

NEPAL'S CLIMATE AMBITION AND

GREEN, RESILIENT AND INCLUSIVE DEVELOPMENT

31 OCT - 12 NOV 2021
GLASGOW

COP26

TACKLING CLIMATE
CHANGE IN PARTNERSHIP

IDPG update
26th November 2021

IN PARTNERSHIP WITH ITALY

OUTLINE

- Nepal's Climate Ambition
- GRID and Climate
- GRID Update

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CLIMATE AMBITION

- **Remain cumulatively 'net zero carbon' from 2022-2045 and become carbon negative after that.**
- **Halt deforestation and increase forest cover to 45% by 2030**
- **Ensure all vulnerable people are protected from climate change by 2030**
- **\$20.5 Bn for resilience and \$46.4 Bn for mitigation from now until 2030.**

REMAIN CUMULATIVELY 'NET ZERO CARBON' FROM 2022-2045 AND BECOME CARBON NEGATIVE AFTER THAT

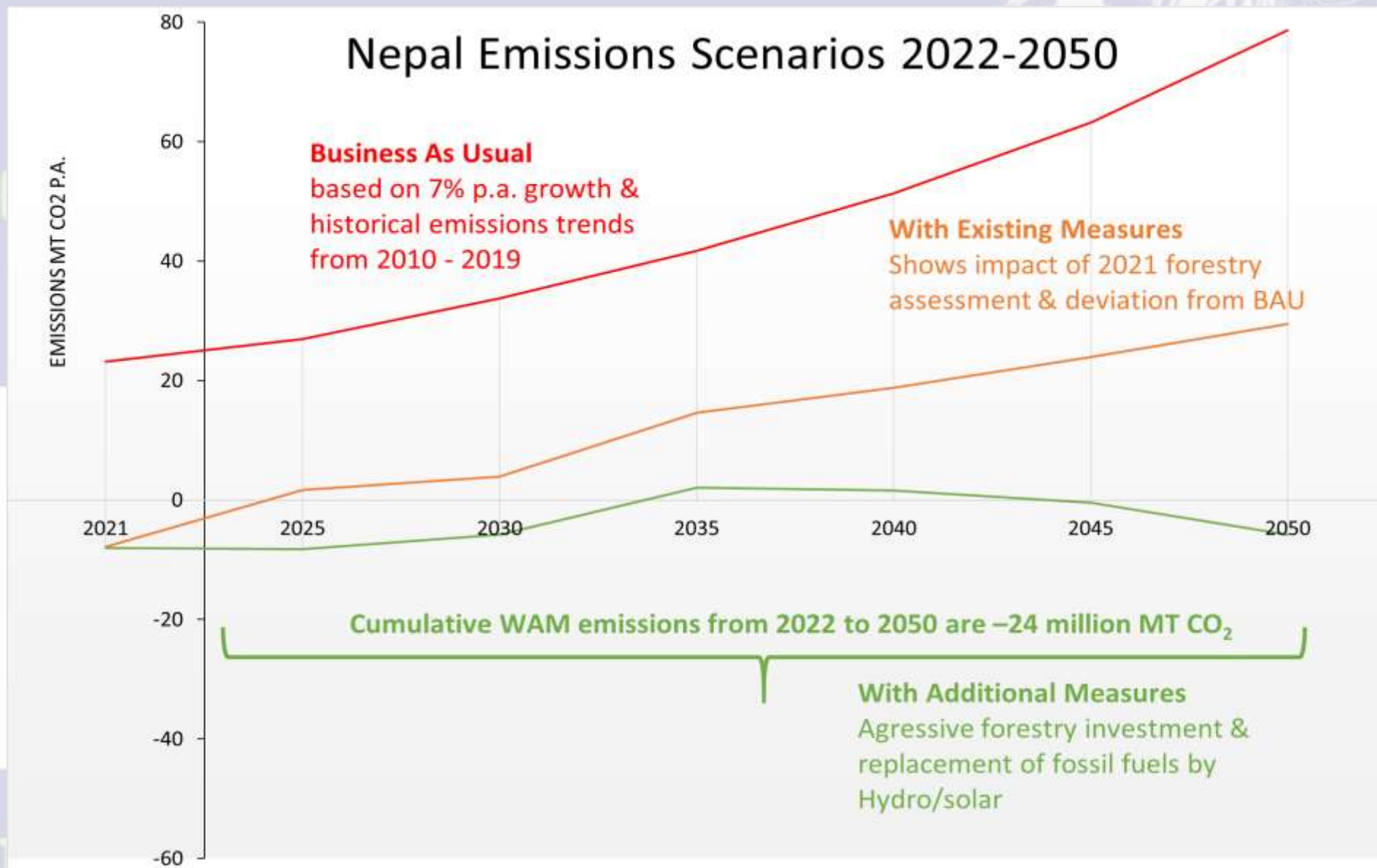
Unusual scenario

BAU over estimates

WEM + likely

WAM relies on very aggressive transition to electric: cooking, vehicles, cement, bricks, industry etc.

