GREEN CLIMATE FUND

Readiness and Preparatory Support

Direct Access Proposal Template

DAE Support Window

Proposal title

Catalytic Finance Pathways for Inclusive Climate Finance: Strengthening Institutional Readiness of NIMB and Enabling Environment for Mobilizing Blended Finance (36480)

Direct Access Entity

Nepal Investment Mega Bank Limited

* The full proposal, including the financial proposal and annexes, is available on the GCF Partner Platform.

Version Update: 15 Sep 2025 | Initial: 22 Sep 2024
Aligned with the Revised Readiness Results Management Framework

How to complete this template?

This proposal template is designed for Direct Access by Direct Access Entities (DAEs) for the DAE Support Window.

To assist with completing this proposal template, the GCF provides the following guiding documents available on the GCF website:

- **Guide for Direct Access Entities to Access Readiness Support**
- **Guide for Direct Access Entities on Strategic Planning of Readiness Support**

If the DAE opts for the Direct Access option under the DAE window[1], there is no need to complete the FMCA questionnaire, as accreditation already verifies the entity's financial capacity.

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[1] Within the DAE window, funding is provided to assist accredited DAEs as well as candidate DAEs in the advanced stages of the accreditation process. For candidate DAEs, this refers to the stage of resolving outstanding accreditation conditions subsequent to the Board's approval of accreditation.

Proposal Details

Title of the Direct Access Proposal

Catalytic Finance Pathways for Inclusive Climate Finance: Strengthening Institutional Readiness of NIMB and Enabling Environment for Mobilizing Blended Finance

Total Approved Amount (in USD)

$997,395

Implementation Period (in months)

48 months

Country Information

☐ Single DAE

☐ Multi-DAE

Lead DAE

Nepal Investment Mega Bank Limited

Contact person

Mahesh Sharma Dhakal

Position

Senior DCEO

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Type of Access

● Direct Access by DAE

Participating DAE Information

If the proposal involves multiple DAEs (multi-DAE)– please list each one below, adding as many rows as necessary. The entry listed above serves as the lead for the multi-DAE proposal.

Participating DAE	Name of contact person	Contact person's position	Contact person's email	Budget

1. Summary of the proposal

Nepal faces pressing climate finance challenge: its updated NDC 3.0 estimates a financing need of USD 73.74 billion by 2035, with over 96% of mitigation targets dependent on international support (GoN, 2025). Similarly, the National Adaptation Plan (NAP, 2021–2050) projects a USD 47.4 billion financing requirement, of which USD 45.9 billion must come from external and private sources (GoN, 2021a). Private finance remains largely constrained by weak institutional capacity, limited blended finance instruments, and inadequate de-risk investments.
This Readiness proposal "Catalytic Finance Pathways for Inclusive Climate Finance: Strengthening Institutional Readiness of NIMB and Enabling Environment for Mobilising Blended Finance"—seeks to address these challenges by equipping Nepal Investment Mega Bank (NIMB), the country's Direct Access Entity (DAE) to the Green Climate Fund (GCF).
The programme is structured around four interlinked outcomes, fully aligned with the RRMF:

- Institutional Strengthening and Accreditation Maintenance (Outcome 1.3): Revision of institutional policies, various trainings and replication workshops to maintain GCF standards.
- Pipeline Development and Investment Readiness (Outcome 2.2): Feasibility study, project prioritization tools and preparation of investment-grade Concept Note.
- Oversight, Risk Management, and Systems Strengthening (Outcome 2.3): Deployment of a Climate finance management system, establishment of governance and advisory bodies, and integration of de-risking solutions.
- Knowledge, Learning, and Regional Cooperation (Outcome 3.2): Development of Knowledge Portal, peer-to-peer exchanges and dissemination of lessons learned.

The proposed budget encompasses key cost categories aligned with the project's logframe outputs.

- Capacity building forms a major component through workshops and trainings (USD 208,600) covering fiduciary, Economic and financial modelling, ESS/GESI, MEL areas under Deliverables 7.1, 7.3-7.5, 9.2,9.3, 11.1, 11.2 and 11.7.
- Consultancy services (USD 70,000) providing technical inputs, facilitation, and reporting support across Deliverables 7.1–7.5, 9.3, and 11.1–11.8.
- Professional firm services (USD 211,500) are allocated for the development of training modules, Software development, technical studies, design of CN, feasibility study of NCFF, call for proposal and development of knowledge products under Deliverables 9.1, 9.2, 11.1, and 11.3–11.5.

- Travel (USD 216,150) supports participation in workshops, field-based trainings, and offshore knowledge exchanges linked to Deliverables 7.1, 7.2–7.5, 9.1, 9.3, 11.1, 11.2, 11.7, 14.1 and 14.2.
- Communication, audio-visual, and printing costs (USD 51,250) facilitate dissemination and workshop support across all capacity-building activities under Deliverables 11.1-11.3, 7.1, 7.3, 7.4, 9.2 and 9.3.
- Contingencies cover 2% (USD 17,780) of the total readiness budget and Audit provisions are also included to ensure financial compliance and mitigate risks.

The programme aims for a transformational impact by enabling NIMB to mobilize private and institutional capital at a 1:4 leverage ratio and will generate replicable models of catalytic finance aligned with country-driven climate solutions. Through this proposal, NIMB seeks to operationalize blended finance to advance Nepal's NDC, NAP, and LTS commitments while promoting gender inclusion, community resilience, and a net-zero future (Refer **Annex 1: Nepal's Climate Targets and Alignment with NIMB's Readiness Plan)**

2. DAE Context

Guidance

This section provides an overview o– the DAE context, including institutional capacity and accreditation status, priority areas for funding by the GCF and programming capacity. It also highlights the DAE's key challenges, pipeline as well as readiness needs and stakeholder engagement.

2.1 Institutional Context and Accreditation Track

Project/programme size

- Medium

Environmental & social risk category

- Category B

Financing modalities

- Project Management

NIMB was accredited by the Green Climate Fund (GCF) on 05 March 2024 as Nepal's first national private-sector Direct Access Entity (DAE). The Accreditation Master Agreement (AMA) was executed on 02 August 2024 and became effective on 23 August 2024, with the first accreditation term running until 22 August 2029 (GCF & NIMB, 2024).

- Accreditation size: Medium – authorizing NIMB to manage medium-scale projects and programmes.
- Environmental and Social Risk Category: Category B and Category C only (moderate- and low-risk projects)
- Intermediation level: Intermediation 2 – allowing NIMB to undertake on-lending and blending activities through financial intermediation
- Fiduciary standards approved:
  - Basic financial management
  - Project management
  - On-lending/blending instruments: Loan and Guarantee

This accreditation scope enables NIMB to mobilise significant concessional and private-sector finance and structure blended finance solutions that de-risk market-creating climate investments in Nepal.

Established in 1986, NIMB is one of Nepal's largest commercial banks with an extensive nationwide presence and over 275+ branches across all seven provinces. As a financial intermediary, it has mobilised domestic and international resources to support diverse sectors such as renewable energy, agriculture, tourism, transport, cement, and textiles, as well as small and medium enterprises (SMEs).

Through its accreditation with GCF, NIMB is positioned to channel climate finance directly into priority areas such as renewable energy, e-mobility, solid waste management, and climate-resilient infrastructure, leveraging partnerships with both public and private stakeholders. The Bank has established a dedicated Green Unit (Project Management Unit – PMU), staffed with specialists in fiduciary management, environmental and social safeguards, gender and social inclusion, monitoring and evaluation, and project pipeline development.

This institutional architecture, combined with independent governance and oversight structures (e.g., Risk Management Committee, Audit Committee, and Grievance Redress Mechanisms), ensures transparency, accountability, and compliance with GCF standards. It also equips NIMB to play a market-shaping role, leveraging concessional resources to mobilise private capital at scale, address systemic financing barriers, and generate replicable models of climate finance for Nepal and the wider region.

Accreditation stage

● Negotiation Finalized

NIMB is fully accredited and eligible to access readiness resources under the DAE window.

- Type: Direct (National)
- Date of Accreditation: 05 March 2024
- Accreditation Term: 23 August 2024 – 22 August 2029
- Accreditation Master Agreement (AMA): Executed on 02 August 2024
- AMA Effectiveness: Confirmed on 23 August 2024
- Status: AMA is effective – NIMB has completed all post-accreditation conditions, with two pending requirements. Status of post accreditation conditions are in Annexure 2: NIMB Post Accreditation Conditions Status.

2.2 Entity Climate Priorities and Programming Capacity

As Nepal's first private sector Direct Access Entity (DAE) accredited to the GCF, Nepal Investment Mega Bank (NIMB) has positioned climate action as a core institutional priority. The Bank's programming approach combines direct financing of green projects with mainstreaming climate risk management, environmental and social safeguards, and gender and inclusion considerations across its portfolio.

Climate Priorities

- Renewable energy & infrastructure: Consortium lead in major hydropower, cement, steel, and telecom projects that support Nepal's low-carbon transition and industrial growth.
- Green finance mobilisation: Over USD 305 million already invested in green projects, with a strong pipeline in renewable energy, e-mobility, solid waste management, and energy efficiency.
- Sustainable operations: Establishment of 27+ solar-powered branches and a fully electric staff vehicle facility, reflecting institutional commitment to reducing its own footprint.
- Nature-based solutions: Implementation of initiatives such as "1 Account = 1 Tree," planting more than 8,000 trees to enhance community resilience and ecosystem services.
- Inclusive climate finance: Dedicated financing for women and vulnerable groups, including 8,500+ women entrepreneurs supported and 10,000+ marginalised individuals reached through subsidised loans.

Programming Capacity

- Accredited scope: Medium-size projects (USD 50–250 million), environmental and social risk Category B/C, intermediation level 2. Fiduciary standards cover project management and on-lending/blending via loans and guarantees.
- Institutional systems: Integrated Environmental and Social Safeguards (ESS) and Gender and Social Inclusion (GESI) frameworks embedded in project appraisal and monitoring processes.

- Capacity base: Over 3,000 employees across all provinces, supported by a dedicated Green Unit (PMU) with specialists in project development, fiduciary compliance, safeguards, gender, and M&E.
- Outreach: Extensive national presence with 275 branches, 264 ATMs, and more than 3.2 million customers, enabling inclusive engagement and scale-up of climate finance access.
- Global standards: Member of the Partnership for Carbon Accounting Financials (PCAF), committed to measuring and disclosing financed emissions in line with international best practice.

Through these priorities and institutional strengths, NIMB is uniquely placed to act as a market-shaping climate financier, operationalising blended finance, mobilising private capital at scale, and delivering transformational outcomes aligned with Nepal's NDC, NAP, and LTS.

2.3 Past and Ongoing Readiness Grants (GCF and non-GCF) and PPF support

Please list past and current GCF readiness grants, and relevant capacity-building initiatives funded by other agencies and funds

GCF Readiness and PPF Activities

Title & Reference Number	Start and End Dates	Amount Approved	Status	Objectives	Key Outcomes & Results	Complementarity with the readiness proposal
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Other Capacity-Building Initiatives Funded or Commissioned by Parties Other Than GCF

Title	Start and End Dates	Status	Funding Agency	Main objectives	Complementarity with the readiness proposal
Readiness Support for Building Community Resilience through Application of Traditional and Local Knowledge (TLK) System	1 Mar 2023 - 5 Nov 2025	underImplementation	Institute for Global Environmental Strategies (IGES)	To build national and regional capacity for systematically identifying, documenting, and integrating Traditional and Local Knowledge (TLK) systems into climate change adaptation planning and GCF project design, enabling countries like Nepal and Pakistan to use TLK as a foundation for locally grounded, cost-effective, and resilient climate actions.	It complements the NIMB readiness plan by enriching climate project pipelines with locally rooted, community-informed adaptation solutions that can be mainstreamed into NIMB's financing and project development frameworks, ensuring that future GCF proposals incorporate inclusive, knowledge-based, and culturally grounded climate resilience approaches.
Readiness support for enhancing the capacity of NDA and other stakeholders for project pipeline development in Nepal	7 Sept 2021 - 23 Mar 2023	completed	AEPC	To build the capacity of the NDA, DAEs, sectoral ministries, and stakeholders to identify, prioritize, and develop a strategic pipeline of climate projects that align with national priorities and promote inclusive, equitable access to climate finance.	It complements the NIMB readiness plan by laying the groundwork for pipeline identification and coordination, which NIMB will further advance through feasibility studies and development of investment-ready, bankable concept notes under the Nepal Climate Financing Facility (NCFF).

