



# **Annual Report 2021-2022**

**Big change starts small**

**Practical  
ACTION**





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# RIDING THE RAPIDS

## Message from the Regional Director

Like every other country, the COVID-19 pandemic took Nepal on a turbulent ride. Nepal experienced ups and downs, mostly the downs, as the economy slowed down and businesses suffered. The untimely rain and floods that led to the loss of agricultural harvests and assets added to the loss. But the government's effort to accelerate the vaccination campaign was a positive motivation. The journey after COVID has been like riding the rapids. Risks exist, but the only way to reach the destination is to row together across the rapids.

The recent budget of Nepal expects that the economy will grow by 8%, with an emphasis on agriculture, tourism, hydropower development, etc. It is ambitious, but it is good to be optimistic as well. But the reports of the World Bank (WB) and Asian Development Bank (ADB) show that Nepal will experience a growth rate of around 4% only. On the other hand, the growth rate of inflation in the country is alarming, and it will directly impact people's lives, mostly the poor and vulnerable ones. Therefore, the relevance of our work in all the change ambitions (Farming that works, Resilience that protects, and Energy that transforms) is more than ever. Our work on clean and efficient energy services, which includes cooking and productive uses will promote domestic consumption of electricity and reduce fossil fuels consumption, enhancing health and quality of life. Similarly, our work on resilience that protects is relevant for communities to minimise preventable losses due to increasing climatic events, and our work on farming will supplement food and nutritional security, people's income and increase their resilience.

Looking back at the year gone by, we were able to reach our communities and work with them even during the COVID spikes and subsequent lockdowns. We focused on research and studies and continued to position

ourselves as the leader in clean cooking. We are a key member of the "National Electric Cooking Campaign", and contributed actively to discussions on cook stove standards, household safety, reliable electricity, and equitable electricity tariff. We will continue to work with high-tier biomass solutions in communities where electric cooking is not feasible in the near future. We are piloting a project in building nexus with agriculture by increasing energy efficiency and encouraging productive use. We will continue to do the same and have a much stronger presence in the sector in the coming days.

Similarly, through our work on resilience that protects, we focused on strengthening early warning systems and resilience of the flood-affected communities jointly with the government stakeholders, the National Disaster Risk Reduction and Management Authority (NDRRMA), private sectors, and other relevant institutions. We are active contributors and advocate for developing early warning systems that respond to multi-hazards. We continue to work jointly with system actors at all levels to foster climate resilience. Our initiation of the Index-Based Flood Insurance (IBFI), conceptualised for the risk transfer of flood-affected communities, remained a highlight.

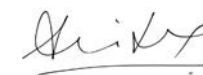
In the context of our work on farming that works, continuing our efforts for uptaking agroecology, regenerative, and climate adaptive technologies and practices in farming, we developed a programme that envisions viable, green, and circular business models that contribute to the same. We initiated efforts to work on dairy, goat, coffee, vegetables, mandarin, and walnut value chains. It will remain a priority to continue and explore internal and external markets for the same. Amidst the crisis, these initiatives will contribute to market development and transform the rural economies for employment and livelihoods.

However, the campaign we are on requires more intensive work for success. As we believe that big change starts small, our journey towards that change continues. All our change ambitions have taken up some initiatives of pride in the last year, which are yet to paint that transformative picture. Digital innovation is one of our achievements this year. As the world has been taking a digital shift, particularly after COVID, so has many interventions in Practical Action. The introduction of the mobile-based learning application and a digital B2B platform targeted for the market development of electric cooking is an example of the same. It will surely minimise the gap between the suppliers and retailers and will increase the awareness in communities to adopt electric cooking.

Our works on Index-Based Flood Insurance (IBFI) and our advocacies around loss and damage financing in Disaster Risk Reduction (DRR) and preparedness are highly appreciable. I believe these initiatives will make a notable difference in the DRR landscape of the country.

Similarly, our study last year on output-based incentives for restoring soil health and efforts made to update the participatory market system development toolkit are signs of how we are adapting to the changing environment and updating ourselves for the better.

All these achievements and works would not have been possible without the support of our donors and partners. The flexibility that is provided by the donors to be innovative and contextual is highly appreciable. When it comes to the delivery end, none of these efforts would have been successful without the support from all three tiers of the government and our local implementing partners. Collaboration and teamwork lead to success, and we are highly grateful to all the collaborators of Practical Action.



