an explicit request signed by the GEF OFP(s) of the participant country(ies) indicating the specific roles and responsibilities of all partners, including any execution activities to be provided by a GEF Agency. The request should provide a sound justification for the execution activities that the GEF Agency may perform. Hence, the GEF Agency needs to get such letter(s), in which case the GEF Program Manager assesses the justification and consults with GPU Management on whether to approve it. Otherwise, the intent of the GEF Agency to execute some of the project activities has to be removed”.

(3) Thank you for re-uploading the most recent version of the ProDoc.

FI, 10/31/19:

Re point (1) of the 7/29 review, we agree that based on discussions with UNDP in August 2019, the matter is considered as pertaining to an oversight function (rather than an execution function).

FI, 9 March, 2020:

UNDP is requested to explain why it will undertake, on an exceptional basis, \$53,962 of executing functions. On what grounds is such an exception requested by the country? (Please note that efficiency and speed are not sufficient justification.)

FI, 3/31/2020:

Cleared.

Response to Secretariat comments

KC, 28/11/18:

1. The new CEO ER template has now been used and the appropriate GEF-7 CCA strategy objectives have been selected.
2. Table B has been amended to show the INV outputs which fall under Component 2 (outputs 2.3, 2.3 and 2.4).

3. 2.5 Knowledge Management and Learning Activity has been added to Table B;

4. Given the topographic characteristics of Nepal's vulnerable catchments, upstream land use largely conditions the degree of exposure to climate risks downstream. Therefore, the PES is viewed as potentially one of the important mechanisms to incentivize land and forest conservation upstream for the reduction climate risk exposure and vulnerabilities downstream.

Based on extensive examination of PES mechanisms worldwide during the PPG, it was established that the main condition for a successful PES is a trusted agreement between the service providers and the clients / buyers. Based on the reviews and stakeholder consultations it was also revealed that despite the clear policy direction in Nepal as well as commitment and potential for such a mechanism, there has not been any deliberative facilitation of a dialogue between the service providers (e.g. community forest groups) and clients (e.g. hydropower companies and operators) to set up mutually beneficial PES. There is also no step-by-step guidelines to practically instigate the process towards setting up PES and PES-like mechanisms. Therefore, the proposed project commits to address these dialogue and knowledge related gaps and establish such critically important platform for the plausible PES to emerge. Therefore, the LDCF project will play a significant role in enabling PES mechanism development on consensual basis.

Furthermore, under Activity 2.4, LDCF funds will support strengthening of local natural resource management groups to carry out the local stewardship programmes within their respective sub-watersheds. Community stewardship groups will play a principal role in on-the-ground implementation of improved watershed management practices to achieve planning outcomes. Thus 800 NRM groups will be strengthened, 8 Networks of NRM groups established, 150 NRM groups operational plans will be revised and support will be provided to 30 cooperatives for implementation of catchment restoration and other EBA methods. These community group strengthening and empowerment will lay the foundation for PES implementation.

5. The GEF-7 taxonomy template has been completed for the project as part of the submission

Response 28 Dec: Online now displays a corresponding objective from 2018-2022 Strategy.

Objective 1: Reduce Vulnerability and Increase Resilience through Innovation and Technology Transfer for Climate Change Adaptation

KC, 07/06/2019:

The objective has been corrected to “Objective 3: Foster Enabling Conditions for Effective and Integrated Climate Change Adaptation”.

KC, 19/07/2019:

Indeed, the objective should be **Objective 2: Mainstream Climate Change Adaptation and Resilience for Systemic Impact**. Our apologies for the mistake. This has now been corrected.

KC, 03/07/2019:

- (1) This is the standard UNDP policy and cannot be changed. It is there to respond to the rare occasion when the Project Board is unable to reach consensus and rather than have paralysis in project implementation, it allows UNDP to step in to help the Project Board to reach consensus. This is not an execution function but rather an oversight function.
- (2) The Senior Supplier has been changed to National Project Director, Department of Forest and Soil Conservation (DFSC/ MoFE). The Implementing Partner may request for service support from UNDP via a Letter of Agreement (LOA).
- (3) The ProDoc which contains the changes made above has been reuploaded. All the annexes can be found in the ProDoc. Otherwise, they have been uploaded to and can be accessed in "Roadmap" in this GEF Portal.

KC, 17/10/2019:

- (1) This issue has been discussed with the GEF Secretariat and trusted to be resolved (please kindly refer to UNDP response on 3rd July 2019).
- (2) The signed LOA and OFP letters have been uploaded through the GEF portal.

UNDP 16 March 2020:

UNDP support cost to project implementation of \$53,962 has now been taken out from LDCF budget and added to UNDP co-finance budget. (see budget line 3N in ProDoc).

Likewise, a total amount of \$53,962 (audio visual and printing costs of \$15,962 and travel cost of \$38,000) has been added to LDCF budget. This was previously budgeted under UNDP PMC budget, which has now been moved to LDCF PMC (see budget line 3E and 3F).

3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?

Secretariat Comment at CEO Endorsement

FI, 10/23/2018:

Further information requested: From the tracking tool provided, it seems as though only 10 people will be receiving training (Indicator 1.3). Please provide further information on how many, % female, and what kind of training will be delivered. Also, in the interests of sustainability (by being able to ensure continuous training of more trainers), will a training-of-trainers approach also be used?