Readiness Support for the Implementation of the IRMF for Alternative Energy Promotion Centre (AEPC)	25 Nov 2022 - 31 Dec 2023	completed	AEPC	To strengthen AEPC's institutional and technical capacity to apply the GCF Integrated Results Management Framework (IRMF) in project design, monitoring, and reporting, thereby improving the quality and alignment of its project pipeline with GCF's updated results architecture.	It complements the NIMB readiness plan by reinforcing project pipeline development and results-based capacity—while AEPC focuses on technical, sectoral, and project-level IRMF integration, NIMB focuses on institutional, fiduciary, and financing systems, together advancing a unified national framework for GCF-compliant project preparation and delivery.
Readiness Support for the Implementation of the IRMF for the National Trust for Nature Conservation (NTNC)	13 Nov 2023 - 5 Nov 2025	Ongoing	NTNC	To strengthen NTNC's institutional and staff capacity to apply the GCF Integrated Results Management Framework (IRMF) in project design, monitoring, and reporting, thereby improving the quality and readiness of its GCF proposals.	It complements the NIMB readiness plan by enhancing project-level results and reporting systems that align with and feed into NIMB's institutional, fiduciary, and monitoring frameworks for climate finance delivery.
NDA Strengthening and Country Programming Support for Nepal through UNDP	23 Feb 2018 - 31 Dec 2020	completed	UNDP	To strengthen Nepal's institutional capacity to effectively plan, access, manage, and monitor climate finance—particularly through the GCF—by building on previous readiness achievements and expanding engagement of national stakeholders in the GCF process.	It complements the NIMB readiness plan by providing a national coordination and policy foundation for GCF engagement, while NIMB's proposal operationalizes these capacities through institutional systems, fiduciary strengthening, and project pipeline development for direct access and blended finance delivery.
Adaptation Planning Support for Nepal through UNEP	14 Nov 2016 - 31 Dec 2019	completed	UNEP	To strengthen Nepal's institutional, technical, and coordination capacities for effective National Adaptation Plan (NAP) formulation and implementation by improving climate risk information systems, funding strategies, and monitoring frameworks.	It complements the NIMB readiness plan by providing the strategic adaptation planning and data foundation that NIMB can leverage to align its climate finance pipeline and investment strategies with national adaptation priorities identified under the NAP process.
Enhancing Country Capacity for Accessing and Implementing Climate Finance Interventions in Nepal	1 Mar 2023 - 4 Nov 2025	completed	IUCN	To strengthen sub-national capacity and coordination for accessing and implementing climate finance by developing processes, building provincial and local government capacity, and establishing knowledge-sharing	It complements the NIMB readiness plan by extending national-level institutional readiness to the provincial and local levels, ensuring that sub-national priorities and pipelines feed into NIMB's

	mechanisms that align local priorities with national climate finance systems.	pipeline and project development systems, creating a cohesive, countrywide climate finance framework.

2.4 Past and Ongoing Funded Activity Implementation and Project Pipeline

Please briefly describe GCF-funded proposals/projects or programmes that the DAE has implemented, is currently implementing, and is in the process of conceptualising and preparing

GCF Funded Activities

Project Title	Status	Amount	Details	Complementarity with the readiness proposal
N/A	N/A	N/A	N/A	N/A

2.5 Challenges, Gaps, and Barriers

1. Institutional Capacity Gaps
Although Nepal Investment Mega Bank (NIMB) has secured accreditation as a Direct Access Entity (DAE), its internal systems remain in the process of aligning with Green Climate Fund (GCF) standards. Core institutional policies—covering fiduciary management, procurement, internal audit, project management, environmental and social safeguards (ESS), and gender and social inclusion (GESI)—require strengthening to fully meet accreditation and compliance needs. Furthermore, NIMB currently lacks fully institutionalised monitoring, evaluation, and learning (MEL) frameworks that are essential to track results, ensure accountability, and demonstrate impact. Staff capacity is also limited in specialised areas such as fiduciary oversight, environmental and social safeguards implementation, gender integration, and technical structuring of climate finance projects. Without sustained investment in systems and capacity, there is a risk that NIMB may face difficulties in maintaining accreditation standards and scaling climate finance operations .

2. Barriers to Private Sector Engagement
Nepal's private sector has historically played only a limited role in climate change mitigation and adaptation financing. A key challenge is the absence of a structured mechanism to connect project developers with potential financiers. Many private-sector actors remain unaware of the commercial viability of low-carbon and climate-resilient opportunities, particularly in sectors such as renewable energy, e-mobility, waste-to-energy, and resilient agriculture. Even when such opportunities exist, perceptions of high risk, uncertain returns, and long payback periods deter private capital participation. As a result, the private sector's contribution to Nepal's climate finance needs—estimated at billions of dollars annually—remains far below potential .

3. Financial and Instrumentation Constraints
A major barrier to scaling climate finance lies in the limited availability of appropriate financial instruments that can reduce risks and attract private investors. NIMB does not yet have established mechanisms to deploy de-risking solutions such as first-loss facilities, subordinated loans, hedging tools, or parametric insurance. Similarly, market innovations like green bonds, climate-resilient bonds, or equity/quasi-equity financing are either absent or underdeveloped in Nepal. This restricts NIMB's ability to fully utilise its accreditation scope, which covers medium-sized projects and intermediation through loans and guarantees, and limits its ability to demonstrate the financial viability of climate projects to commercial investors .

4. Governance and Oversight Weaknesses
Another significant challenge is the need to strengthen NIMB's governance systems for climate finance oversight. Current processes for tracking, reporting, and auditing climate finance flows are not yet robust enough to meet GCF's stringent standards. The development of a Climate Finance Management System (CFMS) remains pending, which limits NIMB's capacity to systematically capture data, monitor disbursements, and ensure compliance. Similarly, governance structures such as advisory committees, grievance redress mechanisms, and independent oversight bodies require further institutionalisation. Without these, NIMB faces risks related to transparency, accountability, and safeguard compliance, which are essential for building trust among stakeholders and ensuring the integrity of climate finance delivery .

5. Systemic and Coordination Challenges
Beyond internal capacity, NIMB must also navigate broader systemic challenges in Nepal's climate finance landscape. Coordination between government agencies, accredited entities, development partners, and private-sector actors remains weak, leading to fragmented approaches and duplication of efforts. There are also gaps in aligning project pipelines with Nepal's national climate strategies, including NDC 3.0, the National Adaptation Plan (NAP), and the Long-Term Strategy (LTS). In addition, administrative delays in obtaining No Objection Letters (NOLs) and other government clearances often create uncertainty for project developers and financiers, slowing down investment readiness and project execution. These coordination and procedural barriers undermine efficiency and reduce the attractiveness of climate projects for private-sector participation .

In sum, the primary challenges facing NIMB as a DAE are multi-dimensional. Internally, the Bank must strengthen systems, policies, and staff capacity to fully align with GCF requirements. Externally, it faces barriers in mobilising private sector participation, a lack of appropriate financial instruments, underdeveloped governance frameworks, and systemic coordination weaknesses within Nepal's climate finance ecosystem. Unless these gaps are addressed, NIMB's ability to deliver on its accreditation mandate and contribute meaningfully to Nepal's climate finance needs will remain constrained.

2.6 Stakeholder Engagement

As Nepal's first private-sector DAE, NIMB has actively engaged a broad spectrum of stakeholders throughout its accreditation and programming journey. The Bank maintains close coordination with the National Designated Authority (NDA) to ensure alignment with national climate strategies, including NDC 3.0, the NAP, and the LTS. Regular consultations are conducted with line ministries, provincial governments, and regulators to integrate policy priorities and regulatory frameworks into pipeline development.
At the community level, NIMB has engaged with local governments, cooperatives, microfinance institutions, and SMEs to identify barriers to climate finance access and ensure the design of inclusive financial products. Specific attention has been given to the participation of women, vulnerable groups, and indigenous peoples, who often face disproportionate climate risks and limited access to finance. Engagement has included structured consultations, provincial workshops, and dialogues aimed at building trust, improving awareness of climate investment opportunities, and capturing community priorities.
In addition, NIMB collaborates with industry associations (e.g., FNCCI, CNI, NBA), development partners, and civil society organizations (CSOs) to build broad-based support for climate finance mobilisation. This multi-stakeholder approach has helped ensure that climate projects are not only technically and financially viable but also socially inclusive, gender-responsive, and rooted in local needs and contexts.

2.7 Specific Readiness Needs

- Institutional Strengthening: Updating and operationalising key policies and frameworks (fiduciary, procurement, internal audit, project management, ESS, and GESI) to maintain accreditation standards and ensure compliance with GCF requirements.
- Capacity Development: Building technical skills of NIMB staff in fiduciary oversight, climate project structuring, environmental and social safeguards, gender integration, and monitoring, evaluation, and learning (MEL).
- Pipeline Development: Establishing tools and processes to identify, prioritise, and prepare investment-grade climate projects aligned with Nepal's NDC, NAP, and LTS, with a particular focus on renewable energy, transport, and resilient infrastructure.
- Financial Innovation: Designing and testing de-risking and blended finance instruments (e.g., guarantees, subordinated debt, green bonds) to crowd in private sector investment.
- Systems for Oversight: Developing a Climate Finance Management System (CFMS) to strengthen planning, monitoring, reporting, and risk management of climate finance flows.
- Stakeholder Engagement & Knowledge Sharing: Enhancing coordination with government, private sector, communities, and regional DAEs, while establishing platforms for knowledge exchange, peer learning, and South–South cooperation.

3. Statement of Objectives

Guidance

This section aims to clearly define the objectives and scope of readiness support being sought. It outlines: (1) the anticipated impact of readiness support to establish and advance DAEs' capacities to effectively programme, implement and report on GCF-funded activities, as well as broader climate finance, and (2) specific areas of readiness support required, addressing capacity gaps and aligning with the objectives and outcomes of the 2024-2027 readiness strategy.

3.1 Objectives of the Readiness Support

The proposed readiness programme, *"Catalytic Finance Pathways for Inclusive Climate Finance: Strengthening Institutional Readiness of NIMB and Enabling Environment for Mobilizing Blended Finance"*, seeks to strengthen Nepal Investment Mega Bank (NIMB) as Nepal's first national private sector Direct Access Entity (DAE). The programme's objectives are threefold: (i) strengthen institutional systems and maintain GCF accreditation, (ii) develop a robust, investment-ready pipeline aligned with national climate priorities, and (iii) establish oversight, governance, and knowledge systems that enable transparency, accountability, and replication of catalytic climate finance models. Together, these objectives aim to operationalise the NCFF as a blended finance facility that mobilises private and institutional capital at scale, thereby directly contributing to Nepal's NDC, NAP, and LTS priorities.

Objective 1: Institutional Strengthening and Strategic Frameworks

Outcome 1.3: Direct access applicants and accredited entities (DAEs) have met and maintained the accreditation standards of the GCF and strengthened their programming capacities.

