



Nepal's Green, Resilient, Inclusive Development (GRID) agenda: Status and Next Steps

Briefing for AIN

January 13, 2022



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1. What is GRID?



Green



Both public and private sector led development need to be driven by sustainability to help secure current and future growth.

Growth can be limited by risks such as climate change, natural disasters, health effects of pollution, and biodiversity loss.

Resilient

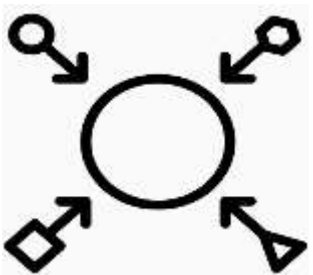


To increase the chances to bounce back from inevitable future shocks, there is a need to better prepare for reducing, adapting to, and recovering from a wide range of risks and uncertainties.

These include recessions, financial shocks, conflict, natural hazards, natural capital degradation, climate change, pollution, and pandemics from zoonotic diseases.

These risks and uncertainties are also often inter-related.

Inclusive



Rising inequality and exclusion impede development.

Recovery efforts should therefore leave no one behind, reduce disparities in opportunities and outcomes, and help excluded groups realize a fair share of benefits.

Unlocking the potential of human capital helps drive resilient green growth.

GRID is an opportunity for Nepal

The GRID approach can deliver short, medium and long-term benefits to Nepal's people, the planet, and Nepal's economy.

- **Short term:** economic recovery from COVID-19
- **Medium term:** economic growth and good new green jobs from climate-smart agriculture; sustainable forest management; tourism; clean manufacturing; clean energy; and more resilient infrastructure, communities, and cities.
- **Long term:** ensure that Nepal's development is more sustainable, efficient, resilient, and inclusive, and moves Nepal to zero carbon status before 2050.

GRID is a new approach

GRID is a more integrated, cross-sectoral, and comprehensive approach to generating higher quality growth and development while addressing a “perfect storm” of challenges:

- Covid has exposed structural weaknesses in all economies, reversed development gains, illuminating the **interdependence** of people, the planet and the economy. **Nepal is no exception.**
- Covid recovery, poverty, inequality, climate change, and natural capital degradation, and joblessness are **inter-related challenges.**
- The poor and vulnerable are **disproportionately impacted** by climate change, Covid, and environmental conditions.
- A recovery package that does not follow a GRID approach will likely lead to a **lost decade of development.**

GRID builds back better

Towards integrated development solutions

- Facing the inter-related challenges requires greater focus on long-term **sustainability** and need to be addressed **simultaneously** and **systematically**.
- Good **investments** and **policy** need to be accelerated, and financing **convened**: ODA, fiscal policy, national budget, private sector, etc.
- **Trade-offs** and **mutual benefits** across sectors must be managed (i.e., watersheds for multiple uses)
- Sectors, stakeholders, and partners need to **cooperate**

GRID has strong international momentum

Several countries and institutions are recalibrating their development planning, including Nepal and the World Bank and 16 other DPs

- The GoN and development partners have adopted the GRID approach, led by the GoN, to convene and coordinate investment and reinforce a supportive policy framework
- The World Bank Group in 2021 committed to GRID as a necessary “paradigm shift” in development globally
- The Bank also committed to align its financing to the Paris climate agreement from July 1, 2023
- Several partners have also similarly shifted their economic and overseas development policies
- **The challenge now is to operationalize GRID**
- Nepal and its partners have taken important early steps

2. GRID in Nepal: the story so far

Milestones

July 21, 2020: WB/UK proposed a Joint Green Recovery Framework, to which other DPs agree.

Sept 28, 2020: IDPG members met with Hon. Dr. Yubaraj Khatiwada for guidance on Green Recovery Paper

Oct 8, 2020: IDPG presented Green Recovery Paper highlighting Nepal's opportunity for Green Recovery to the 3R Steering Committee.

Sept-Nov 2020: Task team mapped programs of 20 DP agencies to *Green Recovery*

Dec 11, 2020: Joint IDPG-GoN (MoFE) *Statement on Green Recovery*, released the same day as the Climate Ambition Summit 2020. DPs also present an estimated US\$7.4 billion in pipeline and ongoing projects to support Nepal's green recovery.

Dec 15, 2020: IDPG meeting with private sector (FNCCI, CNI, Hotel Association) on Green Recovery approach and potential synergies

March 19, 2021: Joint IDPG-GoN agreement to transition the "3R Steering Committee" into the new GRID Steering Committee, and GoN's adoption of GRID approach.