**Achyut Luitel**





# BIG CHANGE starts small



Practical Action is an international development organisation putting ingenious ideas to work so people in poverty can change their world. We help people find solutions to some of the world's toughest problems. Challenges made worse by catastrophic climate change and persistent gender inequality. We work with communities to develop ingenious, lasting, and locally owned solutions for agriculture, water and waste management, climate resilience and clean energy. And we share what works with others, so answers that start small can grow big.

We're a global change-making group. The group consists of a UK registered charity with community projects in Africa, Asia and Latin America, an independent development publishing company and a technical consulting service. We combine these

## Our Vision is a world that works better for everyone.

specialisms to multiply our impact and help shape a world that works better for everyone. We believe in the power of small things to change the big picture. And that together we can take practical action to build futures free from poverty. In Nepal, Practical Action is focused on putting ingenious ideas to work to contribute to poverty reduction and sustainable wellbeing for all through our works on three thematic areas: Energy that transforms, Resilience that protects, and Farming that works.

## Our REACH and IMPACT



We raised  
**£1.34 million**

We spent  
**£1.34 million**

We delivered  
**16 PROJECTS**

covering  
**26 DISTRICTS**

across  
**6 PROVINCES**

reaching out to  
**39,570** people directly  
♀ 17,987 ♂ 21,583

**354,177** people indirectly  
♀ 170,022 ♂ 184,155



# Paving the way FORWARD



After a few turbulent years due to COVID, the upcoming years will remain of utmost priority to Practical Action to regain momentum and continue working with the communities on ingenious ideas and solutions. COVID-19 has bruised the country and communities in various ways and has made us more relevant than ever. Therefore, we will focus on supporting the governments and communities to speed up the recovery.

In our programme theme, Energy that transforms, we will continue to work with the communities to **increase their access to clean cooking and productive use of energy**. The prime objective is to adopt and adapt the use of clean and efficient energy services to enhance people's health and climate. While doing so, Practical Action will coordinate and collaborate with the major stakeholders for market transformation to facilitate informed choices among the buyers and sellers.

We have data and evidence generated from our action research on electric cooking. We have experts who are aware of community cooking needs and priorities, and we know that solutions must be appropriate for their uptake to be sustained. Therefore, we will continue working on the market transformation of electric cooking and high-tier biomass cooking solutions to reach more households. Similarly, we will also be testing our idea of integrating modern energy services into the agriculture value chain. We will start with the dairy value chain and expand to the other two energy-intensive agriculture value chain.

Similarly, our work on the Resilience that protects programme theme aims to **reduce disaster risk and build the resilience of people**, especially the highly climate-vulnerable including women, poor and marginalised people living in the Sudurpachim, Lumbini and Karnali Provinces of Nepal.

Index-Based Flood Insurance, the first product of its kind in Nepal, was launched this year. We will pilot this initiative with the communities residing on the banks of the Karnali river and gather learning and experiences to upscale it in other flood-affected communities. Support from the government at all levels will be crucial to the success of this product. Therefore, we will continue working with the governments and communities to uptake and upscale the insurance for risk transfer.

We will also focus on supporting the policymakers to **increase investment** to localise the Multi-Hazards Early Warning System (MHEWS), climate technologies and integration of climate and resilience in the planning process at all levels of government. To achieve this, we aim to strengthen our collaboration and partnership with the private sector, local government, federal government, and academic institutions at the national and international levels. At the international level, we will advocate bringing loss and damage financing mechanisms for countries like Nepal. This financing mechanism should be added to the adaptation and mitigation finance agreed to invest in developing countries.

Similarly, in 2022-23, we will focus on **enabling the development of market systems that support regenerative agriculture for safe food products**. We will continue to demonstrate, learn, and inspire for wider scaling up of Agroecology, Regenerative and Climate Smart (ARCS) agriculture systems to ensure food security and livelihoods of smallholder farmers along with safe, resilient, profitable, and competitive agriculture. To achieve this, we will adopt the following four key pathways.

We will develop and strengthen market systems for safe food products using the Participatory Market Systems Development (PMSD) approach, developing participatory market forums, empowering market actors, facilitating Business-to-Business (B2B) linkages, and co-creating inclusive business models for expanding private sectors' outreach in remote areas.