This outcome focuses on institutional reforms within NIMB to uphold its Medium-size, Category B/C, Intermediation 2 accreditation status. By revising six core policies (fiduciary, procurement, internal audit, project management, ESS, and gender), strengthening internal audit and fiduciary capacity, and embedding safeguards, NIMB will ensure ongoing compliance with GCF requirements. Capacity building in fiduciary standards, safeguards, and results-based management will institutionalise learning across the Bank's operations, enabling it to systematically manage climate finance.

Objective 2: Paradigm-Shifting Pipeline Development and Implementation

Outcome 2.2: Developing countries have developed high-quality Concept Notes linked to approved GCF proposals for adaptation and mitigation that are aligned with USP-2 results.

Through this outcome, NIMB will identify and prioritise high-impact mitigation and adaptation projects across renewable energy, low-emission transport, industrial decarbonisation, and resilient infrastructure. The programme will support the preparation of investment-grade Concept Note, feasibility studies, market assessments and project prioritisation matrices, directly linked to NCFF's future pipeline. By aligning pipeline development with Nepal's NDC 3.0, NAP, and LTS, NIMB will position itself to channel concessional and commercial finance into transformational projects, leveraging private sector capital at scale.

Outcome 2.3: DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring, and reporting of climate programmes and projects.

This outcome strengthens NIMB's governance and oversight systems. A Climate Finance Management System (CFMS) will be designed and institutionalised, integrating fiduciary monitoring, risk-based auditing, safeguard compliance, and gender inclusion. Governance arrangements—including advisory and grievance mechanisms—will reinforce transparency and accountability. These processes will enhance NIMB's capacity to oversee GCF-financed activities with integrity, integration of de-risking concepts such as guarantees and first loss instrument for future design under GCF funding, build investor confidence, ensure results-based reporting consistent with the GCF's Integrated Results Management Framework.

Objective 3: Knowledge-Sharing and Learning

Outcome 3.2: Enhanced collaboration on climate change issues, evidenced by transboundary and regional cooperations/South–South cooperation.

The readiness programme will embed a robust and inclusive knowledge and learning component. NIMB will systematically capture, document, and disseminate readiness lessons through technical briefs, case studies, and training materials that integrate gender equality, social inclusion, and representation of vulnerable and marginalized groups in both content and delivery. To institutionalize learning, NIMB will establish and host a Climate Finance Knowledge Portal, serving as a centralized platform for knowledge products, data, and updates on climate finance initiatives. The portal will also act as a repository of Nepal's climate-related targets, government documents, and capacity frameworks, ensuring that all knowledge products are accessible, inclusive, and responsive to the needs of diverse stakeholders. This will help ensure that lessons and insights feed directly into national policy and institutional processes. NIMB will further facilitate peer learning and replication through regional exchanges and South–South cooperation with other DAEs in South Asia, CPDAE Meetings enabling mutual learning and the transfer of Nepal's experience in blended finance while drawing on regional best practices.

Objective 1. Capacity-building for climate finance coordination and setting up the enabling environment for integrated climate investment

- ☐ 1.1. Developing countries, through NDAs or focal points, have enhanced capacity to fulfil their roles, responsibilities and policy requirements, including coordination mechanisms to engage relevant stakeholders to develop, advance, and implement NDCs, NAPs and LTSs.

☐ 1.2. Developing countries design and implement strategic frameworks (including NDC/NAP/LTS), policies and instruments, including climate investment plans, to create enabling environments for integrated climate investments.

☒ 1.3. Direct access applicants and accredited entities (DAEs) have met and maintained the accreditation standards of the GCF and strengthened their programming capacities, as evidenced by the development of GCF-funded activities.

Objective 2. Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2

☐ 2.1. Developing countries have developed or updated their country programmes to guide GCF investment.

☒ 2.2. Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

☒ 2.3. NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

Objective 3. Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing

☐ 3.1. Developing countries, through NDAs or focal points, have made use of knowledge products to address policy gaps and integrated climate investment programming and implementation.

☒ 3.2. Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

3.2 Anticipated Impact on Direct Access Entity Climate Programming and Implementation Capacity

The readiness support is expected to generate transformative impact by strengthening Nepal's institutional architecture for climate finance and consolidating the role of Nepal Investment Mega Bank (NIMB) as the country's first private sector Direct Access Entity (DAE).

- Strengthened Climate Programming Capacity: Readiness resources will enable NIMB to establish the systems, policies, and technical expertise required to manage climate finance in line with GCF fiduciary, environmental and social safeguards, and gender standards. This will allow the Bank to systematically identify, prioritise, and prepare investment-ready projects aligned with Nepal's NDC 3.0, National Adaptation Plan (NAP), and Long-Term Strategy (LTS). The result will be a more coherent and predictable pipeline of high-quality proposals, directly contributing to the country's strategic climate objectives.
- Enhanced Direct Access Delivery: By supporting the institutionalisation of fiduciary oversight, risk management, monitoring and evaluation, and knowledge-sharing systems, readiness will ensure that NIMB can sustain its Medium-size, Category B/C, Intermediation 2 accreditation status. This will not only secure NIMB's ability to maintain accreditation but also enhance its credibility as a channel for direct access to GCF resources. As a result, national ownership of climate finance will be strengthened, reducing reliance on international intermediaries.
- Catalysing Private Sector Mobilisation: The readiness support will position NIMB to act as a market-shaping financial intermediary capable of mobilising private and institutional capital at scale. By embedding blended finance approaches into its programming, NIMB will be able to crowd in commercial

investment into sectors such as renewable energy, e-mobility, resilient infrastructure, and climate-smart agriculture areas critical to Nepal's low-carbon and climate-resilient transition.

- Transparency, Inclusiveness, and Regional Spillovers: The programme will institutionalise inclusive governance, gender and social inclusion (GESI) practices, and grievance redress systems, ensuring that climate finance benefits vulnerable communities and indigenous peoples. Furthermore, by generating lessons and sharing knowledge through regional cooperation and South–South exchange, NIMB will contribute to the broader replication of catalytic climate finance models across South Asia.

A preliminary capacity assessment report of NIMB is in Annexure 3: Capacity Assessment of NIMB.

4. Approach, Methodology, and Implementation Activities

Guidance

Please describe technical approach, methodology, and implementation plan to address the country needs and gaps, through the Direct Access modality.

4.1 Theory of Change

The first step in articulating the programme's objectives as well as the logic behind the delivery of its intended results is the formulation of a TOC. Please provide a TOC which highlights key challenges being addressed, as well as the step-by-step pathways to achieving the expected results. Key steps to designing a TOC are outlined in the **RRMF Handbook**.

Theory of Change Diagram: Annex 4

Theory of Change Statement: **If** Nepal Investment Mega Bank (NIMB) strengthens its institutional systems, develops a robust pipeline of investment-ready projects, establishes transparent oversight and risk management frameworks, and fosters knowledge-sharing and regional cooperation, **then** it will be able to operationalise blended finance that mobilises private and institutional capital at scale, de-risks market-creating investments, and deliver high-impact climate projects aligned with NDC, NAP, and LTS priorities, **because** a capacitated national DAE with strong governance, fiduciary, and safeguard systems combined with pragmatic, country-driven blended finance solutions can unlock private sector participation, address systemic financing barriers, and create replicable models of transformational climate finance.

Nepal's climate ambitions, as articulated in its NDC 3.0 (2025), National Adaptation Plan (NAP, 2021–2050), and Long-Term Strategy (LTS, 2021–2050), face an enormous financing challenge. The NDC 3.0 estimates that achieving its quantified mitigation targets by 2035 will require USD 73.74 billion, of which only 14.68% is unconditional while 85.32% is conditional on international support. More than 96% of the country's planned emission reductions are dependent on international finance, exposing Nepal to risks associated with the availability and predictability of global climate funds (GoN, 2025).

The energy sector alone requires USD 24.05 billion in renewable energy, USD 21.95 billion in e-mobility and USD 386.52 million in energy efficiency (conditional targets), reflecting Nepal's ambition to scale renewable generation to 14,031 MW by 2030, electrify transport (including buses and light rail), and transition away from fossil fuel imports (GoN, 2025). Meeting these targets will necessitate not only public investment and concessional funding but also substantial mobilisation of private capital to close the financing gap. On the adaptation side, Nepal's NAP estimates USD 47.4 billion will be required through 2050 across eight thematic areas and four cross-cutting areas gender equality and social inclusion (GESI), livelihoods, institutional capacity, and governance are to be mainstreamed. Of this total, only USD 1.5 billion will come from internal sources, leaving a financing gap of USD 45.9 billion that must be mobilised from international and private sources (GoN, 2021a). Despite these enormous needs, Nepal's private sector remains largely absent from climate investment, especially in the energy and infrastructure sectors. Private finance has yet to play a systematic role in mitigation or adaptation, due to persistent barriers such as:

- Absence of a matchmaking mechanism to align sector-specific investment needs with financing from public and private sources.
- Low awareness among private-sector actors of commercially viable climate opportunities in renewable energy, e-mobility, climate-resilient infrastructure, and agriculture.
- Limited institutional capacity within banks and financial institutions to appraise, structure, and manage climate projects consistent with NDC, NAP, LTS, and GCF requirements.
- Perceived high risks and long payback periods, which deter investors in market-creating projects.
- Lack of tailored blended finance instruments such as guarantees, subordinated loans, or currency hedging solutions to de-risk transactions.

- Weak coordination between public agencies and private stakeholders, leading to fragmented efforts and duplication of resources.

Together, these barriers create a critical bottleneck: Nepal has both a clear climate finance demand and an urgent need for transformative investment but lacks the enabling environment, institutional systems, and financial structures to channel concessional and private capital at the necessary scale.

Hence, the Nepal Climate Financing Facility (NCFF), supported through this readiness programme, is therefore conceived as a catalytic and market-shaping instrument to pragmatically address Nepal's financing needs, unlock private sector participation, operationalise blended finance solutions, and establish a robust institutional foundation for sustained climate investment.

To address these systemic barriers, the readiness programme will deliver a sequenced set of interventions that collectively establish the enabling environment for mobilising large-scale private sector climate finance. The change pathway is structured around four interlinked outcomes aligned with the Revised Readiness Results Management Framework (RRMF):

Institutional Strengthening and Accreditation Maintenance (Outcome 1.3): NIMB maintains GCF accreditation standards, strengthens fiduciary and safeguard systems, and institutionalises climate finance capacity.

Activities: Revision of six core policies (fiduciary, procurement, internal audit, project management, ESS, and gender), offshore COSO/internal audit certification, training in fiduciary standards and AML/CFT compliance, offshore and in-house training on ESS/GESI safeguards, MEL frameworks.

Pipeline Development and Investment Readiness (Outcome 2.2): Nepal has a robust, high-quality pipeline of projects, unlocking access to GCF PSF funding and catalysing private-sector participation in transformational, market-shaping investments.

Activities: Feasibility study of the NCFF; stakeholder workshops across provinces; structured pipeline engagement with private sector through an NCFF Advisory Panel and deal-flow roundtables; preparation of NCFF's investment-grade Concept Notes (CN) with feasibility studies.

Oversight, Risk Management, and Systems Strengthening (Outcome 2.3): NIMB demonstrates enhanced capability to oversee implementation, financial management, monitoring, and reporting of GCF-funded activities with transparency and accountability.

Activities: Design and institutionalization of CFMS; development of a project prioritisation matrix and multi-sectoral planning tool; training on monitoring, evaluation, and risk-based auditing; establishment of governance and oversight bodies; integration of ESS/GESI risk screening and grievance mechanisms; development of blended finance de-risking solutions (guarantees, first-loss, hedging instruments).

Knowledge, Learning, and Regional Cooperation (Outcome 3.2): Strengthened collaboration, knowledge exchange, and replication of NCFF models within Nepal and across other developing countries.

