

# **TAP Review of the R-Package submitted by Nepal<sup>1</sup>**

**September 2016**

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<sup>1</sup> This TAP Expert Review consisted of a desk study of Nepal's R-package report and of additional documentation on Nepal's REDD+ readiness process. The review was carried out by Simon Rietbergen, independent TAP Expert, between August 25<sup>th</sup> and September 11<sup>th</sup>, 2016.

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## Core Tasks of the TAP Expert Review

1. The present document contains the independent review by the Technical Advisory Panel (TAP) of the Self-Assessment Process of the R-Package<sup>2</sup> undertaken by Nepal through a participatory multi-stakeholder consultation process. The purpose of the review is to assess both progress and achievements of REDD+ Readiness in the country, as well as the remaining challenges (if any) that will need to be addressed to effect the transition from Readiness to implementation of performance-based REDD+ activities.
2. The TAP-review is a background document for the Participants' Committee (PC) in its decision-making process on the endorsement of the R-Package. The endorsement of the R-Package is a prerequisite for the formal submission of Nepal's Emissions Reduction Program Document (ERPD) to the PC. Nepal's ER Program is planned for implementation at sub-national level, in the Terai Arc Landscape (TAL), which covers 12 administrative Districts in the Terai area, covering 2.3 million hectares, equivalent to about 15% of Nepal's national territory. About 1.18 million hectares (just over 50%) of the TAL is covered in forest, a significant share of which is under community forestry (241,484 ha) or collaborative forest management (45,154 ha) arrangements.

## Methods Applied for the TAP Expert Review

3. This TAP Expert Review of the multi-stakeholder self-assessment process of REDD+ in Nepal follows the FCPF R-Package Assessment Framework guide and benefits from the experience gained with a number of previous reviews that were done since the first was completed in DR Congo in April 2015. The TORs for the current TAP expert review are as follows:
  - Perform an independent review of Nepal's self-evaluation of progress in REDD+ Readiness, using the methodological framework of the FCPF Assessment Framework for consistency;
  - Review Nepal's documentation of stakeholders' self-assessment, including the process that was used for the self-assessment and the reported outcome;
  - Review key outputs (and the documents that underpin these) referenced in the R-Package, including documents pertaining to the national REDD strategy, the Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF), reference levels and forest monitoring, and national institutional structures;
  - Provide constructive and targeted feedback, highlighting strengths and weaknesses in subcomponents, and propose actions going forward.

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<sup>2</sup> The purpose of the R-Package is threefold: (i) Provide an opportunity to REDD Country Participants to self-assess the progress on REDD+ implementation; (ii) Demonstrate a REDD Country Participant's commitment to REDD+ Readiness; and (iii) Generate feedback and guidance to REDD Country Participants through a national multi-stakeholder self-assessment and Participants' Committee (PC) assessment processes (FCPF Readiness Assessment Framework guide June 2013).

4. To perform this task, a simple methodology has been applied which consists of the following steps:
  - Step A: Review the self-assessment process of REDD+ Readiness based on Nepal's R-package report and supporting documentation. Box 1 below provides the outline of Nepal's R-package report.
  - Step B: Review of the results from the multi-stakeholder R-Package self-assessment process, based on the same report.
  - Step C: Assess what still needs to be done to further the Readiness Process.
5. The purpose of the TAP's expert review is not to second-guess the outcomes of the country's self-assessment, as this is based on a comprehensive multi-stakeholder process that was guided by the FCPF's readiness assessment framework. The review should rather focus on determining whether a due process and approach was followed while performing the self-assessment, and provide constructive feedback to the FCPF Participants Committee.

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**Box 1: Outline of Nepal's R-Package Report: "REDD+ Readiness Package (R-Package) and Multi-stakeholder Self-Assessment of REDD+ Readiness in Nepal"**

## EXECUTIVE SUMMARY

### 1.0 INTRODUCTION

- 1.1 REDD+ Context
- 1.2 REDD+ Preparation Process

### 2.0 R-PACKAGE FORMULATION PROCESS

#### 2.1 COMPONENT 1. ORGANIZATION AND CONSULTATIONS FOR ENCCRV READINESS

- Subcomponent 1a. National Management Mechanisms for the REDD+ Programme within the context of the ENCCRV
- Subcomponent 1b: Consultation, participation and dissemination

#### 2.2 COMPONENT 2. READINESS OF THE REDD+ STRATEGY WITHIN THE ENCCRV FRAMEWORK

- Subcomponent 2a. Assessment on land use, factors causing changes in land use, Forestry Law, Policy and Management
- Subcomponent 2b. Strategic REDD+ Activities within the framework of ENCCRV
- Subcomponent 2c. Implementation Framework of the ENCCRV
- Subcomponent 2d. Social and Environmental Impacts

#### 2.3 COMPONENT 3. REFERENCE EMISSIONS LEVEL/REFERENCE LEVELS

#### 2.4 COMPONENT 4. FOREST MONITORING SYSTEMS AND INFORMATION ABOUT SAFEGUARDS

- Subcomponent 4a. National Forest Monitoring System
- Subcomponent 4b. Information System for Multiple Benefits, Other Impacts, Governance and Safeguards

### 3.0 REPORT ON RESULTS OF THE MULTI-STAKEHOLDER SELF-ASSESSMENT PROCESS

- 3.1 Preparing for the Assessment
- 3.2 Conducting the Assessment process
- 3.3 Communicating and Disseminating the Assessment Outcomes
- 3.4 Overall Rating and Analysis of the Results of the REDD+ Preparedness of Nepal
- 3.5 Results of the multi-stakeholder self-assessment

### 4.0 CONCLUSIONS

### 5.0 COURSE OF FURTHER REDD+ READINESS

### 6.0 REFERENCES

Annex 1: Reports of major studies conducted during the Readiness Phase

Annex 2: REDD+ related studies/reports published by different organizations

Annex 3: Participants List of the Stakeholder Consultations

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## **TAP Review Part A: Review of the Self-Assessment Process and the Documentation**

*This part of the TAP report provides feedback on the multi-stakeholder self-assessment process, as documented in the R-package report.*

- 6. *Self-Assessment process conducted according to the R-Package guidelines.*** The multi-stakeholder consultation process for the self-assessment of Nepal's REDD+ Readiness was undertaken between February and July 2016. Nepal's national REDD+ Implementation Centre (REDD IC) commissioned a consortium consisting of Oy Arbonaut Ltd, Finland, and Green Governance, Nepal, to develop the R-Package.
- 7.** Some of the standard questions from the FCPF Readiness Assessment Framework were modified to reflect several of Nepal's unique characteristics, such as the country's significant achievements concerning community based natural resource management and community oriented natural resource benefit sharing provisions, as well as the implications of the new Constitution – which turns Nepal into a Federal State – for the implementation of the REDD+ Program.
- 8.** There were three stages to the stakeholder consultation process: (i) stakeholder workshops convened by the Consortium in early 2015 to carry out the REDD+ Readiness self-assessment (see paragraphs 9-10

below); (ii) stakeholder workshops convened by the REDD IC in mid-2015 to review the draft self-assessment report produced by the Consortium (see paragraph 11 below); and (iii) additional Email and face-to-face consultation with key resource persons and organizations on the revised draft self-assessment report (which already included the comments received during stage (ii) above) followed by a national-level workshop in mid-2016, again hosted by REDD IC, to review the final R-package report (see paragraphs 12-13 below).