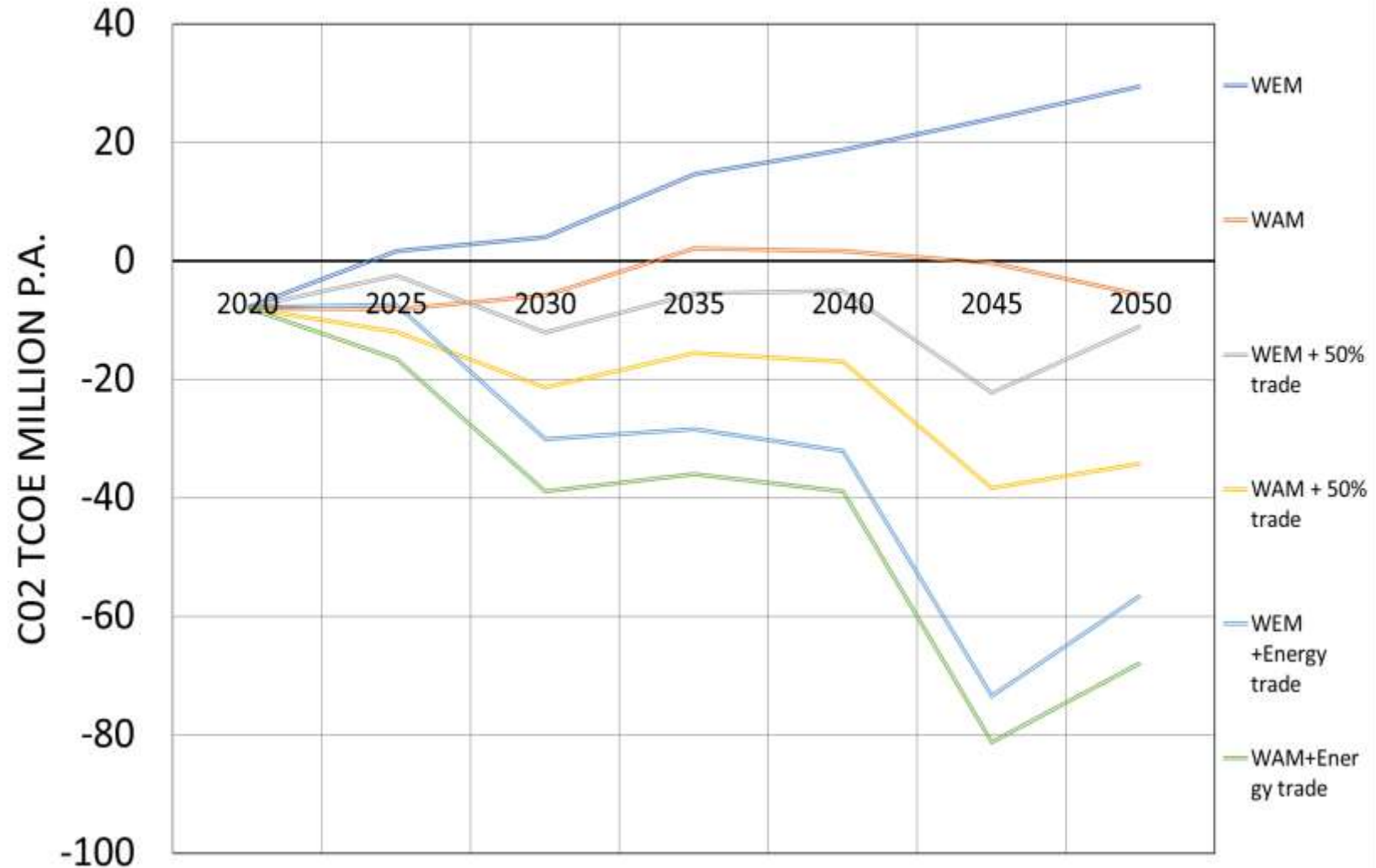
Forestry critical



DON'T FORGET ENERGY TRADE

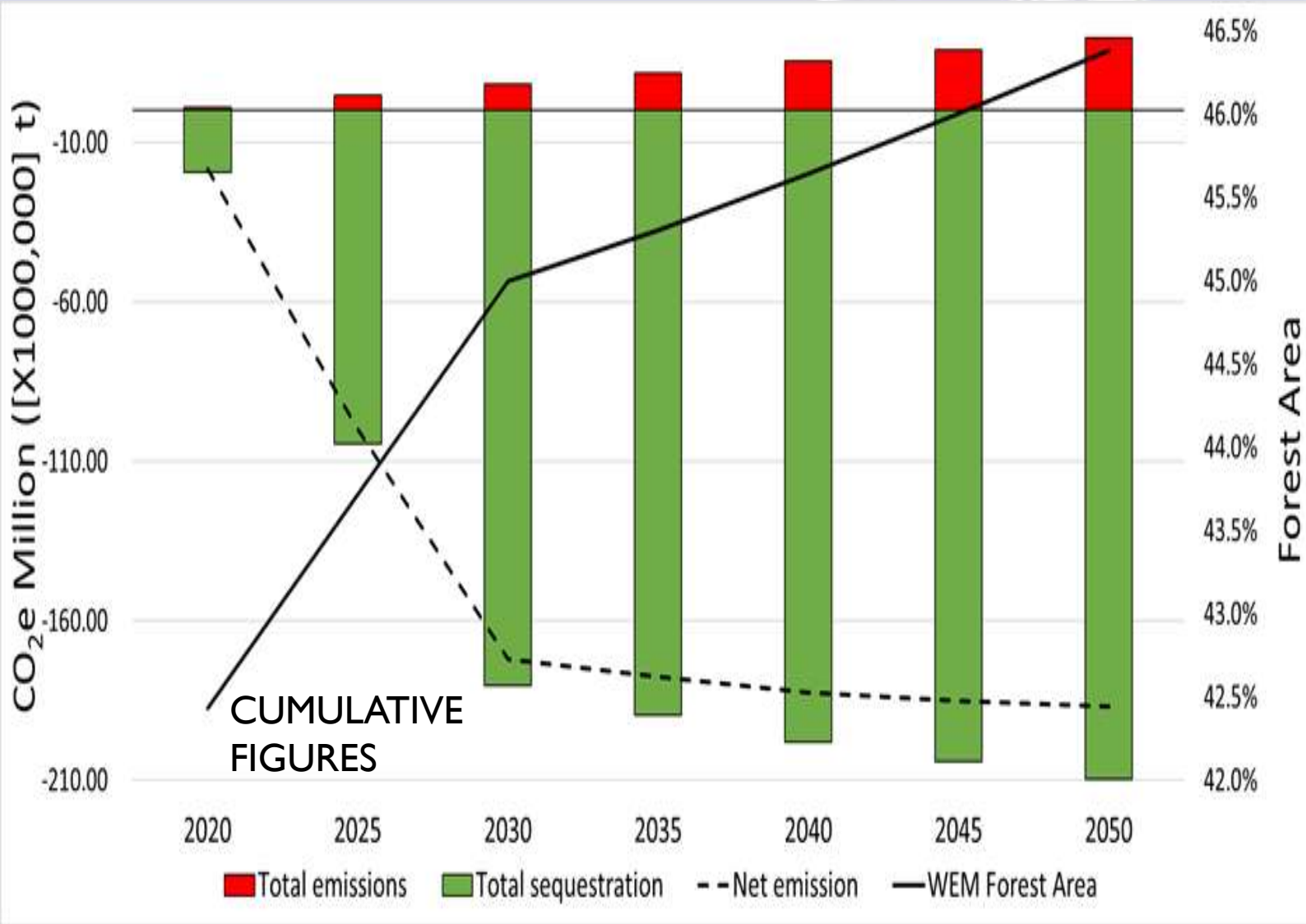
- Not officially in LTS
- Carbon trade mechanisms at COP 26
- Offsetting in India significant
- 50-50 share takes Nepal permanently NZ
- Greening the Grid Initiative led by India
- Nepal well placed/needs to prioritise
- Possible GRID priority? (No pun intended!)