Activities: Launch of a Climate Finance Knowledge Portal; documentation of lessons from pilot pipelines and feasibility studies; dissemination of case studies; peer-to-peer learning tours with regional DAEs/financial institutions; CPDAE Meetings, structured dialogues with national stakeholders and South–South exchange forums.

By sequencing these interventions, the readiness programme will enable NIMB to:

- Mobilise private and institutional capital at a 1:4 leverage ratio, crowding in commercial banks, institutional investors, and corporate off-takers.
- De-risking high-impact, market-creating investments in renewable energy, low-emission transport, industrial decarbonisation, and climate-resilient infrastructure.
- Establishing governance, fiduciary, and safeguard systems that ensure compliance with GCF standards and sustainability beyond the readiness phase.
- Contributing directly to Nepal's NDC mitigation targets, NAP adaptation priorities, and LTS vision for a net-zero, climate-resilient economy by 2050.
- Generating replicable models of climate finance that can be adapted by other DAEs in the region, thereby reinforcing the GCF's mandate for transformational, scalable impact.

A Logframe is also attached. (Annex 5)

4.2 Implementation Activities

Please list all proposed activities under their corresponding outputs. For each activity:

- Assign a unique identifier using the format aligned with the output (e.g., activities under Output 1.2.1 should be labelled as 1.2.1a, 1.2.1b, 1.2.1c, etc.).

- Ensure these activity labels match those referenced in the Financial Proposal to maintain consistency and traceability.
- Provide a clear and detailed description of each activity, specifying the exact actions that will be undertaken.

Objective 1. Capacity-building for climate finance coordination and setting up the enabling environment for integrated climate investment

☒ Outcome 1.3. Direct access applicants and accredited entities (DAEs) have met and maintained the accreditation standards of the GCF and strengthened their programming capacities, as evidenced by the development of GCF-funded activities.

☒ Output 1.3.1. Institutional gaps of direct access applicants and accredited entities (DAEs) are addressed to obtain and/or maintain accreditation.

Activities

1-3-1.a. Facilitate offshore certification training for selected NIMB staff on COSO-based internal audit and risk management frameworks to strengthen fiduciary oversight and align with GCF fiduciary standards.
1-3-1.b. Conduct in-house replication workshops to cascade COSO knowledge and practices across NIMB departments, institutionalising improved internal control and audit systems.
1-3-1.c. Review and revise six core institutional policies (fiduciary, procurement, internal audit, project management, ESS, and gender) through stakeholder consultations and validation to ensure compliance with GCF accreditation requirements.
1-3-1.d. Deliver offshore training to strengthen capacity on Environmental and Social Safeguards (ESS), Gender and Social Inclusion (GESI), and SEAH safeguards for effective E&S risk categorisation.
1-3-1.e. Conduct a residential in-house workshop on ESS and GESI operationalisation, engaging staff and stakeholders to draft ESRM policies and tailor ESMS frameworks to NIMB's institutional context.
1-3-1.f. Organise a capacity-building workshop on fiduciary standards, AML/CFT, and integrity requirements to enhance transparency, compliance, and integrity in climate finance management.
1-3-1.g. Provide offshore training on Monitoring, Evaluation, and Learning (MEL), focusing on results-based management, risk mapping, and reporting in line with the GCF Integrated Results Management Framework (IRMF).
1-3-1.h. Hold in-house replication sessions on MEL systems to institutionalise climate risk screening, strengthen CFMS reporting, and build internal capacity for portfolio-level results monitoring.

Objective 2. Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets

☒ Outcome 2.2. Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

☐ Output 2.2.1. NDA, DAEs and other climate stakeholders, have enhanced their capacity on Concept Note and/or Funding Proposal development for an inclusive integrated climate programming.

☒ Output 2.2.2. Investment-grade Concept Notes and/or Funding Proposals that are fully aligned with the Country Programme and passed the GCF screening process.

Activities

2-2-2.a. Conduct a feasibility study of the Nepal Climate Financing Facility (NCFF) to assess market conditions, evaluate financial ecosystem gaps, and identify barriers and opportunities through consultations with private- and institutional-sector investors.
2-2-2.b. Develop and refine the NCFF Concept Note based on feasibility assessments and consultations with the NDA, GCF Secretariat, and stakeholders. Incorporate feedback through technical reviews to ensure alignment with national priorities. Finalize and submit the Concept Note to the GCF, meeting its screening, gender, and private-sector engagement requirements.
2-2-2.c. Organise a series of seven provincial pipeline-development workshops to perform viability screenings, baseline assessments, and stakeholder consultations. Workshops will ensure gender equality and social inclusion (GESI) by engaging women, indigenous peoples, and vulnerable groups in pipeline design (Province 1-7).

Objective 2. Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets

☒ Outcome 2.3. NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

☒ Output 2.3.1. NDA and DAEs have enhanced relevant capacity, processes and systems in place to oversee and implement climate programmes and projects.

Activities

2-3-1.a. Conduct a foundational workshop with stakeholders to build understanding of GCF access modalities, alignment with NDC, NAP, and LTS priorities, and the role of the NCFF in private-sector engagement and pipeline development.
2-3-1.b. Deliver offshore training for NIMB staff and stakeholders on Concept Note and Funding Proposal (CN/FP) design, including theory of change, logical frameworks, and climate finance mobilisation.
2-3-1.c. Conduct in-house replication workshops to cascade CN/FP design knowledge to a wider pool of staff and stakeholders, applying practical tools for investment-grade proposal preparation.
2-3-1.d. Develop a project-prioritisation matrix and multi-sector planning tool to systematically assess and rank project concepts based on climate impact, feasibility, and alignment with national and GCF priorities.
2-3-1.e. Issue a call for project proposals using the prioritisation matrix to identify and refine a pipeline of eligible projects, encouraging participation from private developers, local governments, and civil-society organisations.

2-3-1.f. Procure and design a Climate Finance Management System (CFMS) integrating fiduciary oversight, compliance tracking, and risk management, linked to PM4 for transparent reporting against GCF IRMF indicators.
2-3-1.g. Establish an Independent Advisory Committee with defined Terms of Reference and membership from technical experts, civil society, and the private sector to strengthen oversight, accountability, and alignment with GCF fiduciary, ESS, and gender policies.
2-3-1.h. Convene regular governance meetings of NIMB's Governing Council (MCC), Project Management Unit (PMU), Board, and Advisory Committee to monitor progress, record decisions, and ensure continuous alignment with national climate priorities.
2-3-1.i. Provide targeted offshore training to build institutional capacity for conducting economic and financial modelling for climate projects.
2-3-1.j. Organise a structured writeshop to refine project concepts, align them with national climate strategies, and integrate blended-finance approaches to enhance project bankability.

Objective 3. Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing

☒ Outcome 3.2. Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

☒ Output 3.2.1. Regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms established among developing countries, including through their DAEs.

Activities

3-2-1.a. Organise a peer-learning tour with regional and international DAEs and financial institutions to exchange experiences in climate finance structuring, governance, and pipeline development. The tour will include participation in the Communities of Practice for DAEs (CPDAE), fostering South–South cooperation and regional knowledge exchange.
3-2-1.b. Organise national-level knowledge-sharing sessions among local Direct Access Entities (DAEs) in Nepal to exchange lessons, share experiences, and strengthen peer networks. The activity will also include participation in the Communities of Practice for Direct Access Entities (CPDAE).
3-2-1.c. Develop and launch a Climate Finance Knowledge Portal as a digital repository for training materials, case studies, and climate finance knowledge products. The portal will feature multilingual and GESI-inclusive content and serve as a long-term platform for peer learning, replication, and South–South exchange on the NCFF model.

4.3 Stakeholder Engagement Strategy

The design of this readiness proposal has been informed by extensive consultations with a wide range of stakeholders. The National Designated Authority (NDA) provided strategic guidance to ensure alignment with Nepal's NDC 3.0, NAP, and LTS, and highlighted systemic barriers related to project pipeline development, de-risking instruments, and coordination gaps. Consultations with line ministries (energy, environment, finance, transport, and agriculture) identified policy and regulatory gaps that limit bankability and scalability of climate investments.

Private-sector actors including commercial banks, industry associations (e.g., FNCCI, CNI, NBA), SMEs, and microfinance institutions, were engaged to assess barriers to mobilising private finance. They highlighted challenges such as limited awareness of climate-smart opportunities, lack of tailored financial products, and perceived high risks. Discussions with civil society organisations, women's groups, indigenous peoples' representatives, and local communities surfaced concerns around equitable access to climate finance, gender and social inclusion, and the need for safeguards to avoid unintended impacts. Development partners and regional DAEs also shared lessons on governance structures and catalytic finance models that could be replicated in Nepal.

List of beneficiaries are identified below:

Beneficiary Group	**Who**	**How They Benefit**	**Gender & Social Inclusion Considerations**
Nepal Investment Mega Bank (NIMB)	1500+ staff: Senior management, Compliance/Internal Audit, ESS/GESI specialists, Project Management/Procurement	Training in fiduciary, COSO, AML/CFT, ESS/GESI, MEL; updated policies; operational CFMS; accreditation compliance	Inclusion of women professionals in governance and monitoring roles; gender-responsive policies institutionalised
National Designated Authority (NDA) & Line Ministries	~30–40 officials: NDA focal points, MoF, MoFE, MoEWRI, MoPIT	Participation in advisory panels, Strengthened capacity to oversee pipeline development, policy integration, and readiness implementation	Improved policy coherence ensures gender and social inclusion mainstreamed in programming
Private Sector Stakeholders	Domestic banks, MFIs, institutional investors, corporate off-takers, MSMEs	Access to de-risking instruments and awareness of climate opportunities, Deal-flow roundtables, feasibility studies.	Focus on women-led MSMEs and enterprises in agriculture, clean energy, and resilience
Civil Society Organisations (CSOs), Indigenous Peoples (IPs), Local Communities	CSOs, cooperatives, indigenous and vulnerable groups, women's organisations	Participation in provincial workshops/consultations; access to Knowledge Portal; voice in project prioritisation; protection through safeguards	Special outreach to women's groups and marginalised communities to ensure equitable benefits
Communities & Households (Indirect)	Rural and urban populations vulnerable to climate risks	Access to renewable energy, e-mobility, resilient infrastructure, climate-smart agriculture; jobs and improved services	Benefits targeted to vulnerable groups, especially women, youth, and poor households

Regional DAEs (Indirect)	Accredited entities and intermediaries in South Asia	Knowledge transfer through peer learning tours, replication of NCFF models	Opportunities for women practitioners and diverse representation in knowledge exchange
Government of Nepal & Development Partners (Indirect)	Policymakers, DFIs, international partners	Stronger enabling environment for climate finance; better NDC/NAP/LTS alignment; mobilised external finance	Improved inclusivity in national frameworks through GESI mainstreaming

Engagement During Implementation
During implementation, stakeholder engagement will continue through a structured approach:

- National-level coordination: Regular dialogues with the NDA and relevant ministries will ensure coherence with government priorities and streamline approval processes.
- Private sector engagement: Dedicated roundtables and consultations will be held with private investors, SMEs, and industry associations to refine de-risking instruments, validate project pipelines, and strengthen confidence in climate investments.
- Community and vulnerable groups: Local consultations will be undertaken in partnership with municipal governments, CSOs, and indigenous peoples' organisations to ensure that community priorities are reflected and that gender and social inclusion (GESI) commitments are met.
- Knowledge exchange platforms: The Climate Finance Knowledge Portal and South–South peer exchanges will provide ongoing opportunities for stakeholders to learn, share feedback, and influence programming.