- 9.** The consortium hired by REDD IC organized two national level workshops, three focus group discussions, five regional consultations, and ten district level consultations. A total of 596 participants, representing various interest groups and stakeholders (e.g. indigenous peoples, civil society organizations, international and local NGOs working on REDD+, Advocacy groups), were involved in the 15 workshops held at district and regional level.<sup>3</sup>
- 10.** At the workshops, all stakeholders were asked to rank REDD+ Readiness Progress using a four color “traffic light” system; with green indicating significant progress, yellow indicating much progress but much work remaining; orange indicating that limited initial work had started and red indicating that almost nothing had started. The report does not disaggregate the scores provided by stakeholder group, though some of the major differences in views on Readiness progress are described in the R-package report.
- 11.** In order to review the draft self-assessment report produced by the consortium, REDD IC convened a national level multi-stakeholder forum, which was attended by all REDD+ stakeholders, including indigenous peoples, civil society, government representatives and women’s organizations.
- 12.** Additional feedback on REDD+ Readiness and on the draft self-assessment report was obtained through face-to-face meetings with key stakeholders as well as written contributions from major stakeholder groups, including the Federation of Community Forestry Users of Nepal (FECOFUN), the Nepal Federation of Indigenous Nationalities (NEFIN), the Himalayan Grassroots Women's Natural Resource Management Association (HIMAWANTI), the Dalit NGOs Federation (DNF) and other non-government organizations working on REDD+ in Nepal, such as WWF, ICIMOD, ANSAB and Forest Action.
- 13.** A revised final draft of the R-Package was then presented and discussed in a national multi-stakeholder consultation workshop convened on July 21<sup>st</sup>, 2016, before being presented to and approved by the REDD+ Working Group meeting on July 28<sup>th</sup>. The Government of Nepal, through the Secretary of the Ministry of Forests and Soil Conservation, endorsed

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<sup>3</sup> A detailed list of all the 596 participants is given in Annex 3 of the R-Package Report.

the R-package for submission to the Participants' Committee of FCPF on July 27<sup>th</sup>.

➔ *TAP Conclusion: the FCPF Readiness Assessment Framework was used conscientiously during the self-assessment process, enriched with other normative frameworks, as suggested by the FCPF framework itself. The review process had a true multi-stakeholder character and lessons learned from REDD+ activities carried out by NGOs, CSOs and IPOs were fully incorporated in the R-package. In addition, Nepal's initiative to table the revised draft of the R-package report, incorporating all comments received, at a final national multi-stakeholder Forum no doubt helped to increase stakeholder buy-in for the results of the REDD+ Readiness assessment, and enhance their confidence to participate in REDD+ implementation. This is a good practice that could be usefully shared with other REDD+ countries.*

**14. Facilitation of the self-assessment consultation process.** The Consortium formed a technical team to organize and facilitate the consultation process and identified two highly qualified national consultants for the facilitation of the fifteen workshops convened at district and regional level. The facilitators developed various materials for the consultations, including a translation into Nepali of the FCPF Readiness Assessment Framework, specially adapted for the Nepal context, e.g. putting added emphasis on traditional use rights, tenure and benefit sharing. The consultation process was designed so that each consultation could build on prior work and learning, rather than being considered as self-standing events.

**15.** An inception workshop was held on February 18<sup>th</sup>, 2015 in Kathmandu to explain the purpose of the R-Package report, describe the proposed consultative process and the timeline for the workshops, as well as to seek recommendations to address any gaps or weaknesses in the self-assessment process. The inception workshop provided critical inputs for the design of the district and regional level consultations.

**16.** The choice of participants for the district and regional level workshops was made in consultation with the REDD IC, various national level Civil Society Organizations (CSOs) and Indigenous Peoples' Organizations (IPOs), as well as the district-level counterparts of these CSOs and IPOs, in order to guarantee an unbiased assessment of Nepal's REDD+ Readiness. No aggregate data is provided on the numbers of participants per stakeholder group, but from the participants' lists in Annex 3 – which mention institutional affiliations as well as names and contact details, it is clear that most of the 596 stakeholders consulted at regional and district level were CSO and IPO (including community forestry user groups) representatives.

➔ *TAP Conclusion: Nepal's Self-assessment process was well-facilitated and much thought was given to ensuring that a representative cross-section of stakeholders would be consulted.*

- 17. Time frame and development of the Readiness Process.** Nepal has been implementing REDD+ readiness activities ever since it submitted a REDD Readiness Plan Idea Note (R-PIN) to the FCPF in March 2008 and established the REDD Forestry and Climate Change Cell, now called the REDD Implementation Center (REDD IC), under the Ministry of Forests and Soil Conservation (MOFSC). Nepal submitted a Readiness Preparation Proposal (R-PP) to FCPF in July 2010, after which the Readiness Grant was signed with the World Bank. Most of its readiness activities have been funded under the readiness grant of the FCPF, while some have received support from the UN-REDD program and other partners.
- 18.** The first phase of the readiness process was completed in August 2015, after a 20 months extension of the project period, which was supposed to end in June 2013, was obtained. Nepal's request for US\$ 5 million of additional Readiness Funding was approved by the Participants' Committee of the FCPF in November 2015. The Government of Nepal and the World Bank are currently in the process of concluding the agreement for the second phase of the Readiness Grant.
- 19.** In June 2013, the Government of Nepal decided to develop a sub-national Emissions Reduction (ER) Program in the 12 districts of the Terai Arc Landscape (TAL). In March 2014, GoN submitted its Emission Reduction Program Idea Note (ER-PIN) to the FCPF Carbon Fund for consideration and the ER-PIN was selected for inclusion into the FCPF CF pipeline in April 2014. The Letter of Intent (LoI) between GoN and the World Bank for potential purchase of TAL emissions reductions was signed in June 2015. Nepal is now developing the Emission Reduction Program Document (ER-PD), which is due to be submitted to the FCPF CF in December 2016.

➔ *TAP Conclusion: the R-package report provides a detailed account of all of Nepal's REDD+ Preparation and Readiness activities since 2008. In addition, it gives a good summary of the preparatory activities for the Carbon Fund transaction planned for the Terai Region and details which of the remaining readiness activities are included in the budget of the FCPF additional Readiness Grant.*

- 20. Stepwise approach to implementation of REDD+.** Nepal has chosen to adopt a stepwise approach to REDD+ implementation, working on REDD+ Readiness nationally, but at the same time developing a sub-national Emissions Reduction Programme. The area chosen for the sub-national Forest Reference Level (FRL) consists of 12 administrative Districts, extending over 2.3 million hectares, around half of which (1.2 million hectares) is covered in natural forest. The choice of this particular area for the ERP is justified by its considerable potential for emissions reductions for biodiversity conservation (over 2,100 plant species present) and for soil and water conservation.

➔ *TAP Conclusion: adopting a step-wise approach to developing Nepal's REDD+ strategy, FREL/FRL and ER Program, improving the quality of data and expanding the scale to national over time, appears justified by the circumstances of the country. The fact that a considerable*

*percentage of the country's forest-related emissions derive from the sub-national area chosen, combined with the potential for major REDD+ co-benefits (biodiversity, soil and water conservation) and the limited risk of "leakage" of emissions to other parts of the country should provide additional reassurance to those supporting the country's REDD+ efforts.*

**21.** The quality of Nepal's R-Package Report met the expectations of the TAP reviewer, though in some cases it did not do justice to the quality of the background materials produced by REDD IC. It provides an adequate summary of the self-assessment process conducted, and of the results of the assessment, both the readiness scores (which are mainly yellow and green, indicating that the REDD+ Readiness process is making good progress).

