

**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
29 June – 2 July 2026  
Dushanbe, Tajikistan  
Provisional agenda item 11

**GCF/B.45/02/Add.02**

**12 June 2026**

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# Consideration of funding proposals – Addendum II

## Funding proposal package for SAP071

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### **Summary**

This addendum contains the following six parts:

- a) A funding proposal titled "Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal";
- b) No-objection letter issued by the national designated authority(ies) or focal point(s);
- c) Secretariat's assessment;
- d) Independent Technical Advisory Panel's assessment;
- e) Response from the accredited entity to the independent Technical Advisory Panel's assessment; and
- f) Gender documentation.

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*The documents are presented as submitted by the Accredited Entity.*

# Simplified Approval Process Funding Proposal

Project/Programme title:	<u>Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal</u>
Country(ies):	<u>Nepal</u>
National Designated Authority(ies):	<u>Ministry of Finance (MoF)</u>
Accredited Entity:	<u>National Trust for Nature Conservation (NTNC)</u>
Date of first submission:	<u>2026/02/12</u>
Date of current submission/ version number	<u>2026/04/13 V.3</u>



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## Contents

### Section A PROJECT / PROGRAMME SUMMARY

This section highlights some of the project's or programme's information for ease of access and concise explanation of the funding proposal.

### Section B PROJECT / PROGRAMME DETAILS

This section focuses on describing the context of the project/programme, providing details of the project/programme including components, outputs and activities, and implementation arrangements.

### Section C FINANCING INFORMATION

This section explains the financial instrument(s) and amount of funding requested from the GCF as well as co-financing leveraged for the project/programme. It also includes justification for requesting GCF funding and exit strategy.

### Section D EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section provides an overview of the expected alignment of the projects/programme with the GCF investment criteria: impact potential, paradigm shift, sustainable development, needs of recipients, country ownership, and efficiency and effectiveness.

### Section E ANNEXES

This section provides a list of mandatory documents that should be submitted with the funding proposal as well as optional documents and references as deemed necessary to supplement the information provided in the funding proposal.

#### Notes to accredited entities on the use of the SAP funding proposal template

- The Simplified Approval Process Pilot Scheme (SAP) supports projects and programmes with a GCF contribution of up to USD 25 million with minimal to no environmental and social risks. Projects and programmes are eligible for SAP if they are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development.
- This template is for the SAP funding proposals and is different from the funding proposal template under the standard project and programme cycle. Distinctive features of the SAP funding proposal template are:
  - *Simpler documents*: key documents have been simplified, and presented in a single, up-front list;
  - *Fewer pages*: A shorter form with significantly fewer pages. The total length of funding proposals should **not exceed 20 pages**, annexes can be used to provide details as necessary;
  - *Easier form-filling*: fewer questions and clearer guidance allows more concise and succinct responses for each sub-section, avoiding duplication of information.
- Accredited entities can either directly incorporate information into this proposal, or provide summary information in the proposal with cross-reference to other funding proposal documents such as project appraisal document, pre-feasibility studies, term sheet, legal due diligence report, etc.
- Submitted SAP Pilot Scheme funding proposals will be disclosed simultaneously with submission to the Board, subject to the redaction of any information which may not be disclosed pursuant to the [GCF Information Disclosure Policy](#).
- For more information on how to develop Funding Proposals under the SAP please refer to the [Simplified Approval Process \(SAP\) Funding proposal guidelines](#).

Please submit the completed form through the GCF Digital Proposal Submission Platform (DPS)<sup>1</sup>

A. PROJECT/PROGRAMME SUMMARY				
A.1. Has this FP been submitted as a SAP CN before?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
A.2. Is the Environmental and Social Safeguards Category C or I-3?		Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		
A.3. Project or programme	<input checked="" type="checkbox"/> Project <input type="checkbox"/> Programme	A.4. Public or private sector	<input checked="" type="checkbox"/> Public sector <input type="checkbox"/> Private sector	A.5. RfP Not applicable
A.6. Result area(s)			<b>GCF Contribution</b>	<b>Co-financers' contribution<sup>2</sup></b>
	<b>Mitigation total</b>		35 %	35 %
	<input type="checkbox"/> Energy generation and access			
	<input type="checkbox"/> Low emission transport			
	<input type="checkbox"/> Buildings, cities and industries and appliances			
	<input checked="" type="checkbox"/> Forestry and land use		35 %	35 %
	<b>Adaptation total</b>		65 %	65 %
	<input checked="" type="checkbox"/> Most vulnerable people and communities		20 %	20 %
	<input checked="" type="checkbox"/> Health and well-being, and food and water security		20 %	20 %
	<input type="checkbox"/> Infrastructure and built environment			
<input checked="" type="checkbox"/> Ecosystem and ecosystem services		25 %	25 %	
A.7.1. Expected mitigation outcome  <i>(Core indicator 1: GHG emissions reduced, avoided or removed / sequestered)</i>	1,101,385 tCO <sub>2</sub> eq	A.7.2 Expected adaptation outcome  <i>(Core indicator 2: direct and indirect beneficiaries reached)</i>	109,690 direct beneficiaries  0.4 % of the country's total population  6.5% of Karnali Province population of 1,694,889	423,218 indirect beneficiaries  1.4% of the country's total population  25% of Karnali Province population

<sup>1</sup> See the [DPS user guide](#) for further information on how to access and submit proposals.

<sup>2</sup> Co-financer's contribution means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF contribution (i.e. GCF financial resources requested by the Accredited Entity) to implement the project or programme described in the funding proposal.

<b>A.8.1. Total investment (GCF + co-finance<sup>3</sup>)</b>	Amount: 9,209,500 USD	<b>A.8.2 Total GCF funding requested (max USD 25M)</b>	Amount: 8,509,500USD
<b>A.9. Type of financial instrument requested for the GCF funding</b>	<input checked="" type="checkbox"/> Grant <input type="checkbox"/> Loan <sup>4</sup> <input type="checkbox"/> Equity <input type="checkbox"/> Guarantees <input type="checkbox"/> Others:		
<b>A.10. Implementation period (months)</b>	48 months	<b>A.11. Total project/ programme lifespan (years)</b>	20 Years
<b>A.12. Expected date of internal approval</b>	1/29/2026	<b>A.13. Has Readiness or PPF support been used to prepare this FP?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>A.14. Is this FP included in the entity work programme?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<b>A.15. Is this FP included in the country programme?</b>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
<b>A.16. Executing Entity information</b>	<p>The National Trust for Nature Conservation (NTNC) is an autonomous, not-for-profit institution established in 1982 by the Legislative Act to manage and conserve Nepal's natural and cultural heritage. NTNC has its thematic focus on species conservation, protected areas and ecosystems management, climate change, conservation economy, and research, education and knowledge management. Presently, NTNC is equipped with 350+ full time staff who are working in ten protected areas spread across the mountain and lowland regions of Nepal. NTNC will be the project co-Executing Entity (co-EE), supported by the Government of Nepal, which will be represented by two other co-EEs, namely the Ministry of Finance (MoF) – as an intermediary for the flow of funds – and Ministry of Industry, Tourism, Forest and Environment (MoITFE) for Karnali Province, which will be responsible for implementation of specific actions on the ground.</p>		
<b>A.17. Scalability and potential for transformation (max. 100 words)</b>			
<p>The project builds on established community forestry, ecosystem restoration, and local adaptation planning initiatives, strengthening their climate focus and institutional anchoring under Nepal's federal governance framework. Key complementary initiatives include UK-AIDs Nepal Climate Change Support Programme 2, CIF's Forests for Prosperity Project, AF's CAFS Karnali and ADB's Climate-Resilient Landscapes and Livelihoods Project (Annex2, Section 2.6.1). Mitigation results will also contribute to Nepal's national REDD+ strategy objectives.</p> <p>By linking ecosystem-based adaptation, resilient livelihoods, anticipatory risk management, and climate communication within sustained provincial and municipal systems, the project enables a paradigm shift from reactive responses to locally-led, climate-resilient and low-emission development pathways that can be replicated and scaled beyond the project area.</p>			
<b>A.18. Project/Programme rationale, objectives and approach (max. 300 words)</b>			
<p>Karnali Province is highly vulnerable to climate change due to increasing rainfall variability, rising temperatures, and the growing frequency of floods, landslides, droughts, and forest degradation. These impacts disproportionately affect forest-dependent communities—particularly women, Dalits, Indigenous Peoples, and persons with disabilities—whose livelihoods and well-being rely on fragile ecosystem services. Climate risks are compounded by limited access to climate finance, weak institutional capacity under devolved governance, and a predominance of reactive responses to climate shocks. This underscores the urgent need for integrated, locally led adaptation that strengthens ecosystem resilience, livelihood security, and governance systems simultaneously.</p>			

<sup>3</sup> Refer to the Policy on Co-financing of the GCF.

<sup>4</sup> Senior loans and subordinated loans.

The purpose of the project is to strengthen the climate resilience of vulnerable communities in Karnali Province through locally led adaptation. It is structured around three outcomes: (i) restoring and sustainably managing climate-resilient forest and landscape systems while enabling inclusive, climate-resilient forest-based livelihoods; (ii) strengthening adaptive capacity, preparedness, and governance through climate awareness, participatory local adaptation planning, early warning systems, and model adaptation sites; and (iii) institutionalising climate communication, awareness, and advocacy at provincial and local levels. Activities are mutually reinforcing and embedded within community, municipal, and provincial systems to ensure sustainability and scalability.

The project will directly benefit 109,690 people and indirectly benefit over 423,218 people through reduced climate vulnerability, improved ecosystem services, enhanced preparedness, and more resilient livelihoods. It will deliver mitigation benefits of approximately 119,649 tCO<sub>2</sub>e over four years and an estimated 1,101,385 over 20 years through improved forest management and restoration – contributing to Nepal’s objectives under the REDD+ strategies. GCF grant financing is essential to overcome financial barriers, de-risk adaptation investments, and enable a paradigm shift from reactive to anticipatory climate-resilient development. The project contributes to SDG 13 (Climate Action), SDG 15 (Life on Land), SDG 5 (Gender Equality), and advances SDG 1 (No Poverty) and SDG 10 (Reduced Inequalities).

## B. PROJECT/PROGRAMME DETAILS

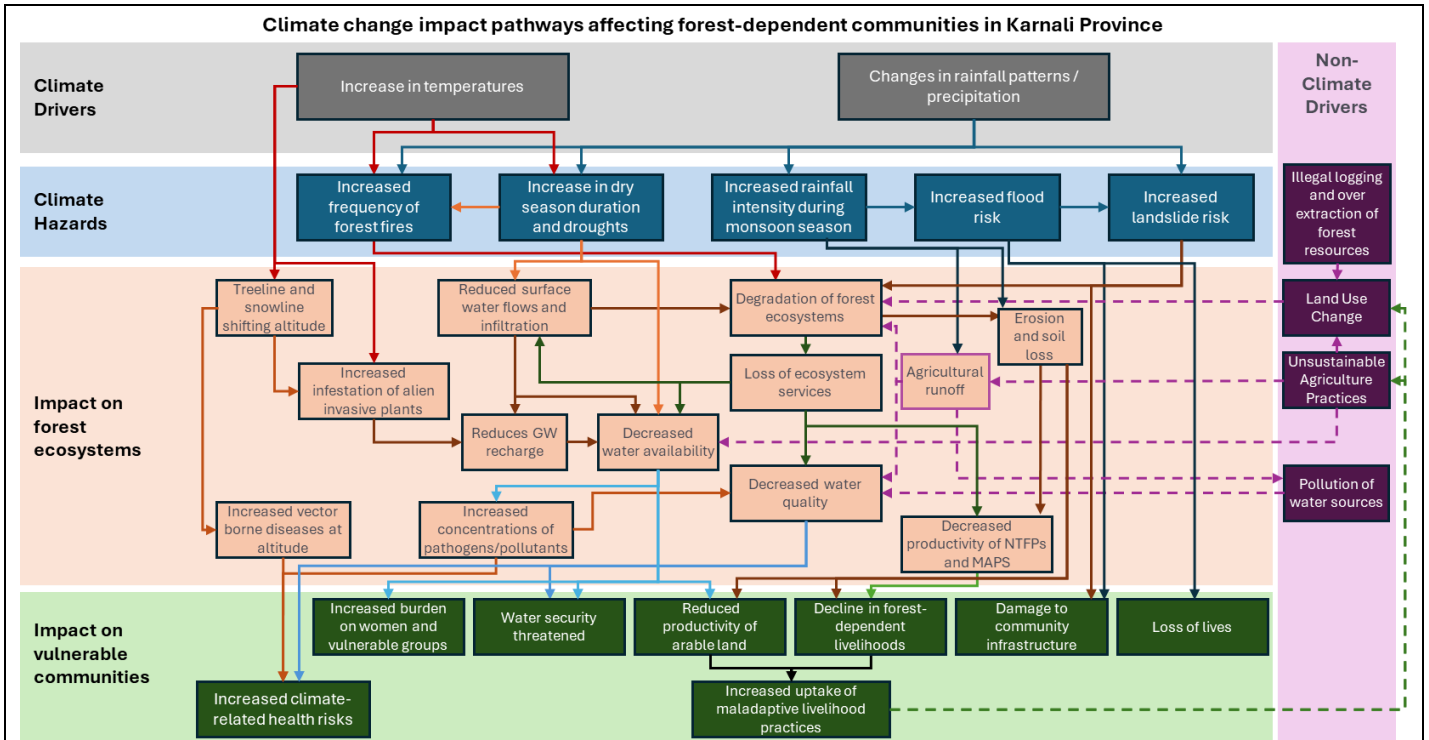
### B.1. Context and baseline (max. 500 words)

#### Climate vulnerabilities and impacts

Karnali Province is one of Nepal's most climate-vulnerable regions, with forest-dependent communities facing growing risks from rising temperatures, erratic rainfall patterns, prolonged dry spells, and increasingly intense monsoon events (See PFS2.3.1–2.3.2). These changes are degrading forest ecosystems, disrupting natural regeneration, and intensifying hazards such as forest fires, landslides, and seasonal water scarcity (PFS2.3.3). Livelihoods that depend on forests—for fuelwood, fodder, non-timber forest products (NTFPs), medicinal and aromatic plants (MAPs), and ecosystem services—are becoming more precarious, especially for women, Dalits, and Indigenous Peoples who bear a disproportionate burden of resource scarcity and climate shocks (PFS2.3.4). These challenges are compounded by persistent pressures such as overharvesting, unmanaged grazing, declining soil fertility, and limited access to adaptive technologies and markets. Moreover, forest degradation risks erode mitigation function, with forests serving as critical carbon sinks.

Climate Variable	Baseline	Trend	Projection
<b>Average Temperature</b>	National: 12.78°C Karnali: 4.37°C	National: ↑ 0.22 °C per decade Karnali: ↑ 0.17 °C per decade	SSP2-4.5: 5.22°C (+0.85) by 2040 SSP5-8.5: 5.6°C (+1.23) by 2040 SSP2-4.5: 6.23°C (+1.86) by 2070 SSP5-8.5: 7.57°C (+3.2) by 2070
<b>Average Maximum Temperature</b>	National: 17.9°C Karnali: 9.86°C	National: ↑ 0.18 °C per decade Karnali: ↑ 0.23 °C per decade	SSP2-4.5: 10.74°C (+0.88) by 2040 SSP5-8.5: 11.06°C (+1.2) by 2040 SSP2-4.5: 11.73°C (+1.87) by 2070 SSP5-8.5: 13.03°C (+3.17) by 2070
<b>Average Minimum Temperature</b>	National: 7.67°C Karnali: -1.11°C	National: ↑ 0.24 °C per decade Karnali: ↑ 0.23 °C per decade	SSP2-4.5: -0.32°C (+0.79) by 2040 SSP5-8.5: 0.1°C (+1.21) by 2040 SSP2-4.5: 0.7°C (+1.81) by 2070 SSP5-8.5: 2.05°C (+3.16) by 2070
<b>Average Rainfall</b>	National Annual: 1,830 mm Monsoon: 250–450mm/month Karnali high mountains: 622mm/yr	Karnali: -2,33mm/yr from 1951-2020 (significant); +3,4mm/yr for 1991-2020 (not significant)	SSP2-4.5: Dry season: ↓~10% SSP2-4.5: Wet season ↑ 8.19-9.34%
<b>Extreme Rainfall</b>	National Rainy days: 166.4 days Very wet days: 18.1 days Extremely wet days: 3.5 days	Positive trend in consecutive wet days for Karnali with 0.9 days/yr Wet days and extremely wet days both show a clear increasing trend in Karnali	↑largest 1- and 5-day cumulative precipitation during monsoon months Rainy days: -3 days (RCP4.5) and -1.6 days (RCP8.5) Very wet days: +0.3 days (RCP4.5) and +2.2 days (RCP8.5) Extremely wet days: +0.9 days (RCP4.5) and +1 day (RCP8.5)

Sources: World Bank Climate Knowledge Portal (2026) and MoFE Vulnerability and Risk Assessment (2021)



Despite strong local stewardship traditions, forest-dependent communities often lack the technical, financial, and institutional support required to manage forests sustainably under growing climate pressures. Their adaptive capacity is further constrained by geographic remoteness, persistent poverty, and limited local government resourcing.

Under the baseline scenario, climate action remains fragmented, reactive, and underfunded. Community Forest User Groups (CFUGs) have significant autonomy over forest use under Nepal’s federal framework (PFS2.4), but lack the technical, financial, and institutional support to integrate climate risk into forest planning and management. While national climate policies promote adaptation mainstreaming and community-based action (PFS2.5), implementation is uneven and dependent on external project cycles. Similarly, forest-based livelihoods are constrained by poor market access, lack of enterprise support, and value chain fragmentation (PFS2.2.2). Without intervention, the region will continue facing ecosystem degradation, deepening livelihood vulnerability, and lost mitigation opportunities due to missed forest restoration and sustainable harvesting potential.

**Coordination with other projects**

The project builds on and ensures coordination with a range of relevant initiatives (PFS2.6), drawing lessons from programs such as the Adaptation for Smallholders in Hilly Areas (ASHA), CAFS-Karnali (Adaptation Fund), Climate Resilient Landscapes and Livelihoods Project (ADB), and NCCSP2 (UNDP/UK Aid). These initiatives have contributed to local adaptation planning, sustainable land management, and climate-smart practices, but gaps remain in linking these efforts with forest governance, landscape restoration, and long-term institutional capacity. The project complements these by embedding an integrated, forest-livelihood-climate approach within devolved institutions across Karnali. Additionally, the project will coordinate with the national REDD Implementation Centre, with mitigation results contribution to targets under the National REDD+ Strategy (2025-2034).

**Root causes and barriers**

The intervention addresses a set of systemic root causes that shape how communities, institutions, and ecosystems interact within the landscape (PFS2.7). Social and gender inequalities continue to constrain equitable participation in decision-making processes and limit access to forest resources, skills development, and economic opportunities, particularly for women, Dalits, and Indigenous Peoples. At the same time, ecological degradation—driven by unsustainable extraction practices, invasive species, and weakened natural regeneration—undermines the capacity of forest and watershed systems to provide critical protective and livelihood functions. These pressures are compounded by technological and knowledge gaps, where limited access to climate-smart management tools, data, and monitoring

systems restricts the adoption of adaptive practices. Financial constraints further inhibit investment in restoration and enterprise development, while weak market linkages reduce incentives for sustainable resource use. Finally, institutional fragmentation and evolving governance arrangements under federalism create ambiguity in roles and responsibilities, limiting coordination across provincial, municipal, and community levels. Together, these underlying drivers give rise to the five key barriers outlined below, which directly constrain climate resilience and adaptive capacity in the target landscape.

- i. **Lack of climate-resilient infrastructure and use of nature-based approaches:** Critical infrastructure is highly vulnerable to climate extremes and is not designed for resilience, while nature-based solutions remain underutilised despite their protective and co-benefit potential.
- ii. **Poor awareness among communities and local authorities of essential functions of forests and watersheds in disaster control and building climate resilience:** Limited understanding of climate risks and the ecosystem functions of forests and watersheds constrains effective planning, policy integration, and landscape-level resilience approaches.
- iii. **Limited technical and financial capacity of local communities:** Communities and local institutions lack the knowledge, resources, and technologies required to implement climate adaptation, sustainable resource management, and resilient livelihood practices.
- iv. **Poor governance and coordination between line agencies and local institutions regarding climate change interventions:** Fragmented institutional roles, weak coordination, and inadequate regulatory and planning frameworks hinder integrated and effective climate adaptation implementation.
- v. **Limited inclusive participation in decision-making process:** Structural inequalities restrict the participation of women, Dalits, and Indigenous Peoples in decision-making, limiting equitable access to resources and reducing adaptive capacity among the most vulnerable groups.

By enabling locally led climate action through inclusive planning, capacity strengthening, direct financing to communities, and value chain integration, the project responds to these structural barriers and climate challenges in a scalable, sustainable, and equity-oriented way. GCF concessional finance is strategically deployed to directly address these barriers by unlocking investment where it is currently constrained. It enables upfront financing for climate-resilient ecosystem restoration, supports community-level access to resources for adopting climate-smart practices and developing NTFP enterprises, and funds the technical assistance and capacity building required to close knowledge and technology gaps. At the institutional level, it strengthens coordination mechanisms, planning systems, and inclusive governance processes, while facilitating market linkages and financial mechanisms that improve the viability of sustainable livelihoods. In doing so, concessional finance operationalises the transition from fragmented, under-resourced efforts to integrated, scalable, and locally led climate resilience pathways.

### B.2.1. Project/Programme description (max. 1,000 words)

The project will strengthen climate resilience of vulnerable, forest-dependent communities in Karnali Province by addressing the underlying drivers of climate vulnerability—ecological degradation, livelihood fragility, limited adaptive capacity and weak institutional systems—adopting an integrated, locally-led adaptation approach that enables durable changes in how forests are managed, livelihoods are developed, climate risks are anticipated, and decisions are made across community, municipal, and provincial levels. Structured around three mutually reinforcing outcomes, the project design is summarized below, with a detailed theory of change and Logical Framework are presented in Annex 2 (Sections 4 and 5). Across all three outcomes, beneficiaries are not treated as passive recipients, but as active agents of adaptation, with ongoing and active engagement with vulnerable groups throughout implementation as outlined in the Environmental and Social Action Plan, Indigenous Peoples Planning Framework and Gender Action Plan. While NTNC maintains primary responsibility for the oversight of all activities, execution on the ground will be shared between NTNC and MoITFE as one of the co-executing entities (operating through provincial and local government structures). Responsibilities for each sub-activity are presented in brackets under the following codes: MoITFE through Provincial Government (MoITFE -PG), MoITFE through Local Government (MoITFE-LG) and fully by NTNC — see Annex 2 Section 7.1.2 for more details.

#### Outcome 1: Enhanced Resilience of Forest Ecosystems and Forest-Based Livelihoods (NTFP/MAP)

Outcome 1 addresses the interconnected vulnerabilities of degraded ecosystems, climate-exposed livelihoods, and limited adaptive capacity within local institutions through two complementary outputs that operates through a reinforcing

causal pathway in which healthier, better-managed forest ecosystems enable sustainable production, while resilient livelihoods generate the economic and social incentives needed to maintain and protect forest resources.

By embedding these interventions within community forest institutions and aligning them with municipal and provincial systems, the outcome delivers durable adaptation benefits that extend beyond individual activities. The result is a measurable enhancement of ecosystem resilience and livelihood security, contributing directly to reduced climate vulnerability and strengthened adaptive capacity of forest-dependent communities across Karnali Province.

**Output 1.1** focuses on restoring and strengthening climate-resilience of community forests. Climate-informed forest assessment, community-led forest planning, targeted restoration, and nature-based solutions improve forest quality, ecosystem functionality, and watershed stability; reducing exposure to climate hazards, enhancing regulating ecosystem services, and increasing carbon sequestration. The approach to forest management will build on existing structures long established in Nepal; drawing lessons from initiatives across the country, as well as global best practice, to remove barriers for implementing improved community forest management practices in the target forests. The focus will be on revising management plans to introduce more integrated approaches that incentivize forest conservation while enabling sustainable livelihood development and ecosystem service provision. The resulting improved ecological state leaves forests healthier, more productive, and better able to support sustainable use under changing climatic conditions.

- *Activity 1.1.1. Improve Sustainable Forest Management (SFM) for Increased Resilience to Climate Change and Carbon Sequestration Benefits*
  - Conduct landscape level assessment of the state of forest ecosystems, forest quality, and forest ecosystem services (MoITFE-PG)
  - Develop a manual for forest quality assessments (MoITFE-PG)
  - Identify and select 80 natural, partially degraded community forests (MoITFE-PG)
  - Co-develop Community Forest Operational Plans (CFOPs) for 80 Community Forest Management Groups (CFMGs) (MoITFE-PG)
  - Train CFMGs on nursery management, sustainable production and harvesting practices, specifically targeting women, Dalits and indigenous communities (MoITFE-PG)
  - Implement SLM practices identified in CFOP (MoITFE-PG)
  - Train CFMGs on participatory forest monitoring (NTNC)
- *Activity 1.1.2. Restore priority sites in community forests, prioritizing species that can be integrated into sustainable NTFP supply chains*
  - Provide TA to 50 CFMGs to identify priority sites for forest rehabilitation (MoITFE-PG)
  - Restore 1,000ha of degraded community forests through assisted natural regeneration and enrichment planting (MoITFE-PG)
- *Activity 1.1.3. Implement Targeted Nature-Based Solutions (NbS) for Watershed and Land Resilience*
  - Select 200 climate-sensitive sites for NbS (MoITFE-LG)
  - Identify and plan locally-appropriate NbS (MoITFE-LG)
  - Procure services, inputs and equipment to implement NbS (MoITFE-LG)

**Output 1.2** builds directly on this ecological foundation by enabling climate-resilient, inclusive forest-based livelihoods. A deliberately sequenced enterprise development pathway ensures that only enterprises grounded in sustainable resource management and validated business models progress to market and finance access support. The pathway covers value chain analysis and enterprise incubation, sustainable production and harvesting practices, access to finance, certification, and government programmes, and scaling support.

Sequencing directly addresses key barriers (premature investment, over-extraction of resources, and weak market readiness) by reducing risk and aligning economic incentives with long-term forest stewardship. For beneficiaries, particularly women, Dalits, Indigenous Peoples (IPs), and Persons with Disabilities (PwD), this translates into more stable incomes, diversified livelihood options, and greater participation in value chains beyond primary production.