To ensure accountability and responsiveness, the readiness support will embed inclusive governance mechanisms. A Grievance Redress Mechanism (GRM) will allow stakeholders—including vulnerable groups and indigenous peoples—to raise concerns confidentially and seek redress. Feedback loops will be institutionalised through progress reporting, participatory monitoring and evaluation, and dissemination workshops at the national and provincial levels.

4.4 Risk Assessment and Mitigation measures

Please describe potential risks and risk monitoring plan, as follows:

- Please list the key identified and potential risks as well as the mitigation measures proposed. The potential risks could include, for example, delays, disruptions, cost and market risks, inadequate coordination/participation, lack of political support, money-laundering/terrorist financing, and prohibited practices.
- Please indicate the probability of occurrence (low/medium/high) and impact level (low/medium/high) for each potential risk.
- If managed remotely, please describe the measures (mechanisms and controls) to be taken to identify, assess, monitor and mitigate any risk of money-laundering, terrorist financing or prohibited practices.
- Please describe the measures (mechanisms and controls) to be taken for activities within the proposal to identify, assess, monitor and mitigate any risk of money-laundering, terrorist financing, prohibited practices and other integrity matters.

Risk Category	Specific risk(s) / Risk(s) description	Probability of occurrence	Impact level	Mitigation action(s)	Entity(ies) responsible to manage the risk(s)
Operational	Delays in procurement and deployment of consultants, firms, and digital systems	Medium	High	Early procurement planning, phased deployment, technical vendor support, and quarterly monitoring.	NIMB PMU, Procurement Unit
Operational	Delays in preparation of Concept Notes and feasibility studies due to limited expertise or competing priorities	Medium	Medium	Engage national/international experts; structured writeshops; periodic reviews; adaptive scheduling	NIMB PMU
Operational	High staff turnover leading to loss of institutional memory and expertise	Medium	Medium	SOPs, digital repositories, replication workshops, cross-training, professional certifications	NIMB HR, PMU
Operational	Natural hazards (earthquakes, floods, disasters) disrupting implementation	Low	High	Contingency plans for virtual delivery; flexible scheduling; budget reallocation mechanisms	NIMB PMU, NDA
Regulatory	Shifts in climate policy or delays in approvals (NOLs, CN validation)	Medium	High	Coordination with NDA/MoF/line ministries; early submission; align with NDC/NAP/LTS	NIMB Management
Macroeconomic	Limited investor appetite for NCFF projects due to downturns	Medium	High	Early investor engagement; flexible blended finance instruments; diversify pipeline sectors	NIMB PMU
Macroeconomic	Domestic inflation or cost escalations in training, travel, IT procurement	Medium	Medium	Contingency budget; competitive bidding; fixed-price procurement contracts	NIMB Procurement Unit, PMU

Financial	Exchange rate volatility between USD/NPR affecting costs and budgets	Medium	Medium	Contingency line; periodic re-forecasting; hedging via NRB if feasible; USD expenditure planning	NIMB PMU, Finance
Financial	Risk of money-laundering, terrorist financing, or prohibited practices	Low	High	Strengthen AML/CFT systems; staff training; compliance with GCF integrity standards; independent audits; CFMS reporting	NIMB Compliance Unit, Internal Audit
Reputational	Conflict of interest if NIMB develops projects it also finances	Low	High	Independent Advisory Committee oversight; transparent selection matrix; public disclosure via Knowledge Portal	NIMB PMU, NIMB Senior Management
Reputational	Overlap or duplication with other donor/DFI TA (WB, ADB, GIZ)	Medium	Medium	NDA-led coordination; TA mapping; joint workshops; align with Country Programme	NIMB PMU
Social	Low participation of private sector, subnational governments, CSOs in workshops	Medium	Medium	Early NDA/association engagement; outreach to women-led MSMEs, CSOs; local languages; GESI-inclusive	NIMB PMU, Branch Office, Province Office
Social	GESI and indigenous peoples' priorities insufficiently integrated	Medium	Medium	Dedicated ESS/GESI focal points; GESI consultation checklists; translation into local languages	NIMB PMU, NIMB ESS/GESI Focal Points
Technological	Knowledge products/lessons not effectively used by stakeholders	Medium	Medium	Open-access Knowledge Portal; dissemination via workshops, peer exchanges, NDA networks	NIMB PMU

5. Logical Framework (output)

Guidance

Please complete the logical framework in the separate document.

Logframe: Readiness Logframe (NDAs)

Objective: Capacity-building for climate-finance coordination and setting up the enabling environment for integrated climate investment.

Outcome: Direct access applicants and accredited entities (DAEs) have met and maintained the accreditation standards of the GCF and strengthened their programming capacities, as evidenced by the development of GCF-funded activities.

Expected Deliverables

☒ Status report on capacity building of direct access applicants and accredited entities to meet GCF accreditation requirements.

Objective: Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets.

Outcome: Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

Expected Deliverables

☒ Concept Note and studies, assessment, reports, etc. to support the development of investment-grade Concept Notes.

☐ Funding Proposal and studies, assessment, reports, etc. to support the development of investment-grade Funding Proposals.

Outcome: NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

Expected Deliverables

☒ Status report on capacity building of NDA and DAEs in the Country/Region in project/ program design, implementation and oversight.

Objective: Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing.

Outcome: Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

Expected Deliverables

☒ Status report on the regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms promoted by the Country or Region.

Logframe: Readiness Logframe (DAEs)

Objective: Capacity-building for climate-finance coordination and setting up the enabling environment for integrated climate investment.

Outcome: Direct access applicants and accredited entities (DAEs) have met and maintained the accreditation standards of the GCF and strengthened their programming capacities, as evidenced by the development of GCF-funded activities.

Output: Institutional gaps of direct access applicants and accredited entities (DAEs) are addressed to obtain and/or maintain accreditation.

Indicator: Number of direct access applicants and accredited entities (DAEs) with capacity, systems, policies and tools that are compliant with GCF accreditation requirements.

Please provide the number of entities benefitted from the country window or DAE window

Unit: No. of Entities

Accreditation Support	Baseline	Target
Post-Accreditation Support	0	1

Expected Deliverables

☒ Status report on capacity building of direct access applicants and accredited entities to meet GCF accreditation requirements.

Objective: Paradigm-shifting GCF pipeline development and implementation for adaptation and mitigation, based on country needs and guided by USP-2 programming targets.

Outcome: Developing countries have developed high-quality concept notes linked to approved GCF proposals for adaptation and mitigation that are aligned with the USP-2 results, including through DAEs, that build on readiness support and country programmes.

Output: Investment-grade Concept Notes and/or Funding Proposals that are fully aligned with the Country Programme and passed the GCF screening process.

Indicator: Number of Concept Notes and/or Funding Proposals developed that are fully aligned with the Country Programme.

Please provide the CN/FP developed

Unit: No. of Projects

Project Submission Type	Baseline	Target
Concept Note	0	1

Expected Deliverables

☒ Concept Note and studies, assessment, reports, etc. to support the development of investment-grade Concept Notes.

☐ Funding Proposal and studies, assessment, reports, etc. to support the development of investment-grade Funding Proposals.

Outcome: NDAs and DAEs have enhanced processes and systems to effectively oversee the implementation, financial management, monitoring and reporting of climate programmes and projects.

Output: NDA and DAEs have enhanced relevant capacity, processes and systems in place to oversee and implement climate programmes and projects.

Indicator: Number of NDA and DAEs reporting enhanced processes and systems, knowledge and skills that advance their programme/project implementation, financial management, monitoring and reporting, and compliance with GCF standards and policies.

Please provide the number of NDAs/DAEs advancing their programme/project of GCF Funded Activities
Unit: No. of Entities

Institution Roles	Baseline	Target
DAE	0	1

Expected Deliverables

☒ Status report on capacity building of NDA and DAEs in the Country/Region in project/ program design, implementation and oversight.

Objective: Knowledge-sharing and learning to enhance national and regional cooperation on climate programming and financing.

Outcome: Enhanced collaboration among developing countries on climate change issues, evidenced by transboundary and regional cooperations/South-South cooperation.

Output: Regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms established among developing countries, including through their DAEs.

Indicator: Number of regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms established.

Please provide the number of regional, multi-regional, South-South partnerships established or strengthened
Unit: No. of Regional Partnerships

Effectiveness Status	Baseline	Target
Establish	0	1

Expected Deliverables

☒ Status report on the regional or South-South partnerships, programmes, policies, MOUs and/or collaboration mechanisms promoted by the Country or Region.

6. Implementation Arrangements

6.1.1 Partnering under Direct Access

Under this Readiness proposal, implementation will be carried out through the Direct Access modality, with Nepal Investment Mega Bank (NIMB) serving as the lead implementing entity. The National Designated Authority (NDA), housed in the Ministry of Finance, will exercise its oversight role, ensuring country ownership and alignment of activities with national climate priorities and strategies (NDC, NAP, LTS).

Roles and Responsibilities

- NIMB (DAE): Responsible for day-to-day implementation, financial management, procurement, technical delivery, and reporting to the NDA and GCF Secretariat. NIMB will directly contract specialized consultants, professional services, and training providers to deliver technical components (e.g., COSO training, ESS/GESI capacity building, CFMS design, feasibility studies).
- NDA (Ministry of Finance): Provides strategic oversight, issues no-objection letters, validates deliverables (including Concept Note), and ensures alignment with Nepal's Country Programme. A member from the NDA will also be involved stakeholder consultations and engage line ministries to integrate NDC/NAP priorities.
- Governance Structures: Implementation will be overseen by a Governing Council chaired by NIMB senior management with NDA participation. A Project Management Unit (PMU) housed within NIMB's GCF Unit will handle coordination and reporting. An Independent Advisory Committee, composed of external experts (fiduciary, ESS/GESI, private sector, civil society), will provide technical oversight, reviewing progress reports, verifying compliance, and advising on risk management.

Implementation Approach and Reporting Mechanisms

- Decision-making: Strategic decisions (e.g., approval of policies, Concept Notes, system rollouts) will be taken jointly by the management, with NDA oversight. Operational decisions will be delegated to the PMU, which will ensure that consultants and contractors deliver on time.
- Reporting: NIMB will prepare quarterly progress reports and annual consolidated reports for submission to the NDA and GCF Secretariat. Reports will include financial statements, updates on deliverables, results achieved, and lessons learned. Independent audits will be conducted annually and submitted as per GCF requirements.
- Coordination: NIMB will maintain structured communication with the NDA through monthly coordination meetings. Subnational stakeholders will be engaged through provincial workshops, while private sector engagement will be institutionalized through meetings, panel, and deal-flow roundtables.

Addressing Capacity Gaps Identified in the Assessment

The capacity assessment of NIMB (Annexure 3) highlighted gaps in governance structures, fiduciary systems, ESS/GESI safeguards, technical expertise, data systems, and knowledge management. Readiness support directly addresses these gaps by:

- Updating six institutional policies/manuals and formalizing integrity, ESS, and gender focal points.
- Building staff expertise through offshore, replication and in-house training (COSO, ESS/GESI, CN/FP development, MEL).
- Establishing a Climate Finance Management System (CFMS) for fiduciary oversight, MRV, and NDC/NAP tracking.
- Developing ESG and risk appraisal tools, including a project prioritization matrix linked to climate rationale scoring.
- Creating a Climate Finance Knowledge Portal to institutionalize knowledge sharing and lessons learned.

Contractual Arrangements

All consultants, training providers, and technical experts will be directly contracted by NIMB under its fiduciary and procurement policies, which has been approved by GCF while giving accreditation. Terms of Reference (ToRs) will clearly define deliverables, timelines, and quality standards.