→ *TAP Conclusion: the Nepal R-package report provides a fairly comprehensive overview of the advancement of REDD+ Readiness in the country, though some of the progress registered in the REDD+ Readiness studies referred to in Annex 2 is not fully reflected in the report. Modalities and results of the self-assessment process are well-covered.*

## **TAP Review Part B: summary of the REDD+ Processes – Strengths and Weaknesses of the R package as highlighted by Nepal's self-assessment**

*This part of the TAP review focuses on the self-assessment results; progress indicators (color scores) for the nine subcomponents, significant achievements and areas requiring further development.*

**22.** The R-package and the documents referenced therein provide sufficient documentation to assess Nepal's progress with REDD+ Readiness and the perceptions of the country's REDD+ actors on progress achieved and challenges remaining. As regards the latter, the R-Package notes that some of the key REDD+ elements cannot be finalized until Nepal's federal structure and the detailed roles and powers of different levels of government will have been clarified. It also notes that the time frame for the necessary clarification of the new federal structure is not clear yet.

**23.** The Executive Summary of the R-Package lists seven major areas where additional work is needed, as follows:

- a) strengthen institutional capacities and coordination mechanisms across all key REDD+ actors, including sector ministries, indigenous peoples and civil society groups;
- b) further strengthen outreach activities to improve level of participation and engagement, in particular of marginalized, vulnerable and forest dependent communities;
- c) further refine analytical study reports such as the draft REDD+ Strategy, the drivers of deforestation and degradation, the Strategic Environmental and Social Assessment (SESA) and the Implementation Framework, in order to address identified gaps and adjust to the changed national context;

- d) further check and update information/data sets to improve national FRL based on lessons learned from sub-national experience;
- e) further work to set up a functional MRV system at appropriate government levels in response to new federal structure of Nepal;
- f) strengthen the forest monitoring systems to expand potential carbon pools and extend to measuring non carbon benefits, and continued investments to strengthen the technical capacity and awareness of relevant stakeholders including but not limited to GoN technical staff, indigenous peoples, civil society members and local communities; and
- g) critical review of existing Policy and Measures (PAMs) to develop recommendations for the amendments required for the effective implementation of REDD+ in response to the new federal structure.

**24.** Annex 2 of the R-package report contains an impressive number of hyperlinks to REDD+ Readiness outputs, all of which can be accessed through the links to the MOFSC website. The website itself is somewhat out of date, for example the last REDD+ Working Group meeting minutes posted date back to January 2015. A number of additional documents consulted by the TAP Expert are listed in the final section of the document. In the following, progress with the different REDD+ Readiness components and sub-components are commented on the basis of the afore-mentioned self-assessment report.

➔ *TAP Conclusion: the R-package report, in combination with the documents referenced in it, gives a good idea of REDD Readiness progress in Nepal and of the perceptions of the key stakeholders. It also notes that some of the REDD+ readiness results (e.g. institutional set-up, feedback and grievance redress mechanism) may need to be reviewed once the implications of Nepal's new federal governance structure are clarified.*

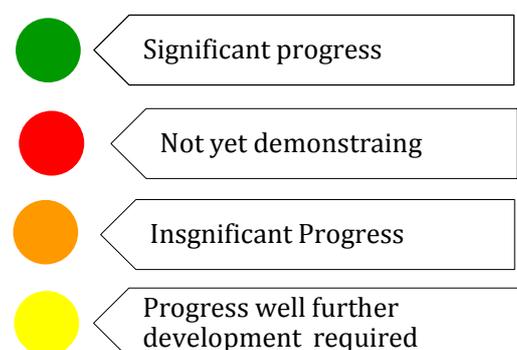
**25.** The overall Readiness assessment reproduced in Table 1 below was done in two stages. First, the Consortium compiled the scores from the district, regional and national workshop. Then, it checked these scores against a review of more than 25 REDD+ related documents from Nepal (case studies, study reports, policy documents, national strategies etc.) to arrive at the final REDD+ Readiness rankings. For some criteria, the color rankings obtained from the workshops were weighed as more important, for example where progress that had been made at the sub-national and in some case district levels was deemed more significant than that achieved at national level.<sup>4</sup> The overall assessment shows that Nepal has achieved green status for 16 criteria, yellow status for 12 criteria and orange status for 6 criteria, which represents significant progress in comparison to the status at the time of the Mid-Term Review in October 2013, see Table 1 below.

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<sup>4</sup> From the R-Package report, it is not exactly clear how the results of the different expert and stakeholder assessments were weighed in the final ranking. The method described, however, sounds reasonable.

**Table 1. Summary of the results of Nepal's self-assessment by REDD+ Readiness sub-component and progress achieved since MTR**

Component	Sub Components	Progress Status at MTR	Progress Status at R-Package
1. Readiness Organization and Consultation			
	1a. National REDD+ Management Arrangement	GREEN	GREEN
	1b. Consultation, Participation and Outreach	ORANGE	YELLOW
2. Prepare the REDD Strategy			
	2a. Assessment of Land Use, Land-Use Change Drivers, Forest Law, Policy and Governance	ORANGE	GREEN
	2b. REDD Strategy Options	YELLOW	GREEN
	2c. REDD Implementation Framework	RED	ORANGE
	2d. Social and Environmental Impacts	ORANGE	GREEN
3. Reference Emissions Level/Reference Levels		ORANGE	YELLOW
4. Monitoring System for Forests, and Safeguards			
	4a. National Forest Monitoring System	GREEN	GREEN
	4b. Information System for Multiple Benefits, Other Impacts, Governance, and Safeguards	RED	YELLOW



26. Since the assessment results from the different consultation workshops held were not provided separately by workshop or by stakeholder group, it was not possible to make an overall assessment of any possible differences in the perceptions on REDD+ Readiness between the various stakeholder groups or districts/regions. However, some of these differences are explained in the text, for example the level of REDD+ awareness varied greatly by district. Out of 10 districts consulted for the R-Package assessment, 5 districts demonstrated strong familiarity with the REDD+ concept and mechanism; 2 districts showed some understanding of REDD+; and 3 districts showed limited exposure or

understanding of REDD+, which is of course to be expected at this stage.

➔ *TAP Conclusion: from the documentation provided it is not possible to obtain a detailed idea of the differences in the perceptions of REDD+ Readiness among the different workshops, nor of the level to which the understanding of REDD+ Readiness is shared across the different stakeholder groups interested in REDD+ in Nepal. Some of the important differences in perceptions, however, are highlighted in the text of the R-package report.*

## Component 1: Readiness, Organization and Consultation

### Sub-Component 1a: National REDD+ Management Arrangements (Criteria 1-6, Green)

**27. Institutional arrangements for REDD+.** The REDD+ Readiness Process in Nepal started in 2010 and most Readiness elements will have been substantially addressed in the not-too-distant future though some uncertainties remain about the required adjustments of the REDD+ implementation framework to Nepal's new federal structure, which is still under discussion. The responsibility for elaborating and implementing the REDD+ strategy in Nepal was formally assigned to the Ministry of Forestry and Soil Conservation, MOFSC, and specifically MOFSC's REDD+ Implementation Centre (REDD IC). REDD IC's work on REDD+ Readiness is assisted by the multi-stakeholder REDD+ Working Group, which meets regularly, and receives advice from the REDD+ Technical Expert Committee.<sup>5</sup> The REDD+ Multi-stakeholder Forum, which has served as one of the platforms for national-level consultations, has also functioned well. The Apex Body for REDD+ in Nepal, which is chaired by MOFSC, has not met as frequently as intended.<sup>6</sup>

**28. Institutional coordination arrangements for REDD+ at national level** are straightforward in Nepal, given that MOFSC has relatively wide-ranging responsibilities for all aspects of forest management in the country. In addition, the fact that REDD+ has been marked as a high-priority program (P1), monitored by the Council of Ministers, has facilitated the conduct of the REDD+ Readiness process.

