

(Unofficial translation)

Climate Finance Mobilization Procedure 2082



Government of Nepal
Ministry of Finance
Singhadurbar, Kathmandu, Nepal

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Approved by: Ministry of Finance, Government of Nepal

Date of Approval: 2026.02.05 AD

Preamble: Whereas it is expedient to make the mobilization of climate finance flowing into Nepal from the Climate Fund simple, systematic, and effective.

The Ministry has formulated this procedure by exercising the authority conferred under Sub-section (2) of Section 65 of the Financial Procedures and Fiscal Responsibility Act, 2076.

- 1. Short Title and Commencement:** (1) The name of this procedure shall be “Climate Finance Mobilization Procedure, 2082”.
(2) This procedure shall come into effect from the date of its approval by the Ministry.
- 2. Definition:** Unless the subject or context otherwise requires, in this procedure,-
 - (a) “Grant” means an amount received by the Government of Nepal that does not create any financial liability and is not required to be repaid.
 - (b) “International Non-Governmental Organization” means a foreign non-governmental organization authorized to operate within Nepal in accordance with Section 12 of the Social Welfare Act, 2049.
 - (c) “Emission Reduction” means activities that reduce or prevent greenhouse gas emissions.
 - (d) “Implementing Entity” means the entity responsible for implementation as referred to in Section 20.
 - (e) “Climate Adaptation” means activities undertaken to prevent or minimize potential impacts and risks of climate change based on their assessment.
 - (f) “Climate Fund” means funds established to provide resources for climate actions under the United Nations Framework Convention on Climate Change, the Paris Agreement, and other international conventions and treaties; and the term also includes other funds established to support climate actions.
 - (g) “Climate Finance” means the funds received from the climate fund for climate actions.
 - (h) “Climate Actions” means activities aimed at mitigating or adapting to problems arising from climate change, and the term also includes activities addressing climate induced loss and damage.
 - (i) “Private Sector Project” means a project in which the private sector has invested more than fifty percent of the total cost.
 - (j) “Country Allocation” means the amount earmarked by the Climate Fund for Nepal for a specified period.
 - (k) “Project” means a plan, program, or activity implemented using climate finance.
 - (l) “Technical Committee” means the Technical Committee referred to in Section 18.
 - (m) “Ministry” means the Government of Nepal, Ministry of Finance.

- (n) “Accredited Entity” means a national or international entity accredited by Climate Fund for the mobilization of climate finance.
- (o) “Line Ministry” means the respective sectoral ministries of the Government of Nepal.

3. **Priority Areas**: The priority areas for mobilizing climate finance shall be as follows:-

- (a) Activities related to addressing climate-induced loss and damage,
- (b) Activities related to climate adaptation in sector and geography that are highly vulnerable to climate change,
- (c) Activities related to emission reduction.

4. **Basis for Selection**: The basis for selecting projects for climate finance mobilization shall be as follows:-

- (a) Priorities as referred to in Section 3,
- (b) Alignment with the policies as referred to in Section 5,
- (c) Proportion of grant in the total cost of the project,
- (d) Resource mobilization through national systems,
- (e) Financial size of the project,
- (f) Impact and sustainability of the project (economic, social, gender, inclusion, financial and environmental returns, job creation, and beneficiary population),
- (g) Contribution to green technology research and transfer,
- (h) Programs with physically visible activities,
- (i) Provincial and geographical balance.

5. **Requirement of Alignment**: While formulating projects, alignment shall be ensured with the following policies, plans, and programs,-

- (a) Constitution of Nepal,
- (b) Prevailing laws of Nepal,
- (c) International commitments made by the Government of Nepal,
- (d) National Climate Policy,
- (e) Long-term Strategy for Net Zero Carbon Emissions,
- (f) Foreign Aid Mobilization Policy,
- (g) National Adaptation Plan,
- (h) Nationally Determined Contributions (NDC),
- (i) Contribution to the Sustainable Development Goals (SDGs),
- (j) Sectoral policies, periodic plans, annual policies, strategies, programs, and priorities of the Government of Nepal, Provincial Governments, and Local Levels.