Reporting to the GCF

NIMB, as the accredited Direct Access Entity (DAE), will be directly responsible for reporting to the GCF Secretariat through the NDA in accordance with the Readiness ToR. All programme monitoring, financial reporting, and evaluation outputs will be submitted through the GCF Readiness Results Reporting Tool (RRT) and Readiness Portal, ensuring transparency, accountability, and alignment with GCF monitoring and evaluation standards. Specifically:

- Bi-annual progress updates and Annual Progress Reports (APRs) will provide implementation status against the log-frame outputs and outcomes.
- Annual financial reports and independent annual financial audits will track the use of funds against planned budgets, ensuring fiduciary compliance. The audits will be conducted by an independent auditor, selected through an open and transparent process in accordance with procurement guidelines. The auditor will be certified by the Institute of Chartered Accountants of Nepal (ICAN).
- Annual audit reports will be submitted by 31 March each year, with a completion audit report submitted within three months of programme closure. Audits will follow International Standards on Auditing (ISA) and the GCF Audit Guidelines.
- A Mid-Term Review, undertaken jointly by NIMB and the NDA, will assess progress toward output and outcome indicators, identify implementation challenges, and propose adaptive management measures for the remaining implementation period. The Mid-Term Review, integrated into the two-year APR, will be shared with the GCF Secretariat for information. The mid-term review, to be conducted by an independent auditor who is a member of the Institute of Chartered Accountants of Nepal, and whose review report will be acknowledged by the NDA, will assess progress against the output and outcome indicators, identify implementation challenges, and recommend adaptive management measures for the remaining implementation period, in line with the evaluation principles outlined in the GCF Evaluation Policy (2021).
- A Final Independent Evaluation will assess overall progress, results, challenges, and impacts at project closure. The independent final evaluation, conducted in line with the GCF Evaluation Policy and OECD-DAC criteria, will assess the programme's relevance, effectiveness, efficiency, impact, and sustainability. Lessons learned will be shared with the NDA and GCF Secretariat to inform future readiness design.
- The NDA will play a coordinating and quality assurance role to ensure that all reports reflect national ownership and are consistent with Nepal's Country Programme prior to submission to the GCF Secretariat.

Through this mechanism, all output-level and financial progress reports will be submitted using the GCF Readiness Results Reporting Tool (RRT), ensuring full consistency with the Readiness Results Management Framework (RRMF) and GCF monitoring standards. Completion reports will be submitted within three months of project closure. NIMB will ensure that all reporting obligations are met in a timely, accurate, and comprehensive manner, fully aligned with the GCF Readiness reporting requirements.

Presence on the Ground

Nepal Investment Mega Bank (NIMB), as the accredited Direct Access Entity, has a strong and long-standing physical presence across Nepal since its established in 1986AD, with its headquarters in Kathmandu and a nationwide branch network (275+) spanning all seven provinces. The Bank's central office in Kathmandu houses its newly established GCF Unit, which will serve as the operational hub for readiness implementation. This unit will be directly responsible for managing day-to-day activities, coordinating with consultants, engaging stakeholders, and ensuring timely delivery of outputs.

To ensure effective implementation on the ground, the following arrangements will be applied:

- Dedicated GCF Unit/PMU at NIMB Headquarters: The GCF Unit, which is the Project Management Unit (PMU), will be staffed with technical officers and focal points for fiduciary, ESS, and gender, who will coordinate readiness activities. The Unit will liaise closely with the NDA, line ministries, and provincial authorities.
- Provincial Engagement: NIMB's branch network will be leveraged to host provincial pipeline development workshops, viability screenings, and stakeholder consultations. These local offices provide

a trusted platform for reaching subnational governments, MSMEs, and civil society actors, ensuring inclusivity and regional representation in readiness activities.

- On-the-Ground Oversight and Monitoring: The PMU, together with designated focal points, will oversee implementation in real time. Data collection from provincial activities will be fed directly into the Climate Finance Management System (CFMS), Project Prioritization Matrix allowing for systematic monitoring of results and alignment with NDC/NAP targets.
- Coordination with NDA and Line Ministries: Regular coordination meetings with the NDA and line ministries will ensure that ground-level implementation remains aligned with national policies and priorities.
- Approach to Oversight: To guarantee transparency and accountability, readiness implementation will be overseen by a multi-tier governance structure:
    - The PMU will manage day-to-day operations.
    - The Governing Council, chaired by NIMB senior leadership with NDA participation, will validate major milestones and provide strategic direction.
    - An Advisory Committee will provide technical oversight of deliverables and safeguard compliance.

This integrated structure ensures that readiness support is not only implemented effectively in-country but also benefits from local ownership, inclusive participation, and real-time oversight. By combining a national-level coordination hub (Kathmandu headquarters), provincial outreach through NIMB’s branch offices, and a robust monitoring system, NIMB is well-positioned to deliver readiness activities efficiently, inclusively, and in line with GCF requirements.

6.1.2 Framework Agreements

N/A

6.2 Organisation and Staffing

In this chapter, propose the structure and composition of your team. Consider including a visual depiction of the programme team through an organisational chart, depicting reporting responsibilities. List the main disciplines, key experts responsible, and technical and support staff, including their relevant past experience, using the form below.

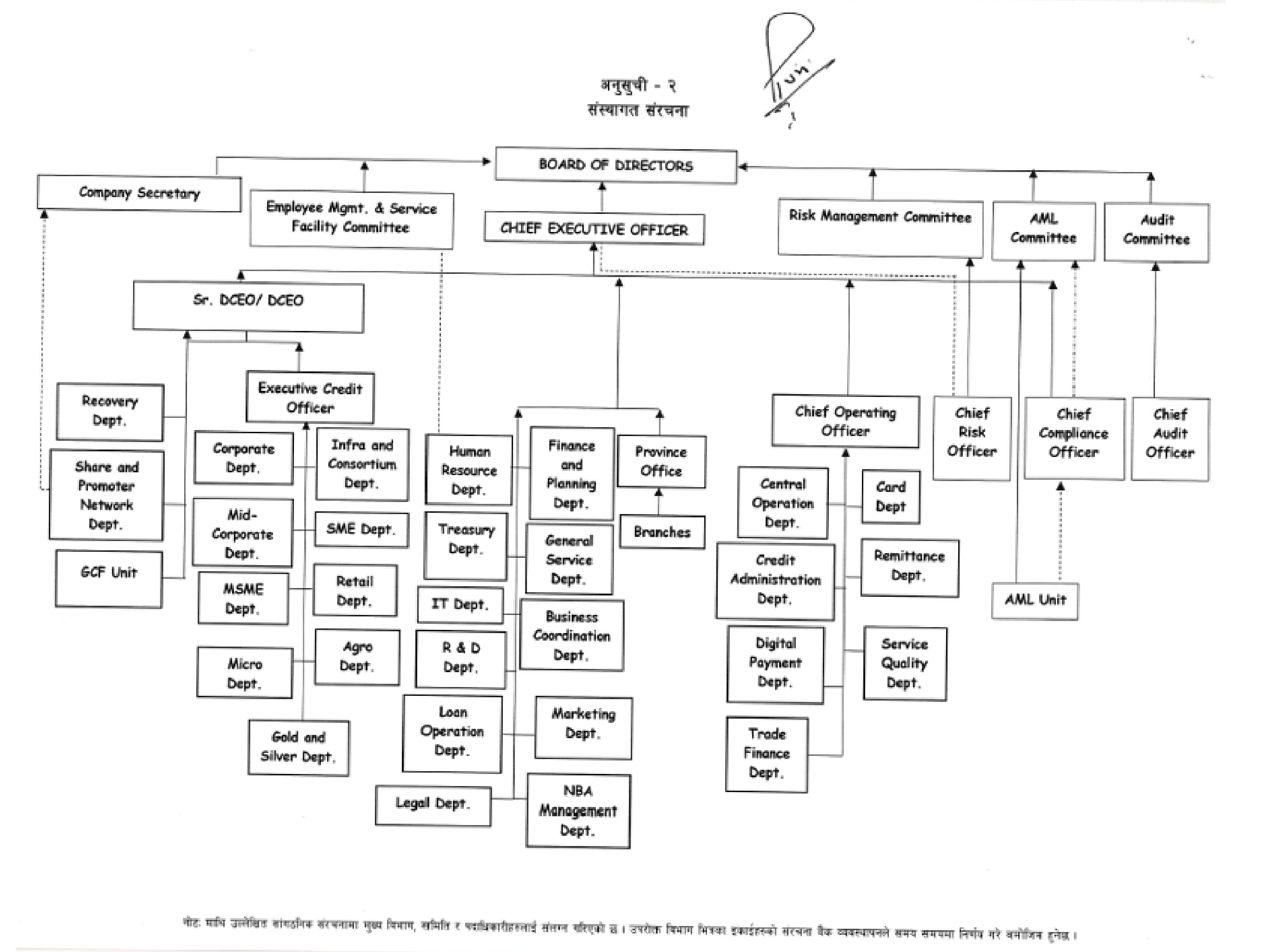
Please also include any details on any other relevant group of stakeholders, such as steering committees, technical teams, tasks force, coordination mechanisms, PMC structure, etc.

For these groups, describe their composition, decision-making processes, operational procedures, terms of reference (if any) and how the DAE will manage or oversee these units to ensure fulfillment of its obligations.

Name of staff	Organization	Area of Expertise	Position Assigned	Task Assigned	Base Country During Assignment
Khushbu Thapa Magar	NIMB – Green Unit	Finance & Project Management	Team Lead / Financial Management Specialist	Lead day-to-day project management; coordinate with NDA/GCF/stakeholders; manage consultants and staff; ensure fiduciary compliance	Nepal
Anil Dev Pandey	NIMB – Procurement	Procurement & Compliance and General Administration	Procurement & Compliance Manager	Develop procurement plans; manage bidding & contracting; ensure compliance with GCF/national policies	Nepal
Prakash Adhikari	NIMB – Risk	Risk Management, Audit & MEL	Monitoring, Evaluation &	Develop results framework; monitor and report; document	Nepal

			Learning (MEL) Specialist	lessons learned; support adaptive management	
Sushil Parajuli	NIMB – Risk	Environmental & Social Risk Assessment	Safeguards & E&S Risk Specialist	Screen activities; prepare safeguards plans; ensure grievance redress mechanism	Nepal
Ojashvi Rana	NIMB – Green Unit	People's Management and Strategic Communication	Stakeholder Engagement, Partnerships & Communications Manager	Lead stakeholder engagement; build partnerships; oversee consultations, communications, and knowledge sharing	Nepal
Shreya Pokharel	NIMB – Green Unit	Research, Concept notes and proposals, Project pipeline development	Project Development Officer	Support GCF concept note & proposal preparation; pipeline development; coordinate with technical experts	Nepal
Niru Basnet	NIMB – Risk	Environment, Gender & Social Inclusion	Gender & Social Inclusion Specialist	Conduct gender assessments; develop gender action plans; mainstream gender & inclusion across activities	Nepal
Hari Sharan Sapkota	NIMB – Green Unit	Climate Change & Technical Knowledge	Climate Change / Technical Specialist	Provide technical expertise; conduct studies; align with NDCs & GCF criteria; support consultations	Nepal

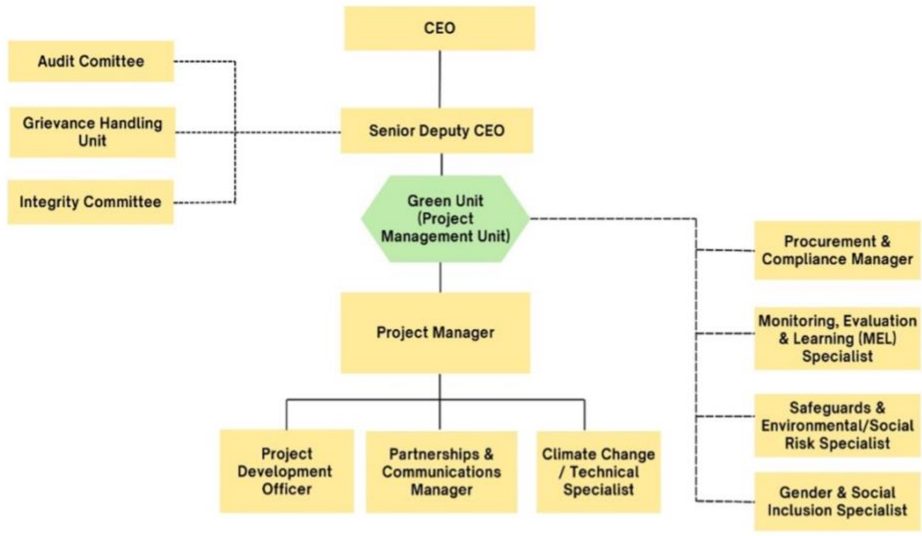
The organization structure of NIMB is as below:
Figure 1: Organization Chart of NIMB



The programme will be implemented under the Green Unit (Project Management Unit – PMU) of Nepal Investment Mega Bank (NIMB). The PMU is directly accountable to the Senior Deputy CEO, who reports to the Chief Executive Officer (CEO) and the Board of Directors.
The Green Unit operates as an integral part of NIMB's governance structure, while maintaining close dotted-line coordination with independent oversight committees already established within the Bank.