Adapting to the changing climate is the priority. Therefore, we will collaborate with civil society organisations (CSOs), government, academia, and research institutions to demonstrate, learn, and inspire the scaling up of ARCS practices. Our policy work on regenerative agriculture for scaling up soil health will translate into action from our work with the local governments.

We will also ensure that financial access does not limit smallholders' potential to commercialise agriculture for which we will work with banks and financial institutions, to develop appropriate and affordable digital financial products and services for smallholder farmers, especially women.

While doing all of this, we will take a gender-transformative approach to improve the family dynamics between men and women, help in sustaining change by creating an enabling social environment for women to be financially independent, encourage workload sharing (freeing up women's time) and reduce gender-based violence. Through agency-based empowerment, we will build women's confidence and agency (self-awareness, self-confidence, patience), which will help them to make informed decisions and engage with service providers to influence the design of women-centric financial products.



# Our Support SYSTEM

Our commitment to identifying ingenious ideas to work so that people in poverty can change their world has been possible only due to the powerful community of support we have developed and the dynamic team of people who work with us. It includes our generous donors, locally rooted partner organisations, compassionate private sector partners, consortium partners and alternative thinkers who want a world that works better for everyone. Most of all, our work would not have been possible without the support of the Government of Nepal.

## DONORS & PARTNERS

Ajummery Bikas Foundation (ABF)  
Asian Disaster Preparedness Center (ADPC)  
Build up Nepal  
Centre for Community Development Nepal (CCDN)  
Centre for Social Development and Research (CSDR)  
Clean Cooking Alliance  
Coffee Cooperative Union, Sindhupalchowk  
Development Concern Society (DECOS)  
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)  
Dhaulagiri Community Resource Development Center (DCRDC)  
Energising Development (EnDev)  
Foreign, Commonwealth and Development Office (FCDO)  
Frankfurt School of Finance and Management / InsuResilience Solutions Fund  
Global Challenge Research Fund (GCRF) – UK Research and Innovation

International Centre for Integrated Mountain Development (ICIMOD)  
Modern Energy Cooking Services (MECS)  
Mott MacDonald  
National Association of Community Electricity Users–Nepal (NACEUN)  
Nepal Red Cross Society (NRCS) Dang and Surkhet District Chapters  
Stonestep  
The Netherlands Enterprise Agency  
Ujyalo Multipurpose Co-operative  
United Nations Environment Programme (UNEP)  
United States Agency for International Development (USAID)/ Bureau for Humanitarian Assistance (BHA)  
University of Edinburgh  
Zurich Foundation





# ENERGY

## that transforms

# 3,112

people directly benefitted  
from our work including  
2,017 women and 1,095 men.

# 21,467

people benefitted from our  
works indirectly including  
13,384 women and 8,083 men.

# £0.12 M

spent on our energy  
that transforms programme.



Our programme theme, ‘Energy that transforms’, aims to **help more people harness the transformational power of clean, affordable energy and to reduce avoidable deaths caused by smoke from indoor stoves and fires.** Sustained use of clean cooking solutions is our main objective for which we implement post-purchase behaviour support programmes and monitor the use of cookstoves at regular intervals. To achieve our change ambition, we work with the private sector to bring them close to the communities. We develop and strengthen the capacity of last-mile distributors and facilitate the development of sustainable markets to deliver clean and affordable cooking solutions.

We partner with NACEUN to strengthen the capacity of their member Community Rural Electrification Entities (CREEs) to provide better services to support the growth of productive uses and electric cooking in rural areas. We completed the “Improved cookstove market development in Nepal” project where **we reached 25,000 people with Tier 3 biomass cookstoves and 2,500 people with induction cooktops.** The pilot of 500 induction cooktops supported by the market assessment study on electric cooking and action research on ‘Identifying factors for electric cooking adoption’ increased our confidence to start a new project on electric cooking in November 2021. We are working with around 50 last-mile distributors and 31 CREEs to create demand through awareness and live cooking demonstrations. Our work to capacitate last-mile distributors to sell electric cooking solutions to remote and rural areas has been supportive in accelerating the growth of the electric cooking sector and advancing the achievement of Nationally Determined Contribution (NDC) goals.



