

Forest Carbon Partnership Facility (FCPF): Readiness Plan Idea Note (R-PIN) – External Review Form

Guidelines for Reviewers:

- 1) *This review form is a record of your review, which may be disclosed for transparency. Please bear that in mind when filling it out.*
- 2) *Please summarize your comments-- address whatever you feel is important.*
- 3) *Please evaluate and mark (score) each of the 5 Summary Assessment review criteria from the FCPF Information Memorandum, the Participants Committee Selection Criteria, and the numbered R-PIN major topics, as requested in the right-hand column. Select a mark from the following scale: NA: Not Addressed. 1: Inadequately addresses criterion. 2: Barely addresses criterion. 3: Average, or adequately addresses criterion. 4: Good job of addressing criterion. 5: Excellent job of addressing criterion.*

1) Country submitting the R-PIN: NEPAL 2) Date of Review: June 28	
I. Summary Assessment of the Quality and Completeness of the R-PIN: <i>Note with value of 1 – 5</i>	Mark (score):
Criterion (i): Ownership of the proposal by both the government and relevant stakeholders:	3
Criterion (ii): Consistency between national and sectoral strategies and proposed REDD Strategy:	3
Criterion (iii): Completeness of information and data provided:	3
Criterion (iv): Clarity of responsibilities for the execution of REDD activities to be financed:	3
Criterion (v): Feasibility of proposal and likelihood of success:	2
SUMMARY SCORE: <i>add scores above and enter sum into box on right</i>	SUM: 14
Improvements the country could make to R-PIN, and any TA needs for it:	
II. Participants Committee Selection Criteria: Information Relevance of country in REDD context: Priority to countries with: (i) substantial forest area and forest carbon stocks; and (ii) relevance of forests in economy, including livelihoods of forest dwellers and Indigenous Peoples:	

Geographic and biome balance: across the world’s main forest biomes.

Variety of approaches: Proposed innovative approaches to tackling deforestation and degradation; methods; testing new mechanisms and distribution of REDD revenues; and/or regionally important leadership.

III. Detailed Review of R-PIN Responses to Template Questions:

Please review the R-PIN quality and completeness in terms of addressing the major questions in the FCPF R-PIN template.

1. Government focal point, and ownership and consultation in producing the R-PIN:

- a. Government focal point is noted as a senior official of the Ministry of Forests and Soil Conservation (MFSC).
- b. Several authors from MFSC, and local and international NGOs, and international institutions have authored or contributed to the writing of the R-PIN document. Others from government agencies, bilateral aid institutions, and local NGOs were consulted in drafting the document.

Comment:

- 1. The authors should consult one or more financing agencies since they can offer advice on appropriate ways to channel REDD funds to key stakeholders.
- 2. While representatives of forest groups were consulted, it is unclear whether they did wider consultations with dwellers.
- 3. The level of thinking is still on an earlier stage for one to be able to point to a significant likelihood of securing ownership from all stakeholder groups on the ground.

2. Identification of institutions responsible for: forest monitoring, law enforcement, conservation, and coordination across forest, agriculture and rural development:

Key national institutions that are almost all within MFSC or directly affiliated with it, and the National Planning Commission have been identified as responsible institutions.

Comment: Local and regional institutions, and forest communities that MFSC would collaborate with, or channel REDD funds through, should be listed here. The risk of rivalry will need to be adequately managed.

3. Current country situation:

Where do deforestation and forest degradation occur, main causes, estimates of greenhouse gas emissions, data available? Key issues in forest law enforcement and forest sector governance?

This section provides information about the state of the forests in Nepal. The data and information, however, is limited and sometimes inconsistent. Selected areas have been monitored so that a national consistent historical data set is lacking. Deforestation is noted to have occurred consistently since 1964. The rate has slowed in the Terai region, and a 2005 study based on Forest Management Operational Plans inventory data also found that basal area has increased more than 160%. The pressure is high in Terai (the plains) region but that the extent of forest encroachment is not studied.

Main historical causes of deforestation are the lack of a tenurial system, nationalization of forest lands, and political instability. Drivers include government resettlement programs, unsettled settlements and illegal clearing of forest for agriculture and illicit felling of timber for smuggling across the border. Other causes of deforestation in the country are expansion of agricultural land for food production, firewood of cooking and domestic heating, forage for livestock and grazing, inadequate management of public forests and restrictive forest management.

The section notes that evidences strongly support that once the forest management regime is transferred to the local communities, the degradation and deforestation is substantially reduced in that forest. However, it is argued that the community forests have improved at the cost of adjoining national forests in several places.

While Nepal's national communication estimated 2004 GHG emissions of 22,895 Gg from land use change, this was not considered a reliable estimate.

Comment:

- 1. The document offers an adequate description of the challenges related to governance and law enforcement.
- 2. The lack of consistent data sets and national level analyses will pose a major challenge to the REDD program either limiting its application to selected areas or requiring substantial resources to build up a complete measurement, monitoring, and evaluation system.

3. Political instability could further hinder law enforcement, including those associated with forest-related laws and regulations.