6. **Project Formulation**: (1) An accredited entity or an implementing entity may formulate a project.

(2) While formulating a project, the priorities referred to in Section 3, the selection criteria referred to in Section 4, and the priorities, indicators, standards, and frameworks set forth by the concerned Climate Fund shall be taken as the basis.

(3) In the case of mitigation projects, the project shall be formulated to ensure direct emission reduction; and in the case of adaptation projects, it shall be formulated in such a way that it directly addresses prevention and minimization of climate impacts in affected areas, addresses loss and damage, supports disaster management, and enhances the resilience of affected communities.

(4) Priority shall be given to formulating a single project without fragmenting the country allocation.

(5) The entity formulating the project may, as required, receive a Project Readiness Grant from the Climate Fund.

(6) An international accredited entity may, on the basis of climate vulnerability analysis formulate a multi-country project covering Nepal along with other countries.

(7) While formulating a project, opinions and consultations shall be obtained from relevant stakeholders.

(8) Projects shall be formulated in such a way that funds received through the readiness window are utilized for the development of new project, institutional capacity building, and knowledge sharing.

(9) In accordance with the power conferred by the Constitution of Nepal, Projects shall be formulated by the federal, provincial, and local levels of government to be implemented by themselves.

Provided that, the federal government may, by providing conditional grants, have activities implemented within its jurisdiction by the provincial or local governments and the provincial government may, by providing conditional grants, have activities implemented within its jurisdiction by the local government.

(10) For the implementation of the project, the consent of the following entity shall be obtained:- :

- (a) In the case of project implemented by the Government of Nepal, the concerned federal line ministry,
- (b) In the case of project implemented by the provincial government, the concerned provincial government and federal line ministry, and,
- (c) In the case of project implemented by a local level, the concerned local level and federal line ministry.

7. **Project Pipeline**: (1) The Ministry shall, periodically or when requested by a Climate Fund, or for the purpose of mobilizing climate finance using the country allocation, prepare a Project Pipeline.

(2) For the purpose of preparing the project pipeline under Sub-section (1), the Ministry shall publish a public notice, as necessary through its website, allowing at least fifteen days for the submission of concept notes including the matters specified in Schedule-1.

(3) Notwithstanding anything written in Sub-section (2), an accredited entity or an implementing entity may, at any time, submit to the Ministry, a concept note including the

matters specified in Schedule-1, for inclusion of a project in the project pipeline under Sub-section (1).

(4) The Ministry shall forward the concept notes of projects submitted under Sub-sections (2) and (3) to the Technical Committee for evaluation. If the Technical Committee provides suggestions for improvement, the submitting entity shall revise the concept note accordingly by incorporating such suggestions.

(5) The Ministry shall include the projects in the project pipeline recommended by the Technical Committee.

(6) After inclusion of a project in the project pipeline under Sub-section (5), the Ministry shall provide written information to the concerned entity.

(7) Notwithstanding anything written elsewhere in this section, it shall not be mandatory to include multi-country projects and standalone technical assistance projects in the project pipeline.

8. **Access to Climate Funds:** (1) An accredited entity or an implementing entity shall, as required, request the ministry to submit concept note to concerned climate fund included in project pipeline by ministry or to provide consent to the entity to do so.

(2) Notwithstanding anything written in Sub-section (1), shall requests the ministry to submit concept note to concerned climate fund even if not included in project pipeline by ministry or to provide consent to the entity to do so.

(3) Upon receiving a request for consent under Sub-section (1) or (2), the Ministry may, based on suitability, either forward the project concept note to the Climate Fund or provide consent to submit.

Provided that, concept notes received under Sub-section (2) must first be included in the Project Pipeline pursuant to Section 7 before providing consent.