FI, 12/17/18:

Clarification is requested. The project budget line 1F shows that nearly \$300,000 will go to staff salaries (including bonus), and that over \$100,000 will go towards purchasing vehicles (cars and motorbikes; line item 3M). These qualify as project management costs. Salaries and vehicle purchase are specifically listed as ineligible for GEF funding under project management costs, in the 'Guidelines of the GEF Project and Program Cycle Policy'. Could the agency please confirm that the costs of salaries and vehicles will be covered by co-financing and not by LDCF resources?

FI, 2/20/2019:

We request the staff costs to kindly be removed from the project's LDCF-supported components/activities budget. The Policy, Partnerships & Operations unit has clarified that staff costs may only be included in PMC, and then only specific types of staff costs; these exclude government staff salaries. If, as UNDP has explained, technical support is needed for the project components, the LDCF resources can support consultants but not staff within the budget for those components. The consultants may not be GEF Agency or Government staff. The GEF cannot support salaries and performance bonuses for either Agency or Government staff. UNDP, therefore, is requested to re-allocate the staff costs to co-financing.

FI, 3/28/2019:

Thank you for the additional information. We note that the salaries that LDCF support has been requested for will not cover government or agency staff. However, please note that as per GEF policy:

- the LDCF cannot support performance bonuses or remote allowances (regardless of agreements between UNDP and the Government);
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- use of PMC for the following positions is permissible: Project Manager, Monitoring and Communications officer, Admin and Finance officer/assistant. However, GEF (LDCF) support can only be provided through the PMC; the LDCF grant associated with the project components cannot support 40% of the NPM's salary. Please note that items such as salary for the driver cannot be covered by the LDCF grant for PMC or project components;
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- Technical experts that contribute to the main project components must be consultants (such as Livelihood Officer, Soil/Water Management Officer, Civil Engineer, etc.). The LDCF cannot support salaried positions for technical experts;

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- Thank you for confirming that UNDP will cover the cost of vehicles.
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- FI, 5/3/2019:

Further adjustment/confirmation requested. Many thanks for the explanations provided. Regarding the agency response of 4/8/2019:

•i) It is still not clear that the bonuses/allowances will not be financed from LDCF resources. Could the agency please confirm that LDCF resources will not be used to support additions to the salary (such as bonuses, allowances)?

ii) We understand that mobility issues arise and can affect implementation. However, the GEF cannot approve the use of LDCF resources that are allocated to the project components (or PMC), to cover drivers' salaries. We request that drivers' salary kindly be removed from the budget for the project components.

•FI, 6/20/2019:

Thank you. Cleared.

FI, 1/21/2020: We note that direct project costs of \$53,962 have been charged to the project budget, with official government request for this uploaded to the Portal. In this particular case we are approving this request.

PPO, Jan 22, 2020:

The Policy, Partnerships and Operations Unit (PPO) in its review noted that the following have been charged to the LDCF-supported M&E budget: (a) NIM audit, (b) Gender Action Plan and (c) Stakeholder Engagement Plan. These charges need to be re-assigned as follows:

- Please charge the NIM audit to PMC; and
- The Gender Action Plan and the Stakeholder Engagement Plan should be covered by the Agency Fee.

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•FI, 9 March, 2020:

•The uploaded version of the PAD/budget shows that the Audit has still been charged to the M&E budget (in addition to PMC). As per PPO comment of Jan. 22, Audit costs need to be removed from the M&E budget.

FI, 3/31/2020:

Cleared.

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Response to Secretariat comments

KC, 28/11/18:

The referenced “10 trained in construct fuel efficient stoves”, was deemed as reasonable number that can be trained in the target municipalities to produce these fuel efficient stoves for the target communities. An overwhelmingly large number of households (98.4%) depend on firewood for cooking. The Community forestry group has a fund which provides fuel efficient stoves to the poor. The project will provide technical assistance, including the training of 10 people to build fuel efficient stoves and financial support to construct fuel efficient stoves to 2500 households for the construction of ICS. This support is to create skills for sustainable service for the construction of ICS.

At the national and sub-national level, the project is also supporting the capacity development of the whole of The Department for Forest and Soil Conservation which has now 112 permanent staff members. In addition, and to effect cross-departmental inter-disciplinary working in the field of integrated watershed management, the project will also be building capacity of staff of all other relevant institutions. Hence as a minimum, the project will train at least 300 practitioners (at least 30% female) in all aspects of integrated watershed management, and in particular in the methods, tools and guidelines being developed by the project. Indicator 9 has been included to reflect the number of practitioners who will receive training.