April-May 2021: Agreement among MoF and DPs to (i) hold a high-level Roundtable on GRID, (ii) develop a GRID Strategic Action Plan, (iii) develop a WB-financed GRID policy operation, (iv) mobilization of teams and funds to support GRID planning, and (v) advisory services starting up.

September 2021: High-level Roundtable on GRID / KTM Declaration

December 2021: Nepal announces ambitious climate targets at Glasgow COP26

2. GRID in Nepal: the story so far

GoN:

- **GoN's GRID Platform** establishment agreed, building on and replacing 3R Steering Committee
 - ✓ TORs agreed for GoN GRID platform at policy, technical and advisory levels
- **Budget:** Y77-78 budget approved with some GRID elements
- **Projects:** Several externally-financed policy and investment operations approved or under preparation

2. GRID in Nepal: the story so far

DPs:

- **Team:** GRID Support Team formed among technical staff of core partners in IDPG, and workplan developed
- **Funding for DP work:** UK, WB, and EU allocate funds for GRID planning.
- **Strategic dialogue:** GRID High Level Roundtable
- **Messaging:** Common messaging on GRID: Joint PR, joint statement on Environment Day, new project documentation
- **Investment decisions being taken in support of GRID**
- **Advisory services starting up in support of GRID:**
 - ✓ WB GRID Advisory Program: Analytics starting on GRID metrics, envtl fiscal instruments, Climate Change Development Report, etc.