- *Activity 1.2.1. Value Chain Analysis and Enterprise Incubation*
  - Conduct sustainable NTFP/MAP value chain analyses (NTNC)
  - Conduct a vulnerability assessment of the NTFP resource base in the NTFP-rich forests (NTNC)
  - Prepare comprehensive production, processing, and marketing business plans for 10 NTFP-based MSMEs, particularly targeting women, Dalits, and IPs and PwD households (MoITFE-LG)
  - Provide early-stage, non-capital assistance to targeted MSMEs for the implementation of NTFP Business Plans. (NTNC)
  - Establish NTFP nurseries (MoITFE-LG)

- **Activity 1.2.2. Promote Sustainable Production and Harvesting Practices**
  - Train 60 community forest user groups on climate-smart, sustainable NTFP production and harvesting (MoITFE-PG)
  - Host engagement workshops, to facilitate partnerships for the adoption of climate-friendly, low-carbon post-harvest processing systems (MoITFE-PG)
  - Provide input packages for technologies, inputs, and services that enable the uptake of climate-responsive and high-yielding NTFP production practices (MoITFE-PG)
- **Activity 1.2.3. Facilitate Market Access and Financial Mechanisms**
  - Identify context-appropriate finance and risk management mechanisms to facilitate improved access to finance and investment in sustainable forest-based enterprises across the value chain (NTNC)
  - Establish and operationalize a functional financing mechanism that links local producers and processors with accessible local financial institutions (NTNC)
  - Co-develop a functional mechanism to promote the recognition of sustainable production practices, quality control, certification services, and Geographic Indications to enhance market competitiveness (NTNC)
  - Co-develop tools to sustainably link producers and processing MSMEs with relevant government programs for small-scale mechanization technology and market infrastructure (NTNC)
- **Activity 1.2.4. Provide Capacity Building and Entrepreneurship Support**
  - Establish a technical assistance programme to scale up local entrepreneurship in sustainable production, processing, and market integration of high-value agroforestry products (NTNC)
  - Develop a replication and scaling strategy to collate and replicate successful climate-smart initiatives (NTNC)

**Outcome 2: Enhanced Adaptive Capacity and Disaster Preparedness of climate-vulnerable communities and local institutions**

Outcome 2 reflects a measurable shift in how communities and institutions in Karnali Province understand, anticipate, and manage climate risks. As a result of strengthened knowledge, planning, and governance, climate vulnerability is reduced not through isolated actions, but through enduring behavioural changes, decision-making, and institutional practice across community, municipal, and provincial levels.

**Output 2.1** delivers integrated local adaptation, preparedness, and learning services to climate-vulnerable communities and local institutions. At community level, strengthened climate literacy and applied adaptation skills, enables households to better understand climate risks and respond across multiple dimensions—livelihoods, water, health, infrastructure, and forests. These changes increase confidence, collective action, and preparedness, particularly among vulnerable groups often excluded from formal planning processes.

At municipal level, adaptation priorities are institutionalised through inclusive Local Adaptation Plans of Action (LAPAs), supported by technical capacity in climate integration, public financial management, and M&E. This shifts municipalities away from ad hoc, reactive responses toward programmatic, forward-looking adaptation planning that aligns community priorities with formal budgeting and development processes. Inter-municipal collaboration further enables shared climate risks to be addressed at appropriate scales.

At the community and local governance interface, community-based EWS enables a shift from reactive disaster response to anticipatory risk management. Locally-owned warning thresholds, response protocols, and communication systems ensure that warnings are actionable and trusted, reducing loss of life and assets during climate shocks. As systems mature, lessons inform provincial-level CIS.

Climate adaptation model sites further reinforce learning and replication by translating plans and innovations into visible practice, reducing uncertainty around new approaches, enabling peer-to-peer learning, and accelerating uptake across communities.

Together, these create an integrated and self-reinforcing system in which communities are prepared and proactive, local governments are capable and coordinated, and provincial institutions enable continuity and scale—with adaptation actions planned, financed, and implemented as part of routine governance. These results address barriers related to limited climate awareness, weak local planning systems, reactive disaster management, and insufficient institutional coordination.

- **Activity 2.1.1. Develop and deliver climate change awareness and adaptation training.**
  - Co-develop modules with local communities and institutions for climate change awareness and adaptation trainings (MoITFE-LG)
  - Organize trainings in collaboration with local governments and relevant non-government institutions (MoITFE-LG).

- **Activity 2.1.2. Formulate and implement local adaptation plans for action (LAPA)<sup>5</sup>.**
  - Provide technical support to all the 31 municipalities of the project districts to prepare/update LAPAs through a participatory approach that includes women, Dalits and IPs (MoITFE-LG).
  - Provide technical training for municipal officials on climate integration into local development planning processes, robust public financial management for climate actions, and effective Monitoring & Evaluation (M&E) systems for adaptation initiatives (MoITFE-LG).
  - Facilitate collaboration of the municipalities to develop a Joint Action Plan to address shared vulnerabilities (NTNC).
- **Activity 2.1.3. Provide strategic support to the provincial government to scale and sustain adaptation governance beyond the project period.**
  - Facilitate knowledge sharing and policy dialogue on successful LLCA models and project lessons (NTNC).
  - Provide technical assistance for integrating climate resilience metrics and LLCA principles into provincial planning frameworks and budget allocation processes (MoITFE-PG).
  - Support the development of a provincial-level strategy for long-term climate finance mobilization and mainstreaming, building on project successes and aligning with national priorities (MoITFE-PG).
- **Activity 2.1.4. Establish Community-Based Early Warning Systems (CB-EWS)**
  - Establish a community-based disaster management committee (CDMC) at each of six target palikas (MoITFE-LG).
  - Facilitate identification of priority climate hazards, existing coping mechanisms, and locally appropriate early warning needs (MoITFE-LG).
  - Support CDMCs to define locally owned warning thresholds, roles, and response actions linked to priority hazards (MoITFE-LG).
  - Equip communities with tools to support hazard monitoring and warning dissemination (MoITFE-LG)
  - Train local community members to operate, maintain, and interpret CB-EWS (MoITFE-LG).
  - Establish a local-level communication network (MoITFE-LG).
  - Embed CB-EWS within local governance structures (MoITFE-LG).
- **Activity 2.1.5. Establish climate adaptation model sites**
  - Identify and prioritize innovative, climate-resilient adaptation practices with high scalability potential and select 10 model sites (NTNC).
  - Establish demonstrations of innovative adaptation practices at the 10 selected model sites (MoITFE-LG).
  - Train local CBOs on the sustainable operation of the model sites and knowledge sharing (MoITFE-LG).
  - Organise guided study tours for surrounding CFMG members (NTNC).

### **Outcome 3: Strengthened climate awareness and communication**

Outcome 3 represents a shift in how climate change is understood, discussed, and acted upon across Karnali Province. Climate risks, responses, and responsibilities will no longer be perceived as abstract or externally driven, but increasingly recognised as shared, locally relevant development priorities that inform everyday decisions, institutional practices, and public discourse.

**Output 3.1** establishes an integrated climate communication and advocacy function within Karnali, enabling climate information, lessons, and priorities to be consistently generated, translated, and disseminated across governance levels and diverse social groups (women, PwD, Dalits, IPs) using trusted languages, formats, and channels aligned with local contexts. A long-term Climate Change Communication Strategy provides a structured framework for communicating climate risks, responses, and successes to different audiences.

Climate advocacy platforms further translate implementation experience from Outcomes 1 and 2 into shared narratives and policy-relevant messages. Cross-sectoral engagement strengthens leadership, coordination, and the ability of institutions to champion climate action within planning and investment decisions. These platforms enable a shared understanding of climate risks and responses as shared development priorities, addressing a systemic barrier of inadequate coherent, inclusive, and sustained climate communication and advocacy systems. Without consistent communication, lessons remain fragmented, public engagement limited, and climate priorities struggle to gain traction within policy and budget processes.

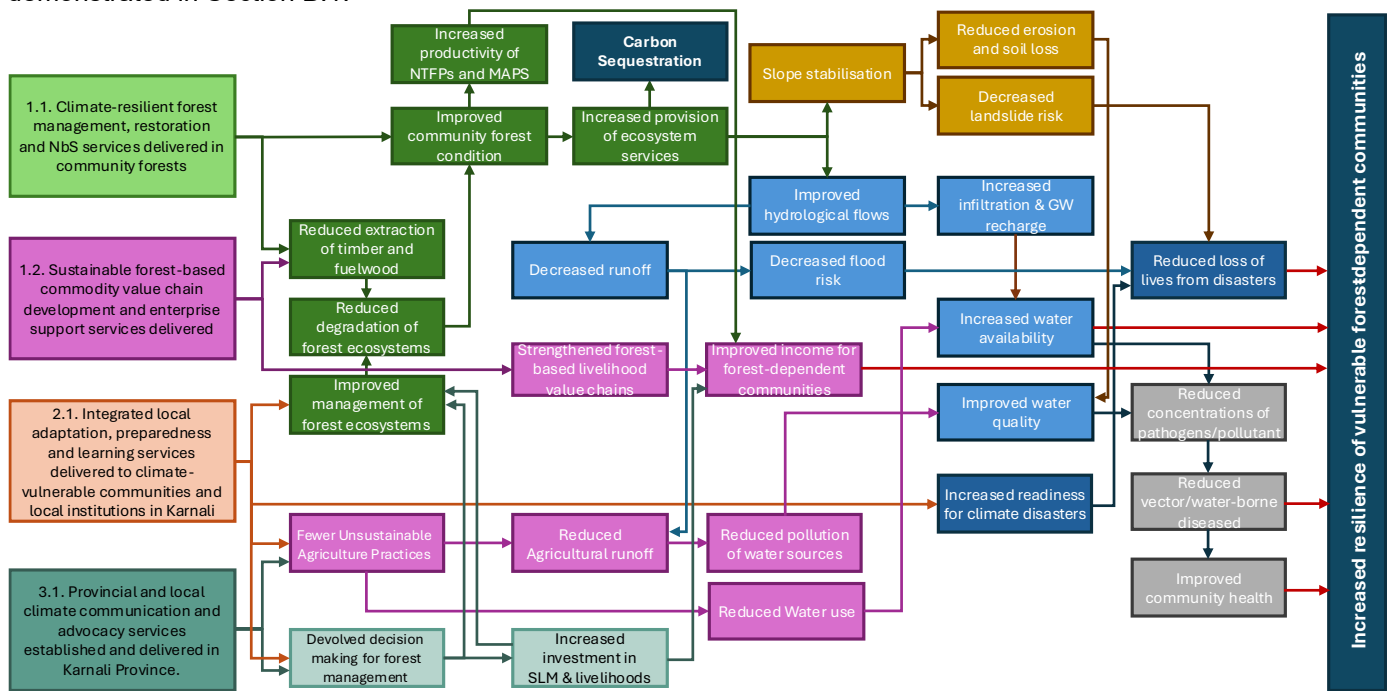
By addressing ecological, economic, institutional, and informational barriers, the project's interlinked causal pathways transform the lives of forest-dependent communities—forming a coherent system that inclusively strengthens resilience

<sup>5</sup> See Annex 2, Table 19 for details on the status and needs for LAPA development in each municipality.

in Karnali Province, enabling scalable solutions that align with Nepal’s federal governance framework and long-term climate objectives.

- **Activity 3.1.1: Develop a Climate Change Communication Strategy for Karnali Province**
  - Co-develop a 10-year Climate Change Communication Strategy (CCCS) (MoITFE-PG)
- **Activity 3.1.2. Develop and disseminate communication materials to local communities across the four target districts**
  - Develop communication materials to raise awareness and knowledge on the impacts of climate change on biodiversity, the environment, livelihoods, gender and development (NTNC)
  - Disseminate communication material through various media, ensuring that dissemination modalities reach the most vulnerable groups, including women, PwD, Dalits and IPs (NTNC).
- **Activity 3.1.3. Conduct climate advocacy workshops**
  - Prepare materials for and facilitate climate advocacy workshops (NTNC).
  - Host two climate advocacy workshops (MoITFE-PG)

The diagram below demonstrates the causal pathways for project interventions to disrupt the climate impact pathways demonstrated in Section B.1.



### B.2.2. Outcome mapping to GCF results areas and co-benefits categorization

Outcome number	GCF Mitigation Results Area (MRA 1-4)				GCF Adaptation Results Area (ARA 1-4)			
	MRA 1 Energy generation and access	MRA 2 Low-emission transport	MRA 3 Building, cities, industries, appliances	MRA 4 Forestry and land use	ARA 1 Most vulnerable people and communities	ARA 2 Health, well-being, food and water security	ARA 3 Infrastructure and built environment	ARA 4 Ecosystems and ecosystem services
Outcome 1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome 2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Outcome 3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Co-benefit number	Co-benefit					
	Environmental	Social	Economic	Gender	Adaptation	Mitigation
Co-benefit 1	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Co-benefit 2	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### B.3. Implementation / institutional arrangements (max. 750 words)

The project will be implemented through a multi-level governance and delivery structure that aligns with Nepal's federal system and the GCF principles for locally led climate action (LLCA).

The **National Trust for Nature Conservation (NTNC)** will serve as both the **Accredited Entity (AE)** and co-Executing Entity (EE), implementing the project on behalf of, and in collaboration with the Government of Nepal with the full endorsement of the National Designated Authority. NTNC is a GCF-accredited Direct Access Entity and Nepal's premier conservation institution, with a long-standing mandate to complement and support government efforts on nature conservation, climate action, and sustainable development.

NTNC's comparative advantage lies in its strong governance standing, institutional credibility, and deep operational presence across Nepal's ecological zones, from the Tarai to high mountain regions. Its Governing Board includes the Prime Minister of Nepal as Patron and is chaired by a Prime Ministerial nominee, providing high-level legitimacy and policy alignment. Operationally, NTNC maintains well-established field offices and long-term partnerships with local communities, enabling effective delivery of complex, community-based interventions in remote and climate-vulnerable areas. NTNC has extensive experience in promoting sustainable forest-based livelihoods, including medicinal and aromatic plants (MAPs), agroforestry, and value-chain development, with a demonstrated track record of supporting pro-poor groups, restoring degraded lands, and linking community producers to domestic and international markets.

#### Executing Entities

The project will be co-executed by NTNC and two entities from the Government of Nepal (GoN), specifically:

- The Ministry of Finance (MoF)- which will play an intermediary role in distributing the funds to the respective local government partners through the appropriate channels/systems.
- The Ministry of Industry, Tourism, Forest and Environment (MoITFE) of Karnali Province - which will be responsible for implementation and serve as NTNC's executing partner.

As Co-Executing Entity, NTNC will be responsible for day-to-day project execution under the strategic guidance of its governing board and the line ministry—Ministry of Forests and Environment (MoFE). To ensure transparency and accountability, clear institutional firewalls will be maintained between NTNC's AE functions (fiduciary oversight, compliance, and reporting to GCF) and EE functions (operational management and implementation). NTNC will retain overall responsibility for fiduciary management, procurement, and financial control, while working through structured partnerships to enable devolved implementation consistent with LLCA principles.

The GoN, represented by two co-EEs (MoF and MOITFE), will operate through the participating provincial government (Karnali) and local government entities to deliver specific project activities (as noted in the project description above), in close coordination with NTNC. Overall oversight responsibility remains with NTNC as the AE. An MoU will be signed by NTNC and MoITFE, representing participating government agencies, to ensure the activities are implemented as per the project funding proposal and in discretion of NTNC as the AE. The fund transfer modality followed will be 'conditional' fiscal transfer, ensuring no changes to activities can be made without NTNC's prior approval.

A **Project Steering Committee (PSC)**, chaired by Ministry of Industry, Tourism, Forest and Environment (MoITFE), Karnali Province will provide strategic guidance and coordination, in line with the details laid out in the GCF funding proposal. The NTNC, serving as both the AE and EE will act as Member Secretary to the Committee and will retain the authority to oversee adherence to GCF funding proposal, including fiduciary and financial controls. The PSC will comprise representatives from key local institutions, including Provincial Ministry of Economic Affairs and Planning (MoEAP), Ministry of Land Management, Agriculture and Cooperatives (MoLMAC), Ministry of Social Development (MoSD), Provincial Emergency Operation Centre (PEOC) and Provincial Office of Hydrology and Meteorology (PoHM), Karnali Province-level Chambers of Commerce and Industry (CCI), and Province municipal associations. To strengthen

federal-provincial-local collaboration and reinforce local ownership, the PSC will also include nominated representatives from federal ministries/departments as needed, including MOFE (who will hold a supervisory role), Ministry of Finance, Department of National Parks and Wildlife Conservation, Department of Forests and Soil Conservation, National Disaster Risk Reduction and Management Authority (NDRRMA). Moreover, FECOFUN will be invited as a permanent observer to the PSC, ensuring that the needs and interests to civil society are fully met in line with the LLCA approach. An additional revolving observer position will also be included as an ad-hoc position, enabling additional civil society representation as needed based on the status of the project. The PSC will meet at least annually to review progress, approve annual work plans and budgets, and ensure alignment with national policies and GCF-approved objectives. The PSC will act in accordance with the provisions set out in the funding proposal, including approved budgets. NTNC being the EE, final decisions will be made at NTNC's discretion when endorsing any workplan or budget breakdown. The PSC will not make any changes without NTNC's concurrence or beyond the approved funding proposal).

Day-to-day project coordination will be managed through a centralized **Project Management Unit (PMU)** hosted by NTNC and led by a Project Team Leader supported by a multidisciplinary team. The PMU will include a Gender Specialist and an Environmental Social Safeguards Specialist responsible for overseeing gender equality, social inclusion, environmental and social safeguards compliance, stakeholder engagement, and SEAH risk management, ensuring effective implementation of the GAP and ESAP. This function will be delivered through dedicated PMU consultancy support complemented — ensuring that the incumbents hold the necessary background in safeguard implementation, as well as gender and SEAH — by NTNC institutional expertise. The PMU will be responsible for overall coordination, fiduciary and procurement management, work planning, compliance assurance, and reporting to MoFE and the GCF. Importantly, the PMU will ensure that resource allocation and decision-making are informed by participatory Local Adaptation Plans for Action (LAPAs) and other locally endorsed plans.

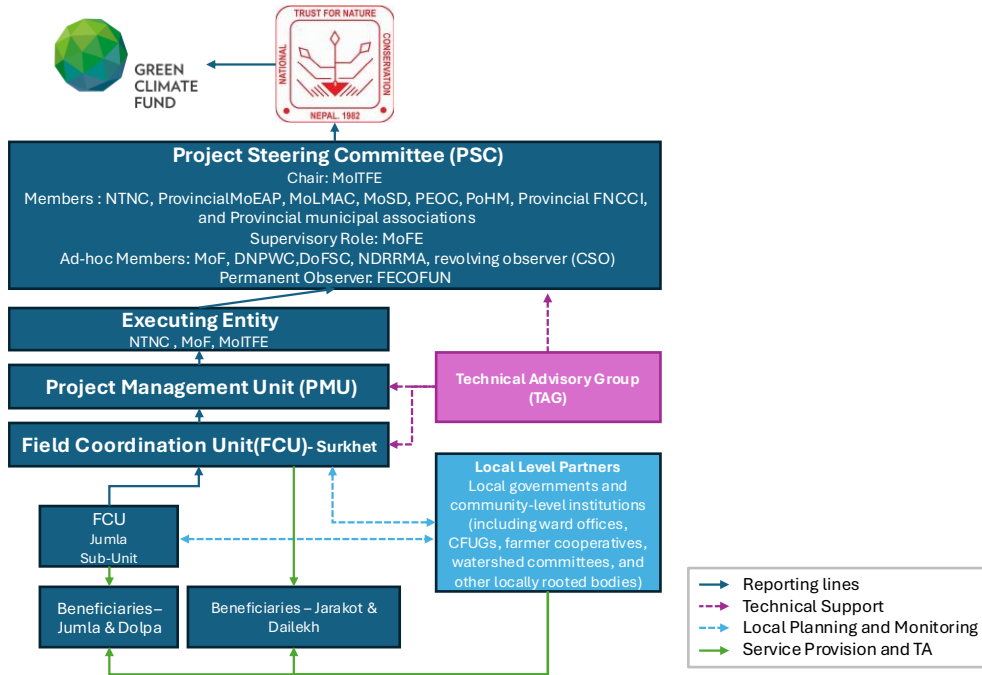
Decentralized implementation and field-level responsiveness will be supported through a **Field Coordination Unit (FCU)** in Surkhet, which will act as the operational bridge between the PMU, provincial authorities, local governments, and communities. The FCU will oversee technical monitoring, facilitate two-way accountability and learning, and capture lessons to inform adaptive management, while implementing project activities in Jajarkot and Dailekh. A Field Coordination Sub-Unit will be established in Jumla district, representing mid-hill and high-mountain ecozones, to execute project activities in Jumla and Dolpa. FCU and its sub-unit will work closely with local governments and community institutions, providing continuous technical backstopping and ensuring that capacity building and sustainability are embedded throughout the project lifecycle while executing day-to-day project functions.

Consistent with LLCA principles, **local governments and community-level institutions will lead devolved decision-making processes**. Municipalities will guide local prioritisation, coordination, and oversight through LAPAs and integration into municipal development plans and budgets, in line with approved GCF funding proposal – which will be ensured by NTNC. Community institutions will co-design and implement site-level activities, manage natural resources, and monitor performance. The PMU and FCU will play enabling roles—providing fiduciary oversight, technical support, and upward reporting—rather than substituting local leadership or creating parallel structures.

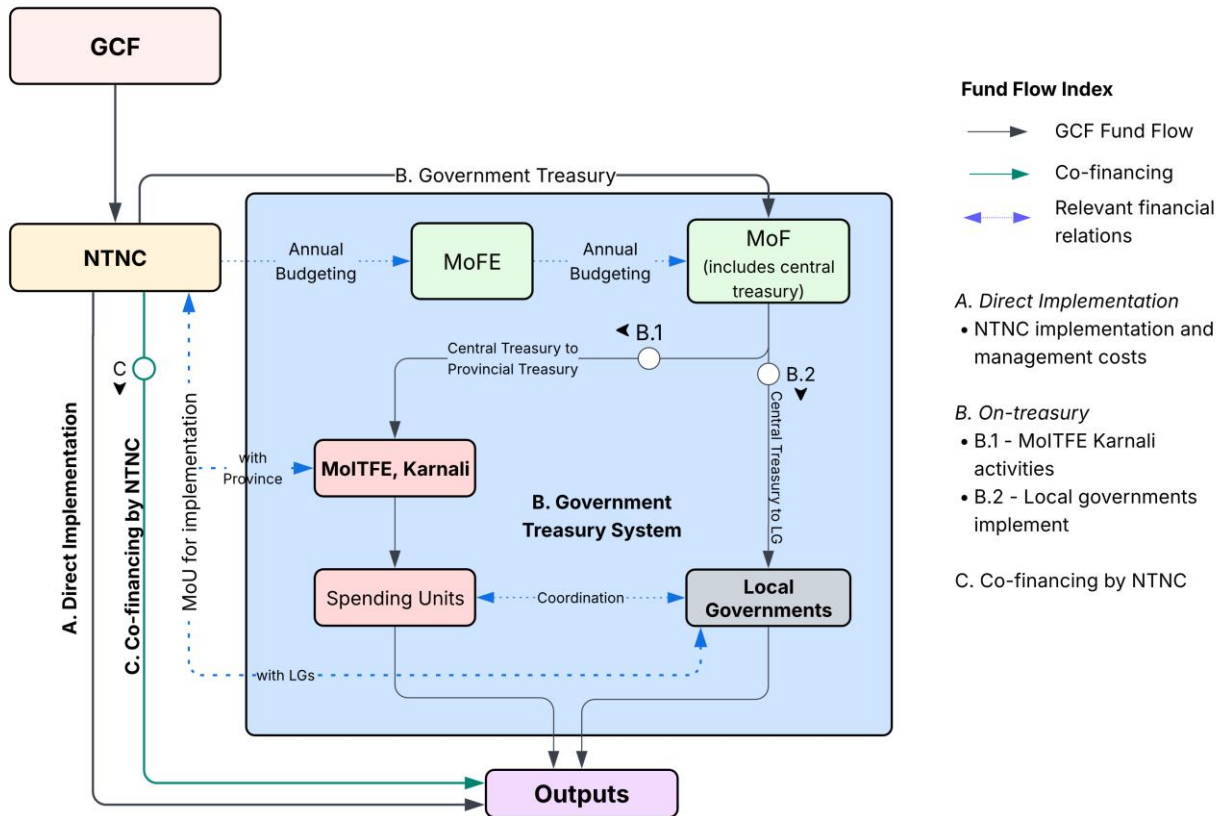
Finally, a **Technical Advisory Group (TAG)** will be established to provide independent technical guidance and quality assurance to the PMU, FCU, and PSC. Chaired by a senior national expert, the TAG will draw on expertise from government agencies<sup>6</sup>, research institutions, and specialised organisations in areas such as climate adaptation, community forestry, restoration, nature-based solutions, forest-based livelihoods, disaster risk reduction, and LLCA. The TAG will support technical rigour, learning, and adaptive management throughout implementation, meeting up to twice per year and on an ad hoc basis as required.

Together, these arrangements ensure robust fiduciary control, strong technical quality, and genuine devolution of decision-making, embedding LLCA within existing governance systems in **Karnali Province** rather than creating parallel project structures.

<sup>6</sup> Including the REDD+ Implementation Centre under MoFE



**Fund Flow Mechanisms**



**Abbreviations:**  
**GCF:** Green Climate Fund; **LG:** Local Government; **MoFE:** Ministry of Forests and Environment; **MoITFE, Karnali:** Ministry of Industry, Tourism, Forests and Environment, Karnali province; **MoU:** Memorandum of Understanding; **NTNC:** National Trust for Nature Conservation

The fund flow mechanism will combine modalities of NTNC implementation and Government treasury, as per Figure above.

**Direct Implementation:**

- The Governing Board of Trustees of NTNC approves the budget. NTNC operates through the central office, field offices, and as required contracts CSOs (e.g. FECOFUN) or others for implementation of the activities that are under NTNC mandate and require flexibility.
- TA and program management: Program management is carried out by NTNC. NTNC can deploy Technical Assistance (TA) to provincial and local governments.
- This component remains off-budget, not reflected in the government's Redbook.

**Government Treasury:**

- NTNC will enter an overarching MoU with Ministry of Finance (MoF) to detail the NTNC's fund flow, budgeting, and oversight roles in relation to the government treasury-based modality.
- NTNC will have a key role in the annual planning/budgeting process and budget allocation for the participating provincial/local governments, in coordination with MoFE - which has access to Line Ministry Budget Information System (LMBIS). Intergovernmental Fiscal Transfers (conditional grants approach) will flow to the MoITFE in Karnali Province and selected local governments (LGs) following MoF channel. This modality will ensure the agreed activities are not changed as per the provincial or local discretion, which authority will be retained by the AE.
- NTNC will have an MoU<sup>7</sup> with the MoITFE and respective LGs to establish AE oversight role, MoITFE's EE role, and define the TA provision on their activities.
- The provincial ministry (MoITFE) will host the steering committee and lead monitoring and coordination role within the province.
- In line with the activities defined by LMBIS, MoITFE will have direct engagement with the PMU office at Surkhet for TA and program management activities.
- MoITFE will allocate/flow the activity budget through the Provincial Line Ministry Budget Information System (PLMBIS) to its respective Spending Units (SUs), such as the Division Forest Offices, for project implementation.
- NTNC will make advanced payment (annually) to the MoF treasury system, which will be channelised to the provincial and local activities through treasury function, following MoF processes.
- The funds flow through the government channel are tracked separately, through two features, simultaneously, a) project's unique budget code, and b) source code, which will be unique too (GCF/NTNC). The government entities use financial management information systems (e.g. Computerized Government Accounting System-CGAS at the provincial level, and Subnational Treasury Regulatory Application-SuTRA at the local level) facilitate the accounting and reporting process. Monthly expenditure reports (including activity-wise budget utilization reports) are generated by the entities which facilitate internal and external reporting. The budget classifications allow project-wise or source-wise reporting, that will be useful for NTNC to track and monitor the progress of the project activities.

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<sup>7</sup> MoU will be legally binding and enforceable, as the parties are government entities bound by the Government of Nepal's laws, which will be reinforced through MoU.

**Co-financing and parallel financing**

- NTNC will carry out co-financing to the project, following two modalities, a) in cash, and b) in kind. Such support will follow the direct implementation modality, that is NTNC will implement such activities directly without channelizing to government treasury.
- Local governments are interested in providing parallel financing to the project interventions in their respective locality, through their own sources. Such support is estimated approximately USD 200,000.