The PD states the following regarding training which confirms that ToT and other sustainable approaches will be used for training:

.....training programmes will be embedded in the government training facility (ToT) and will engage Kathmandu University to ensure generation of new IWM practitioners (retention planning). Given the ongoing changes in institutional arrangements and possible associated changes in staffing levels, the project will undertake an institutional capacity assessment of all IWM-related institutions and develop a long-term institutional capacity development plan for IWM. The LDCF project will also address the need for a multi-disciplinary, multi-institution approach and the corresponding limited technical coordination and communication between institutions at the national and sub-national level and will establish technical working groups at the national, provincial and municipal levels with the view to ensure coordination on an ongoing basis, and to act as working groups for all project co-implementation. Importantly the project will implement a comprehensive capacity development plan following a detailed institutional capacity review and assessment. IWM practitioners at the national and sub-national levels will receive training in the use of tools which embed climate risk information to inform probabilistic assessments of risks posed by climate-induced disasters to communities and their assets, and to target limited financial resources to implement technically robust IWM solutions.

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Response of 28 Dec: The cost of technical personnel has been requested from the LDCF resources as they are essential for the delivery of project's adaptation results. The rationale of these costs is the following: As a result of the most recent decentralization reform, the country has instituted a three-tier governance structure. The project therefore has to be embedded and present at all three levels - central, provincial and local / municipal requiring technical personnel for the direct contributions to the deliverables at all levels.

The proposed project will be implemented using National Implementation Modality (NIM). UNDP Nepal and Government of Nepal had agreed on the guidelines for NIM. The NIM Guideline which was approved in April 2017 outlines the procedures for human resource management, including the provision of providing Performance Bonus on annual basis, remote allowance to the field-based staff and insurance for all staff. The Remote Allowance is based on the hardship and remoteness of the districts where the field office is situated. The staff (Budget Line 1F and 2E) for which the salary, bonus and allowance have been budgeted under the LDCF funds are all technical staff who are not eligible to be included in the PMC as per the 'Guidelines of the GEF Project and Program Cycle Policy'.

Regarding Budget line number 3M, the cost towards purchase of vehicles is coming from UNDP co-financing and not LDCF. However, please note that the project targets the climate vulnerable municipalities located in challenging, mountainous terrain with limited accessibility. Therefore, the project implementation requires cars and motorbikes to ensure mobility and accessibility to the project sites. Without these vehicles project won't be able to deliver its results across all technical components. These vehicles are essential for the implementation of the project activities and reaching out the target beneficiaries, which goes far beyond the project management purposes.

KC, 28/02/19:

UNDP in collaboration with the Ministry of Forests and Environment, the implementing partner of the project, will recruit the needed staff for the project **as outlined in the project governance structure and as per the provisions of the National Implementation Modality (NIM) Guidelines. These staff will come neither from the UNDP nor from the government. These staff will be recruited externally through an open, transparent and competitive recruitment process** following the

Recruitment Process spelled out in the **NIM Guidelines**. The NIM Guidelines is an overarching document that guides implementation of projects jointly by UNDP and the Government of Nepal.

The staff recruited will be placed both at the Project Management Unit at the federal (central) level as well as in the field. As indicated in the **Project Governance Structure of the Project on page 65 of the project document**, the composition of the staff will be both technical and managerial. Given the thematic scope of the project, certain technical staff (e.g. the Senior Technical Advisor, Soil Conservation and Watershed officer, Gender and Social Inclusion Specialist, Livelihood Officer and Civil Engineer) will provide critical technical functions and clearly defined deliverables and will be required throughout the project implementation on a full time basis. Additionally, the project will also recruit more specialized consultants for a short-term basis around specific technical deliverables (e.g. PES specialist etc).

The staff recruited for managerial functions such as the Project Manager, Monitoring and Communications officer, Admin and Finance officer and Admin and Finance assistant will be mainly covered by the GEF-LDCF under the PMC (please see the adjustments in the budget which shows 60% of the National Project Manager (NPM) salary costed under the PMC and 40% - prorated across the two technical components to which the NPM is required to make the substantive inputs). These positions are the eligible positions to be funded by the PMC as spelled out in the “Guidelines of the GEF Project and Program Cycle Policy”.

As mentioned in the **Project Organization Structure on page 65 of the Project Document**, UNDP core staff are not part of the Project Staff Organogram and neither are the Government Staff.

The staff costs mentioned in the project budget to be funded by GEF-LDCF resources are strictly for the staff recruited externally for the project. As per the UNDP policy, neither government nor UNDP personnel are eligible to be paid salaries from the project budget.

KC, 08/04/19

Comment: **the LDCF cannot support performance bonuses or remote allowances (regardless of agreements between UNDP and the Government.**

Response: Noted. An initial inaccuracy in wording has been corrected. The salaries are set in full compliance with UNDP NIM guidelines and use the salary rates set for Nepal.

Comment: **use of PMC for the following positions is permissible: Project Manager, Monitoring and Communications officer, Admin and Finance officer/assistant. However, GEF (LDCF) support can only be provided through the PMC; the LDCF grant associated with the project components cannot support 40% of the NPM's salary.**

Response: Noted. Project Manager's salary has now been fully embedded under the PMC budget, although PMs in addition to management functions typically also provide technical contributions across technical components.