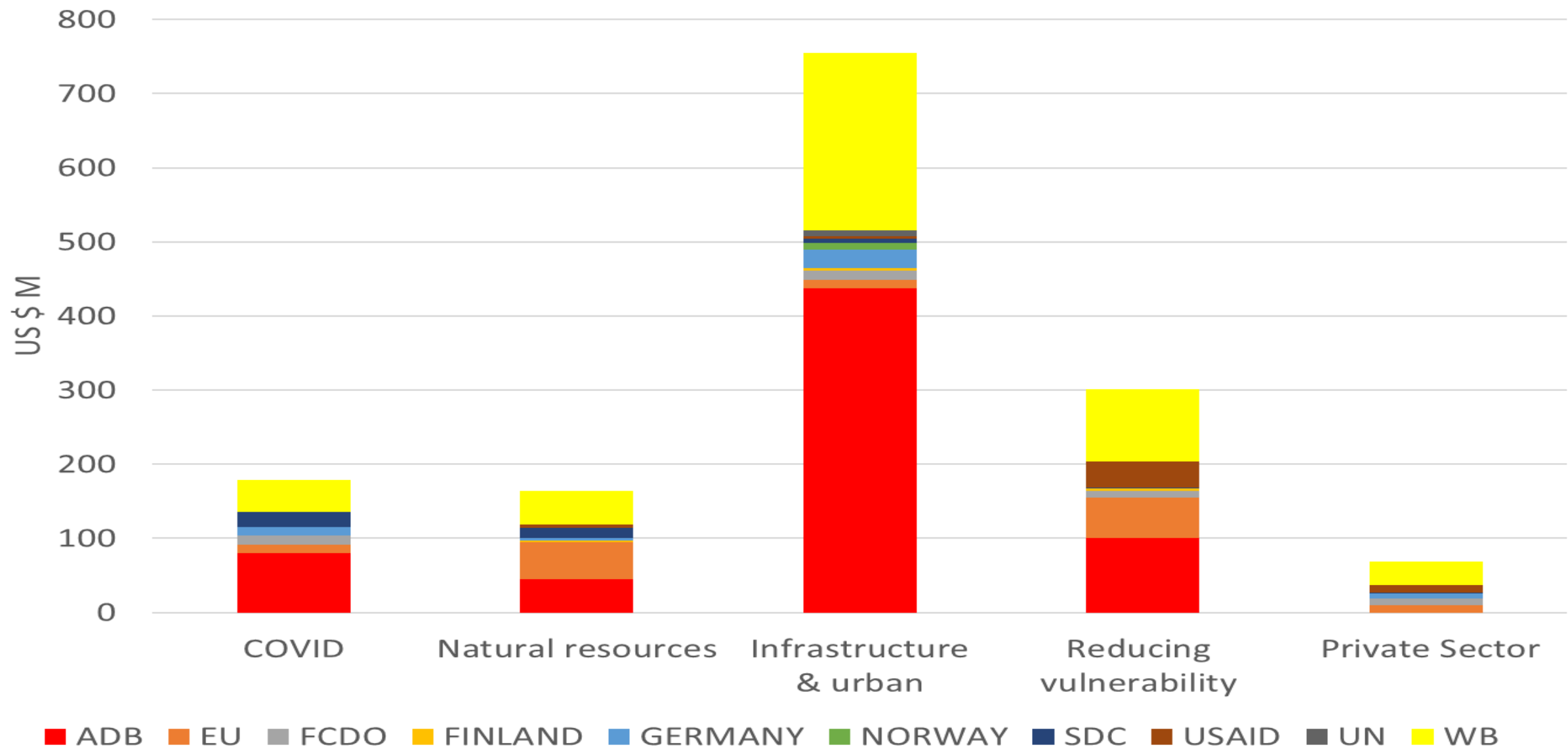
2. GRID in Nepal: the story so far

DPs have identified \$7.4 billion of near-term support:

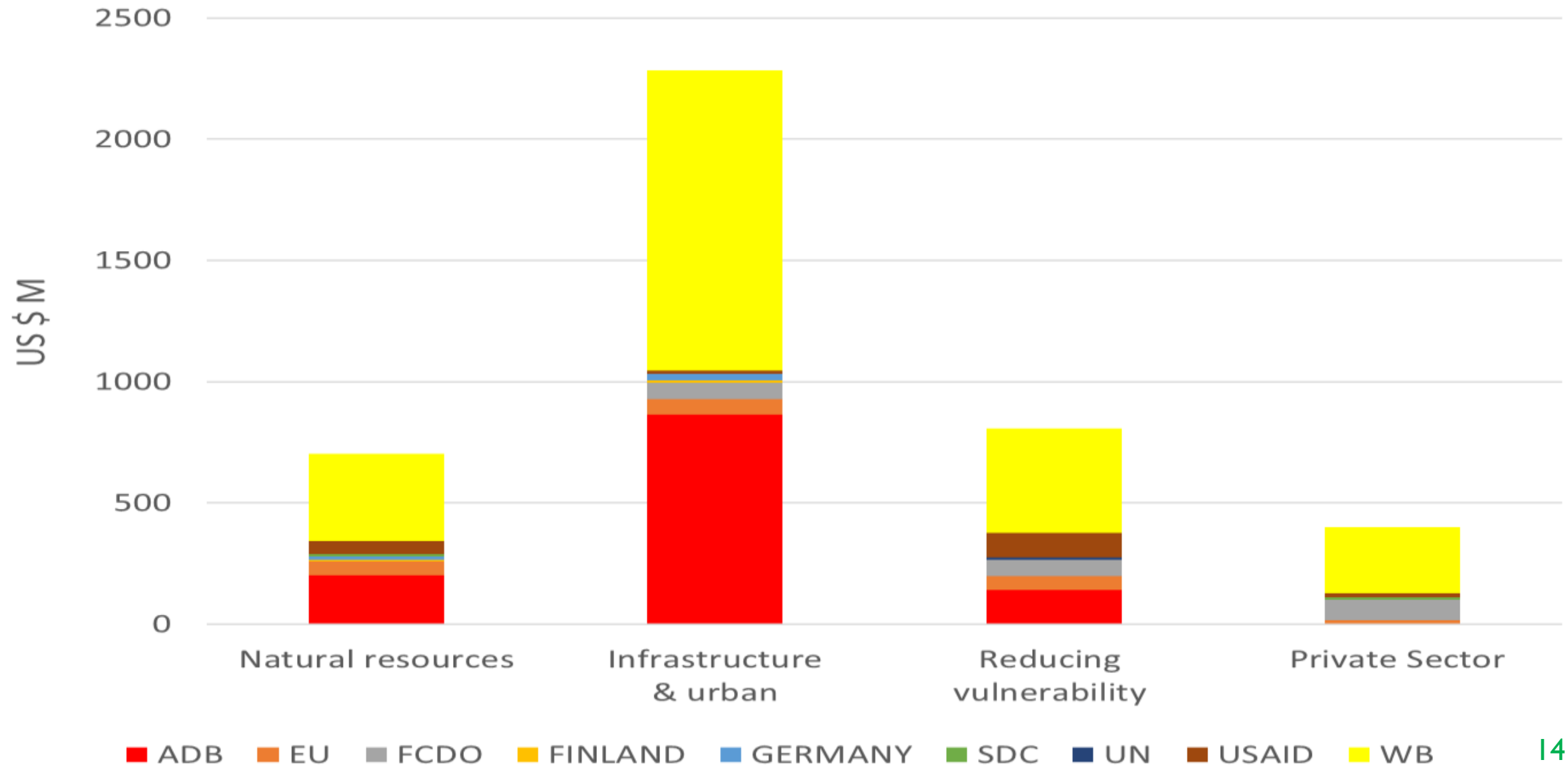
- Approx. \$3.2 Bn of GRID support from existing (pre-COVID) portfolio
→ \$1.5 Bn committed for FY 78/79
- Approx. \$4.2 Bn of commitments for new projects in upcoming programming cycles (differs by agency)
- Focus on planning for \$4.2 Bn leveraging GoN and Private Sector resources