**C. FINANCING INFORMATION**

**C.1. Total financing**

<b>(a) Requested GCF funding (i + ii + iii + iv + v + vi)</b>		Total Amount: <u>Enter amount</u>		Currency: <u>Options</u>		
<b>GCF Financial Instrument</b>		<b>Amount</b>	<b>Currency</b>	<b>Tenor &amp; grace</b>	<b>Pricing</b>	
(i)	Senior loans	<u>0</u>	<u>N/A</u>			
(ii)	Subordinated loans	<u>0</u>	<u>N/A</u>			
(iii)	Equity	<u>0</u>	<u>N/A</u>			
(iv)	Guarantees	<u>0</u>	<u>N/A</u>			
(v)	Reimbursable grants	<u>0</u>	<u>N/A</u>			
(vi)	Grants	<u>8.5</u>	<u>million USD (\$)</u>			
<b>(b) Co-financing information<sup>8</sup></b>		<b>Total amount</b>		<b>Currency</b>		
		<u>0.7</u>		<u>million USD (\$)</u>		
<b>Name of institution</b>	<b>Financial instrument</b>	<b>Amount</b>	<b>Currency</b>	<b>Tenor &amp; Grace</b>	<b>Pricing</b>	<b>Seniority</b>
<u>NTNC</u>	<u>Grant</u>	<u>0.4</u>	<u>million USD (\$)</u>			
<u>NTNC</u>	<u>In kind</u>	<u>0.3</u>	<u>million USD (\$)</u>			
<b>(c) Total investment (c) = (a)+(b)</b>		<b>Amount</b>		<b>Currency</b>		
		<u>9.2</u>		<u>million USD (\$)</u>		
<b>(d) Co-financing ratio (d) = (b)/(a)</b>		<u>0.08:1</u>				
<b>(e) Other financing arrangements for the project/programme (max ½ page)</b>		In addition to the direct co-finance from NTNC, additional parallel investments of USD 200,000 have been committed by the targeted municipalities. These include ongoing annual budgets directed toward local-level forest management and implementation of LAPAs (~\$50,000 from five municipalities is already committed, as well as in-kind contributions from municipal staff and district forest offices along with contribution from Executing entities.				

<sup>8</sup> If the co-financing is provided in different currency other than the GCF requested, please provide detailed financing information and a converted figure in the GCF requested currency in the comment box. Please refer to the date when the currency conversion was performed and the reference source.

C.2. Financing by component							
Component	Output	Indicative cost million USD (\$)	GCF financing		Co-financing		
			Amount million USD (\$)	Financial Instrument	Amount million USD (\$)	Financial Instrument	Name of Institutions
Outcome 1	Output 1.1	4,398,200	4,049,200	Grants	213,200	Grants	NTNC
	Output 1.2	1,789,200	1,650,000	Grants	135,900	In kind	
Outcome 2	Output 2.1	2,373,100	2,201,300	Grants	62,400	Grants	NTNC
					76,800	In kind	
Outcome 3	Output 3.1	249,000	249,000	Grants	-		
PMU		400,000	360,000	Grants	40,000	Grants	NTNC
		9,209,500	8,509,500		700,000		

**Indicative total cost (USD)**

C.3 Capacity Building and Technology development/transfer	
C.3.1 Does GCF funding finance Capacity building activities?	Amount: 984,000 USD
C.3.2. Does GCF funding finance Technology development/transfer?	N/A

**C.4. Justification for GCF funding request (max. 500 words)**

Karnali Province is among the most climate-exposed and economically marginalised areas in Nepal, characterised by rugged terrain, high forest dependence, limited market connectivity, and constrained institutional capacity under the federal system. Climate impacts in Karnali undermine ecosystem services, livelihoods, and local infrastructure, reinforcing poverty and limiting the ability of communities and local governments to invest in forward-looking adaptation.

While Nepal has made progress in decentralising governance and strengthening local adaptation planning, access to adequate and appropriate climate finance remains a major constraint. Public finance is limited by competing development priorities, fiscal pressure from disaster recovery, and ongoing investment needs in basic infrastructure and service delivery. These constraints are particularly acute at municipal and provincial levels, where resources for proactive, integrated adaptation are insufficient. Climate expenditures therefore remain largely reactive, fragmented, and dependent on short-term project funding.

Private sector investment is also constrained. Forest- and landscape-based adaptation interventions—such as SFM, NbS, EWS, and inclusive climate planning—generate predominantly public-good benefits, including avoided losses, ecosystem regulation, disaster risk reduction, and strengthened institutional capacity. These benefits are diffuse, non-excludable, and accrue over long time horizons, creating weak incentives for private investment. Where livelihood and enterprise opportunities exist, they are constrained by climate risk, limited access to finance, high transaction costs, and insufficient market readiness, particularly for women, Dalits, IPs, and other marginalised groups.

This project addresses these finance barriers, using grant-based climate finance to unlock actions that cannot be funded through public budgets or private investment alone. GCF resources will strengthen local and provincial institutions, support community-based delivery platforms, and reduce climate and investment risks through improved planning, preparedness, and ecosystem management. This approach ensures that public-good adaptation measures—such as EWS, forest restoration, and inclusive local planning—can be implemented at scale while creating the conditions for sustained investment over time. GCF is uniquely positioned to support this approach, given

its mandate to finance high-impact, long-term climate action that delivers broad social and environmental benefits and enables a shift from reactive responses to anticipatory, locally-led climate action.

Without GCF support, adaptation in Karnali would remain underfunded and piecemeal, with communities and local governments continuing to respond to climate impacts after losses have occurred rather than reducing risk in advance. The absence of concessional finance would also prevent the integration of ecosystem restoration, livelihoods, and governance into a coherent adaptation pathway, limiting both scale and sustainability. Enabling investments—such as climate information systems, communication, planning capacity, and institutional coordination—would remain unfunded despite their central role in unlocking long-term resilience.

GCF support fills this critical gap by de-risking adaptation investments, strengthening local and provincial systems, and enabling a transition from reactive to anticipatory and locally led climate action. By leveraging community contributions and local budgeting, the project also creates a foundation for sustained public investment and future private sector engagement. In this context, GCF is not only an appropriate funding agency, but a necessary one to enable transformational adaptation outcomes for vulnerable communities in Karnali.

### C.5. Exit strategy (max. 300 words)

**LLCA design and implementation ensures multistakeholder ownership beyond project completion:** Inclusive planning and design, local governments, CFUGs, CBOs, and private sector engagement ensure relevance and buy-in. Participatory co-design and implementation secure community ownership and directly reflect local priorities.

**Improved governance, institutional and policy processes foster adaptation action continuation:** The strengthening/operationalization of the LAPA framework to identify climate-vulnerable areas, aligns priorities, and extend planning beyond municipalities will enable access to increased finance. Streamlined enterprise registration/licensing reduces transaction costs for forest-based enterprises.

**Strengthened capacity and institutional systems sustain long-term interventions:** Multi-layered capacity building strengthens community adaptation, enhances vulnerable groups' resilience, and supports provincial/local governments' adaptation governance. Locally-led training of trainers ensures continuity and supports forestry enterprises' long-term growth. Strengthened local institutions continue and scale adaptation actions over time.

**Knowledge-Sharing for Replicability & Scaling up:** The project will systematically share its lessons and approaches across Nepal and internationally, supported by a Climate Change Communication Strategy guiding provincial climate integration. Climate advocacy workshops will highlight lessons to cross-sectoral stakeholders, while MoITFE's commitment to replicate effective approaches ensures sustained uptake.

**Adaptive management:** Continuous feedback mechanisms and local actors' participatory M&E will enable adaptive management ensuring ongoing alignment with stakeholder needs beyond project implementation. Overall M&E will adjust implementation as needed and demonstrate impact.

**Securing post-project financing:** Provincial/municipal finance departments will develop post-project commitment plans. The LAPA framework will channel federal/provincial resources to local levels and align with existing funding mechanisms. Strengthened planning systems will enable enhanced climate finance allocation. Joint investment proposals will leverage additional funding with government co-financing support.

**Enhanced finance/market access for forest-dependent businesses:** Improved forest management sustains supply for businesses. Their access to finance will be enhanced (e.g. local Fis). Strengthened institutional frameworks ensure a steady flow of financial resources, while improved access to quality control/certification enhances their business models.

### C.6. Financial management/procurement (max. 300 words)

**Financial accounting standards:** NTNC applies a robust financial management system in accordance with Generally Accepted Accounting Principles (GAAP), using a double-entry accounting system and preparing financial statements on a modified accrual basis. A computerized accounting system enables budget-line tracking, expenditure

control, and comparison with approved budgets. Financial records are retained for a minimum of 5 years or as required by the financing agreement.

**Disbursement:** Project funds are deposited into a dedicated bank account and disbursed through controlled inter-office transfers based on approved fund requests, technical and financial progress reports, and reconciliation of prior advances. All accounts operate under a dual-signatory system, ensuring segregation of duties and payment authorization.

**Procurement:** Procurement is conducted in line with Nepal's Public Procurement Act (2007) and Public Procurement Regulations (2007) (Annex 8). The dedicated Procurement Unit and Evaluation Committee ensure transparent, competitive, and value-for-money procurement using direct procurement, sealed quotations, open competitive bidding, and request-for-proposal-based selection for consulting services.

**Fiduciary standards:** NTNC ensures continuous compliance through a zero-tolerance policy on fraud and corruption, AML/CFT compliance, segregation of duties, regular bank reconciliations, and periodic asset verification.

**Financial reviews:** Financial performance is reviewed through results-based monitoring that links expenditures to physical progress. Financial reporting is conducted monthly, quarterly, and annually. NTNC submits semi-annual financial information and annual audited financial statements to GCF.

**Audits:** NTNC is subject to internal, donor, and external audits. Nepal's Office of the Auditor General conducts annual external audits, and audited financial statements are submitted to the GCF within 4 months of the end of the financial year, ensuring compliance with fiduciary covenants and use of funds for intended purposes.

## D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

### D.1. Impact potential (max. 300 words)

The project has strong potential to contribute to the GCF's objectives by delivering transformative adaptation outcomes for climate-vulnerable communities in Karnali Province, while also generating measurable mitigation benefits through improved forest and landscape management. By integrating ecosystem-based adaptation, climate-resilient livelihoods, and strengthened governance systems within a locally led climate action framework, the project advances climate-resilient sustainable development in one of Nepal's most climate-exposed regions.

The primary impact of the project is increased resilience of forest-dependent communities, ecosystems, and local institutions to climate variability and extremes. The project will directly benefit **109,690 people** (53,640 men and 56,050 women) through targeted interventions that reduce exposure to climate hazards, increased access to early warnings, decrease livelihood sensitivity, and strengthen adaptive capacity. An additional 423,218 people (206,940 men and 216,278 women) will benefit indirectly through improved ecosystem services, reduced disaster losses, strengthened climate preparedness, and enhanced governance at municipal and provincial levels. Beneficiaries were calculated on an activity-by-activity basis, enabling a comprehensive assessment of beneficiaries across all benefit pathways. Direct benefits considers households or individuals directly targeted by project interventions in the target districts, including the specific CFMG members, livelihood support recipients, and households that will receive early warnings. Indirect beneficiaries included the broader population of the target districts that will benefit from improved LAPA planning, access to communication and awareness materials, or access to improved government programmes and sustainable finance streams. As the project targets CFMGs as the basis for structured, community-led support, there is considerable overlap between benefit streams (for example beneficiaries of community forest management support may also benefit from restoration/NbS investments, or from market development or early warnings). To account for this, each activity was scaled on an assumed level of unique beneficiaries, providing a final estimate of total unique beneficiaries—thereby avoiding double counting. Further details on the beneficiary selection and assumptions underpinning the benefit streams are provided in Section 4.4.1.1 of Annex 2.

At the community level, restored and sustainably managed forests, nature-based solutions, and diversified forest-based livelihoods reduce vulnerability to floods, landslides, droughts, and forest degradation, while improving income stability and food security. Inclusive approaches ensure that women, Dalits, Indigenous Peoples, and persons with disabilities are actively engaged and benefit equitably from adaptation investments. At the systems level, the project

institutionalises climate risk information, local adaptation planning, and community-based early warning systems, enabling a shift from reactive disaster response to anticipatory risk management and more resilient development pathways.

While adaptation is the primary objective, the project delivers quantified mitigation benefits through sustainable forest management and restoration. These interventions are expected to generate approximately **119,649 tCO<sub>2</sub>e** of emissions reductions and removals over the first **four years**, and 1,101,385 tCO<sub>2</sub>e over a **20-year** period. These outcomes contribute to low-emission development pathways by reducing emissions from deforestation and forest degradation and increasing forest carbon stocks – contributing to Nepal’s objectives under the REDD+ strategies.

Overall, the project delivers durable, inclusive, and scalable climate impacts aligned with the GCF’s result areas, strengthening long-term resilience while contributing to mitigation benefits in Karnali Province.

## D.2. Paradigm shift potential (max. 300 words)

The proposed project catalyzes a fundamental shift in Nepal’s approach to climate adaptation and low-emission development in forested landscapes by institutionalizing LLCA. Through empowering CFUGs, local governments, and marginalized groups—including women, Dalits, Persons with Disabilities, and Indigenous Peoples—the project reorients adaptation from top-down planning to inclusive, community-driven resilience building. It addresses key barriers including weak forest governance, limited technical capacity, poor value chain integration, and fragmented climate information systems (See ToC in Annex 2—Section 4).

**Outcome 1** shifts forest use from extractive to regenerative by enabling climate-smart, community-managed landscapes and market-linked forest enterprises. By supporting improved resource management, local value addition, and private sector linkages, the project addresses systemic barriers such as poor forest planning, lack of enterprise capacity, and weak market access—laying the foundation for sustainable livelihoods and long-term resilience.

**Outcome 2** builds adaptation leadership at the local level through participatory LAPAs, disaster preparedness, and inclusive planning tools. These interventions directly counter the exclusion of vulnerable groups, strengthen local institutions, and embed adaptation into formal governance and development systems, addressing barriers of low awareness, technical gaps, and fragmented decision-making.

**Outcome 3** transforms fragmented climate information into accessible, actionable knowledge through decentralized systems embedded in provincial and municipal governance. This addresses barriers related to poor data usability and integration, enabling informed planning and adaptive management at all levels.

The project also supports enabling conditions for sustainability, including the development of locally appropriate financing mechanisms (building financial literacy and connecting CFUGs and MSMEs to financial service providers), market transformation, policy reform (for example, forest license streamlining, climate budgeting), and knowledge platforms for replication. Demonstration sites, advocacy efforts, and alignment with national frameworks will support scaling across other vulnerable regions. By strengthening institutions, markets, and governance systems, the project lays the foundation for long-term climate resilience beyond its implementation period.

## D.3. Sustainable development (max. 300 words)

In addition to its core climate resilience and mitigation objectives, the project will generate a range of sustainable development co-benefits that extend beyond direct climate outcomes—contributing directly to Nepal’s SDGs.

### Economic

- Rural employment generation: Green jobs will be created through forest restoration, NTFP harvesting, and small-scale enterprise development, particularly for landless and resource-poor households.
- Income diversification: Support for NTFP value chains and micro-enterprises will enable households to reduce reliance on subsistence farming and biomass collection.

- Local economic stimulation: Increased market access and enterprise incubation will strengthen local economies in remote areas and reduce out-migration.

#### **Social**

- Improved food, nutrition and health: Enhanced access to wild foods, forest-based crops, medicinal plants and reliable clean water sources will support dietary diversity and household food and health stability.
- Reduced disaster risk: Nature-based solutions will help stabilize slopes, reduce erosion, and mitigate flash floods and landslides in vulnerable sub-catchments.
- Increased local knowledge and cohesion: Climate awareness and inclusive planning will strengthen community institutions and improve cooperative responses to local risks.

#### **Environmental**

- Ecosystem restoration: Reforestation, enrichment planting, and slope stabilization will improve ecological integrity and reverse forest degradation.
- Water resource protection: Restored forest cover will improve water retention, groundwater recharge, and regulation of seasonal flows in degraded catchments.
- Biodiversity enhancement: Sustainable forest management will maintain and enhance habitat quality for native flora and fauna.

#### **Gender-Responsive and Inclusive Development**

- Economic empowerment of women and marginalized groups: Women, Dalits, and Indigenous Peoples will gain skills, access to finance, and ownership in forest-based enterprises.
- Reduced unpaid labour burdens: Improved access to fodder, fuelwood, and water will reduce the time and physical burden on women and girls.
- Leadership in climate decision-making: Targeted support for participation in LAPAs and CFUGs will strengthen the voice and influence of historically excluded groups.

#### **D.4. Needs of recipient (max. 300 words)**

Nepal is among the world's most climate-vulnerable countries, with mountainous geographies, fragile ecosystems, and a high dependence on climate-sensitive sectors such as agriculture and forests. The country faces a significant adaptation financing gap, estimated at an additional US\$2.4 billion required between 2014 and 2030 to meet priority climate resilience needs. This gap is most acutely felt in remote and underserved regions such as Karnali Province, where limited fiscal space, poor infrastructure, and institutional fragility constrain both the scale and effectiveness of local adaptation efforts.

Karnali is Nepal's poorest province, with 28.9% of its population below the poverty line and over 51% classified as multidimensionally poor. Human development indicators—including literacy, life expectancy, and access to water and sanitation—are consistently lower than national averages. Climate risks compound these structural deprivations, as forest-dependent communities face increasing threats from erratic rainfall, prolonged dry spells, landslides, and forest degradation. These impacts disproportionately affect women, Indigenous Peoples, and Dalits, who have limited adaptive capacity and are often excluded from formal decision-making processes.

Although Nepal's federal governance model and community forest institutions provide a strong foundation for locally led adaptation, local governments and community groups in Karnali lack the technical, financial, and administrative resources to operationalize climate-resilient development. Access to climate finance at the subnational level remains minimal, and coordination between tiers of government is weak.

This project directly addresses these challenges by investing in climate-resilient forest governance, ecosystem restoration, and adaptive livelihoods. It is well aligned with Nepal's NAP, NDC, and provincial priorities. GCF support is essential to overcome the systemic financial, institutional, and socio-economic barriers that prevent vulnerable communities in Karnali from adapting effectively to climate change. (See PFS4.4.4 for more detail)

### D.5. Country ownership (max. 500 words)

The proposed project is fully aligned with Nepal's climate change priorities and strategic frameworks, including the Third Nationally Determined Contribution (NDC), National Adaptation Plan (NAP, 2021–2050), National Climate Change Policy (2019), Forestry Sector Strategy (2016–2025), National REDD+ Strategy (2025–2034), and Karnali Province's development plans. It supports key national objectives such as enhancing the resilience of climate-vulnerable communities, promoting sustainable forest management, expanding community-based governance, and mainstreaming gender equality and social inclusion (GESI) into climate action. Specific contributions include maintaining forest cover, expanding inclusive community forest management, restoring degraded lands, building adaptive capacity, and promoting green jobs and nature-based solutions. At the provincial level, the project supports Karnali's goals to increase productivity and competitiveness of forest and agricultural products while reducing climate-related risks.

The project has been developed in close consultation with Nepal's National Designated Authority (NDA), the Ministry of Finance (MoF). It aligns with the national climate finance programming led by the Ministry of Forests and Environment (MoFE) and supports implementation of Nepal's NAP priorities. The NDA has provided guidance throughout the concept development process and has issued a No-Objection Letter (NOL).

The National Trust for Nature Conservation (NTNC) will serve as both the Accredited Entity (AE) and co-Executing Entity (EE). NTNC is a national public institution established by an Act of Parliament with a formal mandate to support Nepal's biodiversity conservation and sustainable development goals. Its Board is chaired by a nominee of the Prime Minister and includes representatives from key government ministries, enhancing national oversight and policy alignment. NTNC is a GCF-accredited Direct Access Entity and has successfully implemented large-scale, multi-stakeholder projects funded by bilateral and multilateral partners. It brings extensive experience in climate adaptation, forest governance, livelihood promotion, and community-based conservation across Nepal, including in Karnali. Internal firewalls will be maintained between NTNC's AE oversight and its EE operational roles. Further national ownership will be ensured through MoF and MoTFE's co-executing entity roles, taking shared responsibility for implementation of activities on the group, particularly where they relate to locally-led action.

A total of 31 extensive consultations were conducted during project preparation to ensure that the design reflects national and local priorities. Consultations were held in all four target districts (Jajarkot, Jumla, Dolpa, and Dailekh), as well as at provincial and national levels. Participants included local governments, Community Forest User Groups (CFUGs), women's groups, Indigenous Peoples' organizations, district forest officials, and civil society representatives. Feedback from these dialogues helped identify priority interventions and informed the locally led climate action (LLCA) approach. Key themes emerging from stakeholders included the need for degraded forest restoration, diversified forest-based livelihoods, early warning systems, and inclusive adaptation planning.

The project embeds multi-stakeholder engagement throughout its governance and delivery structure. Local governments and community institutions will lead implementation through participatory planning and decision-making, particularly via LAPA processes, have endorsed the project. Social audits, public hearings, and community monitoring committees will ensure transparency and accountability. A Technical Advisory Group (TAG) will provide independent technical guidance and foster institutional learning. Through its inclusive design, national execution, and strategic policy alignment, the project reflects strong country ownership and supports the long-term resilience goals of the Government of Nepal and the people of Karnali Province.

### D.6. Efficiency and effectiveness

D.6.1. Estimated cost per t CO <sub>2</sub> eq, defined as total investment cost / expected lifetime emission reductions (Mitigation and Cross-cutting)	(a) Total project financing	US\$9,209,500
	(b) Requested GCF amount	US\$8,509,500
	(c) Expected lifetime emission reductions	1,101,385 tCO <sub>2</sub> eq
	(d) Estimated cost per tCO <sub>2</sub> eq (d = a / c)	US\$8.4/ tCO <sub>2</sub> eq
	(e) Estimated GCF cost per tCO <sub>2</sub> eq removed (e = b / c)	US\$7.7/ tCO <sub>2</sub> eq

D.6.2. Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (Mitigation and Cross-cutting)	(f) Total finance leveraged	US\$2.6M
	(g) Public source finance leveraged	US\$_____
	(h) Private source finance leveraged	US\$2.6M
	(i) Total Leverage ratio (i = f / b)	26.4%
	(j) Public source leverage ratio (j = g / b)	_____
	(k) Private source leverage ratio (k = h / b)	26.4%

D.6.3. Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objective(s), including addressing existing bottlenecks and/or barriers; providing the minimum concessionality; and without crowding out private and other public investment. (max. 500 words)

The economic modelling demonstrates strong overall cost-effectiveness and financial feasibility of the project portfolio. Discounted (NPV) benefits are US\$63.14 million compared with discounted (NPV) costs of US\$8.51 million, giving a Net NPV of US\$54.63 million, a Benefit–Cost Ratio (BCR) of 7.42, and an Economic Internal Rate of Return (EIRR) of 54%. The modelled beneficiary count (considering beneficiaries per benefit stream rather than unique beneficiaries) is 109,649 people, with weighted discounted benefits of approximately US\$316 per person compared to discounted costs of US\$60 per person, resulting in a net benefit of US\$256 per beneficiary.

Unit cost analysis confirms that the project delivers competitive value for money through large-scale, community-based delivery platforms. Improved Sustainable Forest Management (1.1.1) is costed at approximately US\$167/ha, while restoration of priority sites (1.1.2) averages US\$1,107/ha. Targeted nature-based solutions (1.1.3) have a higher intensity cost of approximately US\$10,879/ha, reflecting their focus on a smaller number of high-risk hotspots where per-person avoided-loss benefits are substantial and justify higher unit costs.

Two interventions account for the majority of monetised benefits and provide a robust anchor for portfolio performance. Community-Based Early Warning Systems (2.1.4) generate a Net NPV of US\$12.66 million, with a BCR of 43.81 and an EIRR of 153%, benefiting approximately 45,000 people at a low discounted cost of US\$2.81 per person. Forest restoration (Activity 1.1.2) generates a Net NPV of US\$3.74 million (BCR 4.38, EIRR 16%) for approximately 17,500 beneficiaries. Together, these two activities contribute around 60% of total Net NPV, underscoring their importance to portfolio efficiency and scalability.

Although adaptation benefits are the primary justification, the project also delivers quantified mitigation benefits of 1,101,385 tCO<sub>2</sub>e. Using the total project cost of US\$9.21 million, the indicative cost is US\$8.4/tCO<sub>2</sub>e, or US\$7.7/tCO<sub>2</sub>e using the GCF contribution alone. These figures are presented as secondary indicators, reinforcing the project's multi-benefit profile.

The funding structure is appropriate for an adaptation programme delivering significant public-good value. The model estimates social value of carbon (NPV USD 28.46 million), with avoided losses (NPV USD 20.43 million) and additional production and income value (NPV USD 14.24 million) as the dominant benefit streams. Because many benefits are diffuse, non-excludable, and not fully captured by private actors, grant financing is justified. This case is further strengthened by conservative modelling assumptions that treat several enabling and institutional activities as costs with no monetised benefits, meaning overall BCR and NPV are likely understated.

The model also demonstrates meaningful leverage and catalysation. Non-GCF contributions include US\$0.7 million in government co-financing and US\$1.9 million in community labour, representing 6.3% and 17.1% of total project resources, respectively, alongside US\$8.51 million in GCF financing. High-return, institutionally embedded interventions—particularly CFUG-based SFM and community-based EWS—are well suited for replication and mainstreaming through local and provincial systems.

Finally, long-run viability is supported by low per-beneficiary operating costs for high-impact interventions and strong institutional anchoring. While some activities show limited standalone monetised returns, these function as enabling investments that unlock and sustain wider portfolio benefits. Even under conservative assumptions, the portfolio remains strongly positive, indicating a high likelihood of sustained net benefits over the project life.

## E. ANNEXES

### E.1. Mandatory annexes

- Annex 1 NDA No-objection Letter(s) ([Template](#))
- Annex 2 Pre-feasibility (or feasibility) study ([Guidance](#))
- Annex 2a Logical Framework ([Template](#))
- Annex 2b Timetable ([Template](#))
- Annex 3 Budget plan that provides breakdown by type of expense including AE fees ([Template](#))
- Annex 4 Gender assessment and action plan ([Template](#))
- Annex 5 Co-financing commitment letter if applicable ([Template](#))
- Annex 6 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule
- Annex 7 Risk assessment and management ([Template](#))
- Annex 8 Procurement plan model ([Template](#))
- Annex 9a Legal Due Diligence (regulation, taxation and insurance) ([Template](#))
- Annex 9b Legal Opinion/Certificate of Internal Approvals ([Template](#))

### E.2. Other annexes to be submitted when applicable/requested

- Annex 10 Economic and/or financial analysis ([Guidance](#))  
(mandatory for private-sector proposals)
- Annex 11 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 12 Environmental and Social Action Plan (ESAP) ([Template](#))
- Annex 13 Operations manual for EDA projects ([guidance](#))
- Annex 14 Assessment of GHG emission reductions and their monitoring and reporting (for mitigation and cross cutting-projects)<sup>9</sup>

**\*\*\* Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents. \*\*\***

<sup>9</sup>Guidance on GHG emission reduction calculations for GCF projects/programmes is available on the GCF Programming Guidance (<https://www.greenclimate.fund/sites/default/files/document/gcf-programming-manual.pdf>), Box 12 "How to estimate greenhouse gas emission reductions for GCF". This annex is mandatory for Mitigation and Cross-cutting projects

**No-objection letter issued by the national designated authority(ies) or focal point(s)**



GOVERNMENT OF NEPAL  
MINISTRY OF FINANCE  
International Economic Relations Division  
Singhadurbar, Kathmandu



Ref No. :- 3504-082/83

Date :- A.D. 2026-02-14

N.S. :- ११४६ सिल्लागा, १२ शनिवार

Subject: No-Objection to NTNC's Climate Resilience Proposal entitled "Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal

Green Climate Fund (GCF)

175 Art center-daero Yeonsu-gu, Incheon 22004 Republic of Korea

We refer to the funding proposal titled "Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal" submitted by National Trust for Nature Conservation (NTNC) to us on 8<sup>th</sup> February 2026 (the "Proposal").