Comment: Please note that items such as salary for the driver cannot be covered by the LDCF grant for PMC or project components

Response: Cost of a driver that serves the PMC has now been absorbed by UNDP co-financing and no longer budgeted under the LDCF funds (see budget revision). The drivers that serve the technical components are budgeted under the LDCF. Please note that the drivers are essential for the implementation of the project and engagement with local beneficiaries on the ground. The Project sites are in the remote locations of Nepal, requiring mobility of technical personnel of the project on a regular/daily basis. Without such mobility, accessibility of the locations will be hindered to the point of impossible, given the limitations of public transportation. The drivers, therefore, are essential members of the project team to ensure accessibility to the project locations, regular engagement with beneficiaries, implementation of the actual measures and regular monitoring of the results on the ground. UNDP indeed covers the cost of the vehicles.

Comment: Technical experts that contribute to the main project components must be consultants (such as Livelihood Officer, Soil/Water Management Officer, Civil Engineer, etc.). The LDCF cannot support salaried positions for technical experts

Response: Noted and duly addressed. Choice of a budget line has been corrected and the required revisions made.

KC, 07/05/19:

- i) Confirm that the salaries do not include any bonuses and are calculated based on the UN salary scales for Nepal.
- ii) The drivers' salary has been removed from the GEF budget as requested.

KC, 5/2/2020

Response: the cost of audit is already embedded in PMC. NIM audit has already been budgeted at US\$12,000 as part of PMC.

35	Office Rental (48 @ \$240), totaling \$11,520	
36	Office space (Reimbursement of PMU): office space 1 @ \$10,000; Reimbursement of field office spaces 10 @ \$4,000 – total \$14,000	
37	State health (\$11,000)	
38	Regional Study Tours (\$75,000)	
39	Training for local journalists on catchment management and climate change (\$10,134)	

Please refer to the ProDoc uploaded to Roadmap (see screenshot below)

6989	LDCF-UNDP-ProDoc-030719-5434	Developing Climate Resilient Livelihoods in the Vulnerable Watershed in Nepal	FSP	LDCF	Climate Change	Nepal	Official Use Only	Project Document
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Response: Please note that UNDP cannot remove monitoring of the project gender action plan from the M&E budget as this is a GEF policy requirement. This M&E activity will ensure the execution of the Gender Action Plan at the project level. This execution function is separate from the implementation/oversight tasks that the UNDP will provide to ensure the Gender Action Plan is executed to the high standards of the GEF Gender Policy. This implementation oversight function is covered by the GEF Fee. We trust this is clear and will not delay the approval of this project.

UNDP: 16 March 2020

Please note that the NIM Audit budget has been removed from the M&E budget as requested. The total amount for M&E budget has also been revised to reflect this change. NIM Audit budget is reflected now only in PMC budget (please refer to budget note 3G in ProDoc).

4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Yes.

Operation, financial, environmental and political risks have been specified -- and are numerous. Proposed measures to mitigate the identified risks have been included. It is uncertain how effective the risk mitigation measures will be, but many are beyond the scope of the project to directly influence (low capacity of government staff, high turnover, recruitment delays, poor data, unexpected flooding and bad weather affecting project implementation, etc.).

Response to Secretariat comments

5. Is co-financing confirmed and evidence provided?

Secretariat Comment at CEO Endorsement

FI, 11/8/2018:

Yes but further information is requested.

Letters have been provided confirming co-financing of \$35.79 million, primarily from Government agency budgets towards agriculture, livestock, forestry, irrigation and other relevant sectors.

For each amount of indicative co-financing, please indicate whether the co-financing represents 'Investment Mobilized' or 'Recurrent Expenditures'. For details, please refer to Paragraph 9 of the Co-Financing Policy (http://www.thegef.org/sites/default/files/documents/Cofinancing_Policy.pdf) and the Co-Financing Guidelines (http://www.thegef.org/sites/default/files/documents/Cofinancing_Guidelines.pdf).

FI, 12/17/18:

Agency is requested to please ensure that the term "Investment Mobilized" displays next to "Grant" in Table C of the online form.

FI, 1/30/2019:

Cleared.


Response to Secretariat comments

KC, 28/11/18:

All municipal and central government investments are mobilized grant investments as the government budget allocations have been requested to match the LDCF funding in the target vulnerable catchments by all participating municipalities. These do not represent recurrent expenditures.

Response of 28 Dec: Unable to make this change in GEF Portal. There is no such column nor dropdown list on the Portal for me to select the term. However, this has been reflected in CEO ER in word version. Please see screenshot below for your kind information.

C. Confirmed Sources of Co-financing for the Project by Name and by Type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount(\$)	Evidence
Government	Khotang District Municipalities (Ainselukhark RM \$0.55; Halesi Tuwachung M \$0.59; Kepilasagadhi RM \$0.52; Rawa Beshi RM \$0.55; Diktel Rupakot Majhuwagadhi M \$0.92) Okhaldhunga District Municipalities (Manebhanjyang RM \$0.39; Siddhicharan M \$0.57; Chisankhugadhi RM \$0.57)	Grant	4,660,000	  

6. Are relevant tracking tools completed?

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Further information requested.

1. Please see comment on Training under item 3 (Cost-effectiveness).
2. It seems that the project components include activities to build awareness about climate change risks and adaptation among communities, yet no information has been entered against the relevant indicator in the tracking tool (Indicator 5). Can this indicator please be used as well -- or a reason provided why it is not relevant?