Figure 2: Green Unit Operationalisation Chart

Organisational Chart



1. **Green Unit (Project Management Unit) :** The Project Management Unit (PMU) is the dedicated operational body established within an implementing or accredited entity to oversee the day-to-day execution, coordination, and monitoring of a project or programme. It serves as the central management structure responsible for ensuring that activities are delivered on time, within scope, and in compliance with the fiduciary, environmental, social, and gender standards of the Green Climate Fund (GCF) and national systems. The PMU operates as a component under the Green Unit.
2. **Independent Oversight Bodies :** Grievance Redress, Integrity & Ethics, and Audit & Oversight Committees function independently to ensure transparency, accountability, and grievance redress. While outside the PMU's direct authority, they maintain dotted-line coordination for information sharing and oversight, safeguarding institutional integrity.
3. **Cross-Functional Collaboration:** The PMU collaborates with Procurement, MEL, ESRG, Risk Management, and GESI units to integrate compliance, risk mitigation, inclusiveness, and impact assessment, ensuring holistic and robust project delivery.

Green Unit / PMU Composition

As shown in Figure 1 (Green Unit Operation Modality Chart), the PMU is led by a Project Manager and supported by technical and cross-functional experts, covering all fiduciary, safeguards, and programme delivery functions required for GCF readiness. The team includes:

- Project Manager – Head of the PMU, responsible for overall programme delivery and coordination with the NDA, GCF Secretariat, and NIMB senior leadership.
- Project Development Officer – Supports preparation of GCF concept notes, feasibility studies, and pipeline development.
- Partnerships & Communications Manager – Leads stakeholder engagement, consultations, communications, and knowledge sharing.
- Climate Change / Technical Specialist – Provides technical inputs on mitigation/adaptation alignment with NDC, NAP, LTS.
- Procurement & Compliance Manager – Ensures compliance with procurement standards, manages contracts and bidding processes.
- Monitoring, Evaluation & Learning (MEL) Specialist – Develops monitoring frameworks, ensures reporting and results tracking.
- Safeguards & Environmental/Social Risk Specialist – Screens and manages ESS risks, prepares safeguards plans.
- Gender & Social Inclusion (GESI) Specialist – Integrates gender and inclusion priorities, ensures stakeholder inclusivity.

Oversight and Accountability

Independent oversight is ensured through existing NIMB committees that function outside the PMU's direct authority but provide dotted-line coordination (Figure 1 & Figure 2):

- Audit Committee – Provides fiduciary oversight and approves annual audits.
- Grievance Handling Unit – Manages project-related grievances and ensures accountability to affected stakeholders.

- Integrity Committee – Oversees compliance with AML/CFT and integrity standards, safeguarding against prohibited practices.

Integration with NIMB's Institutional Structure

The Green Unit is embedded within NIMB's broader organisational structure (Figure 2 – NIMB Organisational Chart). The PMU benefits from institutional support across core departments such as Finance & Planning, Compliance, Risk, and Internal Audit. This ensures:

- Fiduciary compliance through the Chief Compliance Officer and Audit Committee.
- Risk oversight through the Risk Management Committee and Chief Risk Officer.
- Alignment with NIMB's wider operational departments (Treasury, Legal, Finance, HR, IT, etc.) for project delivery.

Decision-Making and Reporting

- Strategic decisions are taken at the CEO/Board level with NDA oversight.
- Operational decisions are delegated to the Project Manager and PMU.
- Oversight bodies (Audit, Grievance, Integrity Committees) provide independent monitoring and validation.

6.3 Fund flow arrangements

All disbursements from the Green Climate Fund (GCF) will be deposited into a dedicated USD-denominated account maintained at Nepal Investment Mega Bank (NIMB).

- This account will be ring-fenced and used solely for readiness project funds.
- NIMB's Compliance and Finance Units will apply fiduciary controls, AML/CFT checks, and internal audit mechanisms to ensure proper use of funds.

Local Project Account (NPR)

For activities requiring local expenditure (e.g., workshops, staff costs, training, IT procurement, provincial consultations), a Nepalese Rupee (NPR) project account will be opened.

- Transfers from the USD account to the NPR account will be based on approved workplans.
- Conversions will follow official Nepal Rastra Bank (NRB) exchange rates, in compliance with national financial regulations.

Transfers Between Accounts

- The PMU Finance Unit will prepare quarterly fund requests, reviewed by the Project Manager.
- Once approved, funds will be transferred from the USD account to the NPR account to cover planned local expenses.
- Payments to international consultants and offshore service providers will be made directly from the USD account.
- Payments to local vendors, staff, and service providers will be made from the NPR account.

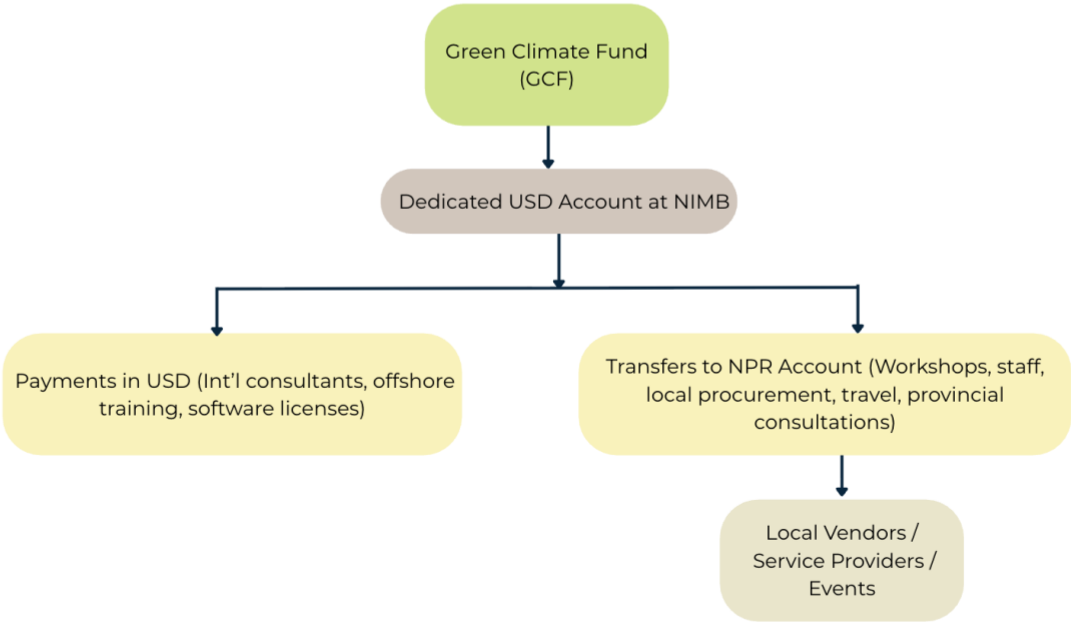
Exchange Rate Risk Management

To mitigate foreign exchange risks, the following measures will be adopted:

- Budget contingency line (2%) to absorb exchange losses due to USD/NPR fluctuations.
- Quarterly budget re-forecasting to align with prevailing exchange rates.
- Expenditure planning in USD where feasible (e.g., international consultants, offshore training, software procurement).

- Hedging arrangements may be explored with Nepal Rastra Bank for large conversions if feasible.
- Regular monitoring by the Finance Unit, with exchange rate impacts documented in quarterly reports and annual audits.

Figure 3: Fund Flow Mechanism



7. Monitoring, Evaluation and Reporting

Guidance

The RRMF has been revised to align with the objectives and outcomes outlined in the 2024-2027 readiness strategy, with the view to (1) simplify and streamline monitoring and reporting procedures; (ii) appropriately capture and reflect the systemic approach and strategic, programme-based methodology for planning and implementing readiness support; and (iii) establish a clear connection between readiness support and the enhanced programming capacities of developing countries and DAEs to effectively access and utilise climate finance.

Please note that there are as per the Revised RRMF, there are two levels of monitoring and reporting. The first is at the programme/project level, and the second is at the Country level. Outlined below are the monitoring and reporting requirements and responsible parties.

7.1 Programme Monitoring and Reporting (Output-Level)

Responsibility & Tasks:

- In the case of direct access, the DAE or a Framework Agreement (FWA) holder is responsible for monitoring the programme/project's implementation and preparing relevant reports that detail the progress of output-level results and deliverables as articulated in the programme/project logframe.

Financial Reporting:

- Regular financial reporting is the principal reporting mechanism under Readiness. Reports should provide an overview of funds received and expended and a comparison of planned versus actual expenditure with rationale for any variances. All financial reports must be presented in USD, in line with the approved programme budget. The detailed reporting requirements, including content and format, will be specified in the implementation-related templates.

Reporting Frequency:

- Annual progress reports, including financial reporting, are to be submitted to the GCF Secretariat by 31 March of each year, unless otherwise agreed to in the respective legal agreements. Upon project closure, a completion report must be submitted within three months of the completion of the activities

☒ By checking this box, I acknowledge awareness of reporting tasks, including frequency and content

7.2 Financial Audits

Responsibility:

- Independent, third-party auditor commissioned by [choose appropriate] the DAE or FWA holder in case of direct access, or by the delivery partner if chosen from the GCF pre-qualified pool through mini-tenders.

Task:

- Regular financial audits to ensure responsible and transparent fund management, preventing misuse or mismanagement and ensuring compliance with GCF and national requirements.

Reporting Frequency:

- Annual financial audit reports must be submitted to the GCF Secretariat by 31 March of each calendar year, unless an alternative frequency and deadline is agreed upon at the conclusion of the legal agreement. The completion financial audit report to be submitted to the GCF Secretariat within three months of completing the activities.

Please confirm which type of auditor will be selected and provide any details

○ Private sector auditor Auditor

(If Public Auditor (such as Country Supreme Audit Institution (SAI) or other)):

N/A
N/A

☒ By checking this box, I acknowledge awareness of financial audit responsibilities, including frequency

7.3 Mid-Term Review (if the programme is four years)

This will align with the Year 2 annual progress report; a separate mid-term report is not required. Instead, a specific section in the Year 2 annual progress report will focus on the assessment of the adequacy of the initial design of the four-year programmes, the evaluation of the progress made towards achieving project objectives, and the review of the effectiveness of the delivery partner (if selected from the GCF pre-qualified pool). It will also identify any challenges encountered. The findings from this review will be used to make necessary adjustments to the project implementation plan in Years 3-4.