(4) the accredited entity or implementing entity must submit the project concept note to the concerned Climate Fund within one month from the date of receiving consent under Sub-section (3), If the concept note is not submitted within this period, the consent provided by the Ministry shall be automatically void.

(5) In the case of concept notes prepared using the country allocation, the accredited or implementing entity, shall request to the ministry, to submit the concept note to the Climate Fund or to provide consent to do so under Sub-section (1) within three months from the date of notification under Section 7(6).

(6) If the concept note is not submitted within the period mentioned in Sub-section (5), the allocated amount for that project shall be reassigned to an alternative project.

(7) If the concept note of the project submitted to the climate fund by the accredited or implementing entity is approved by the concerned climate fund, a detailed project proposal including the matters specified as per schedule-2 shall be submitted to the ministry for the purpose of submission to the climate fund or for consent to submit within one year of approval and in the case of a project seeking project readiness grant, a detailed project proposal shall be

submitted within one year of the approval of the project readiness grant. If not submitted within the specified period, the consent given by the ministry shall be automatically void.

(8) Notwithstanding anything written in Sub-sections (4), (5), and (7), the accredited or implementing entity may submit an application to the Ministry, stating the reasons, for not being able to submit the concept note or detailed project proposal within the prescribed time in that sub-section.

(9) If the Ministry considers the application received as per sub-section (8) to be reasonable, it may extend the deadline as Up to 15 days for Sub-section (4), Up to 3 months for Sub-section (5), Up to 1 year for Sub-section (7).

(10) The Ministry shall forward the detailed project proposal received under Sub-section (7) to the Technical Committee for evaluation. If the Committee provides suggestions for improvement, the submitting entity must amend the proposal accordingly.

(11) The ministry may on the basis of the recommendation of the Technical Committee, send the proposal submitted as per sub-section 7 to the concerned Climate Fund or give consent to the entity to submit the proposal.

(12) Depending on the size of the project submitted under Sub-section (7), a maximum of 20% of the total project cost may be spent on administrative and technical assistance. Provided that, this provision shall not apply to standalone technical assistance projects.

9. **Agreement** to be concluded: (1) After a project submitted to the Climate Fund as per Section 8 is approved, the accredited entity or implementing entity shall submit a proposal to the Ministry including the draft financial agreement and related documents.

(2) Upon receipt of the proposal as per Sub-section (1), the Ministry may, as required, seek the opinion of the project implementing entity.

(3) Where an opinion is requested as per Sub-section (2), the implementing entity shall provide its opinion on the financial agreement and related documents within fifteen days.

(4) After receiving the opinion as per Sub-section (3), a proposal shall be submitted to the Council of Ministers, Government of Nepal, for a decision to approve document related to financing agreement, accept the financial assistance and authorize to sign the agreement. The Ministry shall take the necessary decision on the matter of the agreement related to technical assistance. (5) After a decision is made as per Sub-section (4), the Ministry shall conclude the financial agreement with the accredited entity. Based on such agreement, the accredited entity shall conclude an implementation agreement with the implementing entity.

10. **Fund Flow of Climate Finance**: (1) Except for technical assistance, climate finance shall be mobilized through the national system when implemented by the Government of Nepal, Provincial Governments, or Local Levels.

(2) For projects or specific activities implemented by the Government of Nepal, Provincial Governments, or Local Levels, the Ministry shall enter into a financial agreement with an international accredited entity and channel funds through the Federal Consolidated Fund.

Provided that, if the international accredited entity implements the project or specific activities as per the detailed project proposal, it may mobilize the required funds itself.

(3) For projects or specific activities of project implemented by the Government of Nepal, Provincial Governments, or Local Levels, other than those implemented by a nationally accredited entity the concerned line ministry shall, with the consent of the Ministry, enter into an agreement with a national accredited entity and channel funds through the Federal Consolidated Fund. The Ministry shall be informed accordingly.