To achieve national electric cooking targets and unlock the considerable potential in Nepal to transition to electric cooking, a detailed understanding of the economic implications, suitability of electric cooking for local electricity systems, and everyday cooking practices of people were needed. We were able to do so with support from MECS, CCA, and EnDev. Knowledge products (policy briefs, blogs – [www.mecs.org.uk](http://www.mecs.org.uk), video, reports) were published and disseminated to wider audiences. The knowledge products provided recommendations on the path to clean fuel stacks, the need for hassle-free and swift after-sales services, the benefits of electric cooking, and the behaviour change required at different levels for the adoption of electric cooking. Those were useful to inform policymakers and investors about the opportunities and potential challenges for scaling electric cooking in Nepal. It has significantly helped to recognise us as a key contributor to this space with real-time data and evidence.

*A happy user of electric cooktop in Tanahun who believes life has become easier with more time to engage in other activities.*



Our research confirmed that electric cooking solutions are compatible with 80% of Nepalese local food menus. We also won an award from Netherlands Enterprise Agency (RVO) to support our ambition to boost the electric cooking market through digital innovations. Our ongoing work to develop a **digital B2B platform for connecting importers/suppliers with last-mile distributors** to promote standard quality electric cooking solutions will contribute to the easy availability of these solutions.

We also understand the differential cooking needs that are not met by the same kind of solutions. We will work with Tier 3 biomass cooking solutions where households demand biomass cook stoves, and electric cooking is not feasible. We will work to reach 75,000 households in Lumbini and Sudurpaschim Provinces to install biomass stoves.

Through an additional contribution from ENERGIA, COVID-19 Solidarity Fund was established to support women entrepreneurs of our projects in recovering from the crisis brought upon by COVID-19 and building resilience for the continuation and growth of enterprises.

## From a business owner to a successful business owner



*Ranjita and her sister jointly check and verify the accounts of her business.*

“There has been an increase in electricity consumption by 60% but the profit that it has yielded has surged and so has our efficiency in the business” Ranjita Silwal proudly shared.

Ranjita is a resident of Ichhya Kamana Gaupalika-5, Mugling, a busy hub as it is a gateway to multiple destinations in Nepal. The eateries in this area were significantly at loss despite the continuous flow of passengers due to the lack of proper service, cleanliness, and knowledge on upscaling the business. One of the many business owners impacted by this was Ranjita.

Despite the family running the business for almost a decade, Ranjita felt that she lacked knowledge of bookkeeping, optimising the use of clean energy for better income generation, customer service and so on.

Through the interventions led by Practical Action, Ranjita amplified her business gains with the productive use of electricity. The project, Strengthening the Capacity of Nepal’s Energy Sector to Deliver Gender Equality and Social Inclusion (GESI) –was a consortium led by Hivos/Energia with Practical Action Consulting (PAC) and Centre for Rural Technology Nepal as implementing partners and the National Association of Community Electricity Users–Nepal (NACEUN), a strategic partner.

The interventions carried out encouraged 52 women business owners to increase their electricity use productively and rendered support to improve their businesses. She received training in business development skills including bookkeeping, customer service and leadership skills. It enhanced her confidence enough to support fellow business enthusiasts to kickstart their businesses profitably. With the profits she earned, she expanded the business further, recruiting more staff and adding more electrical appliances.

Many other women entrepreneurs and business owners benefitted from the support. It provided the required knowledge to the business owners to register their business, the loan application process, identify the loopholes in their business, and customer services to upgrade their service for better income generation.

Ranjita also received the solidarity fund provided by the consortium partner ENERGIA in the same project as partial support to businesses stricken by the pandemic. Through this fund, she purchased an electrical appliance that helped in the efficient functioning of her business.

“Our business earns about 70 to 80 thousand monthly profits.”, claims Ranjita with pride. She now has bigger dreams and is driven enough to expand the existing family business to a guest house.



# FARMING

## that works

6,940

people directly benefitted  
from our work including  
3,040 women and 3,900 men.

37,461

people benefitted from our  
works indirectly including 19,203  
women and 18,258 men.

£0.16 M

spent on our farming that works programme.



Agroecology, Regenerative and Climate Smart (ARCS) based agriculture system presents an alternative, more sustainable future for food production. Our agriculture programme theme, “**Farming that works**”, aims to **improve the food security and livelihoods of smallholders to build safe, resilient, profitable, and competitive agriculture**. We work with a wide range of actors: government, civil society organisations, private sector actors, academia, and research institutions to bring systemic changes and create sustained impact at scale.