**29. Civil society coordination.** The REDD+ Indigenous Peoples and Civil Society Organisations' Alliance, Nepal (REDD+ IP and CSO Alliance), comprising 15 IPOs and CSOs/NGOs, was formed in 2009 to develop a common understanding on REDD+ and advocate for mechanisms to facilitate participation of Indigenous Peoples, Women, Dalit and Civil Society Organizations. It also played an active role in the development of the national safeguard system for REDD+. Unfortunately, it has not been

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<sup>5</sup> See organigramme on page 15 of the R-Package report.

<sup>6</sup> Suggestions for improvement of the functioning of the Apex Body include clarifying its TOR and enhancing the consistency of its membership across Ministries and Departments, see pp 20-21 of the R-Package report

as effective as expected, in part because of the absence of a sustainable funding mechanism and in part because of organizational shortcomings: e.g. meetings have been called late with little advance sharing of the agenda and objectives, hampering meeting effectiveness and stakeholder participation.

- 30.** REDD+ coordination and implementation arrangements mirroring the national-level structures discussed above have been established in the Terai Arc Landscape, where the Emissions Reduction Program is being prepared. There are three REDD+ institutions at district-level and one at regional level, as follows: a) District Forestry Sector Coordination Committee (DFSCC), which mirrors the Apex Body function; b) District REDD Working Group (DRWG), whose functioning is similar to that of the national REDD Working Group (RWG); c) District REDD+ Program Management Unit (DRPMU), which acts as the lead agency for the implementation of emissions reduction activities; and d) Regional REDD+ Focal Office, which coordinates Emission Reduction program implementation among districts at regional level. REDD desks have been established in 20 districts, and in 5 Regional Forestry Directorates. In addition, a REDD+ multi-stakeholder forum will be established to function as the principal outreach and communications platform in the district, and enhance stakeholder engagement. Similarly, District-level Alliances of REDD+ CSO and IPOs are being promoted to encourage active civic engagement.
- 31. *Operating mandate and budget.*** With the upgrade of the REDD Cell to the REDD Implementation Center (REDD IC), the structure gained autonomy and authority to implement REDD+ Readiness activities. However, REDD IC continues to be highly donor-dependent, and government budget allocations to REDD IC remain very low.
- 32. *Accountability and transparency.*** REDD IC has made significant progress in developing consultation mechanisms that are accountable and transparent. All REDD+ related information (e.g. study reports, REDD+ Working Group meeting minutes, public notices) is made available through the REDD IC website.<sup>7</sup> The REDD IC has routinely circulated documents for public comment and suggestions, and has revised the documents accordingly. Further improvements requested during the stakeholder self-assessment workshops included expanding the dissemination of REDD+ documents in Nepali language media and lengthening the time period available for submitting public comments.
- 33.** Overall, despite some unevenness in the progress achieved – especially in criteria 4 and 5 and in Districts not included in the ERP area or other REDD+ activities – Nepal was deemed to have made highly significant progress under sub-component 1a, score green. In addition, a number of important REDD+ awareness-raising and capacity-building activities were

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<sup>7</sup> [http://mofsc-redd.gov.np/?page\\_id=83](http://mofsc-redd.gov.np/?page_id=83) and [http://mofsc-redd.gov.np/?page\\_id=14](http://mofsc-redd.gov.np/?page_id=14).

completed after the stakeholder self-assessment workshops were held, for example REDD IC conducted training for over 10,000 people in 43 Districts in May and June 2015.

➔ *TAP Conclusion: the implementation of REDD+ Readiness activities in Nepal has benefited from the fact that MOFSC has a clear institutional mandate for all REDD+ related activities and from the constructive relationships MOFSC has built up with non-government stakeholder groups through decades of collaboration on community involvement in forest management. As has been the case in many other REDD+ countries, the Apex Body overseeing REDD+ in Nepal has not met as frequently as was originally intended and therefore cross-sectoral coordination at national level has been less than effective. This may cause problems as the country moves towards large-scale REDD+ implementation, so it would be important to address the reasons for this state of affairs. Nevertheless, overall progress achieved warranted a green score for sub-component 1a.*

**34. Feedback and grievance redress mechanism (criterion 6).** A report on the development of the Feedback and Grievance Redress Mechanism (FGRM) was completed in September 2015, however this has not been implemented yet<sup>8</sup>. The GRM is conceived as a quasi-judicial mechanism operating at national, sub-national and local levels, complementary to the existing legal system and triggered only if customary dispute resolution mechanisms preferred by local stakeholders fail to resolve the grievance issue. Three different options for the institutionalization of the GRM are discussed in the 2015 report, however the final choice among these options has not yet been made.

➔ *TAP conclusion: according to the R-Package Report, this REDD+ Readiness element requires considerable additional work – but completion of some of that work may depend on the clarification of the roles and responsibilities of government institutions at different levels under the new Federal structure, as highlighted above.*

### **Sub-Component 1b: Consultation, Participation and Outreach (criteria 7-10, yellow)**

**35. Inclusion of stakeholders through an extended consultation, information and participation process (criteria 7, 8 and 10).** This section provides a good overview of the extended REDD+ consultation process that has been conducted in Nepal. Up to the time of the Mid-Term Review (MTR) in October 2013, more than 90,000 people had been directly reached by consultation efforts – most often combined with training, as REDD+ is a complex subject. The outreach efforts also made good use of existing community forestry institutions and collaborative forest management arrangements. The number of 90,000 does not include the people reached through dedicated REDD+ radio broadcasts (14 episodes in Nepali language in 2011) and TV shows.

**36.** After the MTR, consultation efforts were scaled up further, and another

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<sup>8</sup> The report is available at [http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Final\\_GRM-Report-FINAL\\_01-11-2015.pdf](http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Final_GRM-Report-FINAL_01-11-2015.pdf)

177,000 stakeholders were included in outreach and consultation activities, bringing the total number of people reached to nearly 270,000. In this respect, the development of training manuals and the implementation of Training of Trainer courses were highly instrumental in bringing on board partners such as WWF and the Regional Community Forestry Training Center (donors, NGOs) to expand the number of people with REDD+ awareness.

**37. *Quality of civil society participation.*** As described under component 1a above, strong efforts have been made to include inputs from Civil Society, Indigenous peoples and vulnerable forest-dependent communities into the design of Nepal's REDD+ policies, strategies and activities, Reference Level and MRV. As noted in the discussion of component 1a, the quality of the participation of CSOs and IPOs was somewhat uneven. Some groups always sent the same representatives, which makes for more efficient discussions but – in the absence of appropriate internal restitution mechanism – skews participation, while other groups sent different people each time, making it hard to have informed discussions. This aspect will need to receive more attention in the future.

