

Simplified Approval Process

Annex 9a: Legal due diligence



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9.A Legal Due Diligence

Please provide the following information:

- **Details of any government or regulatory approvals, licenses or permits required for implementing and operating the project/programme, the relevant issuing authority, and the date of issuance or expected date of issuance.**

- **Organizational Authority:** The National Trust for Nature Conservation (NTNC) was established in 1982 by a Legislative Act (Act No. 12 of the year 2039 (1982)). It is an autonomous, statutory, and not-for-profit organization mandated to work in the field of nature conservation in Nepal. Under this mandate, NTNC has the clear legal authority to implement the proposed project pursuant to Sections 9 and 10 of the NTNC Act, which confer upon it the power to undertake conservation programmes and receive financial assistance for such purposes. No additional organizational authorization is required.

National Endorsement: A No-Objection Letter (NOL) from the Ministry of Finance (the National Designated Authority) is required for all GCF projects. [REDACTED]

This portion has been redacted in accordance with the GCF Information Disclosure Policy, as the portion is confidential under the disclosure policy of the Accredited Entity.

- **Activity-Specific Permits:** For community forestry interventions, the project shall obtain the requisite approvals for Community Forest Operational Plans (CFOPs) in accordance with the Forest Act, 2019 (2076 B.S.) and the Community Forest Directives, as administered by the respective Division Forest Offices (DFOs) at the provincial level. All activity-specific permits and approvals shall be secured prior to the commencement of the relevant project activities, in strict compliance with applicable national and provincial forestry laws and regulations.

NTNC does not foresee any significant obstacles in obtaining the required permits and approvals. Given that project funds are disbursed directly through the DFOs and CFOPs via the Provincial Ministry of Industry, Tourism, Forests and Environment (MOITIFE) on the basis of approved Annual Work Plans (AWPs), the permitting and approval processes are institutionally integrated within the existing fund flow mechanism. This structural alignment is expected to ensure administrative efficiency and regulatory compliance, with no material impediments to permit issuance anticipated at this stage. Nonetheless, NTNC shall proactively engage with the relevant authorities to ensure timely processing of all required approvals in accordance with the project implementation timeline.

Institutional Approvals: [REDACTED]

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- **Accreditation Master Agreement (AMA) Requirements:** The AMA requires a legal certificate confirming that NTNC has the necessary power and has been duly authorized to apply for, receive, manage, and enter into contracts for external financing from international organizations without further authorizations or approvals from any other authority. The project's Legal Opinion issued on February 8, 2026, confirms that all such final internal approvals have been obtained and that NTNC is fully empowered to enter into and perform its obligations under the AMA and the related Funded Activity Agreement (FAA).
- **Fund Management Authority:** Under Section 10(a) of the NTNC Act, NTNC is explicitly empowered to receive assistance from national or international organizations in cash or kind. As an autonomous, statutory, and not-for-profit organization, NTNC does not require additional commercial banking licenses to manage project funds but must operate in accordance with the NTNC Act, Regulations, and Bye-laws (1996). [REDACTED]

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- **Describe applicable taxes (or exemptions thereof) and foreign exchange regulations related to the project/programme.**

- **Taxation Status:** NTNC is a Tax-Exempt Entity in accordance with the provisions of the NTNC Rules, 1984. However, for other fiscal and statutory obligations, NTNC complies with the relevant laws and regulations of the Government of Nepal, including the Income Tax Act 2058 (2002), Value Added Tax Act 2052 (1996), Customs Act 2064 (2007), and Excise Duty Act 2058 (2002), along with their subsequent regulations. GCF proceeds received by NTNC are not subject to direct taxation under applicable Nepalese law.
- **Implementation Responsibilities:** [REDACTED]

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In the event that any withholding tax deduction results in a reduction of reflowed funds payable to the GCF, NTNC, in its capacity AE, and/or the relevant EE, shall gross up the relevant amount when transferring such funds to the GCF, so as to ensure that the GCF receives the full amount to which it is entitled.

- **Foreign Exchange Regulations:** Foreign exchange transactions are governed by the directives issued by Nepal Rastra Bank (NRB) and implemented in accordance with Clause 16 of the NTNC Financial Management and Control Manual (2019).