(4) In the case of projects implemented by Provincial Governments or Local Levels, funds shall be provided as a conditional grants.

11. Project Implementation: (1) In the case of the accredited entity mobilizing funds for technical assistance, it shall provide regular and effective technical support to the implementing entity for project implementation.

(2) The implementing entity shall promptly resolve any issues encountered during project implementation and ensure smooth execution of the project.

(3) While implementing the project, ownership of the local community shall be ensured in order to guarantee the sustainability of the project.

12. Mobilization of Climate Finance at Provincial or Local Level: (1) The accredited entity or implementing entity shall formulate and implement projects in accordance with the functional responsibilities of the federal, provincial, and local levels as specified in the Constitution of Nepal.

(2) If the projects falling within the jurisdiction of the federal government and national climate programs seems to be more effectively implemented by a Province or a Local Level, priority shall be given to its implementation through the provision of a conditional grant to the concerned Local Level where the project falls within the jurisdiction of a single Local Level, or to the concerned Province where the project extends across the jurisdictions of more than one Local Level.

(3) While mobilizing climate finance for national climate programs implemented by the Government of Nepal, funds shall be provided as conditional grants through the appropriate level of government where implementation is most effective.

13. Mobilization of Climate Finance in Private Sector Projects: (1) Private sector projects may be implemented using funds specifically allocated by the Climate Fund for the private sector or funds that allow participation of the private sector.

(2) The Ministry shall recommend private sector projects only where no future financial liability and sovereign guarantee is imposed on the Government of Nepal

(3) The accredited entity must comply with the following conditions while selecting and implementing private sector projects:-

(a) Issue a public notice to provide all interested private sector entities with an opportunity to access climate finance.

(b) To formulate clear criteria for project selection, and on the basis of that, to evaluate the project transparently based on the following matters, and to submit it to the Ministry with a declaration of no objections, along with the details thereof:-

- (i) Qualifications of the Entity (experience in project implementation, condition of the financial health, compliance with the Public Procurement Act and regulations and not blacklisted by banks or financial institutions),
 - (ii) The project that addresses climate change,
 - (iii) The project's contribution to national economy,
 - (iv) Project selection standard of the concerned Climate Fund.
- (d) Clearly disclose risks associated with project implementation.
- (e) Ensure the concessionality received from the funds are passed through to the project.
- (f) Comply with provisions prescribed by the Climate Fund including safeguard standards. provisions
- (g) Establish a grievance redressal mechanism.
- (h) Ensure climate finance received is spent only on the project's objectives and activities.
- (i) Conduct regular annual external audits and submit the reports to the Ministry.
- (j) Provide necessary information during monitoring conducted by the Ministry in coordination with the line ministry and regulatory body and comply with directives pursuant to such monitoring. (4) In addition to the arrangements in this section, private sector projects implemented under Sub-section (1) shall apply mutatis mutandis, with the provisions of Sections 7, 8, 16, 18, 19, 20, 21, 22, 23, 24, 25, and 26.

Provided that, where Ministry consent is not required for mobilizing climate finance, the private sector is not required to follow the procedures of this regulation.

14. Mobilization of Climate Finance through Non-Governmental Organizations (NGOs): (1)

NGOs shall mobilize climate finance through the Social Welfare Council in accordance with prevailing laws.

(2) NGOs shall coordinate with the Government of Nepal, Provincial Governments, or Local Levels, ensuring alignment with programs to avoid duplication when mobilizing climate finance.

(3) Depending on the size of the project, a maximum of 20% of the total project cost can be used for administrative expenses.

(4) NGOs shall enlist the projects on the Ministry's digital platform and regularly submit annual progress reports and details of fund flow.

(5) Mid-term and final evaluations of projects shall be conducted, and the reports submitted to the Ministry and the concerned line ministry digitally

(6) NGOs shall conduct public hearing and public audit on project activities and progress at least once in a year.