The undersigned is the duly authorized representative of International Economic Relations Division (IECCD), Ministry of Finance, the national designated authority of Nepal.

Pursuant to GCF Decisions B.08/10, B.37/22, and B.41/02, the content of which we acknowledge to have reviewed, in my capacity as representative of the national designated authority, we hereby communicate our no-objection to the Proposal.

By communicating our no-objection, it is implied that:

- (a) The government of Nepal has no-objection to the Proposal; and
- (b) The Proposal is in conformity with the national priorities, strategies and plans of Nepal.

We also confirm that our national process for ascertaining no-objection to the Proposal has been duly followed.



GOVERNMENT OF NEPAL  
MINISTRY OF FINANCE

International Economic Relations Division  
Singhadurbar, Kathmandu



Notwithstanding the foregoing, we expect National Trust for Nature Conservation (NTNC) to take the necessary measures to ensure that the project as described in the Proposal is implemented in a manner consistent with applicable national laws.

We acknowledge that this letter will be made publicly available on the GCF website.

Kind regards,

Verified Digital Signature Signed By  
Dhani Ram Sharma  
drsharma@mof.gov.np

(Dhani Ram Sharma, PhD)

Joint Secretary

## Secretariat's assessment of SAP071

Proposal name:	Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal
Accredited entity:	National Trust for Nature Conservation (NTNC)
Country/(ies):	Nepal
Project/programme size:	Micro

1. The Secretariat has assessed this funding proposal against the GCF investment criteria and its consistency with the GCF safeguards and policies. This proposal is recommended to the Board for approval. The Board may wish to consider approving this funding proposal in accordance with the term sheet agreed between the Secretariat and the accredited entity (AE), and, if considered appropriate, subject to the conditions set out in annex II of document GCF/B.45/02.

### I. Secretariat's assessment of the funding proposal against the investment criteria

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
<b>Impact potential</b>	Yes	Adaptation: 109,690 direct beneficiaries, 423,218 indirect beneficiaries Mitigation: 1,101,385 tonnes of carbon dioxide equivalent over 20 years (lifespan)
<b>Paradigm shift potential</b>	Yes	The project adopts an integrated approach combining climate-resilient forest management, restoration of degraded landscapes, and targeted

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
		<p>nature-based solutions to reduce hazard exposure and strengthen ecosystem services. In parallel, it supports climate-resilient livelihoods through sustainable non-timber forest product (NTFP) and medicinal plant value chains, reducing income vulnerability, while local adaptation plans of action (LAPAs) and community-based early warning systems enhance preparedness and embed climate risk into local planning and decision-making. Together, these interventions are expected to reduce climate vulnerability by strengthening ecosystem services, diversifying livelihoods, and improving the ability of communities and local institutions to anticipate and respond to climate risks.</p> <p>The project catalyses a fundamental shift in Nepal’s approach to climate adaptation and low-emission development in forested landscapes by institutionalizing locally led climate action (LLCA). In particular, through:</p> <ul style="list-style-type: none"> <li>• Outcome 1: the projects aim to formalize community enterprises and link producers to private-sector buyers and processors, the project enhances quality, traceability, and value addition across priority NTFP and Medicinal and Aromatic Plants (MAP) supply chains, generating sustainable low-emission livelihoods while restoring forest ecosystems. This model can be replicated in other districts in Nepal;</li> </ul>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
		<ul style="list-style-type: none"> <li>• Outcome 2: a community leadership model in adaptation is envisaged through participatory LAPAs, early warning systems and targeted capacity development. These mechanisms employ bottom-up planning within local governance systems, ensuring adaptation responses are tailored to local climate risks, knowledge and priorities, and can be gradually scaled up; and</li> <li>• Outcome 3: the project aims to decentralize climate information systems, converting climate data into actionable knowledge at community, municipal and provincial levels. The project also aims to address the long-standing barriers related to data accessibility, usability, and institutional integration, thereby strengthening the effectiveness and sustainability of adaptation planning.</li> </ul> <p>The envisaged project has attracted interest from all stakeholders. Five of the thirty-one local governments of Karnali Province have indicated interest in participating in initiatives complementary to the adaptation and mitigation objectives of the project by contributing USD 50,000 by way of parallel finance. Total parallel financing is conservatively estimated to be USD 200,000 as the other 26 local governments in Karnali, as well as the provincial government, are likely to contribute to enhancing parallel finance at the local level. This demonstrates the wide acceptability and sustainability potential of the project.</p>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
<p><b>Sustainable development potential</b></p>	<p>Yes</p>	<p>The project aims to generate a range of sustainable development co-benefits that extend beyond direct climate outcomes –contributing directly to Nepal’s Sustainable Development Goals., which are as follows:</p> <ul style="list-style-type: none"> <li>• Economic <ul style="list-style-type: none"> <li>○ Rural employment generation: Green jobs will be created through forest restoration, NTFP harvesting and small-scale enterprise development, particularly for landless and resource-poor households.</li> <li>○ Income diversification: Support for NTFP value chains and microenterprises will enable households to reduce reliance on subsistence farming and biomass collection.</li> <li>○ Local economic stimulation: Increased market access and enterprise incubation will strengthen local economies in remote areas and reduce outmigration.</li> </ul> </li> <li>• Social <ul style="list-style-type: none"> <li>○ Improved food, nutrition and health: Enhanced access to wild foods, forest-based crops, medicinal plants and reliable clean water sources will support dietary diversity and household food and health stability.</li> <li>○ Reduced disaster risk: Nature-based solutions will help stabilize slopes, reduce erosion, and mitigate flash floods and landslides in vulnerable sub-catchments.</li> <li>○ Increased local knowledge and cohesion: Climate awareness and inclusive planning will strengthen</li> </ul> </li> </ul>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
		<p>community institutions and improve cooperative responses to local risks.</p> <ul style="list-style-type: none"> <li>• Environmental <ul style="list-style-type: none"> <li>○ Ecosystem restoration: Reforestation, enrichment planting, and slope stabilization will improve ecological integrity and reverse forest degradation.</li> <li>○ Water resource protection: Restored forest cover will improve water retention, groundwater recharge, and regulation of seasonal flows in degraded catchments.</li> <li>○ Biodiversity enhancement: Sustainable forest management will maintain and enhance habitat quality for native flora and fauna.</li> </ul> </li> <li>• Gender-responsive and inclusive development <ul style="list-style-type: none"> <li>○ Economic empowerment of women and marginalized groups: Women, Dalits, and Indigenous Peoples will gain skills, access to finance, and ownership in forest-based enterprises.</li> <li>○ Reduced unpaid labour burdens: Improved access to fodder, fuelwood, and water will reduce the time and physical burden on women and girls.</li> <li>○ Leadership in climate decision-making: Targeted support for participation in LAPAs and community forest user groups will strengthen the voice and influence of historically excluded groups.</li> </ul> </li> </ul>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
<p><b>Needs of the recipient</b></p>	<p>Yes</p>	<p>Nepal is a least developed country and is among the world’s most climate-vulnerable countries, with mountainous geographies, fragile ecosystems, and a high dependence on climate-sensitive sectors such as agriculture and forests. The country faces a significant adaptation financing gap, estimated at an additional USD 2.4 billion required between 2014 and 2030 to meet priority climate-resilience needs. This gap is most acutely felt in remote and underserved regions such as Karnali Province, where limited fiscal space, poor infrastructure, and institutional fragility constrain both the scale and effectiveness of local adaptation efforts.</p> <p>Karnali is Nepal’s poorest province, with 28.9 per cent of its population below the poverty line and over 51 per cent classified as multidimensionally poor. Human development indicators – including literacy, life expectancy, and access to water and sanitation – are consistently lower than national averages. Climate risks compound these structural deprivations, as forest-dependent communities face increasing threats from erratic rainfall, prolonged dry spells, landslides and forest degradation. These impacts disproportionately affect women, Indigenous Peoples, and Dalits, who have limited adaptive capacity and are often excluded from formal decision-making processes.</p> <p>Although Nepal’s federal governance model and community forest institutions provide a strong foundation for locally led adaptation, local</p>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
		<p>governments and community groups in Karnali lack the technical, financial, and administrative resources to operationalize climate-resilient development. Access to climate finance at the subnational level remains minimal, and coordination between tiers of government is weak.</p> <p>This project directly addresses these challenges by investing in climate-resilient forest governance, ecosystem restoration and adaptive livelihoods. It is well aligned with Nepal’s national adaptation plan (NAP), nationally determined contribution, and provincial priorities. GCF support is essential to overcome the systemic financial, institutional, and socioeconomic barriers that prevent vulnerable communities in Karnali from adapting effectively to climate change.</p>
<b>Country ownership</b>	Yes	<p>The proposed project is fully aligned with Nepal’s climate change priorities and strategic frameworks, including its third nationally determined contribution, NAP (2021–2050), national climate change policy (2019), forestry sector strategy (2016–2025), national REDD+ strategy, and Karnali Province’s development plans. It supports key national objectives such as enhancing the resilience of climate-vulnerable communities, promoting sustainable forest management, expanding community-based governance, and mainstreaming gender equality and social inclusion into climate action. Specific contributions include maintaining forest cover, expanding inclusive community forest management, restoring degraded lands, building adaptive capacity, and promoting green jobs and nature-based solutions. At the provincial</p>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
		<p>level, the project supports Karnali’s goals to increase productivity and competitiveness of forest and agricultural products, while reducing climate-related risks. The National Trust for Nature Conservation (NTNC) will implement an LLCA project in Madhesh and Bagmati Provinces with support from the Adaptation Fund (concept note approved), learning from the experience of the current proposed project from GCF, demonstrating sustainability and replicability capacity to deliver locally led adaptation.</p> <p>The project has been developed in close consultation with Nepal’s nationally designated authority, the Ministry of Finance. It aligns with the national climate finance programming led by the Ministry of Forests and Environment, and supports the implementation of Nepal’s NAP priorities. The nationally designated authority has provided guidance throughout the concept development process and has issued a no-objection letter.</p>
<b>Efficiency and effectiveness</b>	Yes	<p>The economic modelling demonstrates strong overall cost-effectiveness and financial feasibility of the project portfolio. Discounted benefits (net present value, NPV) of USD 63.14 million significantly exceed discounted costs (NPV) of USD 8.51 million, yielding an NPV of USD 54.63 million, a benefit–cost ratio of 7.42, and an economic internal rate of return of 54 per cent. The modelled beneficiary population (considering beneficiaries per benefit stream rather than unique beneficiaries) is 109,649 people, with weighted discounted benefits of approximately USD 314 per person compared to discounted costs of</p>

Investment criteria	Does the proposal meet the requirements of the GCF investment criteria?	Strengths/Main points of caution (optional)
		USD 60 per person, resulting in a net benefit of USD 256 per beneficiary.

## II. Secretariat’s assessment of the funding proposal’s consistency with GCF safeguards and policies

Consistency with GCF safeguards and policies	Secretariat’s assessment of the proposal	Remarks (Strengths / Points of caution)
<p><b>Environmental and social safeguards, including Indigenous Peoples Policy</b></p>	<p>Consistent</p>	<p>The project is categorized as C for environmental and social risks and impacts, in accordance with the GCF revised Environmental and Social Policy, the AE accreditation level, and the simplified approval process requirements. Most of the key environmental and social risks, and impacts will be from small-scale, community-led nature-based solutions, forest management and restoration activities, and installation of community-based early warning systems from outcomes 1 and 2. No adverse environmental and social risks and impacts are expected from outcome 3, as it mainly involves awareness and communications-related activities. The key environmental and social risks and impacts are anticipated to be low-risk, with mitigation measures identified in the environmental and social action plan (ESAP). The project will avoid land acquisition and involuntary settlement, with siting of activities to be based on voluntary participation, located within community-managed lands with respect for customary land use, and will consider community decision-making processes, including those of Indigenous Peoples.</p>



Consistency with GCF safeguards and policies	Secretariat's assessment of the proposal	Remarks (Strengths / Points of caution)
		<p>An ESAP has been prepared which outlines the anticipated risks and impacts, mitigation measures, screening procedures for activities to be identified during implementation, institutional arrangements, grievance redress mechanism, and stakeholder engagement plan. Most of the exact locations and interventions will be identified during implementation. To supplement screening, the ESAP includes an exclusion list to outrightly exclude activities which may potentially raise the environmental and social safeguards (ESS) category beyond C.</p> <p>All project activities will comply with the ESAP, AE and GCF environmental and social policies, and relevant environmental and social legal and institutional frameworks at both national and international levels. During project implementation, the ESS Expert at the Project Management Unit will be responsible for environmental and social risk management, with oversight support from the NTNC, and operational support from the safeguard focal persons within the Field Coordination Units.</p> <p>The stakeholder engagement plan outlines the continuing multi-tier activities during implementation, building on the engagement activities during the project design and formulation stage detailed in the pre-feasibility study annex. The grievance redress mechanism will be made available to all stakeholders and will be established at the project level. Information on an AE-level grievance redress mechanism and the GCF Independent Redress Mechanism will also be disseminated to stakeholders as additional channels for resolving project-related safeguards issues.</p>

Consistency with GCF safeguards and policies	Secretariat's assessment of the proposal	Remarks (Strengths / Points of caution)
		<p><b>GCF Indigenous Peoples Policy &amp; ESS7 (Indigenous Peoples).</b></p> <p>Consistent with its categorization, the funding proposal activities are low-risk for non-compliance with the Indigenous Peoples Policy. The funding proposal includes an Indigenous Peoples Planning Framework to guide the project approach towards Indigenous Peoples. Indigenous Peoples were initially engaged during project design, and the project foresees further meaningful consultations to strengthen engagement and validate key design elements with affected Indigenous communities. A total of 31 extensive consultations were conducted across all four target districts (Jajarkot, Jumla, Dolpa and Dailekh), and at provincial and national levels. Participants included local governments, community forest user groups, women's groups, Indigenous Peoples' organizations, district forest officials, and civil society. The feedback from the stakeholders during the consultation process directly shaped the LLCA approach and supported Indigenous Peoples' economic activities and livelihood. Meaningful involvement of Indigenous Peoples and their organizations will be ensured across the operationalization of the project through implementation of all activities related to Indigenous Peoples, facilitation of culturally appropriate engagement processes and free, prior and informed consent where applicable. The project will ensure locally led implementation aligned with Indigenous knowledge systems and priorities, and facilitate access to project financing and community initiatives for Indigenous Peoples. In line with their roles and functions, the Indigenous Peoples Advisory Group is available to provide advice to the accredited entity and executing entities. In line with the GCF Indigenous Peoples Policy, the GCF Indigenous Peoples Focal Point will</p>



Consistency with GCF safeguards and policies	Secretariat’s assessment of the proposal	Remarks (Strengths / Points of caution)
		<p>be available for assistance at any stage, including before a claim has been made.</p> <p><b>Sexual exploitation, abuse and harassment (SEAH).</b> The GCF revised Environmental and Social Policy adopted by decision B.BM-2021/18 requires safeguarding from SEAH in GCF-financed activities. The AE included SEAH safeguarding in its submission to the funding proposal. Based on the nature of interventions involving mainly capacity-building activities and small-scale works, SEAH risks are assessed as low. However, considering the vulnerabilities in the area and in line with GCF requirements, mitigation measures have been identified to address such low risks as reflected in the ESAP and Gender Action Plan. The AE adopts a zero-tolerance approach on SEAH and will implement codes of conduct, provide awareness and training sessions, ensure safe and confidential reporting on SEAH incidents, and facilitate survivor-centered referral mechanisms as integrated in the grievance redress mechanism. In remote areas where SEAH services may be limited, the AE commits to coordinating with existing national and local service providers, local governments and civil society organizations in creating modalities for timely provision of services and redress to survivors.</p>
<p><b>Gender Policy</b></p>	<p>Consistent</p>	<p>The AE has prepared a gender assessment and action plan in compliance with the Updated GCF Gender Policy. The project is proposed across 31 municipalities in Karnali Province, Nepal, targeting vulnerable groups, including women, Dalits, Indigenous Peoples, persons with disabilities, youth, and female-headed households, aiming to address structural gender inequalities exacerbated by climate change impacts. Key barriers to be addressed by the project include</p>

<b>Consistency with GCF safeguards and policies</b>	<b>Secretariat's assessment of the proposal</b>	<b>Remarks (Strengths / Points of caution)</b>
		<p>limited technical capacity among women, patriarchal norms restricting participation, caste and disability discrimination, weak enforcement of gender budgeting, economic exclusion due to land and finance access, and infrastructure deficits limiting service access for persons with disabilities, among others.</p> <p>The gender action plan (GAP) presents actions, baselines, sex-/ethnicity-disability-disaggregated targets, indicators, timeframes, corresponding costs, and responsible persons during the implementation period. The GAP actions cut across the project outcomes, covering SEAH/gender-based violence prevention and response, and gender-responsive approaches in governance structures. Other outcome-focused actions include strengthening women's leadership in community forestry, supporting women-led NTFP/forest value chains, inclusion of women in capacity-building, conduct of gender-sensitive training, support for municipalities in gender-sensitive LAPA processes, inclusive community-based early warning systems with accessible alerts across vulnerabilities, and establishing climate communication/advocacy structures with women-led networks, among others. Baseline information presented in the GAP will be updated during the inception phase to ensure appropriate targets are set. GAP implementation will be monitored by the Gender Expert to be engaged in the Project Management Unit, with support from the accredited entity's Gender Specialist, and the gender focal persons at the Field Coordination Units.</p>
<b>Risks</b>	Not applicable	Not applicable

Consistency with GCF safeguards and policies	Secretariat's assessment of the proposal	Remarks (Strengths / Points of caution)
<b>Fiduciary</b>	Consistent	<p>The proposal indicates an inherent compliance risk profile characterized by generally low assessed money-laundering/terrorist-financing, sanctions, and reputational risk likelihood, with impact ranging from low to high, while prohibited practices risk is assessed at a comparatively higher likelihood and impact. Mitigating measures include the NTNC zero-tolerance approach to fraud and corruption anti-money-laundering/countering the financing of terrorism compliance arrangements, internal oversight, segregation of duties, monthly reconciliations, annual asset verification, dual-signatory controls, structured procurement, and regular financial reporting and audit. These measures are further reinforced by risk-based due diligence, sanctions screening, enhanced checks for higher-risk cases, and delivery through goods and services rather than direct cash transfers. On balance, residual compliance risk is low at entry, and the proposal is considered <b>consistent</b> from an anti-money-laundering/countering the financing of terrorism and prohibited practices compliance perspective.</p>
<b>Results monitoring and reporting</b>	Consistent	<p>The project adopts an integrated approach combining climate-resilient forest management, restoration of degraded landscapes, and targeted nature-based solutions to reduce hazard exposure and strengthen ecosystem services. In parallel, it supports climate-resilient livelihoods through sustainable NTFP and medicinal plant value chains, reducing income vulnerability, while LAPAs and community-based early warning systems enhance preparedness and embed climate risk into local planning and decision-making. Together, these interventions are expected to reduce climate vulnerability by strengthening ecosystem services, diversifying livelihoods, and improving the ability of</p>



Consistency with GCF safeguards and policies	Secretariat’s assessment of the proposal	Remarks (Strengths / Points of caution)
		<p>communities and local institutions to anticipate and respond to climate risks.</p> <p>Furthermore, the proposal presents a strong adaptation-focused intervention aligned with decision B.33/12, with credible mitigation co-benefits. The project is expected to deliver 1,101,385 tonnes of carbon dioxide equivalent of emission reductions over 20 years through forest restoration and improved management. The monitoring approach relies on activity data supported by remote sensing and community-based systems, which is appropriate for the context, although some uncertainty remains inherent to agriculture, forestry and other land use-based estimates.</p>
<p><b>Legal assessment</b></p>	<p>Not applicable</p>	<p>The legal arrangements for the project will be based on the revised approach to legal arrangements adopted by the Board pursuant to decision B.42/13. Consequently, they will consist of a project-specific funded activity agreement which incorporates the Standard Conditions (Projects) dated 31 January 2026.</p> <p>The Accredited Entity has provided a legal opinion confirming that it has obtained all internal approvals and it has the capacity and authority to implement the project.</p> <p>The proposed project will be implemented in Federal Democratic Republic of Nepal (the “<b>Host Country</b>”), country in which GCF is not provided with privileges and immunities. This means that, amongst other things, GCF is not protected against litigation or expropriation in this Host Country, which risks need to be further assessed. Moreover, the ability of GCF to undertake redress activities and/or investigations</p>

Consistency with GCF safeguards and policies	Secretariat's assessment of the proposal	Remarks (Strengths / Points of caution)
		<p>in the Host Country may be hindered due to the absence of privileges and immunities for relevant GCF personnel.</p> <p>Therefore, it is recommended that the Board considers whether disbursements of GCF proceeds should only be made after GCF has obtained satisfactory protection against litigation and expropriation in the Host Country, or has been provided with appropriate privileges and immunities for GCF and its personnel.</p> <p>GCF does not hold industrial property protection for its combined logo (sphere with the words "Green Climate Fund") in the Host Country. This means that, while industrial property protection is pending, (i) GCF's combined logo could be used by other entities or individuals (including those seeking to impersonate GCF) and (ii) there could be legal claims by entities or individuals asserting their protected trademark, opposing GCF using its combined logo in the country. In both cases, this may lead to reputational risk.</p> <p>To facilitate prompt implementation of the project, it is recommended that any approval by the Board is made subject to the following conditions:</p> <ul style="list-style-type: none"> <li>(a) Signature of the funded activity agreement in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval; and</li> <li>(b) Completion of the legal due diligence to the satisfaction of the GCF Secretariat prior to the signature of the funded activity agreement.</li> </ul>

## Independent Technical Advisory Panel's assessment of SAP071

Proposal name:	Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal
Accredited entity:	National Trust for Nature Conservation (NTNC)
Country/(ies):	Nepal
Project/programme size:	Micro

### I. Assessment of the independent Technical Advisory Panel

1. This funding proposal is for a micro-sized public sector cross-cutting project categorized under environmental and social safeguards category C. It is submitted under the simplified approval process by the National Trust for Nature Conservation (NTNC) as the accredited entity (AE).<sup>1</sup> NTNC will also serve as a co-executing entity (EE) alongside two co-EEs from the Government of Nepal, namely the Ministry of Finance, which will act as an intermediary for the flow of funds, and the Ministry of Industry, Tourism, Forest and Environment of Karnali Province, which will be responsible for implementing specific actions on the ground.

2. The project implementation period is four years, with an estimated lifespan of 20 years. The total cost of USD 9,209,500 includes USD 8,509,500 as a GCF grant and a contribution of USD 700,000 from NTNC (comprising USD 400,000 as a grant and USD 300,000 as an in-kind contribution). Parallel investments of approximately USD 200,000 could be made available by local governments.

3. The project targets four socioeconomically weak districts in Karnali Province that are highly vulnerable to climate change owing to their fragile mountain ecosystems, rugged terrain and geographical remoteness. Approximately 90 per cent of households in the four districts are dependent on forests for their food, fuelwood, fodder and income from non-timber forest products (NTFPs), medicinal and aromatic plants (MAPs) and small-scale agroforestry. Climate stress is accelerating forest degradation and constrains livelihood opportunities. Structural challenges and unsustainable forest use are further reducing forest productivity, weakening ecosystem services and increasing disaster risks, especially for vulnerable forest-dependent communities. Women, Indigenous Peoples, Dalits and remote mountain communities are disproportionately affected.

4. Despite Nepal's progressive decentralized governance and community forest management systems, climate action remains fragmented owing to several barriers. These include technical capacity gaps, weak climate risk management, limited access to climate information and lack of adequate funding. Forest-dependent communities face limitations in inclusive governance, and their livelihoods are constrained by poor market access, lack of enterprise support and fragmented value chains. These factors limit the effectiveness of climate responses for poor forest-dependent communities.

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<sup>1</sup> This assessment is based on the full and final funding proposal package received by the independent Technical Advisory Panel on 20 April 2026.

5. The funding proposal aims to strengthen the climate resilience of vulnerable forest-dependent communities in Karnali Province through locally led adaptation that integrates climate-resilient forest and landscape management, diversified forest-based livelihoods, and strengthened local and provincial governance systems. Project activities are designed to complement other donor-funded initiatives in Karnali Province and to align with the national REDD implementation centre for mitigation.

6. Table 1 provides details of the project's three outcomes and their associated outputs.

**Table 1: Project components and financing**

Project components	GCF grant funds (USD)	Co-financing (USD)
<b>Outcome 1. Enhanced resilience of forest ecosystems and forest-based livelihoods</b> <ul style="list-style-type: none"> <li>Output 1.1. Climate-resilient forest management, restoration and nature-based solution services delivered in community forests</li> <li>Output 1.2. Sustainable forest-based commodity value chain development and enterprise support services delivered</li> </ul>	5,699,200	349,100
<b>Outcome 2. Enhanced adaptive capacity and disaster preparedness of climate-vulnerable communities and local institutions</b> <ul style="list-style-type: none"> <li>Output 2.1. Integrated local adaptation, preparedness and learning services delivered to climate-vulnerable communities and local institutions in Karnali Province</li> </ul>	2,201,300	139,200
<b>Outcome 3. Strengthened climate awareness and communication</b> <ul style="list-style-type: none"> <li>Output 3.1. Provincial and local climate communication and advocacy services established and delivered in Karnali Province</li> </ul>	249,000	171,700
<b>Subtotal for outputs</b>	<b>8,149,500</b>	
Project management	360,000	40,000
<b>Totals by funding source</b>	<b>8,509,500</b>	<b>700,000</b>
<b>Total project cost</b>	<b>9,209,500</b>	

## 1.1 Impact potential

*Scale: N/A*

7. **Climate change risk, exposure and vulnerability.** Nepal is highly exposed to wide-ranging climate-related hazards, including monsoon-induced floods, landslides and glacial lake outburst floods. Its diverse topography, ranging from the low-lying Terai plains to the Himalayas, leads to strong climate variability and high climate risk in its mountainous regions. Annex 2 to the funding proposal refers to a long-term climate risk index assessment (2020) that ranks Nepal as ninth out of 10 countries most affected by extreme climate impacts. For example, between 1998 and 2018, the country recorded 180 extreme climate events that resulted in substantial loss of life and widespread impacts on livelihoods and infrastructure, displacement of local populations and increased public health risks. Average annual economic losses from extreme weather events are estimated at USD 225 million.

8. The four project districts in Karnali Province are highly exposed to climate change owing to their steep terrain and climate-sensitive ecosystems, and their selection for participation in the project was informed by a vulnerability and risk assessment for Nepal made in 2021. Table 7 in annex 2 to the funding proposal clearly describes changes in temperature and precipitation, including impacts in the project's targeted areas.

9. Future climate change scenarios indicate a warming trend with increases in temperature and longer warm periods. Table 1 in annex 2 to the funding proposal presents temperature projections under Shared Socioeconomic Pathway scenarios SSP2-4.5 and SSP5-

8.5. Karnali Province is projected to experience faster warming trends than the national average, particularly in its high-mountain regions. However, warming is not uniform across seasons, and the strongest increases are projected during the post-monsoon period, followed by the dry winter season, under both scenarios. These seasonal differences are likely to affect how snow and ice form and melt, with implications for downstream water availability and increasing hazard risks. Precipitation trends are more variable but show increasing rainfall intensity and a shift towards fewer extreme rainfall events. These changes are likely to intensify climate-related hazards, including more frequent droughts and floods, and will impact water availability, forest ecosystems, agricultural productivity and climate-sensitive livelihoods.