New projects are being identified and prepared to contribute to GRID objectives.

Contribution by Partner to COVID and Green Recovery FY 78/79



New GRID Commitments by DP



3. Key deliverables

Done

- ✓ **High-Level GRID Roundtable**
- ✓ **Private sector engagement update including green investment summit**
- ✓ **GoN climate ambition targets at Glasgow COP26**
- ✓ **GoN budget reflects GRID values**

Planned

- **GoN's GRID Strategic Action Plan for Investment and Policy 2022-2030:**
TORs agreed
- **New Development Policy Operation on GRID**
- **New investment operations aligned to GRID (many)**
- **New WB Advisory Program on GRID:** starting up with UK FCDO support;
EU providing parallel support
- **TORs agreed for GoN's GRID institutional set up:** GoN Steering Committee (Secretary level) + GoN Task Force (technical level) + provincial/local consultations (UNDP supporting) + Private sector advisory group



Namaste

Extra slides

GoN GRID Strategic Action Plan for Investment and Policy

- **Govt-owned:** MOF, Planning, line ministries, provinces
- **Multi-sector:** trade-offs and mutual synergies
- **Focus on highest-impact GRID transitions:** greening the economy
- **10-year time frame anticipated**
- **Simple success metrics for both process and impact:**
Based on available appropriate metrics -- financing mobilized, jobs, emissions, disaster losses, etc.
- **Investment priorities identified:** builds on and re-calibrates DPs' portfolios
- **Policy development priorities identified**
- **Private sector opportunities and entry points identified**
- **Key knowledge convened, and gaps identified and prioritized for future work**
- **Priorities based on available analytics and national planning docs:** 15th Devt Plan, UNFCCC NDC, UNCBD NBSAP, UNCCD NAP, sector strategy, DPs' strategies, etc.
- **Try to keep it simple and swift**
- **Analytics underway:** Climate and Development Diagnostic, Green Growth Scenarios, GRID metrics and benchmarking, Climate Smart Agriculture Investment Plan, etc.

GRID Strategic Action Plan - features

Setting the vision: What does a green, resilient, inclusive economy look like, and what are the transitions Nepal would like to take to get there?

Diagnostic: Analysis of sector challenges, policy and investment gaps and opportunities and scenarios.

Investments: Prioritization of investments, including identification of potential financing sources and win-win complementarities among individual investments

Incentives: Prioritization of key policies and other aspects of the enabling environment needed for higher investment quality and quantity, both public and private, international and domestic

Institutions: Roles and responsibilities of each GoN institution and partner institution.

Inclusion: Strategic communication, sharing information, dialogue, grievance redress, and consultations.

Information: Sharing and prioritization of key information and data; filling gaps.

Impacts, objectives and targets: Such as green jobs supported, vulnerability index score improvement, area of land and forest restored, households with access to water, etc.

GoN GRID Strategic Action Plan for Investment and Policy

2022

GoN Engagement
Local, Provincial and Federal
Government Representatives

Stakeholder Engagement
Public consultation and ownership building

Initial GRID Strategic Action Plan
development
based on existing sectoral plans
and climate analysis

Sector and scenario analyses
Continued devt of GRID Strategic Action Plan

Four potential scenarios to explore key options for Nepal's GRID

Business as Usual



There is no dedicated recovery effort and Nepal's development trajectory gradually returns to the pre-COVID status quo

1

Low-emissions dev't



Nepal's economic recovery focuses on those opportunities that will deliver the greatest emission reductions in the medium term

2

Resilience first!



Nepal's economic recovery focuses on opportunities that will yield the greatest benefits in reducing vulnerability to climate and other risks

3

Green job led recovery



Nepal's economic recovery prioritises green opportunities (including both mitigation and/or resilience) that offer the greatest prospects for near-term employment

4

3.7 GoN's GRID Platform

GRID Steering Committee (Secretary level)

- We understand next week is the first meeting of the GoN's GRID Committee chaired by the Secretary of Finance. The GRID Committee supersedes the 3R Committee to help establish a longer term multi-sectoral development model. Leaders from relevant ministries and agencies would participate.