TOTAL EMISSIONS WITH ENERGY TRADE



HALT DEFORESTATION AND INCREASE FOREST COVER TO 45% BY 2030

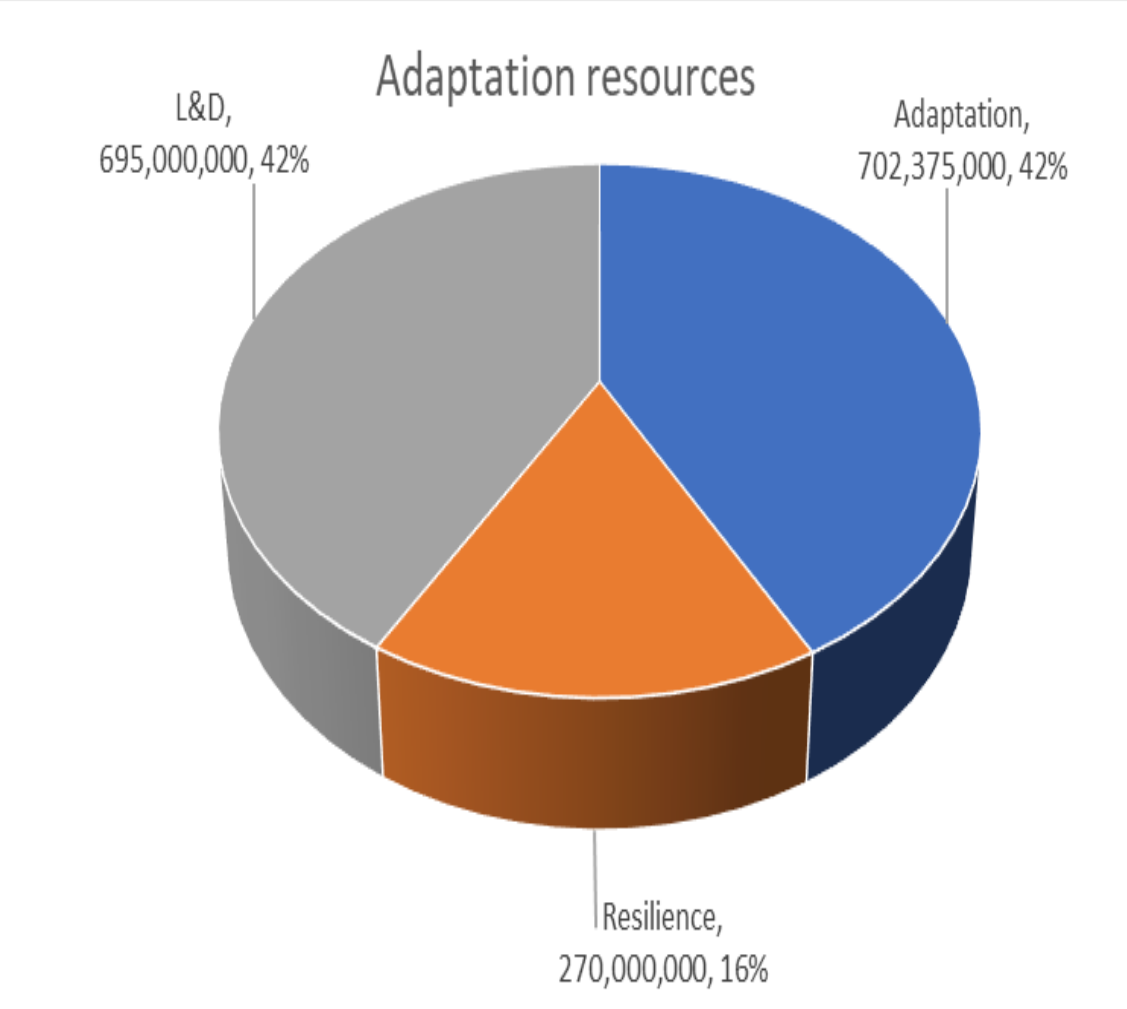
- Early capture as forest area and quality increases
- Assumes electric cooking
- Assumes commercial forest management – e.g. cut & replace
- Emissions continue in some areas so.....
- Need to tackle deforestation, e.g. in high biodiversity value areas
- Invest in Sustainable tourism to generate revenues from forest preservation maintenance