10. Forest degradation in the project's target areas is driven by the combined impacts of climate change, unsustainable resource use and structural constraints. Climate change is intensifying hazards such as forest fires, landslides and seasonal water scarcity, especially in high-altitude areas, while disrupting natural regeneration and weakening ecosystem resilience. Furthermore, overharvesting, unmanaged grazing, invasive species and declining soil fertility are reducing biodiversity, weakening the carbon sequestration function of forests and decreasing the availability of NTFPs, thereby undermining forest-based livelihoods. These challenges are further exacerbated by weak market access, limited institutional support and fragmented governance arrangements, which constrain sustainable forest management and adaptive capacity.

11. More than two thirds of households in the project area depend on forests for their livelihoods, energy and subsistence, particularly through fuelwood, fodder, NTFPs, MAPs and other ecosystem services.<sup>2</sup> Communities in high-altitude areas face growing water stress, and forest-dependent communities are especially vulnerable as they rely on climate-sensitive livelihoods and ecosystem services. Women, Indigenous Peoples, Dalits and poorer households are disproportionately affected owing to their dependence on forest resources and limited adaptive capacity. Indigenous communities (identified in the funding proposal as the Raute, Majhi and Tharu) are particularly vulnerable as declining ecosystem productivity reduces their access to traditional food sources and to culturally significant forest products.

12. **GCF results areas.** The project will target four GCF results areas. Adaptation results areas (ARAs): most vulnerable people and communities (ARA 1) (20 per cent of GCF resources); health and well-being, and food and water security (ARA 2) (20 per cent of GCF resources); and ecosystems and ecosystem services (ARA 4) (25 per cent of GCF resources). Mitigation results area (MRA): forestry and land use (MRA 4) (35 per cent of GCF resources).

13. **Beneficiaries.** The project will benefit an estimated 532,908 direct and indirect beneficiaries. The calculations identify unique beneficiaries by project activity and avoid double counting; details with underlying assumptions are presented in table 20 in annex 2 to the funding proposal:

- (a) A total of 109,690 people will directly benefit from the project, representing 6.5 per cent of the population of Karnali Province and 0.40 per cent of the country's total population, who will gain from targeted interventions that reduce exposure to climate hazards, decrease livelihood sensitivity and strengthen adaptive capacity;
- (b) A further 423,218 people will indirectly benefit, representing 25 per cent of the population of Karnali Province and 1.4 per cent of the country's total population, from improved ecosystem services, strengthened governance systems, reduced disaster-related losses and enhanced climate preparedness at the municipal and provincial level.

14. Community-level resilience will be strengthened through the restoration of forest ecosystems, stabilization of climate-sensitive landscapes and diversification of climate-resilient

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<sup>2</sup> Table 13 in annex 2 to the funding proposal summarizes the principal climate risks affecting NTFPs and MAPs across the project area

livelihoods, thereby reducing vulnerability to floods, landslides, droughts and livelihood shocks, particularly among vulnerable groups. In parallel, system-level resilience and adaptive capacities will be strengthened by integrating climate risk information into local planning and governance.

15. **Mitigation benefits.** While the project is primarily focused on adaptation, it expects to deliver mitigation benefits through the restoration of approximately 1,000 hectares of degraded forest areas, improved sustainable forest management and the application of nature-based solutions, which together are intended to enhance carbon sequestration and reduce emissions from forest degradation.

16. Using assumptions of partial forest recovery and slower growth in high-mountain areas, the project provides conservative estimates of 119,649 tonnes of carbon dioxide equivalent in emission reductions over the first four years of implementation. Over a longer 20-year time frame that is designed to capture the full benefits of forest growth and restoration, the project is expected to achieve substantially higher reductions of 1,101,385 tonnes of carbon dioxide equivalent.

17. Annex 14 to the funding proposal shows how the project's greenhouse gas emission reductions are estimated using the Food and Agriculture Organization of the United Nations' Nationally Determined Contribution Expert Tool (NEXT), applying internationally recognized methodologies from the Intergovernmental Panel on Climate Change and using forest data from the Ministry of Forests and Environment Nepal.

18. As there is a 16-year gap between the end of the four-year implementation phase and the end of the project's lifespan, the iTAP suggests that the rationale for assuming that impacts will sustain over such a long period, particularly in the context of rapid socioeconomic and institutional change in Nepal, should be further assessed during project implementation.

19. Overall, the impact potential is considered to be high.

## 1.2 Paradigm shift potential

*Scale: N/A*

20. Nepal's three-tier decentralized governance model provides enabling conditions for locally led planning, budgeting and climate action. Additionally, its Local Adaptation Plan of Action (LAPA) is a bottom-up inclusive tool for mainstreaming climate adaptation into local development plans, and the established system of Community Forest User Groups (CFUGs) provides local communities with a mandate to exercise local stewardship in managing community forests. CFUGs are also responsible for reinvesting income generated from forest activities into community development.

21. **Barriers.** Several factors constrain climate resilient development for forest-dependent communities in Karnali Province. Despite strong local stewardship and autonomy of CFUGs over forest use, climate action remains fragmented across different tiers of governance. Climate risk is insufficiently integrated into forest planning and management due to institutional and financial gaps, while local governments face capacity constraints and forest-dependent communities have limited access to adaptive technologies and markets.

22. Furthermore, unsustainable resource use contributes to ecological degradation, reduces forest productivity and adversely affects forest-dependent communities. Weak forest-based value chains and poor market access limit household incomes and can reduce incentives for sustainable resource management. Social and gender inequalities also limit equitable access to forest resources, inclusive decision-making processes and livelihood opportunities, with vulnerable and marginalized communities disproportionately affected.

23. **Proposed pathways towards climate resilience.** The theory of change is coherent and focuses on addressing the key drivers of climate vulnerability, including forest ecosystem

degradation, high dependence on climate-sensitive livelihoods, weak governance systems and limited access to climate information and finance. The use of a locally led climate adaptation approach is valid and contextually relevant to Nepal. The project also aims to tackle interlinked climate, environmental and socioeconomic challenges faced by vulnerable communities in Karnali Province. The three project components are mutually reinforcing.

24. **Component 1** has two outputs. The first output will improve forest ecosystem resilience and create the ecological foundation necessary for sustainable forest-based livelihoods through community-led planning, restoration of 1,000 hectares of degraded community forests in 80 priority sites and implementation of targeted nature-based solutions in 200 climate-sensitive sites.

25. The independent Technical Advisory Panel (iTAP) observes that this output involves conducting landscape-level assessments of forest ecosystems, forest quality and forest ecosystem services to inform the planning of LAPAs and nature-based solutions. Although the consideration of future climate conditions may be implied in the design of these assessments, the iTAP emphasizes the importance of making this explicit to ensure that interventions are designed to remain effective under future climate conditions and do not become maladaptive over time. The effective use of future climate projections will also help local stakeholders to identify context-specific adaptation priorities and adjust planning and implementation approaches in response to evolving climate risks.

26. Building on this foundation established by output 1, the second output aims to strengthen forest-based livelihoods and build sustainable local entrepreneurship, while ensuring that these efforts are grounded in sustainable forests and resource management. The project will support 10 micro, small and medium-sized enterprises (MSMEs) to get started by developing market ready and scalable business models across the forestry value chain. It will also train 60 CFUGs to promote sustainable NTFP production and harvesting, so that forest-based livelihoods are resilient and economic incentives are aligned with sustainable forestry practices. Project activities will also help to connect business to markets and finance and help successful business to grow in sustainable production, processing and market integration of high-value agroforestry products.

27. **Component 2** will integrate climate risk information, learning and early warning services into local planning to enable a shift from reactive to anticipatory action. Activities will support all 31 municipalities to develop and implement inclusive LAPAs, improve budgeting and planning systems, and coordinate on shared climate risks. It will also establish community-based early warning systems to support proactive responses to floods, droughts and other climate-related disasters, enhance awareness of climate risks and improve the overall response capabilities of the province. Ten model sites will help to demonstrate innovative adaptation practices to support learning and scaling up of successful approaches.

28. **Component 3** will strengthen climate awareness and communication so that climate information is understood, accessible, usable and informs decision-making. This will be delivered through a climate change communication strategy, dissemination of materials through various platforms and conducting targeted advocacy workshops. The climate awareness and adaptation training are intended to reach approximately 22,110 people, targeting women, Dalits, Indigenous Peoples and marginalized groups. The project will also support demonstrations of innovative adaptation practices and establish community-based early warning systems to strengthen learning and enable local communities to take early anticipatory action.

29. **Knowledge and learning.** Addressing the knowledge gap is central to strengthening climate resilience. Climate risks will be integrated into LAPAs through both participatory community-level capacity-building and municipal system strengthening. Forest-dependent communities will be supported to better understand evolving climate risks and identify priority

adaptation actions to be reflected in LAPAs. Capacities of municipalities will be strengthened to use climate information in planning, decision-making, budgeting and monitoring, while coordinated action across municipalities will help to address shared and cross-boundary climate risks. These efforts are intended to enable a shift from reactive responses to more strategic and adaptive planning.

30. The project's design draws on lessons from other similar interventions, including raising awareness on climate risks, knowledge-sharing on successful locally led climate adaptation models and pilots, and study tours. However, these activities risk being implemented in a fragmented manner. The iTAP expects that the AE will develop a comprehensive knowledge management approach so that emerging lessons and best practices can be systematically captured, embedded within institutional mechanisms to enable their uptake and disseminated in a timely manner.

31. The iTAP observes that the project's capacity-building approach is largely delivered through training, with indicators focused on the number of trainees. However, participation alone may be insufficient to achieve sustained behavioural change or improved practices. In addition, the approach to learning appears top-down, despite Nepal's extensive experience in community forestry and local adaptation. Greater emphasis on peer-to-peer and horizontal learning could enhance knowledge uptake and local ownership.

32. While the proposal highlights adaptive management through participatory monitoring and evaluation (M&E), limited information is provided on how feedback will be operationalized, embedded in local governance or used to inform decision-making. These aspects could be further strengthened during the inception phase to ensure that M&E effectively supports learning, inclusion and results tracking.

33. **Sustainability and scalability.** The funding proposal includes several relevant elements for supporting sustainability, including building stakeholder ownership, strengthening bottom-up processes for integrating adaptation into local planning, and aligning these with Nepal's existing decentralized governance systems. The use of the established LAPA framework, the increasing role of subnational governments in climate finance, and stronger engagement of community-based institutions are likely to support long-term project benefits.

34. While the iTAP finds that the exit strategy is broadly credible, there are some risks to sustainability and scaling. Project activities may not be sustained without continued financial commitments, institutional uptake, or sufficient market demand. Securing adequate financial resources for climate-resilient planning could prove to be challenging especially if local budgets remain constrained. It is also unclear to what extent project approaches will become integrated into local planning and budgeting processes to support scaling beyond the project period, or whether continued implementation will remain dependent on externally funded projects. Although improved planning systems are expected to help attract and channel climate finance toward priority needs, this will ultimately depend on the capacity of local institutions to manage and implement these processes effectively.

35. The exit strategy should also identify how forest-based enterprises can transition from pilot-level support to scalable market-linked value chains beyond the project period. The funding proposal anticipates that improved forest management will sustain supply for businesses. However, as demand for NTFP-based products increases, unsustainable harvesting could degrade forest ecosystems and reduce the long-term availability of raw materials. In addition, smaller enterprises may face challenges in accessing reliable markets, affordable finance, and stable prices, limiting their ability to grow sustainably.

36. Project activities aim to ensure that women, Indigenous Peoples and other marginalized groups are well represented in governance structures, and that traditional knowledge is integrated in project activities. The Gender Action Plan in annex 4 to the funding proposal applies an intersectional lens across all components, aimed at promoting transparent processes

for beneficiary selection, inclusion and representation in project activities, and equitable distribution of benefits across social groups. For example, the project will provide technical support to municipalities for participatory gender-sensitive LAPAs, promote women's leadership in participatory community forest planning processes and watershed committees, and support women-led enterprises, including with targeted training. The project will also need to put in place clear mechanisms to ensure women's empowerment and the active participation of minority groups, and to ensure that these practices are not just limited to project interventions but become embedded within systems to ensure sustainability.

37. The funding proposal is designed to build on Nepal's existing systems, particularly the LAPAs and community forestry approaches. Activities are expected to improve forest conditions and local practices, while adding value to Nepal's ongoing participatory frameworks and community forestry system; for example, through improved planning, capacity-building, unlocking value chains and supporting enterprise-driven approaches and market access. However, the extent to which the project itself will enable a paradigm shift is less certain at this stage. While the proposal sets out an ambitious vision, addresses key barriers and strengthens existing frameworks, achieving sustained and scalable impacts will largely depend on continued funding, changes in institutional and behavioural practices, shifts in incentive structures for sustainable forest management and the ability to catalyse market behaviour at scale.

38. The paradigm shift potential is considered to be medium.

### 1.3 Sustainable development potential

*Scale: N/A*

39. The project is expected to directly contribute to the Sustainable Development Goals (SDGs), particularly SDG 13 (climate action), SDG 15 (life on land) and SDG 5 (gender equality) by increasing the resilience of forest-dependent communities, ecosystems and local institutions to climate variability and extremes. It will also contribute to SDG 1 (no poverty) and SDG 10 (reduced inequalities), and will deliver economic, environmental, social and gender co-benefits.

40. **Economic co-benefits.** The main economic co-benefits are likely to come from component 1, with the creation of green jobs and income generation through support to CFUGs and forest-based enterprises. The project's design is inclusive, with a focus on engaging women, Indigenous Peoples, marginalized communities and resource-poor households and ensuring that they benefit from the results of the project. However, the project's logical framework does not estimate the additional numbers of jobs that could be created.

41. Training activities on sustainable harvesting and climate-smart NTFP/MAP production for 60 CFUGs are estimated to directly benefit 16,200 people, while helping to protect the forest resource base that underpins livelihoods. Drawing on evidence, annex 10 to the funding proposal validates the project's focus on upgrading value chains as a means of increasing incomes, particularly where demand exists. Project interventions aim to stimulate local economic activity in remote areas, including through business development, and market access support for 10 NTFP-based MSMEs, which are estimated to benefit 3,564 direct beneficiaries. Households and MSMEs are expected to benefit from increased incomes and enhanced income security through diversification of activities. In the long term, this is expected to increase household resilience to climate shocks.

42. **Environmental co-benefits.** The project is designed to deliver several environmental co-benefits through sustainable forest management, restoration of degraded forest ecosystems and strengthening the provision of critical ecosystem services. Targeted nature-based solutions and improved forest cover could help to improve water regulation functions, including water retention, reduced run-off and groundwater recharge, contributing to climate-resilient landscapes. The restoration of priority sites in community forests, promotion of sustainable

NTFPs and MAP cultivation are expected to reduce pressure from overharvesting or the depletion of forest stocks.

43. The Environmental and Social Action Plan (annex 12 to the funding proposal) assesses the climate sensitivity, vulnerability and environmental challenges within the diverse ecosystems of the project's targeted areas. It puts the project in category C (low risk), includes an exclusion list of activities and identifies potential risk areas together with mitigation measures.

44. The selection of sites for project activities is partly complete. So far, the project has identified specific locations for only 30–40 per cent of project activities, including selected community forests and target municipalities. The selection of sites for other activities, such as forest restoration, nature-based solutions, NTFP enterprises, adaptation model sites and early warning systems, is expected to be undertaken through a participatory process with local communities and authorities and using an environmental and social screening procedure.

45. The project will support small-scale, community-led works for forest restoration, watershed resilience and climate-resilient livelihoods. Activities include minor interventions in community forests such as the construction of firebreaks, soil stabilization and minor earthworks. Risks of maladaptation will be managed by using native, non-invasive and climate-resilient species, adopting diversified ecosystem approaches and undertaking early risk screening. Nature-based solutions, such as micro-check dams and gabions, will be constructed using locally available materials and are primarily designed for erosion control (rather than water storage), thereby limiting downstream flood risks. Support to NTFP nurseries, small agro-processing facilities, demonstration sites and early warning systems will remain community-led and localized and are expected to have minimal environmental and social risks.

46. **Social and gender co-benefits.** The project's design reflects a targeted approach that considers Nepal's overall demographic profile, its Indigenous and ethnic population, its female-skewed sex ratio in Karnali Province and other sociocultural factors. The NTNC policies on gender equality and social inclusion, sexual exploitation, abuse and harassment, human trafficking and child safeguarding guide the implementation of the project to ensure human rights, equality and non-discrimination.

47. Women represent 51 per cent of the population of Karnali Province and comprise 70 per cent of the agrarian workforce, often bearing a disproportionate burden of responsibilities. The Gender Assessment and Action Plan (annex 4 to the funding proposal) provides a careful consideration of the challenges, inequalities and intersectional vulnerabilities that heighten climate-related risks and gender-based violence. Structural inequalities in land ownership, financial control, unpaid care responsibilities and exclusion from governance further exacerbate their vulnerabilities.

48. Through improved skills in forest management, preparedness and learning on climate risks, and participation in local decision-making, women are expected to benefit from access to forest-based food, resources and livelihoods. Community well-being is expected to improve through enhanced food, nutrition and health outcomes. Exposure to climate hazards is expected to be reduced, including through nature-based solutions to stabilize slopes, reduce erosion, and mitigate flash floods and landslides in vulnerable subcatchments. Business development support for women-owned enterprises, value chain development and linking women with markets will help to strengthen adaptive capacity and livelihood incomes. Improved awareness on climate risks, participation in community-based early warning systems and advocacy forums, targeted alert systems for people with disabilities and women-centred messaging will help to empower vulnerable and marginalized people and enhance their preparedness for climate risks.

49. Annex 4 to the funding proposal notes that an estimated USD 1.7 million (20 per cent of the total budget) is allocated to gender equality and social inclusion-related actions across all project activities. Baseline data, disaggregated by sex, caste, ethnicity and disability, were

collected during the project's design. A monitoring, evaluation, accountability and learning framework, to be managed by NTNC, envisages that project activities will benefit 125,000 women, 75,000 Indigenous Peoples and 13,000 people with disabilities to achieve income gains of 25 per cent, while promoting digital transparency, community oversight and rapid response mechanisms. The M&E framework will also monitor the implementation of environmental and social action plan safeguards and measures related to sexual exploitation, abuse and harassment, and will include key indicators to track the participation of Indigenous Peoples.

50. The funding proposal adopts an inclusive approach to Indigenous Peoples and recognizes the important role that their traditional knowledge systems and cultural practices can play in sustainable forest management, biodiversity conservation, agroforestry practices, and climate adaptation and mitigation. The project has identified measures, including screening checklists, to ensure that Indigenous Peoples have equitable access to the benefits of the project, including livelihood opportunities, capacity-building programmes and participation in community-based initiatives, while also incorporating mitigation measures to address risks of inadequate inclusion. Potential project benefits include training in sustainable livelihoods and business skills, ensuring representation in local governance bodies, and facilitating access to project financing and community initiatives. The project's approach is also intended to safeguard customary lands, sacred sites and traditional knowledge, while promoting the inclusion of women, youth, Dalits and other marginalized groups.

51. The sustainable development potential is considered to be high.

#### 1.4 Needs of the recipient

*Scale: N/A*

52. **Vulnerability and developmental needs.** Karnali Province is one of Nepal's least developed regions, with 28.9 per cent of its population living below the poverty line and more than 51 per cent classified as multidimensionally poor. Poor rural households lack access to basic services, and a large proportion of the population is heavily reliant on forest resources for their livelihoods and subsistence, placing sustained pressure on forests and ecosystems. Intensifying climate risks, combined with increasingly degraded forest ecosystems, are expected to have cascading impacts on forest-dependent communities and their livelihoods.

53. **Capacity and finance gaps.** Despite efforts by the Government to mainstream climate change adaptation and disaster risk reduction into decision-making, significant barriers remain. Technical support and capacity-building are needed to tackle key barriers to effective adaptation action, including the limited uptake of nature-based approaches, low awareness among communities and local authorities of the role of forests and watersheds in building climate resilience, inadequate technical and financial capacities of local communities, weak coordination across agencies and local institutions on climate change interventions, and limited inclusive participation in decision-making process.

54. Nepal's adaptation financing needs are estimated at an additional USD 2.4 billion between 2014 and 2030, with continued reliance on externally funded projects for climate action. In this context, the justification for GCF resources is strong as the project will help to de-risk adaptation investments and strengthen climate information systems, communication, planning capacity and institutional coordination to enable a sustained transition towards long-term resilience.

55. The needs of the recipient are considered to be high.

#### 1.5 Country ownership

*Scale: N/A*

56. The funding proposal was developed in consultation with Nepal's national designated authority, the Ministry of Finance, and a no-objection letter has been received from the national designated authority (annex 1 to the funding proposal). A co-finance commitment letter for grant and in-kind contributions has also been received from NTNC (annex 5 to the funding proposal).

57. **Alignment with national priorities.** The funding proposal is strongly aligned with national and subnational priorities and builds on Government-endorsed community forestry and local adaptation initiatives, including the National Climate Change Policy (2019), third nationally determined contribution, national adaptation plan for 2021–2050, Forestry Sector Strategy for 2016–2025, National Biodiversity Strategy and Action Plan for 2014–2020, Five-Year Development Plan for 2024/2025–2028/2029 and Karnali Province's development priorities. Nepal's forestry sector plays a central role in its climate strategy, and the project's mitigation results will contribute to targets under Nepal's national REDD+ strategy for 2025–2034. Details are presented in annex 2 to the funding proposal.

58. **Complementarity and coherence.** Nepal's federal structure of governance enables devolved decision-making by local governments in the design and implementation of climate adaptation and disaster risk reduction measures. The funding proposal's locally led adaptation approach is designed to concurrently strengthen ecosystem resilience, livelihood security and governance systems. The well-established LAPA framework provides a bottom-up consultative approach for mainstreaming climate change adaptation into local development plans. CFUGs are statutory user bodies constituted under the Forests Act 2019 and play a central role in managing forest resources, protecting biodiversity and supporting the sustainable use of NTFP and MAPs. Furthermore, at the provincial level, the project will support the priorities of Karnali Province to enhance forest and agricultural productivity while reducing climate risks through forest conservation, inclusive management, land restoration, and promotion of green jobs and nature-based solutions.

59. Table 17 in annex 2 to the funding proposal summarizes relevant past and present externally funded initiatives in Nepal, highlights areas of alignment and identifies key lessons learned, including in sustainable forest management, livelihoods, value chain development and devolved decision-making. The funding proposal also notes that it is aligned with complementary initiatives, including the Nepal Climate Change Support Programme phase 2, the Forests for Prosperity Project, the Consolidated Approach to Food Security in the Karnali Region project, and the Climate-Resilient Landscapes and Livelihoods Project. The funding proposal also refers to complementarity with one of five GCF-supported projects in Nepal, namely Protecting livelihoods and assets from GLOFs (FP272).<sup>3</sup>

60. **Engagement with stakeholders.** Annexes 2 and 4 to the funding proposal demonstrate that the proposal was discussed and adjusted through a participatory and consultative process. Key themes that emerged from stakeholders included the need for the restoration of degraded forests, diversification of forest-based livelihoods, strengthening of early warning systems and promotion of inclusive adaptation planning. Table 23 in annex 2 to the funding proposal provides a comprehensive overview of all consultations conducted, while an accompanying annex of 'consultation notes' provides an informative summary of discussions at each level of governance.

61. A total of 31 consultations involving more than 477 participants (383 men and 94 women) were undertaken between November 2025 and January 2026 through interviews,

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<sup>3</sup> The other four GCF projects are: E-mobility program (multiple countries FP225); Mitigating GHG emissions through modern, efficient, and climate friendly clean cooking (FP172); Improving Climate Resilience of Vulnerable Communities and Ecosystems in the Gandaki River Basin (FP131); and Building a resilient Churia region in Nepal (FP118). Details are available at <https://www.greenclimate.fund/countries/nepal>.

workshops and focus group discussions. A province-wide stakeholder consultation workshop for Karnali Province was conducted, together with district-level workshops held in Dailekh, Dolpa, Jajarkot and Jumla. Participants included representatives of all three tiers of governance, civil society organizations, Nepal's Federation of Indigenous Nationalities, cooperatives, MSMEs and enterprises, women's groups, marginalized and excluded groups, CFUGs and farmers' groups.

62. Customized tools, such as community-level assessments, were used to capture nuanced vulnerabilities, while targeted focus group discussions with women helped to address power imbalances and ensure that their views were reflected. Focus group discussions were also held with Indigenous Peoples and people with disabilities. Findings from these discussions were reflected upon and validated in plenary sessions to build local ownership.

63. **Capacities to deliver.** The funding proposal represents the first submission by NTNC for GCF funding. Since September 2021, NTNC has been accredited to GCF as a national direct access entity for micro projects under environmental and social safeguards risk category C. Its mandate spans nature conservation, biodiversity conservation, cultural heritage protection, ecotourism and sustainable development. NTNC has also received approvals for GCF readiness support.

64. NTNC is well placed to serve as both the AE and co-EE as a national public institution established by an Act of Parliament with a formal mandate to support Nepal's biodiversity conservation and sustainable development goals. Its board, chaired by a nominee of the Prime Minister, includes representatives of key ministries. This arrangement helps to enhance national oversight and policy alignment. The experience of NTNC includes the implementation of more than 300 multistakeholder projects funded by bilateral and multilateral partners over 35 years.

65. The two other EEs represent the Government of Nepal and will have defined project roles that are fully aligned with their mandates. The two EEs will operate through the Karnali provincial government and local government entities to deliver specific project activities.

66. The proposed institutional arrangements are adequate and are consistent with locally led climate action principles. The Project Steering Committee, chaired by the Ministry of Industry, Tourism, Forests and Environment, will provide strategic oversight and coordination and will include representatives of key local institutions and nominated representatives of federal ministries. The Project Steering Committee will include provision for two observer roles for civil society organizations. One observer position will be filled permanently by the Federation of Community Forestry Users Nepal, and the other position will be filled on an ad hoc basis.

67. Project implementation and management roles are distributed across governance levels. Local governments and community-level institutions will lead devolved decision-making processes, while field coordination units will provide technical input and implementation at the local level. Overall management and coordination will be undertaken by a project management unit hosted by NTNC. A technical advisory group, chaired by a senior national expert, will support technical rigour and quality assurance across all levels of implementation.

68. Country ownership is considered to be high.

## 1.6 Efficiency and effectiveness

*Scale: N/A*

69. **Co-finance.** Given its public goods nature, the project will be financed by grants, comprising GCF funding of USD 8,509,500 and co-finance contributions of USD 700,000 from NTNC, of which USD 400,000 will be a grant and USD 300,000 will be an in-kind contribution. The co-finance ratio is low, at 1:0.08. Annexes 2 and 10 to the funding proposal refer to

additional community labour contributions of USD 1.9 million, although details of this are not included in the main funding proposal. Reference is also made to additional parallel investments of USD 200,000 by the targeted municipalities, envisaged through contributions from existing budgets for local-level forest management and implementation of LAPAs, as well as in-kind contributions. However, the iTAP did not receive additional confirmation of when or how these amounts would become available.

70. **Cost effectiveness and cost efficiency.** The project's resource allocation is appropriate across its three components. The bulk of GCF resources (67 per cent under component 1) will be strategically directed towards sustainable forest management and forest restoration, with the remainder allocated to strengthening local institutional planning and governance (27 per cent for component 2), climate awareness and communications (3 per cent for component 3), and project management and M&E (4 per cent). The detailed budget across the years is included in annex 3 to the funding proposal.