[**PLEASE NOTE:** The tracking tool provided corresponds to the 2014-2018 CCA strategy. The GEF is finalizing its CCA indicator framework for the strategy that covers the period 2018-2022 (slight differences from previous). Once finalized, agencies will be asked to retro-actively complete and submit the new indicators. That will need to be done for this project as well.]

FI, 12/17/18:

Cleared.

FI, 5/10/2019:

Cleared but please remove the value entered in the Core Indicators table in the PIF, as it will be counted among GEF Trust Fund beneficiaries. The CCA indicator template for CEO Endorsement will be shared with agencies shortly to enter the indicators (and retrospectively submit).

FI, 5/14/2019:

Agency is requested to please address comment of 5/10/19.

FI, 6/6/2019:

Cleared.

FI, 1/21/2020:

Not yet. Please note that this resubmission should have included the excel sheet with project metadata and CEO Endorsement stage indicators, which were shared with Agencies in August 2019 and are available on the GEF website at this link: <http://www.thegef.org/documents/gef-climate-change-adaptation-results-framework-gef-7>
Recommended action: Please submit the excel sheet with (a) project metadata and (b) information for CEO-endorsement stage Core Indicators and other relevant indicators for the project.

FI, 2/18/2020:

Yes.

Response to Secretariat comments

KC, 28/11/18:

1. Comment under item number 3 has been addressed

2. The main awareness raising activities will be with local government on IWM practices, training for 1250 farmers on conservation farming and agroforestry; Support farmers with gender friendly, labor efficient agriculture tool, Promotion of traditional watershed friendly practices (Specifically for Majhi community multi-purpose water ponds including fish farms), in 10 communities, and strengthening of 800 NRM networks. These are training and investment activities and these are captured under Indicator 4. Awareness raising will be part of the mandate of the trained local level practitioners who will receive training from the LDCF project (and indicator 9 has been added to reflect this).

Well noted, once the CCA indicators becomes available the project will make necessary adjustments in the Logframe.

KC, 15/05/2019:

Our apologies for the oversight. Kindly note, however, that we are unable to make the change to the approved PIF. The system only allows us to make changes to the CEO ER. We trust you will be able to amend these inaccuracies in the portal from your side.

7. Only for Non-Grant Instrument: Has a reflow calendar been presented?

Secretariat Comment at CEO Endorsement

N/A

Response to Secretariat comments

8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Further information is requested:

1. Please discuss whether the proposed beneficiary communities have prepared LAPAs (Local Adaptation Plans of Action) or CAPAs (Community Adaptation Plans of Action) and, if so, how the proposed project activities coordinate with the activities identified in these.
2. Please discuss if/how this project coordinates with PPCR-supported adaptation activities in Nepal.
3. Please discuss how the project aligns with ongoing or planned GCF support for Nepal.
4. How does the project build on previous LDCF (and/or other GEF) support to Nepal?

FI, 12/17/18:

Cleared.

Response to Secretariat comments

KC, 28/11/18:

1. There are a number of Local Adaptation Plans of Action (LAPA) and Community Adaptation Plans of Action (CAPA) prepared with support from Multi-stakeholder Forestry Project, Community Forestry Users Group and others in the project district. 18 LAPA were prepared and all of them were approved by then Village Development Committees (VDC). Among them 13 LAPAs were prepared in Khotang district and only 5 in Okhaldhunga district. The LAPAs cover 10,525 households (7,942 hh in Khotang and 2,583 hh in Okhaldhunga). Almost all of them are in implementation stage.

Similarly, 131 CAPA were prepared at community level (69 in Khotang and remaining 62 in Okhaldhunga (details attached attachment 4). Moreover, many Community Forestry Operational Plans have been revised to incorporate separate chapter addressing climate change issues. Thus climate issues are realized and tried to address at community level.

Since the present municipalities are formed by merger of two or more than VDCs, these LAPAs need to be consolidated, updated and revised at municipality level. Project has plan to support Municipality in preparing their long-term plans, thus LAPA will also be addressed in the plans. Project engages community forest user groups, leasehold forest user groups, water user groups in implementing LAPA and CAPA

SABAL, a USAID Funded project has prepared LAPA of two rural municipalities of Okhaldhunga 2018 and one municipality of Khotang in 2018. These three LAPAs have been endorsed by municipalities. Some of the activities of small scale are being implemented until June 2019 (project period of SABAL is until Sept 2019). These documents have been already referred and the activity level plan will be prepared based on these plans/secondary information.

2. As stated in the PD (page 168): DHM are actively managing Nepal's Building Resilience to Climate Related Hazards project funded under the PPCR, which is expanding their monitoring capacity. DHM maintains a national network of hydrometeorological stations, including 103 climate stations, 306 precipitation stations, 13 agro-met stations, 7 aero-synoptic, 9 synoptic, 88 automatic weather stations, 6 higher elevation stations, and 70 automatic hydrological stations. These collect and transmit information via a variety of methods, including wireless communication, meteor burst, radiosonde, Satellite Distribution Information System (SADIS), Weather Fax, and satellite picture receiving systems. However, only around 54 stations transmit information wirelessly to the Kathmandu headquarters. DHM's stream and rainfall monitoring network is not of the required density to fully capture high intensity events. The PPCR project is providing 88 automatic stations and

DHM is rehabilitating 110 themselves. However, there remains a need for another 500 automatic weather stations to meet WMO standards (this would cost approximately \$10 Million USD). While projects such as PPCR are helping to rehabilitate the hydrometric monitoring network in Nepal, there remains a lack of monitoring at the scale of the sub-watershed that will be required for the detailed assessment of hydrometeorological risk and for the design of effective intervention measures. Hence under the LDCF project 2 hydrological stations, 5 meteorological stations and 2 drones will be purchased and installed to enable the monitoring required at the sub-watershed scale, essential for effective IWM.