15. Climate Finance Facility: (1) The Ministry may establish a Climate Finance Facility to enable integrated mobilization of climate finance.

(2) Financial resources for the Climate Finance Facility may include the following:-

- (a) Funds received from the Climate Fund,
- (b) Funds received from development partners,
- (c) Contributions from the internal resources of the Government of Nepal.

(3) Funds received under the Climate Finance Facility shall be deposited in a designated account in the Federal Consolidated Fund.

(4) Funds deposited in the designated account as per sub- section (3) shall be included in the annual budget of the Government of Nepal and mobilized accordingly.

Climate Finance shall be mobilized in the form of conditional grants to the provincial or local level.

(5) The sector of mobilization of funds from the Climate Finance Facility to the Government of Nepal, Provincial Government or local level may be as follows:-

- (a) Implementation of adaptation plans,
- (b) Implementation of effective projects with immediate results,
- (c) Implementation of effective climate actions,
- (d) Preparation of projects and programs,
- (e) Implementation of Capacity development programs for climate finance mobilization.

(6) Selection of projects or programs to be implemented under the Climate Finance Facility shall be based on the recommendations of the Technical Committee.

(7) While selecting projects under Sub-section (6), the priority action as per Section 3 and selection criteria as per Section 4 shall be applied.

(8) The Ministry may consider performance while providing funds under the Climate Finance Facility.

(9) Funds received from the Climate Finance Facility shall not be used for purposes other than climate actions.

16. Climate Finance Mobilization Focal Point: (1) The Ministry shall serve as the focal point for climate finance mobilization in Nepal.

(2) The Ministry's functions, duties and power in mobilizing climate finance shall include:

- (a) To provide policy guidance for climate finance mobilization,
- (b) To Coordinate with the Climate Fund, accredited entity, and implementing entity,
- (c) To represent Nepal on international forum related to climate finance mobilization,
- (d) To Prepare and update the project priority list,
- (e) To approve climate finance mobilization,

- (f) To communicate and negotiate with climate finance partners for climate finance mobilization,
- (g) To conclude financial agreements for climate finance mobilization,
- (h) To determine the fund flow mechanism for amount received from the Climate Fund,
- (i) To recommend names of entities for accreditation by the Climate Fund.

(3) To carry out daily administrative tasks related to climate finance mobilization, there shall be a Climate Finance Unit under International Economic Relations Division of the Ministry

(4) The Climate Finance Unit as per sub-section (3) shall function as the secretariat for the Climate Finance Steering Committee and the Climate Finance Technical Committee.

(5) Notwithstanding any other provision in this section, line ministries may participate in discussions or negotiations on international platforms in coordination with the Ministry on climate finance matters.

Provided that, any consent or agreement regarding climate finance mobilization must be made with the consent of the Ministry.

17. Climate Finance Steering Committee: (1) To provide necessary coordination and guidance for climate finance mobilization in Nepal, there shall be a Steering Committees follows:-

- (a) Secretary, Ministry - Coordinator
- (b) Deputy Governor, Nepal Rastra Bank -Member
- (c) Joint Secretary, Budget and Program Division, Ministry - Member
- (d) Joint Secretary, National Planning Commission - Member
- (e) Joint Secretary (overseeing Climate Change), Ministry of Forests and Environment - Member
- (f) Joint Secretary, Ministry of Agriculture and Livestock Development - Member
- (g) Joint Secretary, Ministry of Home Affairs - Member
- (h) Joint Secretary, Ministry of Water Supply - Member
- (i) Joint Secretary, Ministry of Federal Affairs - Member
- (j) Joint Secretary, Ministry of Energy, Water Resources and Irrigation - Member
- (k) Secretary, Provincial Government – Ministry overseeing economic affairs - Member
- (l) Chairperson, Association of Municipalities and Rural Municipalities - Member
- (m) Representative, Federation of Nepal Chambers of Commerce and Industry - Member
- (n) Representative, NGO Federation - Member
- (o) Joint Secretary, International Economic Relations Division, Ministry - Member-Secretary