☒ By checking this box, I acknowledge awareness of reporting tasks, including frequency and content

7.4 Final Evaluation

Responsibility:

- An independent evaluator will be commissioned by the DAE, or a FWA holder, in case of direct access

Task:

- Upon completion of the project implementation period, an independent evaluation will be conducted to assess the overall impact of the readiness activities. This evaluation will measure the contribution of these activities to the country's objectives and GCF outcomes, guided by the GCF Evaluation Policy and Standards. It will include an impact assessment and document lessons learned to inform future project planning and readiness support. If the country selects two programmes, the GCF Secretariat and the country may consult to explore the rationale and feasibility of conducting a single evaluation for both programmes.

Reporting Frequency:

- The final evaluation report will be submitted to the GCF Secretariat within three months of completing the Readiness activities.

☒ By checking this box, I acknowledge awareness of reporting tasks, including frequency and content

7.5 Sanctions and Restrictive Measures

Nepal is not currently subject to any United Nations Security Council (UNSC) restrictive measures. As a UN member state, it fully enforces all UNSC sanctions, including those on anti-money laundering (AML) and combating the financing of terrorism (CFT), through the Nepal Rastra Bank (NRB). Nepal Investment Mega Bank (NIMB), regulated by NRB, strictly follows AML/CFT frameworks and due diligence procedures in line with international standards. NIMB will continue monitoring updates to the United Nations Security Council (UNSC) sanctions lists and ensure that any related obligations are promptly reflected in its internal compliance framework. This ongoing monitoring process will help maintain institutional integrity and ensure full alignment with international compliance requirements.

7.6 Grievance Redress Mechanisms

Nepal Investment Mega Bank (NIMB) has established both institutional and project-level Grievance Redress Mechanisms (GRMs), including a Whistleblower Protection Program. Third parties and anonymous individuals may report allegations of wrongdoing—including fraud, corruption, misconduct, or non-compliance—through NIMB's secure online portal, with guarantees of confidentiality and protection from retaliation. The GRM allows affected parties to lodge project-related complaints directly via NIMB's website, in alignment with NRB regulations. In addition, NRB maintains an independent grievance portal that provides external oversight for financial sector complaints.

To ensure consistency with international good practice, NIMB's GRM is also aligned with the principles of the GCF's Independent Redress Mechanism (IRM), particularly in relation to accessibility, impartiality, protection of complainants, and remedial action. This alignment guarantees that stakeholders have safe and reliable channels to raise concerns, while reinforcing transparency, accountability, and stakeholder protection throughout readiness implementation.

NIMB is regulated by the Nepal Rastra Bank (NRB), an independent regulatory body of the Government of Nepal (GoN). The Grievance Redress Mechanism (GRM) serves as a key accountability tool for managing complaints and feedback from stakeholders. The GRM follows the compliance requirements and expectations of global standards. NIMB operates its own GRM portal, which functions in alignment with the systems of the NRB which maintains an independent grievance portal that provides external oversight for financial sector complaints to ensure consistency, transparency, and coordination across national grievance management platforms.

8. Budget

8.1 Budget
The DAE (for the DAE Support Window) is required to prepare and submit the Budget for the proposal period. Please complete the Budget using the specified Excel template. As necessary, provide an accompanying narrative (text) explanation in this section of the proposal. If not necessary, please indicate “Refer to the Excel file”. The Budget must include a disbursement schedule linked to deliverables and aligned with the Implementation Plan. Use the Budget narrative to explain and justify the figures as needed. Download template
Budget plan (please complete in the separate document) While developing the budget, please consider the ineligible costs as per page 13 of the Initial Guide for Countries to Access Readiness Support

9. Other relevant information

9.1 Exit and Sustainability Strategy
Capacity Building and Institutionalization: The readiness programme prioritizes targeted and practical capacity-building measures to ensure that skills and systems are retained within Nepal Investment Mega Bank (NIMB) and cascaded to wider stakeholders. • Targeted training programmes: NIMB staff and stakeholders will undergo structured training on COSO/internal audit, fiduciary and AML/CFT compliance, ESS/GESI safeguards, monitoring, and evaluation (MEL), and Concept Note/Funding Proposal development. Offshore training will be followed by in-house replication workshops to institutionalise knowledge within the organisation. Provincial workshops will extend training to subnational stakeholders, private sector actors, and CSOs, ensuring wide ownership. • Tools, templates, and instruments: The programme will produce standard operating procedures (SOPs), a Climate Finance Management System (CFMS), a project prioritization matrix, multi-sector planning tool, Environmental and Social Risk Management Plan (ESRM) policy drafts, and GESI-integrated safeguard frameworks. These instruments will be embedded in NIMB's day-to-day operations and will remain accessible to staff beyond the readiness period. • Contextual adaptation: Training modules and knowledge products will be developed in local languages and adapted to Nepal's institutional and socio-economic context, ensuring that both technical experts and grassroots stakeholders can engage meaningfully. GESI considerations will be mainstreamed to ensure inclusivity and local relevance. **Integration into National Systems:** The readiness programme is explicitly designed to embed improved practices and systems into existing institutional and national frameworks. • Enhancing policies and frameworks: Six revised institutional policies (fiduciary, procurement, internal audit, project management, ESS, and Gender) will keep NIMB updated and aligned with global and GCF standards. These policies will be endorsed at board level and institutionalised through annual updates. • Mainstreaming into national systems: The NCFF will be operationalised as a blended finance mechanism fully aligned with Nepal's NDC, NAP, and LTS priorities. The prioritisation matrix and pipeline development tools will be integrated in NIMB system, ensuring that readiness outputs are in tandem with national climate finance planning beyond the grant period. • Institutionalisation of roles and practices: Integrity, ESS, and gender focal points will be formalised within NIMB, with ToRs embedded in governance protocols. **Sustainability Mechanisms:** The programme ensures that knowledge, skills, and institutional improvements are durable and scalable. • Train-the-trainer approach: Offshore training will be cascaded through in-house replication workshops, ensuring that knowledge is embedded in multiple layers of NIMB staff and across provincial stakeholders. This creates internal pools of trainers who can sustain learning within the institution. • Continuous knowledge-sharing platforms: The Climate Finance Knowledge Portal will serve as a central repository of training materials, tools, templates, and case studies, remaining accessible through 2027 and beyond. Peer learning tours and South–South cooperation initiatives will build ongoing regional exchange, ensuring that Nepal both benefits from and contributes to global climate finance knowledge. • Institutional anchoring: By embedding tools like the CFMS, Project Prioritization Matrix into NIMB's operations, institutionalizing governance protocols, and formalising capacity through policies and ToRs, the readiness support ensures that improvements are structural, not temporary.

Adaptive Management

To ensure that the implementation of readiness activities remains flexible and responsive to evolving operational contexts, Nepal Investment Mega Bank (NIMB) will apply a structured adaptive management approach throughout the readiness cycle. This approach is anchored in GCF policy guidance and the Revised Readiness Results Management Framework (RRMF).

Plan for Adjustments and Emerging Priorities

NIMB will adopt a flexible implementation plan that allows adjustments in work plans, activity sequencing, and budget allocations in response to changing requirements or operational contexts. In line with GCF policy, any reallocation of funds resulting in a variation greater than 20–25% across budget categories will require prior approval from the GCF Secretariat and will be supported by strong justification and revised deliverable schedules. The 2% contingency line will be activated only to address unforeseen barriers, such as cost fluctuations, external shocks, or force majeure events. Requests for no-cost extensions, though discouraged, may be made in exceptional cases where substantial delays beyond NIMB's control occur. Such requests will be formally submitted at least 90 days prior to the end of the implementation period.

Stakeholder Engagement as a Driver of Adaptation

Stakeholder consultations will serve as a core mechanism for adaptive management. Regular multi-stakeholder dialogues—including provincial workshops, roundtables, advisory committee meetings, and NDA consultations—will provide real-time feedback on progress, barriers, and emerging opportunities. This feedback will be used to refine activity design, pipeline prioritisation, and governance mechanisms. The PMU will document adaptive decisions, ensuring that stakeholder voices are systematically incorporated into course corrections.

Integration into Monitoring and Reporting

Adaptive measures will be directly linked to the programme's monitoring and reporting processes. The mid-term review in Year 2 will serve as a structured milestone for assessing whether adjustments are needed in Years 3–4, particularly in relation to pipeline development, system deployment, and private-sector mobilisation. Quarterly governance meetings will serve as checkpoints for fine-tuning activities, and lessons learned from ongoing readiness implementation in Nepal and peer DAEs will inform continuous adaptation.

Assurance of Accountability and Compliance

Even while enabling flexibility, NIMB will ensure compliance with GCF fiduciary, ESS, and GESI standards. All adjustments—whether in scope, sequencing, or budget—will maintain alignment with readiness objectives and national climate finance priorities (NDC, NAP, LTS). Accountability will be upheld through updated deliverable schedules, documentation of adaptive decisions, and transparent reporting via APRs, financial audits, and outcome-level reports.

In summary, adaptive management will allow the readiness programme to remain responsive, resilient, and results-focused, balancing flexibility in delivery with accountability to GCF requirements and alignment with Nepal's evolving climate finance priorities.

9.2 Readiness Programme Closure

The closure of the readiness programme will be managed as a structured and participatory process, ensuring that all tangible and intangible assets generated under the grant are systematically transferred, institutionalised, and sustained beyond the programme duration. The goal is to guarantee continuity of results and enable NIMB and its partners to fully take ownership of the strengthened systems, tools, and knowledge products.

- Tangible Assets

Tangible assets procured under the readiness programme (e.g., IT hardware, software licenses for the Climate Finance Management System (CFMS), Project Prioritization Matrix, training equipment, digital reporting tools) will be inventoried and transferred to Nepal Investment Mega Bank (NIMB) as the Direct Access Entity. These will be integrated into NIMB's operational units (finance, compliance, ESS/GESI, M&E), ensuring they remain functional and utilised post-programme.

- Intangible Assets

Intangible assets—including updated policies and manuals (fiduciary, procurement, ESS, GESI, internal audit, project management), project prioritization matrices, the NCFF feasibility study, training curricula, case studies, and the Climate Finance Knowledge Portal—will be fully institutionalized within NIMB's systems. Intellectual property generated under the programme (such as digital tools, training modules, and templates) will be made accessible through NIMB's internal repositories and the publicly available knowledge portal, ensuring long-term utility for stakeholders.

- Human Capacity and Knowledge Transfer

All staff trained under the readiness programme (fiduciary, AML/CFT, ESS/GESI, MEL, adaptation finance, CN/FP development) will serve as in-house resource persons for sustained capacity-building, following a "train-the-trainer" approach. Replication sessions and knowledge repositories will ensure that institutional memory is preserved despite potential staff turnover.

- Documentation and Agreement of Asset Transfer

This will include:

- A final asset register listing all tangible and intangible assets created or procured under readiness.
- Designated custodians within NIMB responsible for each asset category (e.g., IT unit for CFMS, compliance unit for fiduciary policies, ESS/GESI focal points for safeguards).
- Verification and endorsement by the NDA to confirm that assets have been transferred and are operationally embedded.
- Ownership and Post-Readiness Sustainability

Upon closure, NIMB will assume full ownership and responsibility for the management, maintenance, and use of transferred assets. Title to the ownership of equipment, supplies or other tangible assets shall be held by NIMB. Upon completion of the project and after prior consultation and approval by GCF, NIMB will transfer any such ownership interest to GCF and/or third party identified by GCF. Resources hosted on the Climate Finance Knowledge Portal will remain publicly available until at least 2027, supporting national and regional knowledge-sharing.

- Reporting on Asset Transfer

The completion report submitted to the GCF Secretariat will include a dedicated section on asset transfer, with supporting documentation (asset register, transfer agreements, NDA endorsement) as annexes. This will ensure transparency and accountability in the closure process.