**38.** Many participants in the R-package self-assessment workshops stated that outreach efforts so far, while commendable, had been less than effective in engaging women, dalits, indigenous peoples and vulnerable and forest-dependent communities. They argued that single events are not suited to build awareness on REDD+, given its complexity, and that a “cascading” approach of multiple contacts would be needed. This is a great challenge as many of the groups mentioned above live in remote areas that are hard to reach. The overall score for component 1b is yellow, significant progress but more work needed.

**39. *Information sharing and accessibility of information (criteria 9).*** In addition to the extensive face-to-face consultations summarized above, Nepal has also conducted a significant outreach effort with the general public, including through the MOFSC website, and radio and TV programs.

➔ *TAP Conclusion: Nepal has invested considerable energy and resources to enable its citizens to have a say in the development of REDD+ Readiness. While it has systemically sought to involve those stakeholder groups whose livelihoods would be most directly affected by REDD+ implementation, it also recognizes that efforts to involve women, dalits, indigenous people and vulnerable forest-dependent communities will need to be intensified to ensure that their views are taken into account.*

## **Component 2: REDD+ Strategy Preparation**

### ***Sub-Component 2a: Assessment of land use, land use change drivers, forest law, policy and governance (criteria 11-15, green)***

**40. *Analysis of drivers of deforestation and forest degradation.*** Forests in

Nepal are highly diversified, reflecting the wide variety in growing conditions, from lowland tropical moist forest to high mountain forests. The importance of the various drivers of deforestation and forest degradation identified varies considerably among different regions.

**41.** Six major studies were commissioned for the assessment of land use, land use change drivers, forest law, policy and governance, as follows: (i) In-depth analysis of the causal factors for weak forest sector governance, law enforcement and policy implementation and possible actions to address these; (ii) Assessment of the drivers of deforestation and forest degradation in *Churia* and in the high mountain physiographic regions; (iii) Analysis of the value-chain of forest products (timber and key NTFPs) and the effects and consequences of weak governance, administrative controls on pricing and marketing; (iv) Assessment of the existing and potential supply and demand situation for forest products in different regions; (v) Effect of climate change and invasive species on forest degradation; and (vi) Understanding drivers and causes of deforestation and forest degradation in Nepal: potential policies and measures for REDD+. All six studies are available on the MOFSC website on [http://mofsc-redd.gov.np/?page\\_id=14](http://mofsc-redd.gov.np/?page_id=14)

**42.** The analysis, which identified 9 direct drivers and 10 underlying causes of deforestation and degradation, was mainly of a qualitative nature. Prioritization of the direct drivers was done through extensive stakeholder consultation at district, regional and local level workshops. The stakeholder workshops, supplemented with expert opinion, also established links between direct drivers and specific underlying causes, and ranked the importance of the drivers in Nepal's four main regions (see Table 2 from pp 31-32 of the R-Package Report below).

**Table 2: Direct drivers, priority, and corresponding underlying causes**

SN	Drivers	Priority <sup>s</sup>	Drivers for/affecting region	Corresponding underlying causes
1.	Unsustainable harvesting and illegal harvesting	1	Degradation  <b>Affecting regions:</b> HM (2); MH (3); S (1); T (1)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ High dependency in forest products and gap in demand-supply</li> <li>▪ Poverty and limited livelihood opportunities</li> <li>▪ Poor governance and weak political support</li> </ul>
2.	Forest fire	2	Degradation  <b>Affecting regions:</b> HM (1)*; MH (3); S (1); T (2)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Poor governance and weak political support</li> <li>▪ Land use policy and insecure forest tenure</li> </ul>
3.	Infrastructure development (includes manmade disasters)	3	Deforestation  <b>Affecting regions:</b> HM (2); MH (1); S (2) T (4)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Weak coordination and cooperation among stakeholders</li> <li>▪ Poor governance and weak political support</li> </ul>

SN	Drivers	Priority §	Drivers for/affecting region	Corresponding underlying causes
4.	Over grazing/uncontrolled grazing	4	Degradation <b>Affecting regions:</b> HM (1)*; MH (4); S (1); T (1)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Poor governance and weak political support</li> <li>▪ Weak coordination and cooperation among stakeholders</li> </ul>
5.	Weak Forest Management practices (unmanaged/under-managed)	5	Degradation <b>Affecting regions:</b> HM (1); MH (3); S (1); T (1)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Inadequate human resource development and management</li> <li>▪ Inadequate capacity of the departments</li> <li>▪ Poor governance and weak political support</li> </ul>
6.	Urbanization and resettlement	6	Deforestation <b>Affecting regions:</b> HM (5); MH (5); S (1) T (1)	<ul style="list-style-type: none"> <li>▪ Disproportionate population distribution and migration pattern</li> <li>▪ Policy gaps and poor implementation</li> <li>▪ Weak coordination and cooperation among stakeholders</li> </ul>
7.	Encroachment	7	Deforestation <b>Affecting regions:</b> HM (5); MH (5); S (1); T (1)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Poor governance and weak political support</li> <li>▪ Poverty and limited livelihood opportunities</li> <li>▪ Weak coordination and cooperation among stakeholders</li> </ul>
8.	Mining /excavation (sand, boulders, stones).	8	Deforestation and degradation <b>Affecting regions:</b> HM (5); MH (3); S (1); T (1)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Poor governance and weak political support</li> <li>▪ Weak coordination and cooperation among stakeholders</li> <li>▪ Poor coping strategy to natural disasters and climate change</li> </ul>
9.	Expansion of invasive species	9	Degradation <b>Affecting regions:</b> HM (5); MH (4); S (1); T (1)	<ul style="list-style-type: none"> <li>▪ Policy gaps and poor implementation</li> <li>▪ Low priority to research and development</li> </ul>

HM-High Mountain; MH- Middle Hills; S- Chure/Siwaliks; T- Tarai and inner Tarai

1- Very high effect; 2- High effect; 3- Medium effect; 4- Low effect; 5-Very low effect

\*Effect of forest fire and grazing in terms of exposure, sensitivity and capacity to address

§ Priority in terms of impact on the forests as identified by REDD Cell/MFSC, 2014c, consultations and expert judgments

**43.** The R-package Report notes that no quantitative links have yet been established between the different drivers and the rates of deforestation and degradation and that this will make it harder to prioritize among the 12 (draft) REDD+ Strategies and the 77 major Strategic Actions identified (see also below) and to establish measurable emissions reduction performance targets in the future. While the establishment of such quantitative links is not a requirement of the FCPF REDD+ Readiness Assessment Framework, it would certainly be helpful to have some more quantitative information on the importance of the different direct drivers, and the degree of uncertainty about them.<sup>9</sup>

**44.** As noted in the R-Package Report (pp 30-31), the underlying causes linked to each of the direct drivers of deforestation and degradation are

<sup>9</sup> Note also that Table 2 above already provides a good idea of the relative importance of the direct drivers in the four forest regions.

strongly intertwined and it is even harder to establish quantitative links with deforestation and degradation than for direct drivers, so additional analysis may be required in this respect. No assessment of the uncertainty surrounding the different drivers was made that could help prioritize such analyses

→ *TAP Conclusion: the methodology used for the analysis and prioritization of direct and indirect drivers of deforestation and forest degradation is clearly explained. As noted in the R-Package report, additional work to quantify the importance of the nine direct drivers in different areas of Nepal will be helpful to prioritize REDD+ strategies and interventions. The “green” score attributed to Criteria 11-13 (and to sub-component 2a as a whole) in the R-Package Report may be somewhat optimistic, and in the opinion of the reviewer, a “yellow” score - which also reflects good progress – might have been more appropriate.*

**45. Natural resources rights, land tenure, governance and implications for forest laws and policies.** Legally speaking, the rights to forests are much more clearly defined in Nepal than in many other countries. Forty percent of the national forest cover is managed with the active participation of the local people, under six different management modalities: Community Forests, Leasehold Forest User Groups, Religious, Collaborative Forest Management, Buffer zone and Conservation Area. The communities are entitled to harvest forest products and/or manage the forests but they are not allowed to convert forest to other land uses as the land is owned by the government. The Forest Strategy (2015) recommends to further increase the community-based forest management domain.