71. The economic justification for the project is clearly presented in the economic and financial analysis (annex 10 to the funding proposal), which is based on conservative assumptions. The total discounted benefits will be approximately USD 63.14 million, compared with costs of USD 8.51 million, resulting in an expected net present value of USD 54.63 million. The analysis presents a benefit–cost ratio of 7.42 and an economic internal rate of return of approximately 54 per cent. Project resources will be targeted towards high-risk, high-impact areas and the analysis shows that the project will deliver substantial economic value, with benefits significantly outweighing costs. The largest benefits will arise from avoided climate-related losses, forest-based incomes and carbon sequestration. Additionally, mitigation is expected to generate a secondary co-benefit of a reduction of approximately 1.1 million tonnes of carbon dioxide equivalent at an indicative cost of USD 7.7–8.4 per tonne of carbon dioxide equivalent.

72. The efficiency and effectiveness are considered to be medium to high.

## II. Overall remarks from the independent Technical Advisory Panel

73. Overall, the funding proposal is clear and well structured. The project's design builds on Nepal's existing decentralized governance and promotes an inclusive, locally led adaptation approach with strong participation by forest-based communities to strengthen ecosystem resilience and livelihood security in vulnerable areas within Karnali Province. It also considers the cross-cutting mitigation impact potential of the project.

74. The iTAP proposes the following recommendations for consideration by the AE:

- (a) Ensure that the landscape-level assessments of forest ecosystems, forest quality, and ecosystem services (under output 1) explicitly incorporate forward-looking climate risk analysis and projections to inform the planning of LAPAs and nature-based solutions. This will help to ensure that adaptation interventions remain context-specific and effective under changing climate conditions, while reducing maladaptation risks; and,
- (b) Develop a clear post-project sustainability and scaling strategy. In particular, ensure that the provincial-level strategy for long-term climate finance mobilization and mainstreaming (activity 2.1.3) explicitly considers how climate-related expenditures can be institutionalized within subnational budgeting systems to support long-term continuity of adaptation actions. The exit strategy should also identify how forest-based enterprises can transition from pilot-level support to scalable market-linked value chains beyond the project period.

75. The iTAP recommends that the Board approve this funding proposal.

## **Response from the accredited entity to the independent Technical Advisory Panel's assessment (SAP071)**

Proposal name:	Building Climate Resilience of Forest Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province, Nepal
Accredited entity:	National Trust for Nature Conservation (NTNC)
Country/(ies):	Nepal
Project/programme size:	Micro

### **Impact potential**

The high rating is well noted and appreciated.

The difference in the implementation phase and the project lifespan arises from the nature of ecosystem restoration and forest management approaches which continue to develop and deliver benefits beyond the initial investment. As the project targets integration of improved management into CFMGs and local structures, it is anticipated that the forest management and related value chains will be maintained for the stated period. The project results framework includes provision for continued monitoring throughout the implementation period, which will enable constant assessment of performance, with adaptive management processes integrated to maximise the sustainability of the systems.

### **Paradigm shift potential**

The medium rating for paradigm shift potential is well noted.

The AE can confirm that the landscape-level assessments of forest ecosystems, forest quality and forest ecosystem services that will be conducted at the initial stages of the LLCA process to inform the planning of LAPAs and nature-based solutions will indeed consider future climate conditions (including downscaled climate projections) to ensure that resulting interventions at the local level are designed to remain effective under future climate conditions and do not become maladaptive over time.

It is further confirmed that a comprehensive knowledge management approach will be developed and implemented throughout the project to ensure that emerging lessons and best practices can be systematically captured, embedded within institutional mechanisms to enable their uptake and disseminated in a timely manner. As an evidence-focused organisation, NTNC is well equipped to collect, manage, and effectively integrate lessons as part of an adaptive management approach.

Moreover, as noted in the M&E arrangements (Annex 2a), at inception phase the project's dedicated M&E officer will develop tools for the operationalisation of systematic data collection processes from coordinating partners, consolidating and quality-assuring data through desk reviews, periodic field monitoring missions, and technical validation by its forestry, climate adaptation, and safeguards specialists. Monitoring findings will be reviewed

internally on a quarterly basis to support adaptive management, inform decision-making and identify best practices to be further disseminated through active feedback loops.

With regards to capacity development, concepts such as peer-to-peer and horizontal learning will indeed be adopted to promote uptake and local ownership – particularly leveraging the CFMG structures and local support services.

The GESI Officer, in collaboration with the project team, will ensure that the activities’ GESI-related measures will become embedded within local governance and participatory systems thanks to systematic governance-strengthening mechanisms to be designed at inception stage.

See ‘Overall remarks’ for details on the proposed approach to strengthening the exit strategy.

**Sustainable development potential**

The high rating for the sustainable development potential is well noted and appreciated. NTNC remains committed to maximising the project co-benefits throughout implementation, with a particular focus on real and effective social inclusion.

**Needs of the recipient**

The high rating for the needs of the recipients is well noted and appreciated. It is anticipated that the locally-led approaches adopted by the project will ensure continued focus on the specific needs of the target communities, providing agency in the decision-making process.

**Country ownership**

The high rating for country ownership is well noted and appreciated. NTNC, in partnership with Ministry of Industry, Tourism, Forest and Environment (MoITFE) of Karnali Province, will continue to drive local ownership or project interventions to ensure long-term sustainability and scalability of the results.

**Efficiency and effectiveness**

The medium-high rating for the efficiency and effectiveness is well noted and appreciated.

**Overall remarks from the independent Technical Advisory Panel:**

iTAP’s recommendation that the Board approve the funding proposal is highly appreciated. NTNC has noted the specific recommendations, as touched on above, and remains committed to ensuring and adaptive implementation.

In response to the two core recommendations:

- a) As noted above, NTNC confirms that the landscape-level assessments of forest ecosystems, forest quality and forest ecosystem services that will be conducted at the initial stages of the LLCA process to inform the planning of LAPAs and nature-based solutions will indeed consider future climate conditions (including downscaled climate projections) to ensure that resulting interventions at the local level are designed to remain effective under future climate conditions and do not become

maladaptive over time. NTNC commits to providing the necessary technical assistance to implementing partners to ensure that this is done effectively.

- b) The need for a clear post-project sustainability and scaling strategy is well noted. NTNC commits to developing a detailed exit strategy during the inception phase that will provide a framework for activities aimed at institutionalising climate-responsive planning and expenditures into local structures and budgeting processes to support the long-term continuity of adaptation actions. This will include a specific focus on elaborating pathways identified for activity 2.1.3 that targets a provincial-level strategy for long-term climate finance mobilization and mainstreaming. The latter will ensure Karnali is better equipped to mobilize the required finance for LLCA, ensuring that project gains are maintained and amplified over time. The exit strategy will also elaborate on how activity 2.1.3. will contribute to the institutional uptake of the project activities, through structured knowledge sharing and policy dialogue.

It will further include specific pathways for transitioning forest-based enterprises from pilot-level support to scalable market-linked value chains beyond the project period, while ensuring an uptake in NTFP-based products demand does not result in unsustainable harvesting.

# Simplified Approval Process Annex 4: Gender assessment and action plan



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## Abbreviations

<b>ADB</b>	Asian Development Bank
<b>CCMD</b>	Climate Change Management Division
<b>CFOP</b>	Community Forest Operational Plans
<b>CFUGs</b>	Community Forest User Groups
<b>CRLLP</b>	Climate-Resilient Landscape and Livelihood Project
<b>CSA</b>	Climate-Smart Agriculture
<b>CSO</b>	Civil Society Organisations
<b>DRR</b>	Disaster Risk Reduction
<b>EWS</b>	Early Warning Systems
<b>FECOFUN</b>	Federation Of Community Forestry Users
<b>FNCCI</b>	Federation Of Nepalese Chambers Of Commerce And Industry
<b>FP</b>	Funding Proposal
<b>GAP</b>	Gender Action Plan
<b>GBV</b>	Gender-Based Violence
<b>GCF</b>	Green Climate Fund
<b>GESI</b>	Gender Equality And Social Inclusion
<b>GRM</b>	Grievance Redress Mechanism
<b>HDI</b>	Human Development Index
<b>ICIMOD</b>	International Centre for Integrated Mountain Development
<b>IP</b>	Indigenous Peoples
<b>LAPA</b>	Local Adaptation Plan Of Action
<b>LDCRP</b>	Local DRR And Climate Response Plans
<b>LI-BIRD</b>	Local Initiatives for Biodiversity, Research and Development
<b>LNOB</b>	Leave-No-One-Behind
<b>M&amp;E</b>	Monitoring And Evaluation
<b>MEAL</b>	Monitoring, Evaluation, Accountability, And Learning
<b>MEDPA</b>	Micro Enterprise Development For Poverty Alleviation
<b>MoFE</b>	Ministry Of Forests And Environment
<b>MoITFE</b>	Ministry Of Industry Tourism Forest And Environment
<b>MoLMAC</b>	Ministry Of Land Management, Agriculture And Cooperatives
<b>NbS</b>	Nature-Based Solutions
<b>NCCSP</b>	Nepal Climate Change Support Programme
<b>NDC</b>	Nationally Determined Contribution
<b>NTFP</b>	Non-Timber Forest Products
<b>NTNC</b>	National Trust For Nature Conservation
<b>PPMU</b>	Provincial Project Management Unit
<b>PwD</b>	People With Disabilities
<b>SRHR</b>	Sexual And Reproductive Health Rights
<b>ToT</b>	Training Of Trainers
<b>UNDP</b>	United Nations Development Programme
<b>VDC</b>	Village Development Committee

## Summary

This document presents the Gender Assessment and Gender Action Plan (GAP) for the project “Building Climate Resilience of Forest-Dependent Communities through Enhanced Livelihood Opportunities and Local Capacity in Karnali Province” prepared in accordance with the Green Climate Fund (GCF) Gender Policy and guided by Gender and Social Inclusion Action Plan templates, to be implemented by the National Trust for Nature Conservation (NTNC) across 31 municipalities in Jajarkot, Dailekh, Dolpa, and Jumla districts.

Karnali Province, Nepal’s remote western frontier faces high climate exposure including floods, droughts, landslides, and fragile ecosystems that disproportionately affect women (51% of population), Dalits, Indigenous Peoples, persons with disabilities (6–8%), youth, senior citizens, and female-headed households. Persistent structural barriers, including <10% women’s land ownership, unpaid care burdens, low literacy (<72%), exclusion from markets and DRR forums, and gender-based violence, limit women’s meaningful participation despite legal quotas in governance and community forestry.

Aligned with the GCF’s commitments to gender equality, human rights, and locally led climate action, the project adopts a gender-transformative approach that advances women’s leadership and strengthens their control over productive assets, climate finance, and decision-making processes. The GAP addresses intersectional vulnerabilities by reducing women’s time poverty, expanding equitable access to climate-resilient livelihoods, and preventing and responding to sexual exploitation, abuse, and harassment (SEAH). These measures are embedded across all project components, with clear institutional responsibilities, dedicated budgets, and measurable monitoring indicators, to deliver durable and systemic gender-transformative outcomes.

The GAP leverages a robust institutional ecosystem, including federal and provincial governments, municipal Local Adaptation Plans of Actions (LAPAs) and Local Disaster Risk Reduction and Climate Response Plans (LDCRPs), Climate Investment Plans (CIP), women-led cooperatives, private sector partnerships, and civil society networks, to deliver gender-transformative outcomes. The plan aims to strengthen women’s leadership in Community Forest User Groups (CFUGs), cooperatives, municipal climate planning, and early warning systems, while supporting women-led climate-resilient value chains. It also seeks to reduce unpaid care burdens and safety risks through inclusive services and infrastructure, and to institutionalize gender

accountability through disaggregated monitoring, grievance mechanisms, and performance-linked budgeting.

The proposed Plan empowers marginalized groups by strengthening women's leadership in CFUGs and municipal institutions, promoting climate-smart agriculture (CSA) cooperatives with 30–50% income gains, and establishing inclusive early warning and disaster risk reduction (EWS/DRR) systems. Supported by sex-disaggregated data, participatory monitoring, and social audits, these actions ensure accountability and learning. Through locally led, socially inclusive climate action, the project enhances adaptive capacity, restores ecosystems, builds equitable value chains, and delivers durable, scalable, and gender-just climate resilience, aligned with GCF Gender and Indigenous Peoples Policies and Nepal's federal framework.

# **I. Gender Assessment**

## **1. Overview of Gender Assessment Methodology**

The Gender Assessment for the project was conducted using a robust, multi-tiered mixed-method approach aligned with GCF guidelines, emphasizing evidence-based analysis, stakeholder validation, and intersectional perspectives. The assessment combined a comprehensive desk review of relevant national policies, the National Population and Housing Census 2021 (Nepal National Statistics Office), GESI frameworks, sectoral studies, and existing gender-disaggregated data, with extensive stakeholder consultations undertaken during the Pre-Feasibility Study (PFS) phase (see Chapter 9: Consultation Report and Chapter 11: Consultation Notes).

The PFS consultations comprised 31 engagement events across federal, provincial, district, and local levels, involving over 477 participants (383 men and 94 women) through interviews, workshops, and focus group discussions (FGDs). Consultations were conducted in Jajarkot, Jumla, Dolpa, and Dailekh, engaging a wide range of stakeholders, including government agencies, Community Forest User Groups (CFUGs), Indigenous Peoples' organizations (e.g., NEFIN), women's groups and cooperatives, private sector actors, civil society organizations, persons with disabilities (PwD), and marginalized communities, including Dalits. These consultations generated primary data and validated the findings from the desk review.

To ensure a differentiated and intersectional approach, participatory and context-sensitive methods were applied. Separate and targeted FGDs were conducted with women, Indigenous Peoples, and persons with disabilities, alongside mixed-group discussions. Women-only FGDs were specifically used to mitigate power imbalances and ensure that authentic voices were captured. Findings from these discussions were further presented in plenary sessions for collective validation, promoting transparency, ownership, and consensus among participants.

To strengthen the assessment, customized tools were developed, including a gender checklist for community-level assessments to capture nuanced vulnerabilities and needs, and a risk checklist for district and provincial consultations to identify barriers and opportunities. Participant selection was deliberate and inclusive, reflecting Nepal's diversity across ethnicity, caste, gender, disability, age, and geography.

This participatory and validated approach enabled the identification of gender-specific barriers, unequal access to resources and decision-making, and differentiated climate vulnerabilities. The findings were systematically used to inform the design of gender-responsive and gender-transformative interventions, ensuring that the project effectively addresses the needs and priorities of women, men, and marginalized groups while maintaining credibility, inclusiveness, and local ownership.

## 2. Project Context and Rationale

### 2.1. Geographic and demographic profile

Karnali's expansive 30,211 sq km (21.6% of Nepal) surface, including the high Himalayas, mid-hills, and valleys with landmarks like Churen Himal (7, 348), Karnali River, Shey Phoksundo National Park, and Rara Lake, make the project districts, such as remote Dolpa and agrarian Jumla, highly susceptible to landslides, floods, and droughts. Women's disproportionate reliance on rain-fed agriculture and forest resources in these infrastructure-poor areas heightens their vulnerability, as male out-migration leaves them managing climate-related shocks without adequate tools or support. This underscores the need for gender-responsive infrastructure and early warning systems (EWS).

Nepal is a multi-ethnic, multi-lingual, multi-religious and multi-cultural country, dominated by Hindu caste groups. The total population of Nepal, as of the census, 2021 is 29,164,578, with 48.87% male and 51.13% female, comprising 142 castes/ethnicities, including ~35% Indigenous Peoples (IPs). As per the 2021 census, the project's target province, Karnali, had a population that grew to 1,688, 412 people, characterized by a balanced yet female-skewed sex ratio (49% males, 51% females), a youthful demographic (33% aged 0-14), 72% overall literacy (disproportionately lower for women), and significant out-migration (23% of residents, including 18% being women) driven by economic pressures. Also, the project area (4 districts, 31 local levels) has 591,653 people—303,093 females and 288,560 males—with ethnic composition of BCT 64.49%, Dalits 26.02%, IPs 9.16%, minorities 0.11%, and Madhesi 0.02%. Karnali Province (30,211 km<sup>2</sup>, 21.6% of Nepal) hosts over 250,000 women farmers who provide 70% of agricultural labor and contribute 30% of provincial GDP; ~80% of the population relies on climate-sensitive livelihoods, with underemployment at 27.54% and poverty affecting 51.2% (See details at ESAP, Subsection 1.2.4 and Pre-feasibility section 2.2). By Target district, as highlighted in Table 1, Jajarkot (189,360: sex ratio 99.7%), Dailekh (252, 313: 100%), Dolpa (42,774: 98.8%), Jumla (118, 349: 101.6) exhibit intersectional vulnerabilities for Dalit and Janjati women indigenous group, who face compounded poverty and exclusion from resilient livelihoods. This demographic and socio-economic profile highlights the need for inclusive, culturally sensitive, and gender-responsive project planning.

*Table 1: Target districts' census and population's gender-related aspects*

<b>District</b>	<b>Population</b>	<b>Sex Ratio (males/100 females)</b>	<b>Gender Notes<sup>i</sup></b>
Jajarkot	189, 360	99.7	Female majority, high migration
Dailekh	252, 313	100	Dense; economic disparities
Dolpa	42,774	98.8	Remote: acute female burdens
Jumla	118, 349	101.6	Youthful; agriculture-dependent

## 2.2. Political and Institutional Framework

Karnali Province's federal governance features a unicameral Provincial Assembly: (Birendranagar: 40 seats: 24 FPTP, 16 PR: CPN-led by CM Jeevan Bahadur Shahi), mandating 33% women (including Dalit), with Governor oversight and Surkhet High Court.

The 2024 Gender Equality and Social Inclusion (GESI) Policy enforces gender-responsive budgeting (20% target) and provincial GESI Committees. At the provincial level, the Karnali Provincial Assembly has reinforced climate justice priorities through alignment with the five-point Karnali Declaration<sup>ii</sup>, strengthening the policy basis for integrated DRR and ecosystem restoration.

### Key Ministries:

- Ministry of Land Management, Agriculture and Cooperatives (MoLMAC): Climate Investment Plan for Agriculture Sector (CIP) (50-15% Climate Smart Agriculture (CSA) subsidies) National Action Plan (NAP) 2021-2050 via PPMUs (Asian Development Bank (ADB) Climate Resilience Landscape and Livelihoods Project (CRLLP).
- Ministry of Industry Tourism Forest and Environment (MoITFE): Endorsed Karnali Province Forest Act, 2078 (2022 AD) and Regulations, reserving 50% women leadership in community forest user groups (CFUGs) to advance forest-based resilient livelihoods with GESI safeguards. It is also responsible for disaster risk reduction (DRR) and ecosystem coordination.

**Local Level:** 31 municipalities implement Local Adaptation Plan of Action (LAPAs)/ Local DRR and Climate Response Plans (LDCRPs) (190 Nepal Climate Change Support Programme (NCCSP2) schemes) with 25-30% women quotas, empowered to develop local GESI strategies and action plans advancing Women Leadership in political decision-making forums, economic empowerment via Micro Enterprise Development for Poverty Alleviation (MEDPA) programme and Prime Minister Self Employment Programme (over 80% women receiving cash for work support), and Gender-Based Violence (GBV) mitigation through training, advocacy, GBV support services and operationalisation of GBV funds; through 37.5-45.5% face patriarchal barriers; ethnic/Dalit/people with disabilities (PwD) sidelined in Jumla/Dolpa.

**Grassroots Level:** CFUGs, federated under the Federation of Community Forestry Users (FECOFUN) (22,000+ members nationwide; strong Karnali presence), operationalise the 2078 Forest Act's 50% women leadership quota through comprehensive GESI strategies promoting gender-inclusive governance via:

- **Leadership incubation** – targeted training of trainers (ToT) for 1,000+ women CFUG executives on forest management, financial literacy, and DRR, countering skill gaps that undermine quota legitimacy;

- **Inclusive decision-making** mandating 50% women/Dalit/PwD in executive committees with veto rights on benefit-sharing;
- **Forest-based enterprises:** USAID/Paani Project demos in Middle Karnali watersheds establishing women-led cooperatives for ecotourism (Dolpa buffer zones), non-timber forest products (NTFP) processing (Jumla herbs), and climate-resilient agroforestry, generating NPR 5-10 M annual revenue for 500+ marginalised households;
- **Livelihood pathways market linkages** with the Federation of Nepalese Chambers of Commerce and Industry (FNCCI), organic certification support, and microfinance for PwD-accessible enterprises. Partner civil society organisations (CSOs) like Li-Bird provide CSA-NTFP integration training, while RESTLESS Development engages indigenous youth in green jobs, ensuring equitable resource utilisation, good governance, and resilience against landslides/floods. The EU project (Sahakarmi Samaj) amplifies via CSO accountability bridges.

**GCF leverage:** Proposal scales FECOFUN’s proven CFUG model (50% quota + enterprise demos) alongside municipal GESI strategies, MEDPA/PM Employment cash for work (80% women), LAPAs, and PPMUs deploying GESI Officers to transition 2,000 women/ PwD/Dalit /Janajati from nominal leadership to forest-based enterprise ownership (30-50% income uplift)

### 1.3 Alignment with GCF and AE’s Policies

The Gender Assessment and Gender Action Plan (GAP) is prepared in accordance with the GCF updated Gender Policy <sup>iii</sup> and action plan (2020-2023) and guided by the Gender Analysis/Assessment and Gender and Social Inclusion Action Plan templates<sup>iv</sup>, while also aligning with the gender policies of NTNC as the Accredited entity for the project. In line with the Policy’s commitment to “promote gender equality and women’s empowerment by addressing the differentiated needs, risks, and capacities of women and men,” the project integrates gender considerations across design, implementation, monitoring, and evaluation. A comprehensive gender and social assessment was conducted to establish the baseline, identifying gender roles, access to resources, capacity differences, climate related issues, and opportunities for positive change.

The project design has fully considered the Updated Gender Policy’s guiding principles and requirements, particularly by ensuring:

- gender equality and empowerment of women are respected, promoted and considered in the project design, ensuring equal rights of women and men to access project’s adaptation benefits;
- that women and men were provided with equal and equitable opportunity to take an active part in stakeholder consultations and decision-making during

- project preparation, with provisions for continued engagement through implementation and evaluation; and
- the submission includes a gender assessment and action plan, integrating the context and sociocultural factors underlying climate change-exacerbated gender inequality into the project design to build collective resilience.

The project also complies with the GCF Revised Environmental and Social Policy (RESP)<sup>v</sup> and the Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH)<sup>vi</sup> which recognize SEAH as a critical risk in community-based and rural climate interventions. Given Karnali Province's context of poverty, remoteness, power imbalances, labour migration, and women's economic dependence, the project adopts a survivor-centred, confidential, and accessible approach to SEAH prevention and response, including codes of conduct, safe grievance mechanisms, referral pathways, and regular capacity building. These measures ensure compliance with GCF safeguards and protect the dignity, safety, and meaningful participation of women and marginalized groups.

In addition, NTNC, as the Accredited Entity (AE) applies its internal gender and social inclusion (GESI) policies and safeguards as guiding frameworks, to ensure consistency with international standards, including principles of non-discrimination, meaningful participation, accountability, and gender-responsive budgeting. NTNC's GESI Policy (2017)<sup>vii</sup> aims to reduce social disparities by ensuring community participation and linking economic, environmental, and ethical outcomes. The organization integrates GESI-sensitive elements through social/GESI analysis, project-level GESI action plans, gender mainstreaming, inclusion of marginalized groups, and capacity building of women's groups to strengthen livelihoods and conservation leadership. NTNC maintains zero tolerance for malpractice, covering GESI, SEAH, anti-human trafficking, and child safeguarding, ensuring human rights, equality, and non-discrimination in line with GCF policies. NTNC's guiding principles further emphasize gender equality and social inclusion by ensuring that communities, including women and marginalized groups, are meaningfully engaged as both actors and beneficiaries in conservation and development activities. All initiatives are designed to promote equitable participation, social equity, and empowerment, supported by the Environment and Social Management Framework (ESMF)<sup>viii</sup> as safeguard guidelines and procedures for all projects and programmes managed and implemented under NTNC.

### **3. Gender and Social Diversity Analysis**

Karnali province reveals profound gender inequalities across essential sectors agriculture, education, health, economy, and political engagement/leadership further aggravated by isolated terrain and widespread male out-migration in priority districts of Jajarkot, Dailekh, Doplá and Jumla. Representing 51% of the population, women endure intensified responsibilities in climate-exposed environments while confronting entrenched obstacles to assets, authority, and fair prospects, including limited land ownership (<10% held by women), literacy rates below the 72% provincial average,

overburdened agriculture roles (70% labour share due to male migration), pervasive GBV, low Human Development Index (HDI), and exclusion from DRR and livelihoods, with only 32% female headed households despite their demographic majority. In political spheres, 25-30% quota seats in local bodies yield limited decision-making influence, as 37.5-45.5% of women report barriers like patriarchal norms and time poverty from unpaid care work<sup>ix</sup>.

### **3.1. Intersectional Challenges**

Women confront entrenched inequalities compounded by intersectionality with disability, caste, ethnicity, and geography, especially across 31 municipalities. Caste-based discrimination severely marginalises Dalit women (40-50% pay gaps)<sup>x</sup>, while indigenous Janajati groups in Dolpa and Jumla face cultural barriers to resources amid climate shocks like floods, perpetuating poverty cycles<sup>xi</sup> as highlighted by UN Women's initiative in 10 municipalities targeting economic empowerment<sup>xii</sup>. PwDs estimated at 6-8% provincially, higher in rugged terrain, endure acute invisibility, with disabled women facing amplified mobility barriers, inaccessible early warning systems, restricted sexual and reproductive health rights (SRHR) access, heightened GBV vulnerability, and exclusion from resilient livelihoods, underscoring needs for improved data and services.

In response to the intersecting inequalities outlined above, and as emphasized in GCF guidance recognizing that women and marginalized groups are not a homogeneous category, the project adopts a differentiated and targeted approach. It applies an intersectional lens across all components to ensure that Dalit women, Indigenous women, persons with disabilities, female-headed households, and geographically remote communities benefit equitably from adaptation investments, services, and decision-making processes.

### **3.2. Sectoral Analysis**

Karnali Province in Nepal reveals profound gender inequalities across essential sectors such as agriculture, education, health, economy and political engagement/leadership, which are further aggravated by the region's isolated terrain and widespread male out-migration in the priority districts of Jajarkot, Dailekh, Dolpa and Jumla. Representing 51% of the population, women endure intensified responsibilities in climate-exposed environments while confronting entrenched obstacles to assets, authority, and fair prospects, highlighting the imperative for gender-integrated measure in Green Climate Fund (GCF) initiatives aimed at fortifying resilience through sustainable livelihoods and community capabilities.

#### *Agriculture and Livelihoods Sector*

Within Karnali's predominantly agrarian landscape, women contribute more than 70% of the workforce as men depart for labour opportunities elsewhere, but they encounter severe constraints in securing land rights, climate-adaptive seeds, irrigation systems, or viable market channels critical for resilient crop production and diversification. Assessments from the Karnali Basin underscore how women and young people especially those from Dalit and indigenous Janajati groups in districts like Jajarkot and

Jumla are systematically overlooked in extension services, green value chains, and entrepreneurial support, despite their central contributions to family nutrition and income stability amid escalating climate variability such as droughts and floods. To align with GCF gender mandates, the proposal advocates transformative interventions like women-managed cooperatives, targeted technology dissemination, and capacity enhancement programmes that empower female farmers to lead adaptive practices, thereby amplifying household resilience and local economic vitality<sup>xiii</sup>.

