

Speech delivered by Hon. Finance Minister Dr. Yuba Raj Khatiwada on V₂₀ Meeting during the IMF-WB Annual Meetings in Bali, Indonesia, on October 14, 2018

Thank you Mr. Chair for giving me time to speak on behalf of the most vulnerable 20 (V₂₀) countries. Thanks to the organizers for undertaking this meeting and showing solidarity with climate change affected countries like ours. It is unfortunate that we have to represent V₂₀, or most vulnerable countries, meeting on climate change and it has happened for none of our fault. This is pity that we are being adversely affected by the events which we were never party to. I think, we have to take up the issue with major player of climate change matters which create vulnerability to all of us. Our contribution to Green House Emission is very little as compared to our population; we generate 0.023 percent of greenhouse emission of global GHG emission with about 0.39 percent of the global population.

We have been vulnerable to several areas that includes our topography. We are in mountainous region. About 15 percent of our geography is mountain and most of it is covered by snow; and we can imagine, what happens to our South Asian Neighbours, when snow melts down, in particular to small island countries like Maldives. The melting of our snowy mountains is not our doing this is a kind of shock that we face because of the global climate change issues.

The diversity of our country Nepal is very much sensitive to climate change. We are vulnerable to its ecology, hydrology or ecosystem. And everything is being adversely affected. That includes the major livelihood of Nepali people which is agriculture. Two third of the Nepali population is in agriculture and it has to work with rain fed agriculture and also with the snow fed rivers flowing from snow-capped Himalayas, which irrigate our land. Erratic rain falls, flash flood and several climate change generated diseases related to agriculture crops are adversely affecting our farmers. Some new diseases are also coming along with drug resistance of some disease which are putting threat to our health services in this area. And then water, the renewable energy source, which comes from the mountains is also having erratic trends. So, the major energy potential of the country, which is hydropower is also being adversely affected. By the same time, there is often the risk of glacier melt down posing different disasters to the settlements in the downstream. Nepal, not being a party to the climate change matters in terms of having generated greenhouse gas, is nonetheless working very hard to implement proper adaptation methods. We also have the global commitment to mitigate some climate change related impact. Nepal has developed national climate change adaptation plan which is in implementation. We have also adopted our local adaptation plan for climate change which is unique and could be an example for several countries. It's very much localized and decentralized approach to see that communities are involved in this climate change adaptation process. We have also developed climate smart Villages. We can call it Climate Resilient Villages. With the communities, the government is working closely. Some international donors and regional governmental organizations like ICIMOD (International Centre for Integrated Mountains Development) they are helping us towards developing Climate Resilient Villages. We are also developing our curriculum for the school children to see that they are part of the whole process as they grow young. All the NGOs, Cooperatives and Private Sector Organizations are also part of this whole process which have been broadly mainstreamed in our every development activity. The government has also mainstreamed climate change adaptation in its periodic plan and in its programmes. The cross-cutting issues are duly addressed in respective sectors like in agriculture, in industry, in commerce, in tourism and in several other areas that includes energy and also transport. This is how the climate change matters are mainstreamed in the budget and programmes. We also have very good practice, I think, it is also being done in some other countries, the climate change audit of the budget from climate change perspective. The budget of the government every year is audited based on allocations made to climate change initiatives. This shows how much of our budget is directly related to the climate change adaptation. About one third of our budget is directly related to the climate change adaptation and mitigation. We are trying to increase the share to see that our budgetary process is more and more climate sensitive

and we try to adapt and mitigate some adverse impacts to the development activities we do. We do have the fairly decentralized governance structure where now the sub-national governments are also to be capacitated to see that this climate change matter is addressed by governments at all the levels. Elected representatives are being involved and being created awareness on climate change to see that they are also part of the local planning and budgeting process and get ready to any kind of adverse shocks they might have to face out of the climate change issues.

Let me briefly also speak about the Sustainable Development Goals. Nepal was one of the early countries to prepare National report on SDGs and also to do the needs assessment and costing for all the SDGs. We have also been able to cost the interventions which are related to adapting climate change. I think, this is something which we should be doing urgently. We have to achieve the SDG13 along with meeting other SDGs. In particular, as all the SDGs are interconnected and cross-cutting in nature. Any interventions in agriculture, energy or transportation or urban development or industry whatever have climate change related implications and the issues are duly addressed in each and every goal that we intend to achieve under SDGs. But I must remember also SDGs 17 which talks about collective responsibility and partnership. And here I thank G₂₀ for having initiated all these things to see that the most vulnerable countries are not left far behind and in particular to the government of Germany which has taken these initiatives. Thank you for taking the lead in this process. We want to work very closely with the governments all over the world to see that humankind as the SDG has expected does not suffer more from the kind of unwanted activities we do to propel our economy.

Having said that I would also urge that we need to have foreign or external assistance in the form of grant when it comes to climate change related adaptation and mitigation. This is because our challenges are immense, poverty is the major challenge. And, when people are in absolute poverty, we cannot do much in addressing many things related to environment or climate change. Hungry people have to be fed first. So, there remains a challenge-fiscal gap to see that more resources could be globally mobilized in the form of grant. I repeated this again because this is something where additional grant is mostly needed because this is not something that we can repay from our own activities. We do not want to be in burden with the debt by just borrowing money to address climate change related issues. So, this is our concern and capacity building to see that our social system, our economic system, our private sector, our non- governmental organizations to ensure that everybody is on board to address and to see this climate change does not further affect to the goal of community. For that, I think, support from the global development partners including multilateral organizations like the World Bank and ADB is critical. I think that could be instrumental and I do hope that this kind of dialogue will help us to further enhance our collaboration. And also it becomes a platform to exchange our experiences and to show our common commitments towards addressing the climate change related vulnerability.

Finally, one word about low income country, and least developed country in UN parlance. Being a least developed country, we want to graduate from LDC in the next four years' time and we are lagging behind only in one indicator, that is, vulnerability. And if the vulnerability is coming not from economic shocks but from social and environmental shocks, I think, there is something related climate change that we must address collectively. So, to graduate from LDC, we need to properly address the climate related vulnerability as well. And for that we solicit support from all the development partners.

I thank you all.