Please see the following link to PPCR project page:

<http://brch.dhm.gov.np/project-status/>

3. The GCF project is aiming to enhance climate resilience and safeguard communities and their social and economic assets in the valleys downstream of high hazard GLOFs and related hazards under the conditions of changing climate. To achieve this, the proposed GCF project will enhance government of Nepal knowledge, skills and capacity to understand, assess and manage the risk from GLOFs and related hazards under the conditions of changing climate. It is taking a comprehensive and integrated multi-hazard approach to strengthening institutional capacity, strengthening policy and legislative frameworks, implementing a combination of structural and non-structural protective measures (including ecosystem-based approaches), and strengthening and enhancing early warning and emergency response within GLOF catchments. More specifically, it will increase the density of observation systems to address the largest observation gaps in the higher Himalayan region and better inform snow hydrology and GLOF understanding. This multi-hazard observation network will trigger early warning systems during shock events and can provide ongoing timely and quality risk information tailored to population and productive sector needs. In addition, the GCF project is aiming to reduce the impact GLOF's in the watersheds downstream of glacial lakes, through land use and ecosystem-based solutions at catchment scale. The implementation of integrated watershed management for Nepal under the GEF project will be essential to the activities under GCF which will use the embedded methodologies, approaches and guidelines implementation of structural (including lake lowering) and non-structural measures to reduce GLOF impact in the downstream watersheds. In addition, the GEF watersheds selected are in the downstream of the highest risk GLOF Catchments, hence the two project will work in close coordination and cooperation to maximise the impact of reduced risks downstream. It will provide the full vertical alignment and connectivity from High Himalayas to terrain (with ADB project), within which climate risk management of GLOF and other related risk should be managed.

4. The previous LDCF project with support of UNDP, focused on a singular high risk glacial lake – Imja for GLOF risk reduction measures and a small sub-catchment downstream in Terai range for flood risk reduction. These two components delivered successful results and provided important repository of successful local practices. However, these two sites of physical investments were not geographically connected in the same catchment area. The proposed second LDCF takes the important lessons in the context of Nepal and employs a strong catchment-based approach and embeds both multi-hazard and upstream-downstream correlations as the

key principles of adaptation strategy in the target the most vulnerable catchments. Furthermore, the new LDCF project will align with the proposed GCF project and ADB-supported terrai projects to provide the full vertical alignment and connectivity between geographical zones for more effective integrated watershed management.

9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement

FI, 10/23/2018:

Yes.

Response to Secretariat comments

10. Does the project have descriptions of a knowledge management plan?

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Please see comment 3 under Item 2.

FI, 12/17/18:

Cleared.

Response to Secretariat comments

Agency Responses

11. Has the Agency adequately responded to comments at the PIF stage from:

GEFSEC

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Not yet. (These were forwarded to the agency from PMIS by the PM on 10/24/2018.)

FI, 12/17/18:

Yes.

Response to Secretariat comments

KC, 28/11/18:

Apologies for the omission. The comments have been addressed under the Annex B of CEO Endorsement Document.

STAP

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Not yet. (These were forwarded to the agency from PMIS by the PM on 10/24/2018.)

FI, 12/17/18:

Yes.

Response to Secretariat comments

KC, 28/11/18:

Apologies for the omission. The comments have been addressed under the Annex B of CEO Endorsement Document.

GEF Council**Secretariat Comment at CEO Endorsement**

FI, 11/13/2018:

Not yet. (These were forwarded to the agency from PMIS by the PM on 10/24/2018.)

FI, 12/17/18:

Yes.

Response to Secretariat comments

KC, 28/11/18:

Apologies for the omission. The comments have been addressed under the Annex B of CEO Endorsement Document.

Convention Secretariat**Secretariat Comment at CEO Endorsement****Response to Secretariat comments**

Recommendation

12. Is CEO endorsement recommended?

Secretariat Comment at CEO Endorsement

FI, 11/13/2018:

Not yet. In addition to addressing comments for items 2, 3, 5, 6, 8 and 11 above, the agency is requested to provide additional information on the Stakeholder Engagement Plan and the Socio-economic benefits of the project:

1. Stakeholder Engagement Plan (Annex F of ProDoc): this does not include information on the NGOs, CBOs and indigenous communities that will be involved in the project and their role in project design and implementation. The agency is requested to please provide this information. (The table in section A3 of the online form only lists government agencies.)
2. Socio-economic benefits: Agency is requested to please provide more specific information on socio-economic benefits (such as expected impact on community livelihoods and income; safety, health and housing; and quality of life for women and vulnerable groups).