ENSURE ALL VULNERABLE PEOPLE ARE PROTECTED FROM CLIMATE CHANGE BY 2030

Role/Government Resp.	Federal	Provincial	Local
Adaptation systems in place that support those affected by climate change	National climate scenarios, NAPs etc Integration of adaption into sectoral plans	PAPs, sectoral plans e.g. agriculture, large scale adaptation, provincial watersheds	Local adaptation priorities integrated into plans e.g. LAPAs,
Resilience support for specific interventions that reduce shocks risks	Resilience of national infrastructure and institutions National DRR planning and preparedness investments	Resilience of provincial institutions and services and preparedness investments	Support for local government services to be more resilient Focus on resilience of People
Loss and Damage - Risk informed planning and financial allocations	National disaster finance Strategy and funding Insurance and other risk tools to share risk costs	Provincial disaster Strategy and funding PDRRMA capacity for immediate response	Emergency SP payments Recovery support for individuals

CLIMATE RESILIENCE \$1.5-7 BN P.A.



Role/Government Resp.	Federal	Provincial	Local
Adaptation Systems in place that support those affected by climate change based on long term risk analysis e.g., temp rise, rainfall patterns, flood drought invasive species, etc. Climate specific	National climate scenarios, NAPs etc Integration of adaption into sectoral plans e.g. agriculture, forestry etc Large scale adaptation e.g. intra basin river Infra, GLOF risk reduction Finance and allocations for NAPs Accessing International climate finance	PAP, sectoral plans e.g. agriculture, large scale adaptation e.g. provincial watershed and sub watershed level work Support LGs coordination on wider adaptation issues	Identification of local priorities Integration of adaption into LG planning e.g. LAPAs, Finance allocations including all climate funding under a common LG led LAPA/resilience framework
Resilience Support for specific interventions that reduce shocks risk sand increase the resilience of people, services and institutions– includes climate but also earthquake and health shocks	Resilience of national infrastructure and institutions National DRR planning and preparedness investments National flood, weather, earthquake and landslide and early warning slides National planning to build resilience into police, health, financial and education systems and Social Protection services	Resilience of provincial institutions and services Provincial DRR planning and preparedness investments Use of Nat flood, weather, earthquake and landslide and early warning slides Support for provincial systems to build resilience into police, health, financial and education systems	Support for local government services to be more resilient e.g. backup systems for power and transport, projects focussed on DRR, e.g. landslides shelters etc. Water supply and irrigation systems protected etc Focus on resilience of People local institutions and services
Loss and Damage Risk informed planning decision making and financial allocations to support systems that allow immediate and comprehensive support for those affected by climate impacts	National disaster finance Strategy and funding Insurance and other risk management tools to share risk costs NDRRMA capacity for immediate response National Police and army mobilisation for large scale emergencies	Provincial disaster Strategy and funding PDRRMA capacity for immediate response National Police and army mobilisation for large scale emergencies	Emergency SP payments Recovery support for individuals Local army and policed mobilisation equipment and funds Support for (domestic) migrants forced to move to cities Targeted support for most marginalised to recover

CLIMATE AMBITION NEEDS FINANCING

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The National Adaptation Plan, Forest Assessment and Long Term Strategy for Net Zero emissions estimate that from 2021-2050.

Nepal will need

- **\$47.4Bn for adaptation**
- **\$196.1 Bn for Mitigation from 2021-2050.**

From now until 2030 (i.e. within GRID timeframe)

- **\$20.5 Bn for adaptation**
- **\$46.4 Bn for mitigation**

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CLIMATE NEEDS TO BE PART OF DEVELOPMENT INVESTMENT

- Ensure climate risks and opportunities identified
- Ensure Climate Finance is focussed on Nepal's development priorities
- Ensure GRID Action plan delivers on climate targets

Climate Smart
Approach

Recovery
response

Short Term



Green Stimulus

Continue to invest in green jobs y e.g. in public works to build resilience

Medium Term



Green Growth

Invest in green job creation based on natural capital & environmental benefits

Long Term



Net Zero Growth & Climate Resilient Development

Sustainable low carbon & resilient growth that directly contributes to climate goals

GRID AS THE TOOL FOR DELIVERY

Why the **GRID** approach ?