However, challenges exist on a bigger scale. Agriculture commercialisation in Nepal is usually achieved by intensifying production and the use of external inputs such as chemical fertilisers and pesticides. The market has developed to support this form of ‘industrial’ agriculture, and it is widespread such that it is the ‘conventional’ approach to farming now. This form of agriculture has led to high greenhouse gas emissions, degraded soils, massive soil nutrient loss, biodiversity collapse and health problems among agricultural workers and consumers, threatening the sustainability of agriculture and food security.

Our agricultural interventions are grounded in providing ingenious solutions to the toughest problems in the agriculture system. We commenced a three-year project, “Samunnati - Building climate adaptive farming opportunities and improved livelihoods for women and marginalised groups in Nepal”, to unpack the complexities of poverty, climate change and feminisation. This project, funded by the UK Aid, is being implemented in eight municipalities of three districts to improve economic and social resilience from market-oriented agriculture production and off-farm employment. The project works directly with 6,000 beneficiaries, farmers’ cooperatives, CSOs, women networks, agro-vets, business service providers, insurance companies, bank and financial institutions, development partners and local government.





*A dairy farmer delivering milk to the collection centre.*

**Inclusive market development** has been a crucial component in all our agriculture work. Our long-standing expertise and experiences in market tools and approaches have demonstrated transformational changes in the agriculture and livelihood of farmers in rural areas of Nepal. We have launched an updated **Participatory Market Systems Development (PMSD)** toolkit after a process involving a lot of consultation in-house and outside and testing of different tools. The PMSD has been revamped in a much shorter form to point people in the right direction of potential tools and resources rather than laying everything out for them. The revamped PMSD toolkit remains enshrined in its original core principles: systems thinking, facilitation, participation, and now gender. We will continue to share the good practices in market development with wider groups in the development space.

With support from the agriculture thematic hub, our Nepal office conducted a study last year on **“output-based incentives for restoring soil health in Nepal”**. The hub is a global learning platform of Practical Action that provides a space to innovate, learn and inspire each other to replicate good practices internally. The study was conducted as an action point of the “Multi-stakeholder Action Plan”, a broader plan supported by Practical Action and owned by the Ministry of Agriculture and Livestock Development. It has

identified essential interventions and roles of different stakeholders to meet the 4% soil organic matter target of the Agriculture Development Strategy and Second Nationally Determined Contributions. The study has recommended a framework for developing incentive mechanisms for smallholder farmers based on their efforts to restore soil health in Nepal. We will work with local government and CSOs to pilot and scale up these incentive mechanisms.

Dairy is a key sector in which Practical Action has been putting efforts for a decade. In June 2021, we concluded a three-year project, Dairy for Development (D4D). Based on the learning and recommendations from the project, we look forward to working in the sector on promoting pluralistic extension approaches, strengthening markets, digitalising the dairy value chain, empowering women farmers across the value chain through gender transformative approaches, and creating a circular agriculture system through promoting resource exchange between livestock and crops such as manure, feed etc. to restore soil fertility.

Last year, we also supported the Swiss Development Corporation in preparing the provincial Agriculture Development Strategy for Madhesh Province through our consulting arm-Practical Action Consulting.

## Translating agroecological techniques into action: from Peru to Nepal

We are happy with the results of various agroecological techniques that we have piloted”, said Mandu Thapa, Chairperson of Coffee Cooperative Union, Sindhupalchowk. “Diversification (Multi-strata agroforestry including shade trees and intercropping) in the coffee orchard is what I liked the most as it makes the orchard look clean and well-managed. Now our learning needs to be disseminated to many other coffee farmers for solving pest problems and improve the productivity and quality of coffee”.

She added, “The idea of using cascara was new to us. It helps farmers to earn more money and to keep the environment clean. Previously, we did not care about the water from coffee pulping, but now we know that the water is very harmful to the environment as it emits greenhouse gases. Therefore, that water is treated.”

Mandu Thapa is helping many coffee farmers in the Sindhupalchowk District with production and marketing. According to her, coffee production is good this year, and she has to find additional buyers to export coffee. She is coordinating with local government and other stakeholders to find resources to scale up agroecological techniques for coffee orchard management.

