Nepal’s Citizens

Climate Budget

Where is Nepal’s money being allocated?
WHAT IS A CITIZENS CLIMATE BUDGET?

Nepal’s Citizens Climate Budget presents how the budget is being allocated to address climate change and its effects. It uses official information from the Ministry of Finance and other Government agencies in Nepal.

This is designed for the public to understand how the government uses public finance to address climate change.
30.7% of Nepal’s budget has been allocated to activities related to climate change.

Nepal is one of the most vulnerable countries to climate change, requiring effective resource mobilisation to respond to the negative impacts on lives and livelihoods.

Total Annual Budget for FY 2017/18

NRS. 1278.99 Billion

Climate Change Budget for FY 2017/18

NRS. 393.33 Billion
### CLIMATE CHANGE VULNERABILITY IN NEPAL

One of the world’s most vulnerable countries

#### In recent years, Nepal has witnessed increasing events of:

<table>
<thead>
<tr>
<th>Event</th>
<th>Out of 75 Districts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flash Floods</td>
<td>29</td>
</tr>
<tr>
<td>Landslides</td>
<td>22</td>
</tr>
<tr>
<td>Glacial Outbursts</td>
<td>12</td>
</tr>
<tr>
<td>Heat Waves and Cold Waves</td>
<td>09</td>
</tr>
<tr>
<td>Droughts</td>
<td></td>
</tr>
<tr>
<td>Unpredictable Rainfall</td>
<td></td>
</tr>
</tbody>
</table>

- 29 districts are vulnerable to **Landslides**
- 22 districts are vulnerable to **Droughts**
- 12 districts are vulnerable to **Glacial Outbursts**
- 09 districts are vulnerable to **Floods**
COMBINED RISK MAP OF NEPAL

Combined Risk Index = f(Landslide, Flood, Drought, GLOF, Ecology, Rainfall & Temperature Risk)

Nepal’s economy loses NRS. 28-38 billion/year in 2013 Prices due to current climate variability and extreme weather events.

In addition to economic losses, climate change threatens recent development gains and undermines future results and aspirations.
The government is allocating resources to respond to climate change risks.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Annual Budget</strong></td>
<td>517.24</td>
<td>618.10</td>
<td>819.46</td>
<td>1048.92</td>
<td>1278.99</td>
</tr>
<tr>
<td><strong>Percentage of total budget that is relevant to climate change</strong></td>
<td>10%</td>
<td>11%</td>
<td>19%</td>
<td>19%</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Total amount in budget relevant to climate change</strong></td>
<td>53.5</td>
<td>66.4</td>
<td>159.3</td>
<td>201.6</td>
<td>393.4</td>
</tr>
</tbody>
</table>

In billions NRS
Nepal’s Climate Relevant Budget has increased by almost 7-fold since FY 2013/14. This increase is due to allocations for reconstruction following the 2015 earthquake - all of which is required to be 'climate resilient'. Likewise, the rise in climate budget in 2017/18 is due to grants set aside for the newly established local governments.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Budget (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013/14</td>
<td>53.5</td>
</tr>
<tr>
<td>FY 2014/15</td>
<td>66.4</td>
</tr>
<tr>
<td>FY 2015/16</td>
<td>159.3</td>
</tr>
<tr>
<td>FY 2016/17</td>
<td>201.6</td>
</tr>
<tr>
<td>FY 2017/18</td>
<td>393.4</td>
</tr>
</tbody>
</table>
HOW DO WE DEFINE CLIMATE RELEVANCE?

According to the Climate Budget Code developed by the National Planning Commission:

Programmes are considered ‘highly relevant’ if 60% or more of the allocation is related to climate change.

Programmes are considered ‘relevant’ if 20-60% of the allocation is related to climate change.

Note: There has been a minor methodological change since FY2017/2018

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>High Relevance (%)</th>
<th>Relevant Relevance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2017/18</td>
<td>15%</td>
<td>85%</td>
</tr>
<tr>
<td>FY 2016/17</td>
<td>31%</td>
<td>69%</td>
</tr>
<tr>
<td>FY 2015/16</td>
<td>19%</td>
<td>81%</td>
</tr>
<tr>
<td>FY 2014/15</td>
<td>53%</td>
<td>47%</td>
</tr>
<tr>
<td>FY 2013/14</td>
<td>52%</td>
<td>48%</td>
</tr>
</tbody>
</table>
Nepal’s budget is divided into capital budget (for goods and debt servicing), and recurrent budget (for salaries, operations and services).

Of the climate relevant budget the division of capital and recurrent has been:
### WHERE DOES THE MONEY GO?

#### Fiscal Year

<table>
<thead>
<tr>
<th>Sectors</th>
<th>13/14</th>
<th>14/15</th>
<th>15/16</th>
<th>16/17</th>
<th>17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic affairs</td>
<td>68.9%</td>
<td>68.0%</td>
<td>84.7%</td>
<td>77.7%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Housing and community amenities</td>
<td>24.3%</td>
<td>13.5%</td>
<td>9.1%</td>
<td>14.6%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Environmental protection</td>
<td>5.4%</td>
<td>5.4%</td>
<td>4.5%</td>
<td>7.0%</td>
<td>3.6%</td>
</tr>
<tr>
<td>General public service</td>
<td>1.0%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>0.6%</td>
<td>59.3%</td>
</tr>
</tbody>
</table>

Note: The 17/18 increase in 'general public service' is the result of a new structure in which resources are channeled through local government as grants which are used for development activities including climate relevant activities.

For FY 2013/14 to 2017/18, 65.42% (in aggregate) of CC budget has been allocated to Economic affairs.

Economic affairs includes general economic, commercial and labour affairs, agriculture, forestry, fishing and hunting, fuel and energy, mining, manufacturing and construction, transport, communication and other industries.
WHAT IS INCLUDED IN ‘ECONOMIC AFFAIRS’?

Total Climate Relevant Budget allocated for Economic Affairs

FY 13/14: NRS. 38.2 Billion
- Agriculture: 31%
- Transport: 4%
- Fuel and Energy: 65%

FY 14/15: NRS. 45.4 Billion
- Agriculture: 31%
- Transport: 7%
- Fuel and Energy: 62%

FY 15/16: NRS. 134.9 Billion
- Agriculture: 56%
- Transport: 16%
- Fuel and Energy: 26%

FY 16/17: NRS. 156.6 Billion
- Agriculture: 37%
- Transport: 5%
- Fuel and Energy: 65%

FY 17/18: NRS. 109.2 Billion
- Agriculture: 34%
- Transport: 13%
- Fuel and Energy: 45%

Legend:
- Agriculture
- Transport
- Fuel and Energy
- R. Economic Affairs
- Other Industries
- Others
Legend

- Ministry of Urban Development
- Ministry of Agriculture Development
- Ministry of Irrigation
- Ministry of Science Technology and Environment
- Ministry of Forests and Soil Conservation
- Local Government
- Ministry of Finance
- Other

Note: The MoSTE was changed to Ministry of Population and Environment in FY 2016/17 so there was 0% allocation to MoSTE in the same year.

Ministry of Finance keeps a lump sum to address unexpected needs including natural calamities. It also includes budgetary allocations for financing debt services, and research for special projects such as hydropower and physical infrastructure development.
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Photo credit: UNDP Nepal

UNDP’s Governance of Climate Change Finance Programme
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