#### *Education Sector*

Women's educational progress in Karnali lags alarmingly, with merely 2% of female aged 15-49 attaining higher secondary qualifications trailing national benchmarks and 28% possessing no schooling whatsoever, fuelled by entrenched norms favouring early marriages, domestic burdens, and economic hardships prevalent in isolated areas like Dolpa and Jumla. These disparities intersect sharply for Dalit and marginalised girls, who experience elevated dropout rates and scant access to vocational training relevant to DRR and climate-smart livelihoods, thereby curtailing their potential as informed agents of change. GCF funding should channel resources into gender-responsive education strategies, including scholarships for girls, inclusive curricula on climate resilience, and community-based learning hubs, to cultivate a cadre of skilled women poised to drive long-term provincial development<sup>xiv</sup>.

#### *Health Sector*

Disparities in healthcare accessibility imperil women's health outcomes: although 59% can reach facilities within 30 minutes by foot or transport, a stark 22% predominantly in elevated, hard-to-reach Dolpa require over an hour, heightening risks of maternal complications, SRHR neglect, and gender-based violence in the face of climate induced displacements. Compounding this, 68% informal women labourers rely on traditional medicinal plants (85% knowledge held by women) for maternal health, respiratory infections, and post-disaster recovery Jumla (40 species), Dolpa (75 high-altitude herbs) generate NPR150 M informal economy but face 60% climate scarcity.

Marginalised Dalit women endure additional layers of stigma and administrative hurdles, such as 13% lacking vital birth registration, which impede service delivery in district like Dailekh and Jajarkot. The GCF project proposes embedding gender-sensitive components, including mobile health units integrated with early warning systems and SRHR awareness campaigns, and medical plant processing hubs formalise women's traditional knowledge of Jumla/Dolpa herbs by equipping women led cooperatives with drying, grinding, and packaging units for direct organic market sales, transforming Dalit/Janajati healers into cooperative entrepreneurs and position women as resilient frontline respondent in health and disaster contexts<sup>xv</sup>.

#### *Economy and Labor Sector*

Karnali Province's economy and labour sector remain predominantly agrarian and forest dependent, with over 70% of the 1,688,412 population engaged in subsistence agriculture, livestock, and natural resource-based livelihoods, yet women who form

51% of the population and contribute 70% of agricultural labour due to male out-migration (23% provincial rate, including 18% women) face acute exclusion from markets, finance, value chains, and decision making, perpetuating poverty cycles amid escalating climate vulnerabilities in district like Jajarkot, Dailekh, Dolpa and Jumla across 31 municipalities.

Only 32% of households are female-headed despite this demographic majority, while Dalit, Janajati, and PwDs (6-8%) encounter intersectional barriers such as limited land tenure (women own less than 10% of titles), restricted access to climate resilient inputs/seeds, exploitative middlemen, lack of collateral for credit, and low-value market linkages for high-potential organic products like Jumla apple, Doplra herbs, and Dailekh dairy, resulting in food insecurity, and two to three times higher unemployment for marginalised groups, as well as over-reliance on remittances that fail to foster long-term resilience<sup>xvi</sup>.

Women's robust yet informal 68% labour participation masks low productivity and overburdened roles in rain-fed systems prone to droughts and floods, with youth (33% under 15) lacking green skills and PwDs facing inaccessible enterprises, compounded by gender norms that prioritise male control despite FNCCI helpdesks and CIP subsidies (50-15%) offering nascent support through "One Municipality, One Product" schemes and women-led e-commerce platforms. UN Women initiatives in 10 municipalities underscore Dalit women's 40-50% lower earnings for equivalent labour, while capacity gaps hinder quota-held women (e.g., 50% in CFUGs) from leading effectively, stalling forest-based enterprises<sup>xvii</sup>.

The GCF proposal capitalises on Karnali's organic zone status and biodiversity by embedding transformative interventions: women/PwD centric microfinance, CSA extension via LI-BIRD/ ICIMOD, FECOFUN-GESI, skill-building for user group leaders, and scalable cooperatives targeting 30-50% income uplift for 10,000 marginalised households, reduce migration, HDI gains, and equitable value chains ensuring climate-proof economic resilience aligned with GCF mandates through intersectional GESI mainstreaming<sup>xviii</sup>.

#### *Forestry Sector*

**Forest Act and forestry sector strategies** given emphasis on socially inclusive forest governance, mandating equitable access to forest resources, women's participation, and attention to the needs of poor and excluded groups; earlier strategies by the Ministry of Forest and Soil Conservation highlight gender-responsive policies, equitable governance, and equal decision-making power over forest resources for women, Dalits, Indigenous Peoples and other marginalized groups.

**At the national climate level**, Nepal's Climate Change Policy and its Nationally Determined Contribution (NDC) frameworks recognize GESI/GESI as cross-cutting priorities, requiring climate actions to reflect differentiated climate vulnerabilities and promoting inclusive climate governance that positions women, youth, Indigenous communities and persons with disabilities not just as beneficiaries but as leaders in

climate resilience. The Ministry of Forests and Environment (MoFE) Climate Change Management Division (CCMD) further operationalizes GESI through the NDC Implementation Plan, which integrates gender-responsive activities, indicators and capacity-building measures across sectors to ensure that climate policies follow “leave no one behind” and just-transition principles.

**Nepal’s Community Forestry Operational Guidelines** reinforce GESI by requiring 50% women representation<sup>xix</sup>—including two key leadership positions—in CFUG executive committees, while calling for gender-responsive operational plans that address the differing needs, knowledge and forest resource priorities of women and men; evidence shows that gender-blind plans limit women’s empowerment and equitable access to forest benefits, thereby underscoring the need for more inclusive decision-making and recognition of marginalized women’s traditional forest knowledge.

**Indigenous groups** in Nepal are included in community forest management because they have lived with and protected the forests for many generations. They are part of the community forest user groups, which means they can help make decisions, use forest resources, and share benefits. Policies and programs recognize that Indigenous people have special knowledge about forests and play an important role in caring for them. Even though they are included, many Indigenous groups still face difficulties in getting equal access and being fully heard, so new projects are expected to be helping them participate more and strengthen their rights in forest management.

### **3.3. Political Participation and Leadership**

Women in Karnali Province hold 25-30% quota seats in municipal councils and the Provincial Assembly under federal mandates, yet substantive leadership remains constrained by capacity gaps, patriarchal norms, and exclusionary dynamics, particularly undermining the 50% women leadership quota in CFUGs as per the Karnali Province Forest Act, 2078 (2022). Despite formal representation across 31 municipalities, 37.5-45.5% of women report gender-specific barriers to active participation in CFUG meetings including time poverty from unpaid care work (exacerbated by male migration), lack of technical skills/education leading to criticism of quota-held CFUG executives, and male-dominated decision networks that sideline women from veto power<sup>1</sup> on benefit-sharing, DRR policy forums, and resource allocation in districts like Jumla and Dolpa. Ethnic minority, Dalit, and PwD women face compounded marginalisation lacking access to leadership training, confronting cultural gatekeeping in Janajati dominated area, and facing physical barriers in remote governance spaces resulting in tokenistic participation despite legal quotas. For instance, women CFUG chairs often struggle with forest management plan and financial literacy, perpetuating elite male capture despite FECOFUN’s GESI advocacy.

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<sup>1</sup> Male-dominated decision networks in CFUGs operate through Executive Committees (11-15 members) where Chairs (95% male) hold final veto power over forest harvesting permits, subsidy allocation, and operational plans requiring District Forest Officer (DFO) approval. Women (33% quota) and Dalit/Janajati (20-25%) serve as secretaries/treasurers but lack veto authority, as Chairperson’s signature finalizes all legally binding decisions.

Municipal women representatives (25-30% councils, 40% committees per Local Government Operation Act<sup>xx</sup>) rarely influence LAPAs/LDCRP or budgets, with patriarchal exclusion limiting their role in climate-resilient planning despite authority for local GESI strategies, MEDPA economic programmes, and GBV fund<sup>xxi</sup>.

### **3.4. 2.4 Root Causes of Gendered Climate Vulnerability**

The assessment confirms that women's climate vulnerability in Karnali is driven primarily by structural inequalities in land ownership, financial control, unpaid care responsibilities, and exclusion from governance, rather than by lack of participation alone. Addressing these root causes requires interventions that redistribute decision-making authority, asset ownership, and climate finance control to women and marginalized groups, which the project explicitly targets through its gender-transformative design.

## **4. Challenges and Barriers**

Karnali Province faces deeply entrenched GESI barriers that systematically undermine women's and marginalised groups' agency in climate resilience building, despite a progressive policy architecture featuring 25-30% municipal quotas, 50% CFUG leadership mandates (Forest Act 2018), the 2024 Provincial GESI Policy, and municipal authority for local strategies, MEDPA programmes, and GBV funds. These obstacles manifest through interconnected capacity deficits where quota-held women leaders lack technical DRR skills, financial literacy, and forest management expertise, leading to criticism and elite male recapture of decision spaces; socio-cultural exclusions patriarchal norms and time poverty from unpaid care work (intensified by 23% male migration) relegate women to tokenistic roles despite formal representation; and structural limitations including unenforced 20% GESI budgeting targets, intersectional data gaps (Dalit wage disparities, PwD invisibility at ~6% prevalence<sup>xxii</sup>), and siloed DRR-Climate planning that fails to localise LAPAs/LDCRPs effectively across 31 municipalities<sup>xxiii</sup>.

### **4.1. Capacity and Competence Deficits**

Quota systems fail to deliver substantive leadership: 25-30% municipal council representation and 50% CFUG executives (Forest Act 2078) undermined by women's limited technical skills in forest management, DRR budgeting, and financial planning. 37.5-45.5% women report exclusion from decision vetoes; rural CFUG chairs criticised for illiteracy in management plans. Ineffective leadership delays LAPAs/LDCRPs localisation, amplifying flood/landslide vulnerabilities.

### **4.2. Socio-Cultural Exclusion**

Patriarchal norms and unpaid care burdens (intensified by 23% male migration) restrict women's participation in governance, often converting quotas into tokenistic representation where women are formally included in committees but have limited influence over decision making process and resource allocation. . Time poverty further excludes women from DRR forums despite 40% committee mandates (Local Government Operation Act). Women's limited participation in LDCRPs undermines

the integration of gender-responsive early warning systems and prioritization of resilient infrastructure.

#### **4.3. Intersectional Vulnerabilities**

Dalit women face severe entrenched caste-based discrimination and compounded wage gaps (national estimates ~23% per Nepal Labour Force Survey 2022, potentially higher due to informal agricultural overrepresentation without protections), trapping them in poverty cycles. Janajati women in Dolpa and Jumla encounter cultural barriers that restrict access to resources during floods. Women with disabilities (~6% prevalence per Census 2022, elevated in rugged terrain) suffer mobility barriers excluding them from early warning systems and essential services (22% >60 min health access), heightening GBV/SEAH and Sexual and Reproductive Health rights (SRHR) risks. Overall marginalised groups bear a disproportionate share of disaster impacts (over 90%) while lacking adaptive capacity, as reflected in their inclusion from local empowerment initiatives.

These intersecting vulnerabilities heighten GBV/SEAH risks, particularly in remote, resource-constrained areas with high male out-migration contexts such as Karnali. Risks may arise during training, community engagement, labour mobilization, and benefit distribution processes. To mitigate these, the project implements cross-cutting SEAH and GBV measures within the GAP, applicable across all the project components, including:

- Mandatory Codes of Conduct (CoC) for all staffs, consultants and stakeholders
- SEAH awareness and prevention training for project personnel and community stakeholders
- Inclusion of zero-tolerance clauses on SEAH in procurement and contractual agreements
- Establishment of confidential, survivor-centred grievance redress mechanisms (See ESAP Annex-V) to ensure safe reporting and timely response
- Designation of SEAH focal points within project team to monitor and support mitigation measures
- Mapping of referral pathways for health, psychological, legal and protection services.

These measures are aligned with GCF SEAH assessment guidelines and are designed to ensure a survivor-centred, do-no-harm approach, fostering safe, inclusive, and equitable participation of all stakeholders.

#### **4.4. Institutional and Policy Implementation Gaps**

Karnali Province's 2024 GESI Policy mandates 20% gender-responsive budgeting across sectoral plans, yet remains largely unenforced due to weak monitoring mechanisms, capacity constraints at provincial/municipal level, and absence of

accountability frameworks, resulting in minimal GESI-tagged allocation in LAPAs/LDCRPs despite legal requirements. Intersectional data gaps persist lacking disaggregated metrics on Dalit/PwD/Janajati women's access to DRR, health, and economic programmes hindering evidence-based targeting and perpetuating invisibility of triple-marginalised groups in policy design. DRR-climate silos fragment implementation, with Provincial Project Management Units (PPMUs) (Asian Development Bank (ADB) Climate Resilient Landscape and Livelihood Project (CRLLP)) and municipal LAPAs operating parallel to GESI committees without integrated vulnerability assessments, leading to gender-blind climate investments.

Economic empowerment initiatives like MEDPA and Prime Minister Employment Programme (Cash for work supporting 80% women) deliver short-term relief but fail to transition beneficiaries into scalable green enterprises (e.g., organic NTFP cooperatives), remaining trapped in seasonal vulnerability cycles rather than building climate-resilient livelihoods.

This underutilisation of GESI markers in PPMUs/LAPAs forfeits USD 10M+ potential from climate finance pipelines (CIP subsidies, NAP-aligned funding), as gender-disaggregated risk profiling remains absent, violating GCG Principle 5 and risking elite capture of resilience benefits by excluding frontline women/PwDs from adaptive decision-making and resource flows.

#### **4.5. Economic Barriers**

Women hold <10% land titles despite 70% agricultural labour, excluding them from CIP subsidies (50-15%), microfinance collateral, and organic certification despite Karnali's zone status and high value potential (Jumla apples: 20,000 MT/Year; Dolpa herbs: NPR 500M+ exports). Evidence: 68% informal participation traps families in poverty (MPI 0.42 vs. national 0.18) despite remittances; middlemen capture 40-60% margins. Absent resilient value chains amplify shocks 2023 Jumla 40% crops failure, Dolpa floods destroyed NTFP livelihoods, pushing 5,000+ households into hunder (GHI 2025 "serious" ranking).

#### **4.6. Geographic and Infrastructure Constraints**

Remote terrain in Karnali Province (30,211 sq km, 21.6% of Nepal's landmass) isolates PwD women from essential services, creating a 22% health access gap that amplifies disaster mortality e.g., 2023 floods claimed 15% higher female PwD deaths due to inaccessible evacuation routes and shelters. Sparse infrastructure (only 15% rural roads all-weather paved vs. national 35%) and high-altitude isolation (e.g., Dolpa at 4,000m+) exclude 12,000+ PwD women from early warning systems, climate resilient health posts, and GESI training, despite 5.3% provincial disability prevalence (higher among women due to care burdens). Lack of inclusive infrastructure heightens vulnerability during shocks unpaved trails collapse in monsoons, delaying relief to 40% remote municipalities and pushing PwD women into survival debt cycles without adaptive aids (wheelchair ramps, sign-language alerts).

Table 2: Challenges and barriers

<b>GCF Risk Category</b>	<b>Likelihood</b>	<b>Impact</b>	<b>Evidence Baseline</b>	<b>Vulnerable Groups</b>
Capacity Failure	High	High	37.5-45.5% exclusion rate	Quota women leaders
Cultural Exclusion	Critical	Critical	Time poverty + migration	All women
Intersectionality	Critical	Critical	23-50% Dalit gaps; PwD invisibility	Dalit/Janajati/PwD
Policy Gaps	High	High	20% budget unmet	Municipal implementers
Economic Barriers	High	High	<10% land ownership	Agriculture women
Geographic Isolation	High	Medium-High	22% health access gap	Remote PwD women

## 5. Opportunities and Enabling Environment

Karnali Province establishes a robust enabling environment for integrating GESI into the National Trust for Nature Conservation (NTNC) GCF proposal on climate-resilient livelihoods, drawing from diverse non-sectoral elements including policies, active programmes, government capacities, private sector roles, and civil society contributions to drive meaningful change for women and PwDs<sup>xxiv</sup>.

### 5.1. Opportunities for Women-Led Value Chains

Karnali's official organic zone status and exceptional biodiversity home to rare medicinal herbs, high-altitude apples, and diverse NTFP position it uniquely for women-led high-value chains, with Jumla producing 20,000 MT apples annually and Dolpa herbs generating over NPR 500M in exports, unlocking USD 50M+ potential through women-owned processing hubs, cold storage, and direct-to-market platforms that bypass middlemen capturing 40-60% margins.

### 5.2. Enabling Policy Momentum

NAP, CIP (50-15% CSA) subsidies), LDCRPs (10% agri-budgets for gender actions), Federal Forest Act 2019 and Regulation (promoting community forestry with 40% women quotas in user groups), Provincial Forest Act 2022/Regulation (Karnali specific NTFP harvest rights for marginalised groups), and Provincial GESI Policy (mandating 33% women/PwD inclusion in forest governance/budgets) create robust entry points for land titling, collateral free finance, and inclusive value addition benefiting 200,000+ women farmers (70% agri-labour, 30% provincial GDP).

### 5.3. Current programme and plans

Ongoing plans and programme offer proven models, including LIBIRD's Green Karnali empowering over 2,100 individuals – 73% women with agroecology training, seed banks, and enterprises across three districts; GRAPE and ANSAB's climate-resilient

agriculture rollout in nine municipalities; ADB's CRLI bolstering infrastructure and irrigation for 50,000 households with and inclusion lens<sup>xxv</sup>; and UNDP's Human Security efforts providing CSA and DRR support to 1,112 participations (53% women) guided by evidence-based local strategies<sup>xxvi</sup>.

#### **5.4. Strength in Provincial and Local government implementation**

Provincial and local government capacities provide operational muscle, with Karnali Province hosting GESI units in 24 out of 79 municipalities to oversee cooperatives and demonstration farms, alongside LDCRPs implemented in 80% palikas. Municipal strengths encompass data-informed budgeting supported by the United Nations Development Programme (UNDP), collaborative early warning systems and accessible shelters, and efficient deployment of 10% budgets towards women's groups<sup>xxvii</sup>.

#### **5.5. Private Sector Engagement**

Private sector engagement adds market dynamism through FNCCI's women expos and prefeasibility assessments linking 5,000+ entrepreneurs to agri-NTFP buyers and investors; women-run cooperatives managing processing for items like mushrooms and herbs with private grant support; and enterprise hubs facilitating organic certification and access to high-value chains exceeding USD 50 million in potential<sup>xxviii</sup>.

#### **5.6. Civil Society engagement**

Civil society organisations deliver hands-on scaling, led by GCF-accredited NTNC in women's NTFP and mushroom ventures plus readiness initiatives<sup>xxix</sup>; FECOFUN, Li-Bird, and ANSAB offering GESI workshop and irrigation cooperatives that slash water shortages by 40%; and UN Women with UNDP extending reach to over 10,000 through advocacy, capacity building, and community saving models<sup>xxx</sup>.

## II. Gender Action Plan (GAP) and Implementation Framework

### 2.1 Gender Action Plan (GAP)

<b>Impact Statement:</b>						
<p>The project will strengthen the climate resilience of vulnerable communities in Karnali Province, particularly women, Dalits, Indigenous Peoples, persons with disabilities, youth, senior citizens, and other marginalized groups, through locally led, gender-transformative, and socially inclusive adaptation. It will shift these groups from climate-vulnerable roles to leaders, decision-makers, and economic agents in forest-based livelihoods, climate governance, and disaster preparedness systems. By addressing structural barriers such as unequal land access, time poverty, limited finance and market access, exclusion from decision-making, and recognition of women's knowledge and indigenous stewardship the project enhances adaptive capacity, restores ecosystems, and establishes inclusive value chains. Through gender- and disability-responsive governance, participatory planning, inclusive finance, and early warning systems, the project delivers durable, scalable, and just climate outcomes, reduces climate-induced poverty, strengthens institutions, and ensures no one is left behind, aligned with GCF GAP and Nepal's federal framework.</p>						
<b>Cross Cutting Actions</b>						
Activities	Indicators and Targets	Baseline	Target	Timeline	Responsibilities	Costs
<ul style="list-style-type: none"> <li>Conduct SEAH and GBV awareness training for project staff, implementing partners, and community members</li> </ul>	<ul style="list-style-type: none"> <li>% of project staff and partners trained on SEAH and GBV prevention</li> <li>Number of community awareness sessions conducted</li> </ul>	<ul style="list-style-type: none"> <li>0 %</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>≥ 80%</li> <li>37<sup>2</sup></li> </ul>	Q1	NTNC, Gender Focal Person/Officer	<p>Included in PMC and activity budgets</p> <p>SEAH/GBV training integrated into existing training workshops and engagements.</p>
<ul style="list-style-type: none"> <li>Integrate SEAH and GBV prevention measures into project codes of conduct and contractual agreements.</li> </ul>	<ul style="list-style-type: none"> <li>% of project CoCs and contracts integrating SEAH and GBV prevention</li> </ul>	0	100%	Q1		
<ul style="list-style-type: none"> <li>Ensure the project grievance redress mechanism includes</li> </ul>	<ul style="list-style-type: none"> <li>Operational SEAH-sensitive grievance mechanism established</li> </ul>	NTNC GRM developed, but not yet operationalized	Project -level GRM operational and fully SEAH-sensitive	Q1		

<sup>2</sup> One per municipality (31), one per district council (4), one provincial level, and one for project staff

confidential and survivor-centered SEAH reporting channels.		for the Karnali project				
<ul style="list-style-type: none"> <li>Map and coordinate referral pathways to local medical, psychosocial, and legal support services.</li> </ul>	Status of referral pathways for local medical, psychosocial, and legal support services	0	1 project-specific referral pathway report available to all project staff and integrated into GRM	Q1	NTNC	Included in PMC and activity budgets
<ul style="list-style-type: none"> <li>Ensure gender representation across all project activities</li> </ul>	<ul style="list-style-type: none"> <li>% of project activities that adopt a gender responsive approach.</li> </ul>	0	100%	Y1-Y4	NTNC	Included in PMC and activity budgets
<ul style="list-style-type: none"> <li>Ensure stakeholder engagements have inclusive representation of women, Dalits, IPs and other vulnerable groups.</li> </ul>	<ul style="list-style-type: none"> <li>% of stakeholder engagements with at least 50% representation of vulnerable groups</li> </ul>	0	100%	Y1-Y3	NTNC	Included in PMC
<ul style="list-style-type: none"> <li>Ensure adequate representation of vulnerable groups in project implementation entities, including the PSC and PMU</li> </ul>	<ul style="list-style-type: none"> <li>Representation of vulnerable groups on PSC</li> <li>Female representation in PSC</li> <li>Female representation in PMU</li> </ul>	<ul style="list-style-type: none"> <li>No PSC Established</li> <li>No PSC Established</li> <li>No PMU Established</li> </ul>	<ul style="list-style-type: none"> <li>At least one CSO observer serving on PSC</li> <li>50%</li> <li>40%</li> </ul>	Q1	NTNC	Included in PMC
<b>Outcome 1 Statement: Enhanced resilience of forest ecosystems and forest-based livelihoods (NTFP/MAP)</b>						
<b>Output 1.1: Climate-resilient Forest management, restoration and nature-based solution (NbS) services delivered in community forests.</b>						
Activities	Indicators and Targets	Baseline	Target	Timeline	Responsibilities	Costs

<ul style="list-style-type: none"> <li>• Mandate women leadership in participatory community forest operational plans (CFOPs) process with dual-signature requirement (Chair + women co-chair)</li> <li>• Conduct a meeting after 10 am addressing time poverty (meeting time should be fixed based on a consultation process)</li> <li>• Ensure stakeholder engagements for CFOP development include adequate representation of women, youth, Dalits, IPs, and PwD</li> <li>• Support communities to include Gender-responsive activities into CFOPs</li> <li>• Incorporate in the CFUG training a skill content targeting women. on CFUG fund</li> </ul>	<ul style="list-style-type: none"> <li>• % of women from vulnerable groups (Dalit, IP, PwD) in CFMG leadership positions</li> <li>• % Women of participants in co-development workshops for CFOPs</li> <li>• % of actions identified under the CFOPs directly target vulnerable groups.</li> </ul>	<ul style="list-style-type: none"> <li>• TBD<sup>3</sup></li> <li>• 0</li> <li>• TBD</li> </ul>	<ul style="list-style-type: none"> <li>• ≥50%</li> <li>• ≥ 65% women</li> <li>• ≥ 80%</li> </ul>	Y1-Q2	NTNC, Gender Focal Person/Officer, Local Forestry Division	Included in activity budget (~8.5% - \$378,000)
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<sup>3</sup> Baseline details will be determined within the first 3 months of Project Inception

management and minute and reporting  (Relates to Project Activity 1.1.1)						
Women/Dalit/IP/PwD training on nursery management, sustainable harvesting, forest monitoring and management  (Relates to Project Activity 1.1.2)	<ul style="list-style-type: none"> <li>• % women/IP/Dalit/PwD trained on forest management along with forest-based livelihood (disaggregated data managed)</li> <li>• % of trainees (disaggregated by gender/IP/Dalit/PwD) successfully complete the training</li> <li>• % of women knowledge retention</li> </ul>	<ul style="list-style-type: none"> <li>• TBD</li> <li>• 0</li> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• 60%</li> <li>• 90%</li> <li>• 85%</li> </ul>	Y1-Y3	NTNC, CFUG, Local Forestry Division and Technical Advisor	
<ul style="list-style-type: none"> <li>• Women participation in nature-based solutions (NbS) site selection and implementation</li> <li>• Women-led watershed committees for ongoing maintenance</li> <li>• 33% Dalit quota + 50% Janajati workers for NbS implementation</li> </ul>	<ul style="list-style-type: none"> <li>• % women participation in NbS site selection and implementation</li> <li>• % of women leadership in watershed committees for ongoing maintenance % of quota for Dalit and janajati workers</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• TBD</li> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• 60%</li> <li>• 50%</li> <li>• 33% Dalits and 50% Janajati</li> </ul>	Y1-Y3	NTNC, CFUG	

<ul style="list-style-type: none"> <li>Priority water-scarce Dalit/Janajati Local levels for site selection</li> </ul> <p>(Relates to Project Activity 1.1.3)</p>						
<b>Output 1.2: Sustainable forest-based commodity value chain development and enterprise support services delivered</b>						
<b>Activities</b>	<b>Indicators and Targets</b>	<b>Baseline</b>	<b>Target</b>	<b>Timeline</b>	<b>Responsibilities</b>	<b>Costs</b>
<ul style="list-style-type: none"> <li>Conduct baseline value chain studies + support 10 NTFP MSMEs with business plans, explicitly targeting women/Dalit/IP/PwD households as producers/processors</li> <li>Business development plans account for women ownership as shareholders.</li> <li>Women-led value chain assessments</li> <li>Priority women/Dalit/IP/PwD households as NTFP producers/processors</li> <li>Business plans co-developed with women entrepreneurs</li> </ul> <p>(Relates to Project Activity 1.2.1)</p>	<ul style="list-style-type: none"> <li>% of women-led enterprises benefitting from business plan development</li> <li>% women shareholders targeted in development plans</li> <li>% of women enumerator/accessors</li> <li># of business plan co-developed with women entrepreneurs (</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0</li> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>60%</li> <li>33% ownership</li> <li>60%</li> </ul> <p>20 out of 31 business plan co-developed</p>	Y1-Y3	NTNC, FNCCI, Cooperatives	Included in the activity cost (~33% - \$580,000)