The Gender analysis/action plan has been submitted (included in ProDoc) and is adequate.

FI, 12/18/18:

Not yet. The agency is requested to kindly address comments for items 2, 3 and 5.

FI, 2/20/2019:

Not yet. The agency is requested to kindly address comment for item 3.

FI, 3/28/2019:

Not yet. The agency is requested to kindly address comments for item 3.

FI, 5/3/2019:

Not yet. The agency is requested to kindly respond to both comments of 5/3/2019 for item 3 of Part I.

FI, 5/10/2019:

Not just yet. All major pending items have been addressed, thank you. However, agency is requested to please correct the entry for "Executing Partner Type" near the top of the 'Project Information' section. A government agency has been entered as an executing partner but "Executing Partner Type" shows "GEF Agency", which is incorrect. Also, please see comment for item 6 of Part II; the agency is requested to please delete the Core Indicator value entered in the PIF table as it corresponds to the GEF TF. We will share the CCA CEO Endorsement stage indicators with agencies shortly and these can be retroactively submitted then.

FI, 5/14/2019:

Neither comment of 5/10/19 has been addressed yet. Agency is requested to (i) enter the correct "Executing Partner Type" in the Project Information section (at the moment it shows "GEF Agency") which does not apply to the Ministry of Forestry and Soil Conservation; and (ii) address comment 6 re deletion of indicators from the GEF TF Core Indicators table in the template.

FI, 6/6/2019:

Not yet. Items of 5/14 have been addressed. However, a Table A objective (CCA-3) continues to align with the former Programming Strategy and needs to be updated to reflect the current Programming Strategy.

FI, 6/18/2019:

Not yet. Please see comment of 6/18/2019 for review item 2. Table A now contains the current (GEF-7) text for objective 3, but the nature of the objective has changed (no longer about mainstreaming adaptation). Please ensure that the CCA objective is correctly identified so that the project objectives remain the same while aligning with the GEF-7 strategy.

FI, 6/20/2019:

Yes.

FI, 6/27/2019:

Please address comments from PPO for review item 2.

FI, 7/29/2019:

Please address comments from PPO for review item 2.

FI, 1/22/20:

Not yet. The Agency is requested to please:

- (a) Address PPO comment (see review item 3), and
- (b) Submit the excel sheet with the project metadata and CEO-endorsement stage indicators (see review item 6).

FI, 2/13/2020:

Not yet. We are unable to locate in the Project Documents the excel file with project metadata and CEO Endorsement stage indicators.

FI, 3/9/2020:

Not yet. Please see March 9 comments for items 2 and 3 of the review sheet.

FI, 3/31/2020:

Yes, cleared.

Response to Secretariat comments

KC, 28/11/18:

1. The tables in Section A3 and Annex F have been revised to reflect the changes in certain government structures and respective institutional names. The revision also included the INGOs, NGOs and CBOs active in natural resource management, soil conservation and watershed management and climate change in the project area. The project formulation team members met and consulted the NGOs and CBOs in the field during consultation meetings and baseline survey. These agencies are also included in the tables including their roles in the project interventions.

The revised sections include:

- Revised Annex F table, including NGOs active in NRM, SCWM and climate change
- Revised Partnership table in Section III (page 45) and included INGOs and NGOs active in Project districts
- A list of civil society and NGOs active in the Project area

2. The baseline socio-economic conditions of the project area are discussed on pages 11-14 of the PD and further detailed in Annex N. The LDCF project will have sustainable development co-benefits including ecosystem services protection, rural income generation, livelihood enhancement and job creation, improved access to education and training opportunities, and improved resilience of physical assets of communities. The main economic co-benefits from the project investment are derived from the avoided socio-economic losses due to flood, drought and related disasters. Under climate change, economic losses from extreme hazard events are expected to double by mid-century, which could significantly impact and reverse socio-economic development gains of Nepal. Climate risk informed integrated watershed management planning is important nationally and will secure climate resilient approaches at the watershed scale. Climate risk information will also safeguard community assets such as transportation (roads and bridges) which are critical to the economic development and functioning of rural communities. Economic co-benefits will also be realised in the agriculture sector, on which 65% of rural communities rely. Prevention of agricultural losses, coupled with enhanced agricultural livelihoods through agro-forestry and other EBA opportunities, will result in overall enhanced productivity of the agricultural sector. In addition, the project will have significant gender co-benefits and will be conducted with close collaboration with a local gender expert dedicated to ensuring that gender considerations are a key part of any consultation or activity planning process. Villages cut off from basic transport services (i.e. roads and bridges) to access local markets, health centres or schools impact women disproportionately, as they need to reach hospitals during their pregnancy or health needs of their children. The project will therefore safeguard local communities and their assets from climate disasters with particular attention to women, indigenous communities and other vulnerable groups. Environmental co-benefits mainly relate to EbA strategies such as community forestry which will provide water retention functions; regulation of hydrological flows (buffer runoff, soil infiltration, groundwater recharge, maintenance of base flows); natural hazard mitigation (e.g. flood and drought prevention, peak flow reduction, soil erosion and landslide control); increased streambed stabilization resulting in decreased erosion, habitat preservation, and reforestation.