She also recalled the learning trip to Peru and how she could support farmers to pilot the agroecological techniques that they learnt. In recent years, coffee farmers are facing several challenges in maintaining the quality and volume of their coffee harvests. Pests and diseases, deforestation, soil degradation, dry lands and climate change are causing big losses. In the typical Practical Action style, we approached this challenge through cross-cultural learning and cooperation.

In 2019, Practical Action organised a learning exchange trip between two global souths: Peru and Nepal. A team from our Nepal office, the chairperson of a Nepali district coffee cooperative from Sindhupalchowk and a group of coffee farmers visited coffee farms in the rural areas of Peru. They learned about the different techniques and practices of growing coffee that resulted from various projects and research that the Peru team have been doing in the region for over two decades. The Nepali farmers learned that new sophisticated equipment is not always the most important. Judicious use of simple technologies and practices can make a big difference in quality coffee production.

Some of the agroecological techniques observed in the coffee orchards in San Martin of Peru included:

- Agroforestry system of orchard management with good diversification of trees, shrubs, herbs, and other interesting crops/activities like cocoa, bamboo, and beekeeping and fish farm integration
- Planting design that maintains a proper distance between rows and spacing of the plants
- Fertigation (Drip irrigation with fertiliser)
- Mulching and covering crops
- Pheromone traps to control pests
- Contour bunding/planting to prevent erosion of soil

After the learning trip, Mandu Thapa supported coffee farmers in four clusters of Sindhupalchowk District (Ichowk, Talamarang, Karkitar and Ukhubari) in piloting agroecological techniques such as **multi-strata agroforestry system, wastewater treatment, drip irrigation, sun drying of coffee parchment, use of cascara, farmyard manure management, use of cover crops, use of biofertiliser and biopesticides, and soil analysis**. Soon, she hopes to expand agroecological techniques to many other coffee farmers. She also dreams of making Sindhupalchowk, a model coffee district in Nepal.



# RESILIENCE

## that protects

29,518

people directly benefitted from  
our work including 16,526 women  
and 12,992 men.

295,249

people benefitted from our works  
indirectly including 151,568 women  
and 143,681 men.

£0.58

spent on our resilience that  
protects programme.



Our programme theme, **Resilience that protects**, aims to **implement climate and Disaster Risk Reduction (DRR) actions jointly with local government and local communities alongside working closely with the federal and provincial government in the policy and strategy development process**. These actions contribute to mainstreaming climate change and DRR into the development plans and policies by increasing investment in risk reduction and climate change adaptations and introducing appropriate climate risk reduction technologies, assuring the benefits reach the women, poor and climate-vulnerable communities.

Nepal is prone to multiple hazards and climate change has increased the intensity and severity of hydrometeorological hazards leading to the loss of lives and livelihoods, and serious damage to infrastructures pushing the country into a vicious cycle of poverty. Our analysis shows that climate change and DRR agendas are not fully aligned with development priorities at different levels, and limited risk-informed planning is taking place. Therefore, we are committed to building the resilience of communities against multi-hazards especially hydrometeorological such as floods, landslides, heatwaves, cold waves, windstorms, and droughts. We will move from a single-hazard to multi-hazard EWS, combining of risk reduction approach with a risk transfer approach and fostering nature-based solutions for building resilience.

We are currently implementing a flood resilience project in the Karnali River Basin with funding support from the Zurich Foundation, in which Flood Early Warning System (Flood EWS) is one of the major components. Despite Covid, we reached 28,518 people directly through the initiative. We have started supporting the local government in drafting and thereby implementing the



Local Disaster and Climate Resilience Plan (LDCRP) which has contributed to integrating climate and resilience into the regular planning process. LDCRP brings in climate-smart risk-informed development priorities from communities that create a basis for local planning, integrate climate and DRR issues, and explores finance to implement these plans at the local level.

Regarding the expansion of the Flood EWS, we installed a telemetry station in Aurahi River in coordination with the Madhuwan Municipality and technical backstopping from the office of hydrology and meteorology. The station started generating data in early 2022, which will help in developing Flood EWS to cover communities in Madhuwan Municipality that are beyond the coverage of the Karnali Flood EWS. In the long run, this station could also serve the parametric insurance product development by determining the flood threshold required for index-based flood insurance.