- Identifies critical climate and GRID sectors for investment
- Provides a framework for integrating climate and development investment
- Act as tool for mobilising finance for climate ambition
- Identifies roles of Development partners and private sector partners

1. Sustainable natural resource-based job creation:

- Sustainable forest landscapes, river basin planning and mgt, nature-based tourism, climate-smart agriculture, value chains and community livelihoods and

2. Infrastructure for clean power, safe and clean transport, and resilient service delivery:

- Jobs in green infrastructure including nature-based solutions, water supply and sanitation, clean energy jobs, digital connectivity

3. Creating a cleaner environment for people, cities and tourism:

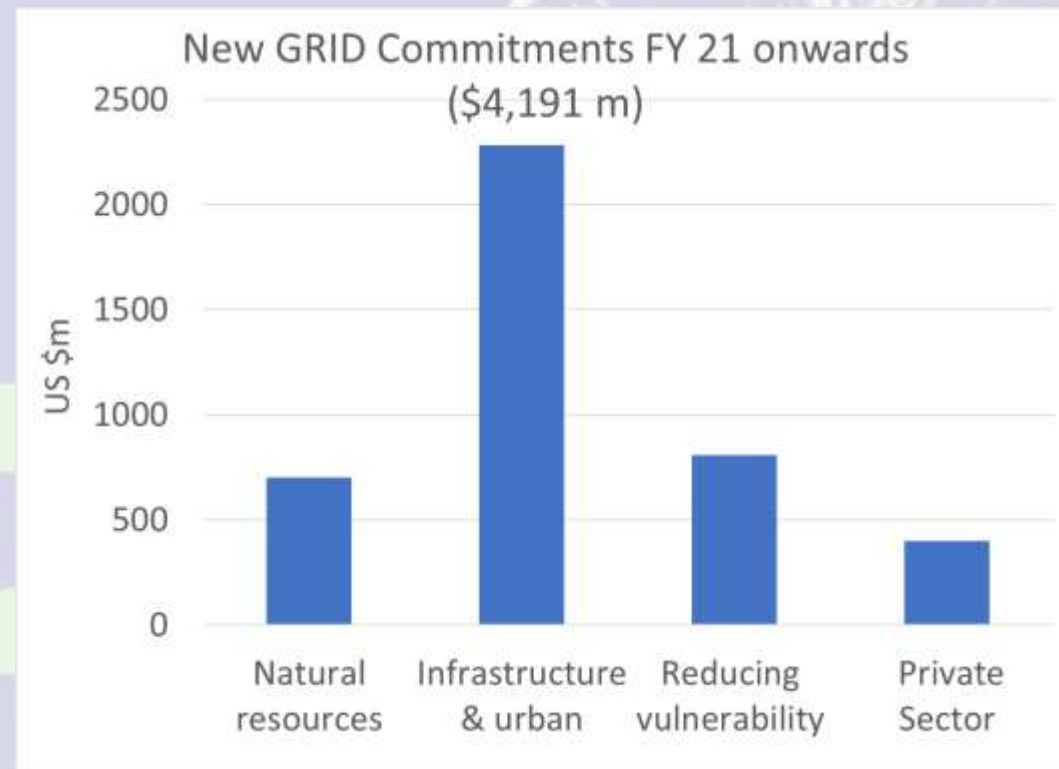
- Clean transport, smart cities, management, urban water and management, clean and green policies, low-impact high-value

4. Reducing immediate vulnerability and building resilience:

- Resilient health systems, shock responsive social protection systems, disaster risk management systems, information systems and innovative technologies, community livelihoods

DEVELOPMENT PARTNER'S

- Development partners aligned to GRID
 - Identified \$4.2 Bn of support for GRID
 - Signed up to the Kathmandu Declaration
- Developing GRID – Strategic Action Plan
- MoF want to integrate into next budget
 - Potential GRID Investment event next year



ROLE OF THE PRIVATE SECTOR

- Nepal's GRID and climate goals cant be delivered by public finance
- Key sectors are already attracting investment
- Need to mobilise finance based on clear plans and policies
- Government and Development partners ready to help