Response of 28 Dec: Noted. Comments in items 2, 3 and 5 have been addressed

KC, 28/02/19:

Noted. Response to comment 3 has been provided.

KC, 08/04/19:

Noted. Responses to comments in item 3 have been provided.

KC, 05/07/19:

Noted, Responses to comments in item 3 have been provided.

KC, 15/05/2019:

Our apologies for the oversight.

Kindly note, however, that we are unable to make changes neither to the approved PIF nor the Executing Partner Type on the CEO ER (see below). Kindly advise how to address these two pending issues from our side.

Part I: Project Information

Name of Parent Program

GEF ID

6989

Project Type

FSP

Type of Trust Fund

LOCf

Project Title

Developing Climate Resilient Livelihoods in the Vulnerable Watershed in Nepal

Countries

Nepal,

Agency(ies)

UNDP,

Other Executing Partner(s):

Department of Soil Conservation and Watershed Management, Ministry of Forestry and Soil Conservation

Executing Partner Type

GEF Agency

GEF Focal Area

Climate Change

Duration

48

In Months

Agency Fee (\$)

665,000

Taxonomy

Focal Areas, Climate Change, Climate Change Adaptation, Influencing models, Stakeholders, Private Sector, Communications, Civil Society, Type

KC, 07/06/2019:

The objective has been corrected to align with the current Programming Strategy.

KC, 19/06/19:

The objective has been corrected to **CCA 2 - Mainstream Climate Change Adaptation and Resilience for Systemic Impact.**

KC, 03/07/2019:

The comments have been addressed.

KC, 17/10/2019:

The comments have been addressed.

KC, 5/2/2020

The comments have been addressed.

KC, 18/2/2020

Our apologies for the omission. Please find the CCA Result Framework Tracking Tool in excel in Roadmap or access it via the link below:

https://undpgefpims.org/attachments/5434/216026/1718169/1725076/LDCF%20Nepal%20_5434_-Tracking%20Tool%20_baseline_-August%202018.xlsx

UNDP, 16 March 2020

Both comments have been addressed as requested.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief Reasoning for CEO Recommendations

CONTEXT:

This LDCF project is aligned with GEF-7 strategic objectives CCA-1 (reducing vulnerability) and CCA-2 (mainstreaming adaptation) and focuses on the livelihoods of vulnerable communities of four of Nepal's watershed areas (DudhKoshi, Molung, Likhu and Sunkoshi Canyon). Climate change, through glacial melt and intensified monsoons, is rendering Nepal's mountain regions highly vulnerable, with watershed areas becoming particularly prone to floods and associated landslides, causing loss of life and livelihoods. At the other extreme, climate change induced droughts and water scarcity during the dry season also poses threats to livelihoods and food security. Over the past decade, water sources in many parts of the country have either dried up or are drying up rapidly. The LDCF project will support watershed management practices that will benefit 121,606 people (women: 65,424; men: 56,182). It will do so by mainstreaming climate resilience measures in \$35.8 million of grant-based baseline co-finance, to be provided by the Government of Nepal and its various municipalities.

KEY COMPONENTS:

The project is structured around 2 components:

- (1) It will establish an integrated climate resilient watershed management policy and institutional strengthening framework. Through this component, watershed assessments and management plans will be updated to include climate change risk and adaptation considerations; enforcement mechanisms will be considered for policies geared at sustainable and resilient watersheds; and incentives will be explored for PES.
- (2) It will support climate adaptation measures to reduce the vulnerability of four sub-watershed areas to climate change induced hazards and associated risks. This includes community resilience and preparedness measures (water and drainage control implemented at the sub-catchment level, water retention structures and catchment ponds with groundwater recharge; maintenance systems); watershed rehabilitation; conservation farming and integrated agro-forestry practices; controlled fuelwood production; and use of efficient stoves with the active involvement of women. Community stewardship programs will be established and implemented within selected sub-watersheds with a focus on women and marginal communities. Increased capacity through specialized technical training, technology and updated land policies and technology will be developed and delivered.

STRATEGIC ALIGNMENT & COORDINATION:

The project is aligned with Nepal's National Adaptation Programme of Action (NAPA) and is consistent with the LDCF/SCCF CCA strategic objectives for 2018-22. Coordination with GCF support has also been ensured; currently the GCF is only providing Readiness Support to the country. The Agency has also discussed synergy with other LDCF (and non-LDCF) support in Nepal.

SUSTAINABILITY AND POTENTIAL FOR SCALING UP:

The project will use PES and other financial incentives in an effort to scale up adaptation- and watershed-friendly land use practices. The project has a strong focus on capacity building, which will contribute to sustainability. It will provide a series of technical trainings on mainstreaming climate resilience in watershed management policies, targeting key government personnel, and will support hardware and software necessary for watershed-based flood and drought risk management in Nepal in

the long term. The project will also strengthen natural resource groups, raise awareness of climate change risks and adaptation among vulnerable communities, and will embed livelihood benefits at the community level to enable long-term community resilience to climate change induced hazards at the watershed scale.

Stakeholders will include Government ministries and municipalities and involve private sector actors such as the hydropower industry as part of the design and enforcement process for PES.