18. Technical Committee: (1) To assist the Ministry in climate finance mobilization, there shall be Technical Committee with the following members:-

- | | |
|---|--------------------|
| (a) Joint Secretary, International Economic Relations Division,
Ministry | - Coordinator |
| (b) Under Secretary, Budget and Program Division, Ministry | - Member |
| (c) Under Secretary, National Planning Commission | - Member |
| (d) Under Secretary, Ministry of Forests and Environment | - Member |
| (e) Under Secretary, Ministry of Agriculture and Livestock
Development | - Member |
| (f) Under Secretary, Department of Hydrology and Meteorology | - Member |
| (g) Under Secretary, National Disaster Risk Reduction and
Management Authority | - Member |
| (h) Deputy Director, Nepal Rastra Bank | - Member |
| (i) Representative, Federation of Nepal Chambers of
Commerce and Industry | - Member |
| (j) Two experts r nominated by the Ministry including one woman | - Member |
| - | |
| (k) Under Secretary, International Economic Relations Division,
Ministry | - Member-Secretary |

(2) Function, Duties and Power of Technical Committee shall be as follows:-

- (a) To develop indicator for the evaluation of project concept notes received from the ministry based on priority actions as per Section 3 and project selection criteria as per Section 4, and to evaluate such concept note accordingly. u
- (b) To Recommend to the ministry for inclusion of a project in the project pipeline on the basis of evaluation conducted as per clause(a).
- (c) To evaluate detailed project proposals received from the Ministry and provide necessary suggestions.
- (d) To develop necessary indicators for the evaluation of entities applying for Climate Fund accreditation received from ministry and to evaluate and recommend such entity accordingly.
- (e) To perform other tasks assigned by the Ministry.

(3) The Technical Committee may, as necessary, form subcommittees and may take expert's service to facilitate its functions.

19. Accredited Entity: (1) A national entity seeking Climate Fund accreditation shall submit an accreditation application to the Ministry to submit it to concerned Climate Fund or to provide consent to do so.

(2) Applications received under sub-section (1) shall be forwarded to the Technical Committee for evaluation.

(3) The Technical Committee shall evaluate the entity's suitability based on the need of Government of Nepal, Climate Fund requirements, Experience, capacity, and financial status of the entity, and Other relevant criteria, and recommend the entity to the Ministry accordingly

(4) Based on the Technical Committee's recommendation, the Ministry may submit accreditation application to the concerned climate fund or may provide consent to the entity to do so.

(5) The Ministry shall inform the concerned entity of the consent provided as per sub-section (4).

(6) Function, Duties, and Powers of Accredited Entity shall be as follows:-

- (a) To collaborate and coordinate with implementing entity to prepare concept note and detailed project proposal.
- (b) To formulate projects within the timeframe approved by the Ministry.
- (c) To provide technical assistance to implementing entity.
- (d) To implement projects with the consent of ministry.
- (e) To support project implementation.
- (f) To monitor and evaluate project.
- (g) To facilitate knowledge sharing and documentation.
- (h) To coordinate with Climate Fund.
- (i) To submit progress reports to the Ministry on a regular basis.
- (j) May withhold project funds where the project implementing entity fails to provide the information required for the timely submission of reports to the Climate Fund, until such information is duly provided.
- (k) To perform other responsibilities as specified by the Climate Fund.

20. Implementing Entity: (1) The project approved as per this Procedure shall be implemented by the entity specified in the project document.