Construction and Energy – large employer and critical for low carbon growth/avoiding high carbon lock in

Tourism – key sector for recovery with proven ability to bounce back and increase sustainability

Agriculture and Forestry businesses – key for job creation in low carbon agriculture and sustainable forestry

Finance and Insurance – Critical that private finance mobilised and risks managed through insurance

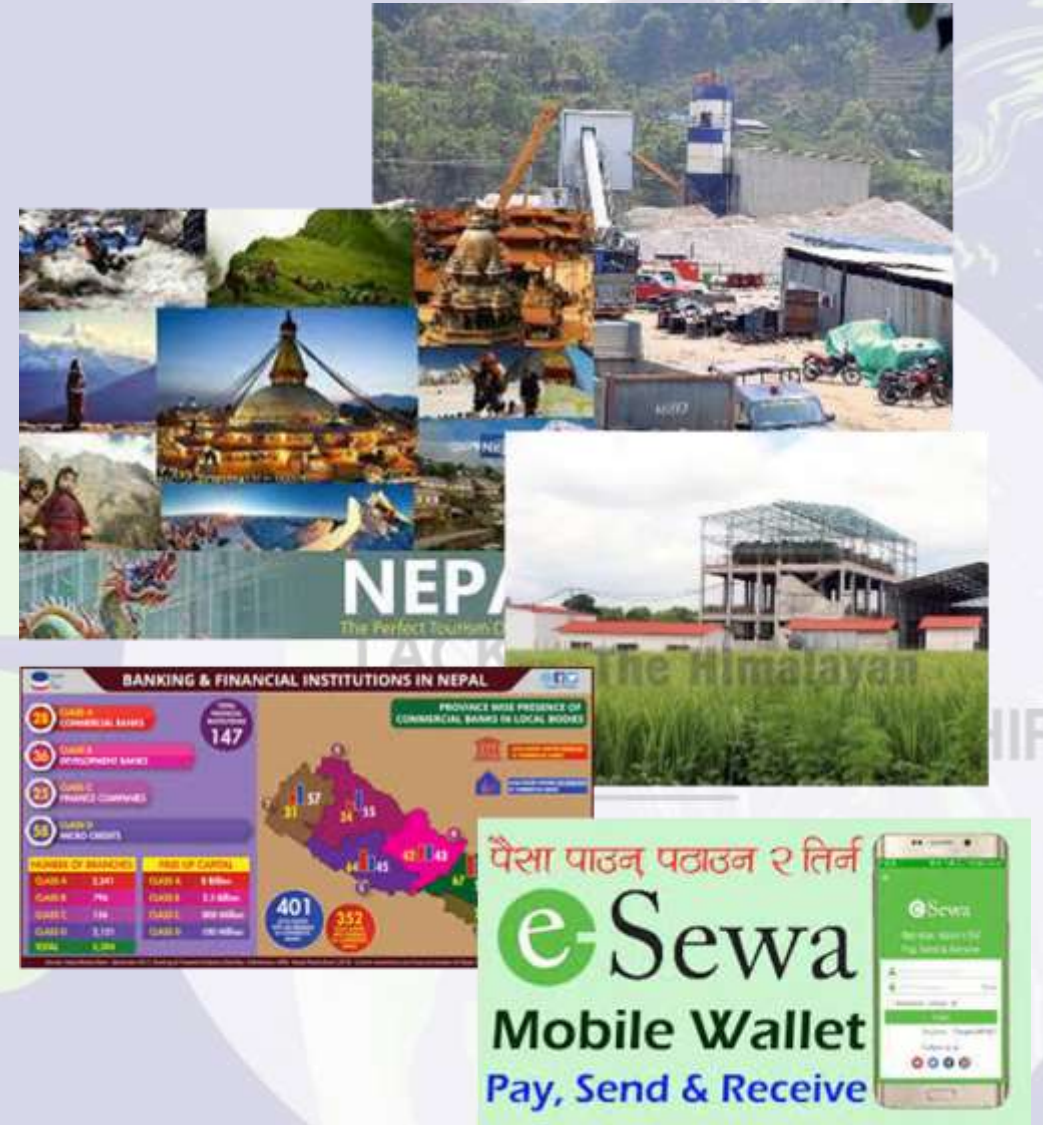
Private Innovation and Digital Access - increase access to new technology e.g. internet services, solar, e-payments, climate forecast based insurance, electric vehicles and stimulate development of digital based sectors