As a part of innovative financing, we have initiated a pilot project focusing on disaster risk transfer. The **Index-Based Flood Insurance (IBFI)** product is expected to get approval from the National Insurance Authority by or before June 2022, as the product needs to be rolled out in the monsoon of 2022. We will roll out the product in partnership with our private-sector insurance partner and local cooperatives. Cooperatives will have a role in bridging the gap between insurance companies and local communities.

Further, to **integrate multi-hazard disaster risk reduction into prevailing planning practice**, we have been working with national and international universities, research institutes and organisations, and stakeholders in implementing UKRI funded research project “Tomorrow’s CITIES”. Together with the University of Edinburgh, University of Glasgow and NDRI, we have been involved in flood hazard modelling for the Kathmandu Valley and Khokana – one of the case study locations of Tomorrow’s Cities – under current climate scenarios and future climate projections. We will now work on understanding flooding dynamics in the proposed capital city of Lumbini Province in West Rapti.

Our plans now aim to **build a strong and trustworthy end-to-end multi-hazards EWS** fully integrated at local and provincial governments. Considering the climate change trends, we will work



*A telemetry station established in Aurahi River.*

with the government to develop Standard Operating Procedures for landslides, heatwaves, cold waves, and floods for the benefit of the Emergency Operating Centres (EOCs) of the governments at all levels and thereby strengthen risk communication across the country. We also aim to integrate the local DRR financial mechanism and ensure that it is fully functional with the involvement of the private sector and micro-level institutions such as cooperatives.

Similarly, there will be efforts to make the local Disaster Risk Reduction and Management (DRRM) fund fully operational with local implementing guidelines and integrating risk transfer mechanisms such as index-based insurance and make it operational with a functional partnership with insurance companies. We are implementing various projects in different locations and partnerships with local governments and communities to achieve these ambitions.

# Translating plans into actions to increase the resilience

“Rajapur Municipality has been impacted by flood for many years. But, the interventions carried out by Practical Action and Rajapur Municipality have contributed a lot in increasing the resilience of the communities,” shared Khusi Ram Chaudhary.

Mr Chaudhary is a Disaster Risk Reduction (DRR) Officer of Rajapur Municipality. He appreciates the long-term support that Practical Action has been providing to the municipality and its disaster-prone communities.

Practical Action through Zurich Flood Resilience Alliance works with communities and local governments to help communities build their flood resilience and help them live and thrive despite floods. Practical Action uses Flood Resilience Measurement for Communities (FRMC) framework and tools to measure community flood resilience based on the five capitals and four sources of resilience (5C-4R) framework. Following the results, it helps the communities to identify and prioritise interventions that improve their resilience. The community members are then able to demand the interventions that help them meet the gaps and integrate them into the local planning process.

Along with the communities, Practical Action works closely with the local governments to integrate Climate Smart Risk-Informed Development (CSRID) into local-





level planning and policy making. The work includes interventions relating to policy development and strengthening, capacity development, and technical support.

“Considering the risk of the flood, Practical Action provided search and rescue materials to the communities. But, most of all they have ensured the sustainability of the interventions by supporting our local government in the establishment of the Local Emergency Operation Centre (LEOC) and development of the Local Disaster and Climate Resilience Plan (LDCRP)”, elaborated Mr Chaudhary.

Practical Action supported municipalities in aligning with LDCRP draft guidelines prepared by the Ministry of Federal Affairs and General Administration (MoFAGA). So far, three LDCRPs have been finalised

and endorsed by the respective municipalities i.e. Rajapur, Geruwa, and Madhuwan.

“Practical Action has supported municipality in LDCRP formulation- where we have looked at various hazards the communities face. The hazards and possible risk reduction mechanisms have been prioritised in the plan. The LDCRP is our guiding document to plan for climate resilience and disaster risk reduction activities,” shared Khushi Ram.

In Rajapur Municipality, based on priorities identified in the LDCRP, the community received an additional budget of NPR 862,000 to build a retaining wall around the irrigation canal in Chakkapur. Similarly, the municipality allocated NPR 1,000,000 for the communities of Tighra to build a retaining wall around an irrigation canal from municipality resources.