(2) Functions and Duties of the Implementing Entity as per sub-section (1) shall be as follow:-

- (a) To formulate the project in collaboration and coordination with the accredited entity,
- (b) To coordinate with the Ministry for mobilization of climate finance,
- (c) To implement the project effectively,
- (d) To complete the project within the specified time, cost, and quality,
- (e) To monitor the project,
- (f) To resolve issues promptly, encountered during project implementation,
- (g) To arrange co-financing, if required, for project-related activity, including payment of tax,
- (h) To urate project outcome and impact.
- (i) To submit progress report to the Ministry.
- (j) To maintain transparency in project implementation.
- (k) To be accountable for project implementation.

21. Digital Platform: (1) The Ministry shall develop a digital platform that reflects a comprehensive overview of climate finance mobilization in Nepal.

(2) The digital platform as per sub-section (1) shall include the following information:

- (a) List of ongoing projects,
- (b) Details of the projects included in the project pipeline,
- (c) Project concept note,
- (d) Digital mapping of the project,
- (e) Periodic progress report,
- (f) Additional information as required by the Climate Fund and the Government of Nepal.

(3) Information from this platform shall be made accessible to the Government of Nepal, Ministry of Forests and Environment, for reporting under the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement.

22. Submission of Progress Report: (1) The implementing entity shall submit quarterly progress reports of the project to the line ministry and the Ministry through the accredited entity.

If there are multiple implementing entities, the lead entity shall submit the report to the Ministry within 15 days after the end of the quarterly period through the accredited entity.

(2) The report as per sub-section (1) shall include physical and financial progress of the project and project workplan.

(3) The implementing entity shall provide all reports and details required by the Climate Fund to the accredited entity within the timeframe specified by the Climate Fund.

(4) The accredited entity shall provide necessary support to the implementing entity to prepare reports and details as per sub-section (3).

23. Project Monitoring and Evaluation: (1) The line ministry and subordinate entity, provincial government, and local level shall monitor and periodically evaluate projects within their respective jurisdiction.

(2) The Ministry or the Technical Committee may conduct semi-annual project review and, as required, perform field monitoring.

(3) The Implementing entity will be responsible to implement the suggestion and guidance provided during monitoring.

(4) The implementing entity shall conduct mid-term and final evaluation and submit report of the project to the Ministry through the accredited entity.

24. Transparency in Climate Finance: (1) Accredited entity or implementing entity shall regularly update project-related information on the digital platform.

(2) Implementing entity shall publicly disclose project details including cost, source of fund, project period, and contact person through their information board or website.

(3) Implementing entity shall annually publish progress report to be well informed including local communities and project stakeholders informed about the project.

(4) Implementing entity shall publish the project progress report at least once a year and provide such information to the Ministry or update it in the digital platform.

25. **Audit**: (1) Implementing entity shall carry out audit regularly in accordance with prevailing law.
- (2) The Ministry may, as required, conduct third-party performance audit.
26. **Compliance with Climate Fund Procedures and Agreements**: Except for matters specified in this procedure, if separate procedure is prescribed by Climate Fund or specified in the agreement with climate fund, such procedure shall be followed.
- Compliance with Existing Law**: Matters specified in this Procedure shall be in accordance with this Procedure, and other matters shall be as per the prevailing laws.

Schedule-1

(Related to subsections (2) and (3) of Section 7)