GRID Task Force (technical level)

- New entity to advance work operationally
- Guide the analysis and development of GRID Strategic Action Plan, etc.
- Engage on strategic analytics (climate, GRID) and policy operations
- Supported by Secretariat – ideally located in MoF with advisory support from DPs

DP GRID Support Team

- Participates in the above as observers upon invitation
- Leverages the full membership of the IDPG
- Provides coordinated advisory services and TA to the GoN's GRID Platform

3.7 GoN's GRID Platform

GRID Steering Committee TORs

Membership

- Chair – Minister of Finance
- NPC, PMO and Provincial governments
- Relevant line ministries including: Ministry of Forest and Environment (MoFE), Ministry of Federal Affairs and General Administration (MoFAGA), Ministry of Energy, Water Resources and Irrigation (MoEWRI), Ministry of Urban Development (MoUD), Ministry of Industry, Commerce & Supplies (MoICS), Ministry of Physical Infrastructure and Transport (MoPIT), Ministry of Home Affairs (MOHA), Ministry of Women, Children and Senior Citizens (MoWCSC), Ministry of Agriculture and Livestock Development (MoALD).
- Others (for discussion) - Private Sector Rep e.g. FNCCI.

Responsibilities

- Provide leadership for GRID Strategic Action Plan development
- Convene and ensure relevant consultations with stakeholders
- Ensure consistency with development and sector plans e.g.. Nepal's Climate Change implementation plans
- Review proposed GRID Strategic Action Plan and guide draft finalisation
- Endorse plan and co-ordinate development partner support
- Ensure relevant Government information is made available to develop the GRID Strategic Action Plan

3.7 GoN's GRID Platform

GRID Task Force TORs

Membership

Membership would comprise senior officials appointed by respective Secretaries.

- Chair – Joint Secretary, IECCD, Ministry of Finance
- Representatives of NPC, PMO and Provincial governments
- Representatives of relevant line ministries including: MoFE, MoFAGA, MoEWRI, MoUD, MoICS, MoPIT, MoHA, MoWCSC, MoALD,
- Private Sector Rep e.g. FNCCI, Civil Society Rep. e.g, NEFIN, AIIN

Responsibilities

- Guided by the GRID Committee, commission the development of GRID Strategic Action Plan
- Develop consultation plans with key relevant Stakeholders, including:
 - Provincial and local governments
 - Private sector actors in key GRID sectors
 - Civil society representatives, particularly of vulnerable groups
- Engage with sector ministries and IDPG sector working groups to ensure consistency with development and sector plans
- Guide the analysis and development of GRID Strategic Action Plan
- Support the GRID Committee to review and finalise the GRID Strategic Action Plan
- Co-ordinate development partner support for the GRID Strategic Action Plan

Green Resilient and Inclusive Development (GRID)

Toward a **GRID** action plan that accelerates Nepal's recovery

**Covid
response**

Short Term

Support interventions
that can deliver
immediate relief



Medium Term

Investment to
create jobs &
raise incomes



Long Term

Investment to stimulate
transformational
economic growth



GRID Approach

GRID Stimulus

Invest in green and
inclusive jobs
immediately
e.g. in public works
to build resilience

GRID Recovery

Invest in inclusive,
green job creation
that maintains natural
capital
& promotes inclusion

GRID Sustainability

Sustainable, low carbon,
resilient and inclusive
growth and job creation to
achieve LMIC by 2030

Potential Key Areas for Investment

1. Sustainable natural resource-based job creation:

- Sustainable forest landscapes, river basin planning and mgt, nature-based tourism, climate-smart agriculture, value chains, and community livelihoods and skills

2. Infrastructure for clean power, safe and clean transport, and resilient service delivery:

- Jobs in green infrastructure including nature-based solutions, water supply and sanitation, clean energy jobs, digital connectivity

Immediate COVID Response Support:

COVID-19 Health Related support; Adapting programs to local responses; Livelihood support, Targeted support to the vulnerable

3. Creating a cleaner environment for people, cities and tourism:

- Clean transport, smart cities, air quality management, urban water and waste management, clean and green industrial policies, low-impact high-value tourism

4. Reducing immediate vulnerability and building resilience:

Resilient health systems, shock responsive social protection systems, disaster risk management systems, information systems and innovative technologies, community livelihoods