# Financial Statement

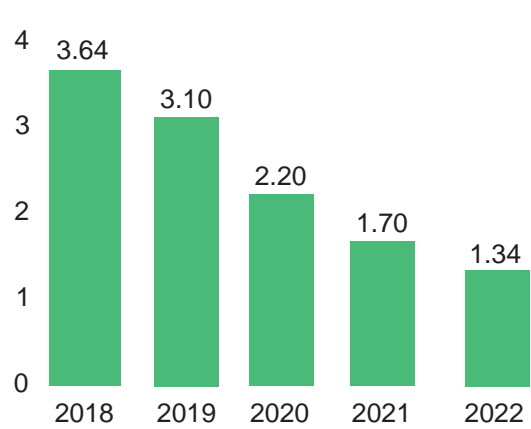
For the period from April 2021 to March 2022

Sources of Income	Restricted £	Unrestricted £	Total 2022 £
Government (Int'l) Grants	558,263	-	558,263
Donations and Grants	37,181	7,921	45,102
Grants from Foundation	410,950		410,950
Other Income	-	18,057	18,057
External Consultancy Income	6,194	-	6,194
Administrative Cost Recovery	-	88,797	88,797
Interest Income	-	2,442	2,442
Grants from HO, UK		218,498	218,498
<b>Total</b>	<b>1,012,588</b>	<b>335,715</b>	<b>1,348,303</b>
Expenditure			
Resilience that Protects	589,296	-	589,296
Energy that Transforms	127,053	-	127,053
Farming that Works	162,781	-	162,781
Knowledge and Communications	20,934	46,578	67,512
Directorate and Management	128,938	274,225	403,163
<b>Total</b>	<b>1,029,002</b>	<b>320,803</b>	<b>1,349,805</b>
<b>Fund Balance</b>	<b>(16,414)</b>	<b>14,912</b>	<b>(1,502)</b>

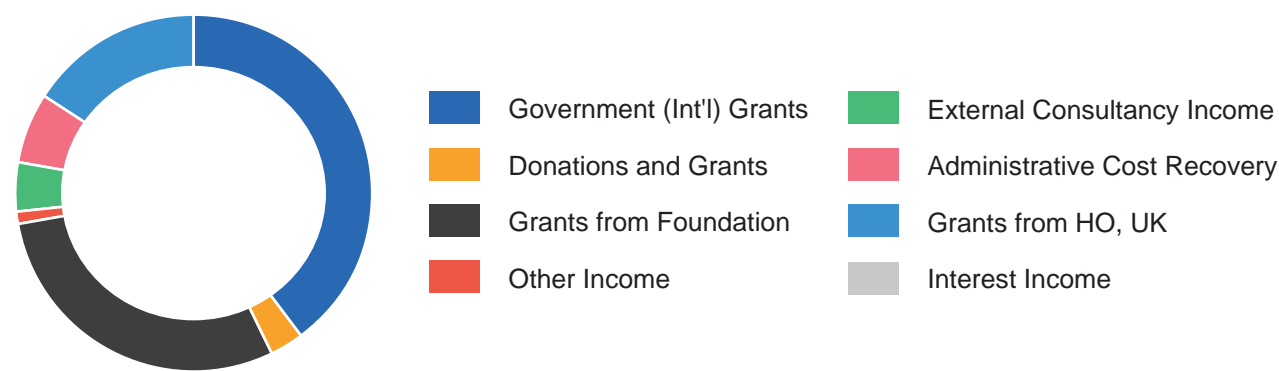
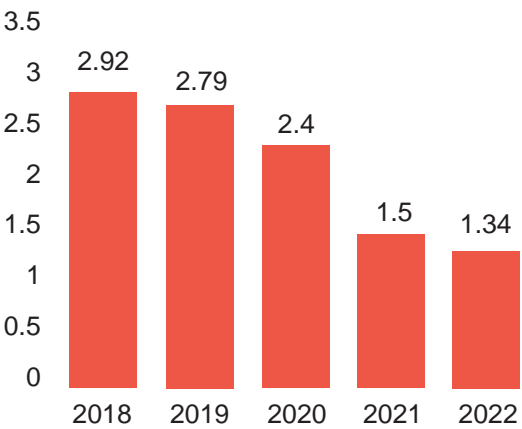
Notes: A consolidated financial statement is signed at organisational level in the UK, the figures provided are part of group report which is related only to Nepal Office.



**Total Annual  
Income in Million**



**Total Annual  
Expenditure in Million**





# BIG CHANGE starts small

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