**46.** The report of the Strategic Environmental and Social Assessment (SESA) reviews land tenure in Nepal and notes some gaps to be addressed with the additional funding, such as assessing the implications for indigenous peoples and other marginalized groups of the new land law, the new Constitution and the strategy for dealing with encroachment of forest reserves.

**47. Carbon rights.** The one major gap in the extant policy and legal framework for REDD+ in Nepal is that there are currently no adequate provisions for carbon rights. A study conducted on this topic recommends that the government focus on adapting existing laws rather than introducing new ones, that it consider forest carbon as an ecosystem service and distinguish the carbon rights into two parts; carbon ownership rights, which would be vested in communities and other local right holders, and carbon credit transfer rights (or emissions reductions titles) which could be held by government, to reduce transaction costs.<sup>10</sup> The proposed transfer of carbon credits from communities to the government should be voted by the majority of the Board of forest-managing communities, and it should be accompanied by clear benefit-

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<sup>10</sup> Study of Forest Carbon Ownership in Nepal, [http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Final-Report-FCO\\_Revised\\_29\\_10\\_2015\\_ERI\\_Final\\_01-11-2015.pdf](http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Final-Report-FCO_Revised_29_10_2015_ERI_Final_01-11-2015.pdf)

sharing agreements. Legal texts to redefine the role of the private sector, in order to encourage its investment and active involvement in REDD+ will also be required.

➔ *TAP Conclusion: the issue of land tenure and related resource rights has been adequately addressed in the REDD+ Readiness process, though some elements may require additional work, e.g. the impact of the new Constitution on land and forest use rights of local communities. Some of the key recommendations of the related studies, for example the legal reforms needed for REDD+ implementation contained in the study on carbon rights, were omitted from the R-Package Report, though hyperlinks to the studies were provided.*

### **Sub-Component 2b: REDD+ Strategy options (criteria 16-18, green)**

**48. REDD+ Strategies and Major Strategic Actions.** The R-Package report identifies 12 REDD+ Strategies – which the TAP review report will henceforth refer to as “Strategy Options”<sup>11</sup> – and 77 Major Strategic Actions, which are summarized in table 6 (pp 35-40). The R-Package Report also identifies five objectives for Nepal’s REDD+ Strategy that correspond to the key goals and the main elements of REDD+: emissions reduction; benefit sharing; other socioeconomic goals; policy, legal and institutional reform; and the establishment of a National Forest Monitoring System and MRV mechanism.<sup>12</sup> The REDD+ Strategy Options and Major Strategic Actions were derived from the initial options identified under the R-PP in 2010, the report of the Strategic Environmental and Social Assessment (SESA) and the stakeholder consultations organized during the formulation of the draft REDD+ Strategy. The R-Package Report also identifies several Strategy Options that will require additional work before they can be implemented, such as the determination of an accurate national Forest Reference Level (FRL) and the design of an appropriate Forest Carbon Trust Fund.

**49.** While the REDD+ Strategy Options and the corresponding Major Strategic Actions are clearly described in the R-Package report, as noted above, their emissions reduction potential has not yet been quantified – which makes it hard to prioritize them. REDD IC, with UN-REDD support, has recently started a quantitative assessment of the emissions resulting from the direct drivers and underlying causes of deforestation and forest degradation as well as the barriers to forest enhancement, which should remedy this problem.

**50.** Major inconsistencies have been identified between the REDD+ Strategy

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<sup>11</sup> In order to prevent confusion with the overall REDD+ Strategy, it might be advisable to refer to the 12 identified « REDD+ strategies » as « Strategy Options » (the standard term used in the FCPF framework) instead. This would also reinforce the message that Nepal’s overall REDD+ Strategy is a menu and that not all Strategy Options are relevant in all the areas, for example only six drivers and six underlying causes apply in the High Mountain zone, according to the Report

<sup>12</sup> To some extent, these objectives are a mix of means (like legal reform) and ends (like emissions reduction), which could lead to confusion.

Options on the one hand and sectoral policies (e.g. transport, agriculture) on the other. Measures to resolve these inconsistencies and embed REDD+ across key development policies have been identified, but as yet there is no agreed timeline and process for their implementation.

➔ *TAP Conclusion: the R-package report clearly describes the options for implementing Nepal's REDD+ Strategy, but the English terminology used is somewhat confusing. Replacing the term "REDD+ Strategies" with "Strategy options" would be advisable. Assessing the emissions reduction potential of the twelve Strategy Options and the corresponding Major Strategic Actions will be extremely important to prioritize these Options and Actions and to move forward with REDD+ implementation. In addition, the R-package report proposal to do additional work on quantifying the importance of the different direct drivers of deforestation and degradation would also be helpful. The "green" score attributed to this sub-component may be somewhat optimistic, and a "yellow" score – which also denotes good progress – might have been more appropriate.*

### **Sub-Component 2c: Implementation Framework (criteria 19-22, orange)**

- 51. Adoption and implementation of legislation/regulations (criteria 19 and 20).** Large-scale REDD+ implementation in Nepal will require amendments in the Forest Act and the National Parks and Wildlife Conservation Act as well as related Acts and Regulations, to clarify carbon rights and benefit sharing arrangements, among others.
- 52.** Nepal's legal framework on forests has been instrumental in bringing large areas under community-based forest management and in restoring severely degraded forest areas, so its revision will need to be done carefully to avoid disruption of successful government and civil society forestry programs. While some studies recommend the maintenance of the current laws in amended form, others mention the possibility of a unified act related to natural resource management. This might help to better clarify institutional responsibilities, removing areas of overlap and contradictory provisions in the acts, enhancing sectoral and cross-sectoral coordination and ensuring compliance at all institutional levels. But it might also imply risks for the previous legal achievements highlighted above. It would probably be worthwhile to open up this highly strategic question to multi-stakeholder discussion.
- 53. Evolution of forest sector institutions needed.** For improved forest governance and implementation effectiveness of REDD+, it will be essential to make state forestry sector institutions more service and performance-oriented, decentralized, people-centric and downwardly accountable, which will in turn depend on greater delegation of authority. This will help to enhance the participation, competency and leadership of women, indigenous people, dalits, and other poor and socially excluded groups, and thus enhance REDD+ implementation.
- 54.** There are clear recommendations for a number of the key elements of the REDD+ Implementation Framework, such as the treatment of carbon rights, the REDD+ financing modalities and the grievance mechanism, but

these are currently awaiting government endorsement.