Matters to be included in a Project Concept Note

1. Project Summary
 - (a) Project name,
 - (b) Project location,
 - (c) Accredited Entity or Implementing Entity,
 - (d) Thematic area of climate action,
 - (e) Target for greenhouse gases (GHGs) reduction,
 - (f) Adaptation target (percentage of total population),
 - (g) Total cost,
 - (h) Climate finance amount proposed to climate fund,
 - (i) Type of climate finance (grant, concessional loan, blended finance),
 - (j) Estimated project duration,
 - (k) Whether project preparation fund is requested or not.
2. Basic Project Information:
 - (a) Risk and impact of climate change,
 - (b) Status of Greenhouse Gas emissions,
 - (c) Potential project activities to address carbon emission reduction and climate adaptation needs,
 - (d) Linkage between climate problem and proposed climate actions by the project,
 - (e) Alignment of the project with policies, plans, and programs of Government of Nepal,
 - (f) Social, gender, financial, technical, institutional, and other challenges and strategies to address them.
3. Detailed Project Information:
 - (a) Project objective,
 - (b) Project activity, output, and expected outcome,
 - (c) Justification for the rationality and evidence of capacity of accredited or implementing entity for the project implementation,
 - (d) Project implementation arrangement and institutional mechanism,
 - (e) Detailed description about financing for the project,
 - (f) Financial and operational risk and mitigation measure,
 - (g) Participation of target beneficiaries in project implementation,
 - (h) Monitoring and evaluation arrangements and sustainability analysis.
4. Documents to be attached:
 - (a) Project location and map,
 - (b) Theory of Change,
 - (c) Result framework,
 - (d) Economic and financial analysis,
 - (e) Pre-feasibility study (if applicable),

- (f) Evaluation report of previous required (if applicable),
- (g) Environmental and social safeguard screening.

Note: If the relevant climate fund has specified a separate format, additional details should be included as per the format.

Schedule-2

(Related to sub section (7) of section 8)

Details required for Detailed Project Proposal

1. Project Summary:

- (a) Project name,
- (b) Project location,
- (c) Project duration,
- (d) Name of accredited or implementing entity,
- (e) Date of the concept note submission or approval,
- (f) Thematic area of climate action,
- (g) Detailed description of greenhouse gases (GHGs) emission reduction,
- (h) Direct and indirect beneficiary population,
- (i) Summary of project financing,
- (j) Environmental and social safeguard classification,
- (k) Whether project preparation fund is received or not,
- (l) Relation and coordination with ongoing similar projects.

2. Basic Project Information:

- (a) Climate change risk and impact,
- (b) Status of greenhouse gases emission,
- (c) Climate action,
- (d) Linkage between climate problem and proposed climate action,
- (e) Alignment with policies, plans, and programs of the Government of Nepal,
- (f) Strategy of the project to address the social, gender, financial, technical, institutional, and other challenges,
- (g) Implications of non-implementation of the proposed project (h) Methodology and scenario indicated by the feasibility study.

3. Detailed Project Information:

- (a) Project objectives,
- (b) Detailed description of project activity, output, and impact,
- (c) Justification for the rationality and evidence of capacity of accredited or implementing entity for the project implementation. (d) Linkage between scenario indicated by the feasibility study and project activity, output, and impact,
- (e) Project innovation, scalability, knowledge and experience sharing, technology transfer, and contribution to capacity development,
- (f) Contribution to Sustainable Development Goals (SDGs),
- (g) Contribution to financial, economic, social, and institutional capacity development of target groups,
- (h) Alignment with Constitution of Nepal and laws, policies, plans, and programs of federal and provincial government, and local level,
- (i) Analysis of economic and financial efficiency and effectiveness of the project,

- (j) Analysis of the project sustainability,
 - (k) Project implementation arrangement and institutional mechanism,
 - (l) Logical and results framework of the project,
 - (m) Financial and operational risks and mitigation measures,
 - (n) Monitoring, reporting, and evaluation arrangements.
4. Financing Arrangement of the project:
- (a) Detailed description of potential financial sources,
 - (b) Assurance of funding sources where the Government of Nepal is required to make a financial contribution,
 - (c) Description of activity wise fund allocation.
5. Document to be Attached:
- (a) Feasibility study,
 - (b) Economic and financial analysis,
 - (c) Detailed budget plan,
 - (d) Procurement plan,
 - (e) Implementation schedule,
 - (f) Environmental and Social Safeguard Report,
 - (g) Result of stakeholder engagement and consultation,
 - (h) Gender assessment and action plan,
 - (i) Monitoring and evaluation plan,
 - (j) Another necessary annex.

Note: If the relevant climate fund has specified a separate format, additional details should be included as per the format.