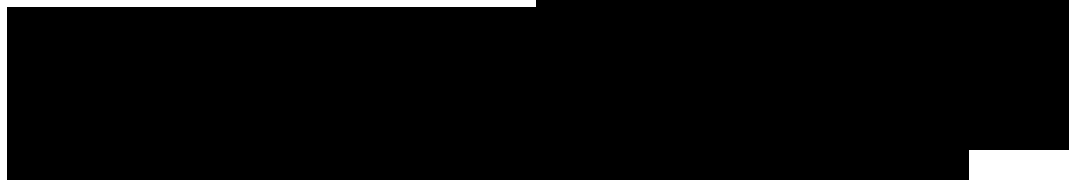
The applicable procedures include:

- **Foreign Currency Receipts:** Recorded at the NRB buying rate prevailing on the date of receipt.

- **Foreign Currency Payments:** Recorded at the NRB selling rate prevailing on the date the payment is made.
- **Balance Sheet Valuation:** Foreign currency monetary assets and liabilities outstanding at the balance sheet date are translated into local currency using the prevailing NRB exchange rates.
- **Recognition of Exchange Differences:** Any unrealized foreign exchange gains or losses arising from such translation are recognized in the financial statements accordingly.

In the event of a reflow of funds from the Government Treasury to NTNC during project implementation (e.g., return of unused GCF proceeds), such funds will be received in Nepalese Rupees (NPR) and shall be recorded in USD at the NRB exchange rate prevailing on the date of receipt, in accordance with the FMCM, 2019. Any resulting foreign exchange gain or loss shall be recognized and recorded accordingly. No regulatory restrictions are anticipated with respect to the conversion of such funds into USD for onward transfer to the GCF. In circumstances where such conversion is not administratively feasible, NTNC shall effect the transfer to the GCF from its existing USD-denominated accounts at the exchange rate prevailing on the date of transfer. NTNC acknowledges that NRB approval may be required for such transfers to the GCF, depending on the amount involved or pursuant to the terms of the relevant agreement documents. NTNC shall seek any such regulatory approval as may be required. The regulatory approvals required for transferring funds to the GCF can be secured with advance notice to the MoF/Central Treasury and the Nepal Rastra Bank, as well as by providing appropriate evidence of transactions with the GCF, including the FAA and financial reports (with verified balances). For the avoidance of doubt, there are no restrictions or regulatory approvals required for the receipt of the GCF Proceeds by NTNC.

GCF Account – USD-Denominated Account:



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- **Details of any insurance policies or requirements related to the project/programme.**
 - **Insurance Framework:** NTNC maintains an insurance framework to mitigate operational and project-related risks as stipulated in the Employees Administration and Financial Administration Bye-laws, 2053 (1996) and its Second Amendment, 2066 (2009).
 - **Employee Coverage:** Under Bye-law 148, NTNC provides comprehensive employee insurance and other relevant coverage as determined by the NTNC Governing Board of Trustees.
 - **Asset and Liability Protection:** Project-specific assets, equipment, and relevant third-party liabilities will be insured through recognized national insurance providers in accordance with operational requirements and prudent risk management practices.
 - **GCF Compliance:** In accordance with Clause 10.01(b) of the AMA, NTNC ensures that adequate provision is made for the insurance of any Goods required for the Funded Activity against

hazards in accordance with prudent industry practice. Any indemnity for such insurance shall be payable in a freely usable currency to replace or repair such Goods.

- **Legal Confirmation**

- *Based on the applicable legal and regulatory framework in Nepal and the institutional mandates of NTNC, there are no legal impediments under the laws of Nepal that would prevent the implementation of the funded activity or the fulfillment of obligations by NTNC as the Accredited Entity.*
- *The Executing Entities are NTNC, the Ministry of Finance of the Host Country (MoF), and the Ministry of Industry, Tourism, Forest and Environment of Karnali Province of the Host Country (MoITFE). Each of NTNC, MoF, and MoITFE has the legal capacity to enter into contracts in its own name.*