→ *TAP Conclusion: the changes needed in Nepal's legal and regulatory framework for successful REDD+ implementation are coherently explained in the REDD+ Readiness study on carbon rights (though not fully reflected in the R-package report), covering both the legal instruments concerned and the specific modifications required. Many elements of the implementation framework are awaiting government endorsement.*

**55. Benefit sharing mechanism (criterion 21).** Two studies on options for the Benefit Sharing Mechanism (BSM) were completed in 2015, one focusing on the Terai Region and the other national in scope, but they fall short of defining a detailed benefit sharing arrangement. The studies, which benefited from the insights of 15 focus group discussions and 16 stakeholder consultations across the country, draw attention to the importance of sharing both costs (some of which are as yet unknown) and benefits of REDD+ implementation fairly among the stakeholders. The provisions in the Forest Act (1993) on the benefit sharing arrangements for forest products under all forest management regimes<sup>13</sup> form a solid basis for the REDD+ BSM.

→ *TAP Conclusion: further work is necessary to define the modalities of the REDD+ Benefit Sharing Mechanism (BSM). The existing legal provisions for sharing the benefits of forest products from community-managed forests, which are well-established and accepted, form a solid basis for the REDD+ BSM,*

**56. National REDD+ registry and system monitoring REDD+ activities (criterion 22).** Nepal does not have a national geo-referenced REDD+ registry as yet. Such a registry would hold a comprehensive set of data (location, ownership, carbon accounting and financial flows for the national and sub-national REDD+ programmes and projects) to monitor REDD+ performance and transactions, and avoid double counting of emissions reductions. Some of the key building blocks for the REDD+ Registry, however, are already in place. The country has established a national forest database (NFD) that serves as a repository for all the data collected at management level on all forest types, including community forests, collaborative forests, leasehold forests, government managed forests, forests under protected areas and buffer zones, private forests and religious forests.

**57.** The other building block for the national REDD+ Registry is the integrated National Forest/REDD+ Information System (NFIS), which incorporates analysis, synthesis and decision support tools for uploading and accessing forest resource inventory, forest carbon data, management plans and programs, users and beneficiaries, REDD+ activities and safeguard indicators. The NFIS uses the data stored in the NFD. Decision support tools that are part of the NFIS include automated reporting, data query and analysis, visualization and web GIS applications. Stakeholders at

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<sup>13</sup> Table 7 on page 45 of the R-Package Report

district, regional and national levels have been trained to use NFIS. The system design appears robust and multi-functional and implementation has started. Improvements will be incorporated into the system as experience

**58.** The design of the REDD+ registry will be finalized under the additional financing that the FCPF agreed to provide for completing Nepal's readiness process.

➔ *TAP Conclusion: work on Nepal's national REDD+ Registry will continue under the additional financing that FCPF agreed to provide. The National Forest Database (NFD) and National Forest/REDD+ Information System (NFIS) form the key building blocks for the Registry.*

### ***Sub-Component 2d: Social and Environmental Impacts (criteria 23-25, green)***

**59. SESA, ESMF and National Environmental and Social Standards.** The Strategic Environmental and Social Assessment (SESA) process and the Environmental and Social Management Framework (ESMF<sup>14</sup>), funded by the FCPF Readiness Fund, aim to ensure effective management of social and environmental issues, continuing into the REDD+ Implementation and Payment for Results phases. As has been the case in many countries, the SESA in Nepal was carried out at a relatively early stage before there was a draft strategy available.<sup>15</sup> Therefore, REDD IC organized the SESA stakeholder consultations, which were highly participatory, around the initial REDD+ strategy options included in the R-PP. As a result, the stakeholders consulted for the SESA were able to influence the substance of the REDD+ strategy options as well as the measures for implementing the safeguards.

**60.** Nepal has also developed REDD+ Social and Environmental Standards (SES) and, with UN-REDD support, has started using these standards in multi-stakeholder processes. The data gathered using the SES will also constitute an input for the UNFCCC reporting requirements.

**61.** Since the SESA and the ESMF were produced early on in the REDD+ Readiness process, they will require some further work, specifically to ensure that the potential environmental and social impacts of all the REDD strategy options and corresponding Major Strategic Actions have been adequately assessed, and mechanisms to address these impacts are included in the ESMF. The new land law, the new strategy to control

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<sup>14</sup> The ESMF sets out the principles, rules, guidelines, and procedures to assess potential environmental and social impacts and risks, and contains measures to reduce, mitigate, and/or offset adverse environmental and social impacts and enhance positive impacts and opportunities of said projects, activities, or policies/regulations.

<sup>15</sup> The full SESA report is available here: <http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Nepal-REDD-SESA-report-Final-revision-6-Aug-2014.pdf>

forest encroachment and the proposed federal structure deserve particular attention in this respect.

**62.** In addition, the ESMF will need to be tested against World Bank safeguards, and technical assistance and capacity-building activities that will be required to successfully implement the provisions of the ESMF will need to be identified.<sup>16</sup> Finally, a budget for implementing the ESMF will have to be produced.

➔ *TAP Conclusion: the SESA and ESMF, which were prepared at an early stage of the REDD+ Readiness process, will need to be updated to take account of the work done on the REDD+ strategy and implementation framework, and of changes in the national context (new land law, proposed federal structure) since they were completed.*

### **Component 3: Forest Reference Emissions Levels/Forest Reference levels (criteria 26-29, yellow)**

**63. Sub-national and national Forest Reference Levels (FRL).** The REDD IC has moved forward simultaneously with the establishment of a national and a sub-national Forest Reference Level (FRL), the former for the REDD+ Readiness phase and the latter for the Terai Emissions Reduction Program. The TAP review of the R-package is of course mainly concerned with the national FRL so the sub-national FRL is only referred where relevant to the national FRL.

**64. Validity of the methodology chosen and compliance with IPCC/UNFCCC instructions.** The RL presented was developed following the stepwise approach advocated by UNFCCC, which allows the use of available data (even if uncertain) to provide a starting point for RL establishment with simple projections, based on historical data (Step 1), progressively updating the RL based on more robust national datasets for country-appropriate extrapolations and adjustments (Step 2) and ultimately basing the RL on more spatially explicit activity data and driver-specific information support (Step 3). Currently, the FRL has probably completed Step 1.

**65.** Out of the five carbon pools, only Above Ground (Tree) Biomass and Below Ground Biomass were included in the RL. The three remaining pools were excluded because: (i) the default assumption about Dead Organic Matter (DOM) in the IPCC Guidelines is that changes in carbon stocks in these pools are not significant; (ii) no credible data is available on Soil Organic Carbon (SOC) and the cost of data collection is likely to exceed the benefit of including SOC; and (iii) Hardwood Products (HWP)

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<sup>16</sup> See page 10 of the “Indicative Environmental and Social Management Framework for Implementing Nepal’s REDD+ Strategy” is available at <http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Nepal-REDD-ESMF-Final-revision-6-August-2014.pdf>

because they are not considered under REDD+.<sup>17</sup>

**66.** The results of the Forest Reference Level studies should be interpreted with care. The problematic quality of activity data, and limited information on emission factors and drivers of forest change no doubt reduces the reliability of the FRL established. In addition, the lion's share of the emissions derives from degradation, which is often harder to assess than deforestation. And finally, the ten-year time intervals used for the assessments significantly raise the risk of misinterpretation of vegetation patterns from satellite data, due to the lack of temporal resolution. Nevertheless, some larger trends are clear, such as the considerable increase in emissions in the 2000-2010 period compared with the 1990-2000 period (see Table 3 below).