<p>(FNCCI Expo stalls, buyer MoU prioritised for women-led cooperatives)</p> <ul style="list-style-type: none"> <li>Gender-responsive linkage systems to government programmes (women priority in agriculture subsidies, NTFP schemes)</li> </ul> <p>Relates to Project Activity 1.2.3</p>	<ul style="list-style-type: none"> <li>% of women participating in certification fast-track committees and NP3 organic certification training # of woman-targeted financial mechanism</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>50% quota</li> <li>≥ 1 woman-targeted financial mechanism (collateral-free group loans, women priority credit)</li> </ul>		Financial Service Provider	
<ul style="list-style-type: none"> <li>Scale up local entrepreneurship through technical support for public-private-community groups + capacity building for sustainable production, processing, and market integration</li> <li>Women-led entrepreneurship training</li> <li>Priority technical support for women-owned MSMEs/processing hubs</li> </ul>	<ul style="list-style-type: none"> <li>% women entrepreneurs trained</li> <li>% Women-led enterprises participating</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>60% women trained</li> <li>40% women led enterprises</li> </ul>	Y1-Y4	NTNC, Training Institute,	

<ul style="list-style-type: none"> <li>Mentorship pairing: Experienced women entrepreneurs' mentor new women leaders</li> </ul> <p>(Relates to Project Activity 1.2.4)</p>						
<b>Outcome 2 Statement: Enhanced adaptive capacity and disaster preparedness of climate-vulnerable communities and local institutions</b>						
<b>Output 2.1: Integrated local adaptation, preparedness and learning services delivered to climate-vulnerable communities and local institutions in Karnali Province.</b>						
<b>Activities</b>	<b>Indicators and Targets</b>	<b>Baseline</b>	<b>Target</b>	<b>Timeline</b>	<b>Responsibilities</b>	<b>Costs</b>
<ul style="list-style-type: none"> <li>Co-develop 5 training modules (infrastructure repair, climate-resilient agriculture, sustainable forest management, water harvesting, health/sanitation) including gender-sensitive content.</li> </ul> <p>(Relates to Project Activity 2.1.1)</p>	<ul style="list-style-type: none"> <li>% women trainees across 5 modules</li> <li>Module completion rate by women (% of CFs women trainees demonstrating knowledge retention six months after training)</li> </ul>	<ul style="list-style-type: none"> <li>0</li> <li>0</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>60% women</li> <li>90% completion rate</li> <li>90%</li> </ul>	Y2-Y4	NTNC	Included in the activity cost Included in the activity cost (~30% - \$685,000)
<ul style="list-style-type: none"> <li>Technical support to municipalities for participatory gender-sensitive LAPA preparation/updating + municipal training on climate integration + Joint Action Plan development</li> </ul>	<ul style="list-style-type: none"> <li>% women membership in 31 LAPA committees</li> <li># of women-led LAPAs (target: 15/31 LAPA led by women)</li> <li>% of women facilitators for participatory vulnerability</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> <li>TBD</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>50% women</li> <li>15/31 LAPA led by women <ul style="list-style-type: none"> <li>60%</li> </ul> </li> </ul>	Y2-Y4	NTNC	

<ul style="list-style-type: none"> <li>Gender-disaggregated vulnerability mapping prioritizing women water carriers.</li> </ul> <p>(Relates to Project Activity 2.1.2)</p>	<p>assessments (target: 60% quota)</p>					
<ul style="list-style-type: none"> <li>Ensure women representation in Provincial Climate Council and technical working groups</li> <li>Create women champions network across 31 municipalities linked to provincial policy</li> </ul> <p>(Relates to Project Activity 2.1.3)</p>	<ul style="list-style-type: none"> <li>% of women representation in provincial climate change council # of women champions networks</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>50% of women</li> <li>31 networks</li> </ul>	<p>Y2-Y4</p>	<p>NTNC</p>	
<ul style="list-style-type: none"> <li>Mobilisation of female participation in CB-EWS committees, including with women as primary upstream observers</li> <li>Women-friendly alert dissemination (megaphones, women networks, safe evacuation)</li> <li>Women-led evacuation drills focusing on pregnant</li> </ul>	<ul style="list-style-type: none"> <li>% women in CB-EWS committees</li> <li># PwD committee members</li> <li>PwD alert reach</li> </ul>	<ul style="list-style-type: none"> <li>TBD</li> <li>TBD</li> <li>0</li> </ul>	<ul style="list-style-type: none"> <li>50%</li> <li>1 in each committee</li> <li>90%</li> </ul>	<p>Y3-Y4</p>	<p>NTNC</p>	

<p>women, elderly, children</p> <ul style="list-style-type: none"> <li>• PwD-specific alert formats (vibrating alerts, sign-language videos, Braille maps)</li> <li>• Buddy systems pairing PwD with trained women responders (should be integrated into response plan)</li> </ul> <p>(Relates to Project Activity 2.1.4)</p>						
<ul style="list-style-type: none"> <li>• Involve women as site operators/managers across all 10 model sites</li> <li>• Women-led demonstration tours for replication communities</li> <li>• Landless household priority for site-based employment</li> </ul> <p>(Relates to Project Activity 2.1.5)</p>	<ul style="list-style-type: none"> <li>• % women site operators</li> <li>• # of women-led tours</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• ≥60% women site operators/manager</li> <li>• 5 tours</li> </ul>	Y3-Y4	NTNC and Partner organisation	
<b>Outcome 3 Statement: Strengthened climate awareness and communication.</b>						
<b>Output 3.1: Provincial and local climate communication and advocacy services established and delivered in Karnali Province.</b>						
<b>Activities</b>	<b>Indicators and Targets</b>	<b>Baseline</b>	<b>Target</b>	<b>Timeline</b>	<b>Responsibilities</b>	<b>Costs</b>

<ul style="list-style-type: none"> <li>• Establish Provincial Climate Communication Unit with women-led advocacy networks across 31 municipalities, including:</li> <li>• Women staffing in Provincial Climate Communication Unit</li> <li>• Women-led advocacy networks</li> <li>• Women-centric messaging (time poverty, water carrying, NTFP knowledge, SRHR resilience)</li> <li>• Accessible formats (Braille, sign-language videos, audio dramas, large-print)</li> <li>• PwD women focal points in communication teams</li> <li>• Vibrating alert integration for CB-EWS communication (Activity 2.1.4 linkages)</li> </ul>	<ul style="list-style-type: none"> <li>• % women staff in Provincial Climate Communication Unit</li> <li>• # networks women-led</li> <li>• % of women-led households in targeted municipalities reached with climate communication outreach</li> <li>• % of PwD women focal points in communication teams</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• TBD</li> <li>• 0</li> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• 50% women</li> <li>• at least 31 networks, one per municipality</li> <li>• ≥70 % women household</li> <li>• 13%</li> </ul>	Y3-Y4	NTNC and Partner Organisation	Included in the activity cost (~35% - \$88,000)
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(Relates to Project Activity 3.1.1)						
<ul style="list-style-type: none"> <li>• Develop and disseminate climate adaptation communication materials to local communities ensuring reaching marginalised groups across four target districts (Jumla, Dolpa, Jajarkot and Dailekh),</li> <li>• Women-centric messaging focusing on time poverty, water carrying, NTFP knowledge</li> <li>• Women illustrators + voice actors for all materials (Distribution through women networks (self-help groups, crèches)</li> <li>• Culturally appropriate visuals reflecting Dalit/indigenous peoples' (IP) lived realities</li> </ul>	<ul style="list-style-type: none"> <li>• % women reached % women- and vulnerable populations- (Dalits, IPs) centric content</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• ≥70% women reached</li> <li>• 90% vulnerable population centric content</li> </ul>	Y3-Y4	NTNC	
(Relates to Project Activity 3.1.2)						

<ul style="list-style-type: none"> <li>• Ensure participation of women national experts with GESI/climate research experience</li> <li>• Women facilitators involved across all 8 workshops (district-level gender specialists)</li> <li>• Gender-disaggregated materials highlighting women NTFP processors, water carriers</li> <li>• Women-led enterprises showcased as best practices when relevant</li> </ul> <p>(Relates to Project Activity 3.1.3)</p>	<ul style="list-style-type: none"> <li>• % of women national experts involved in the workshops</li> <li>• % of women participation in the advocacy workshops</li> <li>• # of women-led sessions/12 (SRHR-climate, NTFP resilience)</li> </ul>	<ul style="list-style-type: none"> <li>• 0</li> <li>• 0</li> <li>• 0</li> </ul>	<ul style="list-style-type: none"> <li>• 60%</li> <li>• 45% women (33% Dalit + 50% Janajati)</li> <li>• 3 women led sessions</li> </ul>	Y3-Y4	NTNC	
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The Gender Action Plan operationalize the project’s gender-transformative objectives by linking actions to budgets, institutional mandates, and measurable outcomes. GAP activities are fully integrated into the project results framework and costed within component budgets, ensuring compliance with GCF’s gender-responsive budgeting principles and accountability requirements.

## **2.2 GAP Implementation Arrangements**

### **2.2.1 Institutional Arrangements and Staffing**

The implementation of the GAP will be coordinated through a structured institutional framework to ensure accountability, efficiency, and alignment with GCF requirements.

- **Project Management Unit (PMU):** The PMU has overall responsibility for GAP oversight, consolidation of field-level data, and submission of Annual Performance Reports (APRs) to the Project Steering Committee (PSC) and GCF. The PMU will include an Environmental and Social Safeguard (ESS) Expert as the focal point for environmental and social risk management, as well as a Gender Expert who will oversee the integration of gender considerations and SEAH prevention and response across project activities, including coordination, monitoring, and reporting of GAP implementation – including for technical support, referral pathway strengthening, complex case management, and periodic assessments. The AE (NTNC) Gender Equality and Social Inclusion (GESI) Officer will support GAP execution Gender expert ensure projects are inclusive and equitable by integrating GESI across design, implementation, and monitoring, tracking sex-disaggregated data, and addressing SEAH/GBV risks to ensure safe participation.
- **Field Coordination Unit (FCU) / Sub-unit:** These units are responsible for local-level monitoring, data collection, support to field activities, and grievance redress mechanisms (GRM) reporting. They will report quarterly to the PMU. At the field level, safeguard focal persons within the Field Coordination Units (FCUs)/sub-units, implementing partners, and relevant MSMEs/Financial Intermediaries (FIs) will support the implementation of environmental and social safeguards. Besides, the full-time gender expert hired by PMU will provide the capacity development and training on technical support, referral pathway strengthening, complex case management, and periodic assessments to FCU/sub-unit, and to the MSMEs/FIs.
- **Gender Focal Persons (FCU/Sub-units):** The safeguard focal persons also act as gender focal person and will support field-level gender and SEAH oversight, community engagement, and GRM facilitation, ensuring compliance with safeguards and reporting resolved cases to the PMU. These focal persons will assist in activity-level screening, monitoring of mitigation measures, documentation, and reporting, under the guidance of the PMU Gender Expert.
- **ESS Expert:** The ESS expert of PMU will integrates environmental, social, and gender safeguards into project activities and monitors SEAH/GBV mitigation measures. ESS Expert also support to the FCU/sub-unit gender focal persons for the GAP implementation at the field level.

- **M&E Expert:** Track GAP progress, maintain data quality, and support preparation of APRs, including sex-disaggregated results, timelines, budgets, and indicator achievements.
- **Project Team Leader:** Oversees coordination among all staff, ensures adherence to timelines, and supervises reporting from FCU and PMU.
- **Project Steering Committee (PSC)/GCF:** Provides high-level oversight, reviews APRs, monitors major changes, and provides guidance on GAP implementation.

The GAP will be implemented through a dedicated, multi-tier institutional structure with clearly defined roles and reporting lines. Capacity building will be provided through workshops, field trainings, awareness campaigns, and monitoring tools to strengthen both central and field-level staff and institutional capacity.

### 2.2.2 Staffing Funding and Budget

Dedicated resources will be allocated for effective implementation of the GAP, covering:

- **Staffing costs:** Salaries for the experts at PMU, ESS Expert, Gender Expert, and M&E experts, and safeguard focal persons at FCU/sub-units.
- **Capacity building and training:** Workshops, field trainings, awareness sessions, and monitoring tools to strengthen staff and local institutional capacity.
- **SEAH and GBV mitigation:** Implementation of Codes of Conduct, survivor-centred grievance mechanisms, and community awareness activities.
- **Monitoring and reporting:** Data collection, sex-disaggregated indicators, reporting systems, and evaluation of gender-transformative outcomes.

Gender responsiveness has been integrated into the core of the project from the ground up, with gender actions merged fully into each project activity. While some activities are more overtly gender responsive, each activity has some form of gender responsive lens applied, with budgets for these elements grouped with the rest of the activity. As a result, isolating specific budget being directed towards gender and social inclusion required assumptions for individual the budget lines. As a baseline, given the central focus on women, dalits, IPs and other vulnerable groups, 5% of all budget lines was earmarked to be directed towards GESI. Allocations for workshops and trainings with higher gender targets were aligned with those targets, as were budget lines related to inputs and support for value chains and CBEWS. The total budget for GESI-related actions can to \$1.7M, or 20% of the total budget. This in in line with the Gender-Responsive Budgeting (GRB) mechanism for Nepal, as well as local government

requirements for at least 10% of the local budget to be directed toward women, children, and marginalized groups.

All costs will be integrated within the component budgets and systematically tracked to ensure effective, accountable, and results-oriented GAP implementation. This institutional arrangement provides a dedicated, well-resourced team with clear reporting lines, cross-cutting oversight, and full integration of gender and SEAH safeguards across all project components. Indicative cost estimates for the GAP implementation is presented below:

*Table 3: Indicative cost estimates for the GAP implementation*

<b>Budget Category</b>	<b>Key Cost Items</b>	<b>Estimated Cost (USD)</b>	<b>Remarks</b>
1. Staffing	ESS Expert, Gender Expert, M&E Expert, Safeguard/Gender Focal Persons	90,000	to support additional gender/SEAH responsibilities and Experts remuneration
2. Capacity Building & Training	GESI and SEAH training (staff, partners), community-level training (women, IPs, Dalits, PwD), leadership & entrepreneurship training, training materials	35,000	to meet international standards for comprehensive capacity-building
3. SEAH & GBV Mitigation	Codes of Conduct, survivor-centred GRM, SEAH referral pathways, awareness campaigns	30,000	to ensure robust SEAH risk management and awareness campaigns
4. Monitoring, Evaluation & Reporting	Baseline survey (sex-, caste-, disability-disaggregated), periodic monitoring, gender audits (mid-term & final), data systems, reporting	15,000	to strengthen sex- and gender-disaggregated M&E and reporting
5. Stakeholder Engagement & Inclusion	Inclusive consultations, women-only FGDs, participation support (travel, childcare, accessibility), inclusive communication materials	12,000	to ensure meaningful participation of women and marginalized groups
6. Women's Economic Empowerment (WEE)	Support to women-led enterprises, leadership networks, mentoring, financial inclusion mechanisms	8,000	to better align with international benchmarks for WEE promotion
7. Travel and DSA	Field Visit, workshops	2000	
<b>Total</b>		<b>192000</b>	

### III. Risk and Mitigation Strategy

Despite Karnali’s strong GESI enabling environment, the project risks perpetuating inequities through entrenched barriers like land dispossession, geographic isolation, market exploitation, capacity shortfalls, elite capture, PwD exclusion, gender backlash, and climate shocks, potentially sidelining 250,000+ women farmers and PwD unless robust mitigation are embedded. A summary of gender-related risks and potential mitigation strategies is available in Table 43.

Table 4: Gender-related risks and mitigation strategy

<b>Risk</b>	<b>Description</b>	<b>Likelihood</b>	<b>Mitigation strategy</b>	<b>Monitoring Indicators</b>
Land Tenure Exclusion	Women hold <10% land titles despite providing 70% agricultural labour, systematically excluding them from CIP subsidies (50-15% CSA inputs), microfinance collateral via MEDPA/FNCCI, and organic certification requiring 3-year tenure proof, trapping families in poverty cycles (MPI 0.42) even with remittances <sup>xxxii</sup> .	High	Fast-track joint titling drives under Provincial GESI/Forest Acts mandating 40% women CFUG quotas; establish 50+ land-secured women cooperatives modelled on Green Karnani (20% yield boosts); integrate NTNC/FECOFUN legal aid clinics and capacity building for 33% quota enforcement across working municipalities	Titles issued (Target 20% increase); quota compliance rate: cooperative formation %
Remote Access	Vast 30,211 sq km terrain creates 22% health access gap for PwD women, amplifying disaster mortality (15% higher in 2023 floods) due to unpaved roads (15% all weather) collapsed trails in monsoons, and lacking adaptive aids like ramps/sing-language EWS in 40% remote villages. <sup>xxxiii</sup>	High	Allocate 20% budget to disability inclusive infrastructure (universal design shelter/EWS per LDCRPs); scale FECOFUN Panni drip system (40% scarcity cut) and all-weather access via ADB CRL synergies; train 1,000+ community responders with UN Women protocols <sup>xxxiii</sup> .	Health access gap reduction; EWS reach (890% PwD); response time in shocks
Middlemen Exploitation	Exploitative intermediaries capture 40-60% margins on organic high value products (Jumla apples)	Medium	Build direct-to-market linkages via FNCCI expos (5,000+ women linked) and digital platforms; fund women-led processing	

	20,000 MT, Dolpa herbs NPR 500M+), denying women fair prices despite Karnali's organic zone status and USD 50M+ export potential.		huba/cold storage with private grants; secure organic certification through Li-Bird "barefoot consultants" for premium pricing <sup>xxxiv</sup>	
Capacity Gaps	Local governments utilise <50% GESI budgets amid elite capture and skills shortages, risking fund diversion from marginalised in 31 municipalities despite policy mandates.	Medium	NTNC GCF Readiness for municipal training (target 80% palikas); phased pilots with performance-based disbursements and grievance redress <sup>xxxv</sup> .	Budget utilisation (>80%); training reach; complaint resolution rate
Elite Capture in cooperative/CFUGs	Influential elites dominate leadership/benefits in cooperative/CFUGs, sidelining Dalit/indigenous women despite 40% quotas, leading to <20% actual women held decision roles.	High	Transparent election; rotation policies and 50% reserved seats for marginalised; participatory audits by FECOFUN/UN Women.	Women leadership % (>40%); elite dominance score
PwD Exclusion from Training/EWS	PwD women (5.3% prevalence) overlooked in field trainings/EWS due to inaccessible venues/formats, exacerbating 22% service gaps.	Medium	Universal design trainings, (Braille/signage/home-based); mobile EWS units; partner disability networks for 100% inclusion targets	PwD participation rate (90%); feedback satisfaction
Gender Backlash from quotas	Cultural resistance to 33% leadership quotas triggers backlash, reducing women retention in roles/programme	Medium	Community sensitisation campaigns (street dramas/male allies); mentorship/leadership tracks; safe spaces for reporting	Retention rate; backlash incidents resolves
Market Linkage failures	Women products fail to reach sustainable market due to quality/scale issue, stalling income gains.	Medium	FNCCI mentorship/grading standards; collective bargaining groups; digital apps for buyers (target 70% sustained links)	Market access sustainability (>70%); income uplift
Climate Shocks on	68% women in informal roles face	High	Deploy CIP CSA packages (resilient	

Informal Labour	amplifies vulnerability to shocks (2023 Jumla 40% apple loss, floods destroying NTFP), yielding poverty despite remittance reinvested <15% in assets <sup>xxxvi</sup> .		seeds/insurance); diversify via cooperatives (mushrooms/herbs); build buffer stocks and index-based payouts; integrate GRAPE CRA models for 25% yield stability <sup>xxxvii</sup> .	Household resilience score; loss reduction; asset reinvestment (25% rise)
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Quarterly disaggregated audits (sex/age/disability/caste) with adaptive management ensure GCF safeguards, positioning USD 10M for equitable, transformative leave-no-one-behind (LNOB).

### 3.1. Risk and Mitigation Framework

Risk mitigation protects the USD 10M project investment across land titling, cooperatives, finance and PwD infrastructure, ensuring 125,000 women, 75,000 IP, 13,000 PwD achieve 25% income gains and zero climate bankruptcies. This framework uses prevention + detection + response at three levels: community, municipality, provincial.

Table 5: Risk Identification table

Risk Category	Description	Probability	Impact	Past Example	GCF Consequence
Elite Capture	Elites divert NPR 500M credit/subsidies from 68% informal women	High	Critical	2023 Jumla: 70% apple subsidies to male traders	Indicator 5.1 fails (<80% women)
Quota Violations	<40% women/33% marginalized leadership in cooperatives	Medium-High	High	Karnali CFUGs: 18% women leadership	USD 10M bypasses vulnerable groups
Climate Shocks	Drought/hail/flood destroys 40% crops pre-insurance	High	High	2023 Dolpa floods: 5,000 households debt-trapped	25% reinvestment target impossible
GRM Failures	Fund diversion complaints ignored locally	Medium	Medium	60% Karnali grievance s	95% resolution mandate fails

				unresolved	
PwD Exclusion	Infrastructure ignores wheelchair/sign-language access	High	High	2023 relief bypassed 13,000 PwD women	22% health gap closure fails

Table 6: Mitigation Strategy

Risk	Prevention Measures	Detection Method	Response Protocol	Responsible Entity	Timeline
Elite Capture	Biometric registry, blockchain loans, group guarantees	Digital dashboard alerts	Auto-freeze >NPR 5L loans, subsidy suspension	NTNC M&E	24 hours
Quota Violations	Election observers, leadership contracts, Male Ally Networks	Voter roll verification	Mandatory re-elections <33% quotas	GESI Forum	30 days
Climate Shocks	Index insurance, pre-positioned CSA kits, 200km trails	Parametric triggers	7-day payouts, 20% auto-seed allocation	Insurance + NTNC	7 days
GRM Failures	3-tier system, toll-free hotline, 50% women committees	Backlog monitoring	Provincial escalation >10% unresolved	Provincial GESI Forum	7 days
PwD Exclusion	Universal design audits, multi-channel EWS, home training	Access verification	Immediate infrastructure retrofit	Disability Federation	Immediate

Table 7: Institutional Response Architecture

Level	Entity	Role	Escalation Trigger	Contact
Community	50 Cooperatives	Level 1 Grievance Redress Mechanism (GRM) (70% resolution)	>7 days unresolved	Cooperative President
Municipal	35 GRM Desks	Level 2 resolution, PwD support	>15 days unresolved	Municipal Officer

Provincial	GESI Forum	Ministerial hearings, GCF notification	>30 days unresolved	Forum Coordinator
National	NTNC Monitoring and Evaluation (M&E)	Digital monitoring, blockchain audit	Red status indicators	M&E Director
International	GCF	Funding protection, mid-term review	Provincial escalation	GCF funding proposal (FP)

### 3.2. Monitoring, Evaluation, Accountability, and Learning (MEAL) Framework

The AE, NTNC, will monitor the implementation of the GAP throughout the project lifecycle to ensure gender-responsive activities are effectively executed and intended outcomes are achieved. Progress will be tracked using sex-disaggregated indicators, timelines, allocated budgets, and assigned responsibilities defined in the GAP, integrated within the broader MEAL framework.

MEAL Framework systematically tracks, verifies, and adapts the project activities to ensure 125,000 women, 75,000 IP, and 13,000 PwD achieve 25% income gains, leveraging digital transparency, community oversight, and rapid response mechanisms. It integrates:

- **Monitoring:** real-time data via digital platform tracking 50,000+ beneficiaries (sex/caste/IP/PwD disaggregated)
- **Evaluation: impact verification through participatory scorecards** (Quarterly 31-municipality) and third party audits (annual Y2/Y4 plus GCF mid-term Y3) **Accountability: anti-elite capture mechanism and adaptive triggers** (<80% women reach → immediate reallocation)
- **Learning:** Course correction based on monitoring, evaluation, and adaptive management.

All mitigation and monitoring measures are cross-cutting across project components, with gender-transformative indicators such as women’s co-signatory authority over climate finance, ownership of productive assets, leadership in climate institutions, and reduction in unpaid care work will be monitored alongside technical resilience indicators to assess paradigm shift outcomes. Reporting on GRM, SEAH, and GBV follows a survivor-centred, do-no-harm approach in line with GCF SEAH and Gender guidelines.

Sex-, caste-, ethnicity-, and disability-disaggregated baseline data were collected during the project design phase to establish benchmarks for women, men, Indigenous Peoples (IPs), and other vulnerable groups. This baseline will serve as the foundation for setting targets and monitoring progress under the Gender Action Plan (GAP). Any data gaps will be addressed during project implementation through field surveys,

community consultations, coordination with local government records, and engagement with marginalized groups. The baseline will support tracking of gender-transformative outcomes and ensure effective, evidence-based monitoring throughout the project cycle.

**Institutional arrangements and responsibilities for M & E of GAP implementation:**

The table summarizes the roles, responsibilities, indicators, reporting timelines, and budget allocations for effective monitoring and implementation of the GAP.

*Table 8: Institutional arrangements and GAP monitoring and reporting responsibilities*

<b>Responsible Entity / Staff</b>	<b>Role in GAP Monitoring</b>	<b>Monitoring Indicators</b>	<b>Reporting Timeline</b>	<b>Budget/Resources</b>
FCU / Sub-units	Local-level monitoring, data collection, support to field activities, GRM reporting	Progress on gender-responsive activities, sex-disaggregated participation, community engagement, SEAH mitigation measures	Quarterly → PMU	Field-level budget allocation per activity
Gender Expert	Lead implementation and monitoring of the GAP; provide technical guidance on gender, SEAH, and GBV; build staff capacity; oversee gender-responsive reporting; coordinate with FCUs/Sub-units and GESI Officer	GAP actions completed, quality of gender integration, SEAH/GBV measures implemented, trainings conducted, grievances addressed, compliance with GCF gender requirements	Quarterly → PMU; APR annually → PSC/GCF	Full-time staff cost and operational budget under project allocation
Gender Focal Persons (FCU/Sub-units)	Field-level gender/SEAH oversight, community support, GRM facilitation	Compliance with safeguards, GRM cases resolved, referral pathways activated	Quarterly → PMU	Included in FCU operational budget
ESS Expert	Safeguards integration, SEAH and GESI compliance monitoring	Safeguard indicators, SEAH/GBV mitigation implementation	Quarterly → PMU	Staff allocation as per project budget

M&E Experts	Track GAP progress, maintain data quality, support reporting	Sex-disaggregated results, timelines, budget utilization, indicator achievements	Quarterly → PMU; APR → GCF/PSC	Staff budget for M&E activities
Project Team Leader	Coordinate GAP activities, oversee field and PMU reporting	Overall progress, adherence to timeline and budget, coordination effectiveness	Continuous; APR → GCF/PSC	Operational budget allocation
PMU	Consolidation of field data, GAP oversight, submission of APRs to PSC/GCF	Overall GAP performance, indicator achievement, budget utilization, major changes	Quarterly reports from FCU; APR annually → PSC/GCF	PMU operational budget
Project Steering Committee / GCF	Oversight, review, and guidance on GAP implementation	APRs, major changes, lessons learned	Annual → GCF	N/A

This monitoring and reporting framework ensure accountability, facilitates adaptive management, and aligns with GCF requirements for gender-responsive projects while clearly defining roles, responsibilities, timelines, and institutional arrangements for effective GAP implementation.

All mitigation and monitoring measures are cross-cutting across project components, with clearly defined roles, responsibilities, timelines, indicators, and budgets. Reporting follows a survivor-centred, do-no-harm approach in line with GCF SEAH and Gender guidelines.

## IV. References and end notes

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