ROLE OF GREEN FINANCE

- In principle Nepal could receive up \$1 Bn p.a. from the public climate funds e.g. GCF, CIFs adaptation fund, GEF etc. (but hard to mobilise)
- DPs roughly \$1bn p.a. (GRID budget exercise)
- Government roughly \$1.5 bn p.a. (i.e. 50% of capital budget for GRID)
- Needs \$8Bbn per year for WAM – but absorption is limiting factor
- But immediate gap \$1-2bn p.a.
- Large international resources available from neighbours, green finance, bonds, sovereign wealth funds, etc (not yet counted in GRID analysis)
- Private finance/investment not yet quantified – but increasing rapidly in Power, EVs, tourism, forestry, services
- GRID-SAP will look at all these sources to help develop a GRID financing strategy that includes but is not limited to ‘Climate finance/funds’

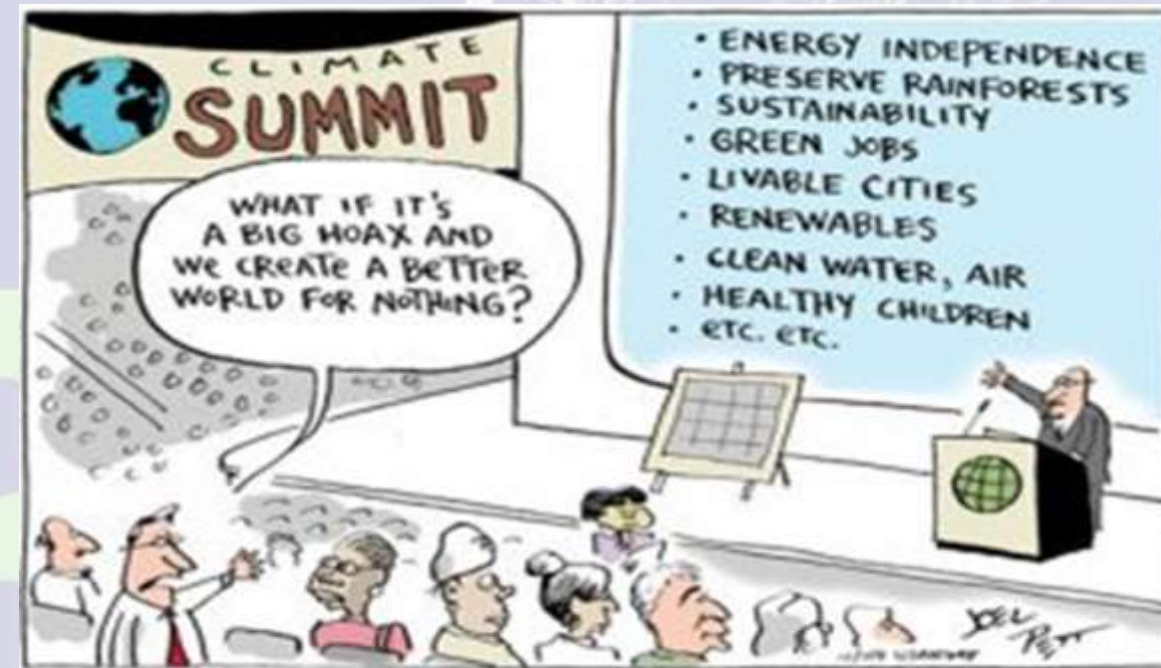
ROLE OF GRID IN FUND MOBILISATION

- GRID identifies clear role for Investors
- Helps Government puts the right investor policies in place
- Development partners align their support to encourage investment
- Investors given clear incentives and viable investment projects to invest in (Project pipeline)



GRID PROGRESS AND ENGAGEMENT

- WB GRID DPC in development with policy actions being identified
- EUTEI Green Recovery
- BEK Green Growth Nepal
- Suggestion to undertake an early exercise to identify issues which are critical to GRID success
- The agree to make good them joint 'Flagship GRID initiatives'
- For example
 - power trade, PPA and energy access policies
 - environmental measures in large infrastructure
 - fuel subsidies and pro-poor phase out options
 - urban air quality and solid waste management
 - support for local resilience/LAPAs
 - Policies for shock response cash systems



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