**67.** From 2020 onwards, net emissions are projected to continue in line with the reference period average of 18.8 million tCO<sub>2</sub>e annually, composed of 2.1 million tCO<sub>2</sub>e emissions from deforestation, 24.6 million tCO<sub>2</sub>e emissions from forest degradation, off-set partly by 7.8 million tCO<sub>2</sub>e of removals (due to forest enhancement, afforestation and reforestation) annually.

**Table 3. Trends in forest-related Greenhouse Gas Emissions and Removals**

<b>Emissions/Removals in Mt CO<sub>2</sub>e</b>	<b>1990 - 2000</b>	<b>2000 - 2010</b>
<b>Emissions from deforestation</b>		<b>22.8</b>
<b>Emissions from degradation</b>		<b>279.4</b>
<b>Subtotal emissions</b>	<b>132.7</b>	<b>293.2</b>
<b>Removals</b>	<b>-33.6</b>	<b>-86.0</b>
<b>Net emissions</b>	<b>99.1</b>	<b>207.2</b>

**68. Improving the Forest Reference Level** would require: (i) including more historical datasets and carbon pools; (ii) including more historical reference data points; (iii) improving the compilation of activity data through the use of higher resolution data and ground-truthing, and mapping of community forests; (iv) improving collection of more robust data on drivers; (v) develop better emission factors through improved forest inventory data (spatially linked, permanent sampling, consistent, accessible) and obtain incremental data for reforestation and enhance in order to develop more complex growth curves; and (vi) improve the capacity of REDD IC through intensive one-on-one training of the staff members responsible for updating and improving the Reference Level.

<sup>17</sup> See page 24 of the report Development of a REDD+ Forest Reference Level in Nepal, Methodological Steps and Presentation of the FRL, available on the MOFSC website <http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Nepal-Forest-RL.pdf>

**69. Use of historical data, no adjustment for national circumstances.** For determining its reference level, Nepal uses historical deforestation, degradation and removals data, without any adjustment for national circumstances.

→ *TAP Conclusion: the national FRL developed by Nepal, despite being in compliance with UNFCCC guidelines, could be significantly improved through the implementation of the recommendations from the R-package report quoted above. REDD IC intends to undertake this task once the additional funding from FCPF will have become effective.*

## Component 4: Monitoring systems for forests and safeguards

### *Sub-Component 4a: National forest monitoring system (criteria 29-31, green)*

**70. The national forest monitoring system.** Following Decision 11/CP.19 (UNFCCC, 2013), the national forest monitoring system (called NaFMIS in Nepal) is expected to provide data and information that are transparent, consistent over time, suitable for measuring, reporting and verifying anthropogenic forest-related emissions by sources and removals by sinks, as well as (changes in) forest carbon stocks and area changes. NaFMIS is intended to provide information to governmental organizations, NGOs, research institutions, other relevant institutions and general public and to support decision making related to REDD+ strategy options.

**71.** Work on the National Forest Monitoring System in Nepal is quite advanced. The detailed study for designing a robust Monitoring, Reporting and Verification (MRV) system for Nepal's REDD+ process is publically available online.<sup>18</sup>

**72.** Nepal's proposed national forest monitoring system will be comprised of four independent but closely connected units: (i) Database/IT/Metadata Unit; (ii) Remote Sensing/GIS unit; (iii) Forestry Inventory Unit; and (iv) Reporting Unit. The Remote Sensing and GIS units will be responsible for image processing and analysis to produce Land Use/Land Cover classification, while the Forest Inventory Unit will be responsible for undertaking forest inventories nationally and coordinating inventories at sub-national, district or local level to estimate GHG emissions. The Database/IT/Metadata Unit will manage and maintain MRV database, maintain IT platform interface and provide aggregated data to Reporting Unit. The Reporting Unit produces periodic standard MRV reports for dissemination.

**73.** The proposed approach to monitoring and the various technical choices made – such as the combination of remote sensing and ground-based carbon inventory approaches, the resolution of the satellite imagery

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<sup>18</sup> <http://mofsc-redd.gov.np/wp-content/uploads/2013/11/Full-Cost-Proposal-document.pdf>

required (30 m wall-to-wall, possibly with 5m spot checks), inclusion of carbon pools and gases – appear to be sound and realistic.

**74.** The draft of the proposed monitoring system was shared and discussed among technical experts and officials of Ministry of Forest and reviewed by the experts. Comments and suggestions from experts were addressed and incorporated while devising the proposed system. The monitoring system has adopted international good practices including IPCC methodological guidance and accepted and approved by REDD-IC.

➔ *TAP Conclusion: the development of the national forest monitoring system (NFMS) is on track, The links that were established with the Forest Resource Assessment project will be instrumental for the combination of satellite and field data.*

***Sub-Component 4b: Information system for multiple benefits, other impacts, governance, and safeguards (criteria 32-34, yellow)***

**75. Identification of relevant non-carbon aspects, and social and environmental issues (criterion 32).** As noted in the R-package Report, this sub-component requires considerable additional work and resources, and will continue under the Additional Financing that will be provided by FCPF. Indicators for monitoring non-carbon benefits need further definition as well as efforts to build stakeholder capacity.

**76. Monitoring, reporting and information sharing (criterion 33).** The proposed Safeguard Information System (SIS) will adopt a systematic approach for collecting and providing information on how REDD+ safeguards are being addressed and respected throughout REDD+ implementation. A technical working group was formed to develop safeguard indicators based on the generic principles and criteria developed by the Secretariat of REDD+ SES. The committee is comprised of representatives from indigenous community, women's group, gender expert, government agencies, indigenous peoples and civil society. The technical working group falls under the authority of the REDD Working Group, which functions as the National Standards Committee and oversees and supports the use of standards in the country.

**77. Institutional arrangements and capacities (criterion 34).** A study has been conducted to develop guidelines for institutional coordination and standard operating procedures of NFIMS. Recommendations prepared for the management of the system cover staffing, computer hardware and software to ensure system sustainability and use. Additional government staff will need to be trained to operate, maintain and administer the NaFIMS.

**78.** Some gaps remain particularly that monitoring indicators for non-carbon benefits need further strengthening and further efforts to strengthen inclusion of stakeholders in the monitoring effort

## TAP Review Part C: Summary Assessment and Recommendation to the PC

- 1. The participatory self-assessment process in Nepal was well conducted and a variety of government and non-government stakeholders provided highly significant contributions to the process.**
- 2. Based on the documents consulted, the TAP reviewer is of the opinion that Nepal's R-package report provides a by and large accurate picture of REDD+ readiness progress in Nepal.** A few minor annotations to this conclusion are in order. Under sub-component 2c, the R-package did not reflect sufficiently the progress that had been made on the proposed legal reforms for REDD+ implementation, including detailed recommendations for how to handle carbon rights. In sub-components 2a and 2b, on the other hand, the green color scores given appeared to be somewhat optimistic. Yellow scores might have been more appropriate, given that the R-package report itself signaled major challenges ahead – e.g. the prioritization of REDD+ Strategy Options has not yet been done due to lack of activity data.
- 3. As noted in the R-package report, some of the REDD+ Readiness results and recommendations may have to be revisited once the implications of the new federal governance structure will have been fully clarified.**
- 4. A number of excellent recommendations are included in the R-package report, for example on how to improve the Forest Reference Level and how to facilitate prioritization of REDD+ Strategy Options, The funds necessary for the implementation of many of these recommendations are included in the budget of the additional financing that was approved by the FCPF, so it would be good if the related grant could be signed as soon as possible.**