4. Data available on indigenous peoples and forest dwellers?

Out of the national average of 31 percent people living below poverty line in Nepal, more than 72 percent are forest dwellers. These dwellers have been recognized as part of three forest user groups, the most prominent being the 14,500 strong Community Forest Users Groups (CFUG) managing nearly 1.24 million ha or about a quarter Nepal's forest land.

Comment:

1. It is encouraging that Nepal over the years developed a process of involving forest communities in forest management. But in this R-PIN, it would have been important for the authors to refer to the safeguards mentioned in the above instruments and the national instruments that that are in place or being developed to safeguard the rights and interests of indigenous peoples.

2. While the section cites the above statistics, it does not provide information about what data are available for different regions over what time period and how these are collected.

5. Current strategy in place to address deforestation and forest degradation. What stakeholder process was used to arrive at it?

The proposal notes several notable processes that have driven forest policies in Nepal and that the government is conducting several major programs that include community and private forestry, national and leasehold forestry, biodiversity conservation, medicinal and aromatic plants, soil conservation and watershed management, and forest based industries development. A common feature of these policies relates to the importance given to NGOs and private sector as potential service providers.

The section notes, however, that despite all the above programs, there is limited tenurial security as government controls decision making over forest resources, and the government has limited capacity. It also notes that there is still a need to transform top-down organizational culture of government institutions to allow the forest dependent citizens to participate effectively in the policy processes. In addition, there is also a need to forge effective inter-sectoral coordination among government agencies while making forest policies in Nepal.

Comment:

1. There is adequate information provided that describes the historical program development. There is a lack of coverage of the stakeholder processes that were used to arrive at the programs cited in the first paragraph above. Also, the continued strong role of the government in decision making may hinder the participation of other stakeholders in REDD activities.

2. Among several documents describing government's program (Acts, Strategies, Policies, Master Plan etc.) there is no document specifically addresses deforestation and forest degradation. The breadth and wealth of legal framework should be further crafted to create an enabling environment by which all interests are accommodated.

6. What would be needed to reduce deforestation and forest degradation?

Has country considered the potential relationship between REDD strategies and country's broader development agenda?

Has any technical assistance been received, or is planned on REDD?

Community-based forest management is the mainstream forest policy in Nepal for almost two decades. At least 20% of the forest land is under community management. Literature shows that both deforestation and forest degradation have been retarded in the one million ha of forests managed by local communities especially in the middle hills. A rough estimate of the monetary value of timber and non-timber forest products extracted by the communities is put at US\$ 18 million and

that of fuel wood, US \$ 5.5 signifying the economic value of community forestry. Lesson is being transmitted and applied in various sectors of environmental conservation and development beyond forestry.

While small scale forestry is being managed in sustainable manner, two key challenges remain with regard to managing the block forests of Terai: defining roles and power of communities, local government and central government, and ensuring conservation of those aspects of ecosystem that are not of direct and immediate value to local people.

Initiatives have also been tested in the watershed management sector on “Payment for Environmental Services” (Winrock, 2007).

Nepal has not received technical assistance to date under a REDD program but has conducted a REDD forum to plan for such assistance.

Comment: Community forestry will clearly play an important role in a REDD program particularly for small land holdings. As the proposal notes, two key challenges with regard to managing block forests and ensuring conservation of ecosystems that are of no direct value to local dwellers will need to be targeted through REDD incentives.

The watershed management sector provides a good example that should be studied for payments under a REDD program.

Section 6 (c) of the proposal notes six other development objectives that would benefit from a REDD program. These are not wrong in principle but REDD may have limited impact on many of the objectives. The proposal needs to indicate the process through which such objectives would benefit.

7. What stakeholder consultation process would country use for developing and implementing REDD under FCPF support?

1. Very sophisticated processes are laid out by the proponent ranging from community up to parliamentary level. One has to realize, however, the transaction costs of all these procedures.
2. The presentation in this section is quite complete, and notes the various ways that the Nepalese government has been engaged in consultations with various stakeholders on different issues.
3. The rights centered approach should incorporate provisions under the UN Declaration on the Rights Of Indigenous Peoples and under the ILO 169 that Nepal has ratified. Emphasis should be placed on customary and collective rights of indigenous peoples in forest conservation and in REDD projects.

8. Implementing REDD strategies: challenges to introducing effective REDD strategies, and how might they be overcome? Would performance-based payments through REDD be a major incentive for implementing a more coherent strategy to tackle deforestation?

The current forest policies and programs are geared towards policing and salvage management, and deforestation is treated as an outcome of rampant poverty. The proposal states that national action plans will need to be recalibrated. What does calibration mean and how will this be done, how long will it take?

Department of Forest Resources and Survey, the focal institution for monitoring of national forests is “in a position of collapse.”

The enforcement mechanism is extremely inadequate.

Comments:

It would appear implementation of REDD will pose a legal, data collection and enforcement challenges that are particularly severe in Nepal. It seems consistent with the problems with data collection and monitoring noted elsewhere in the proposal, but as noted above, the section needs to be clearer about legal challenges, and also about enforcement mechanism. The document limits this discussion to broad level statements of issues (e.g., forest sector is not a national development priority) but does not advance the actual steps to be taken to remove the existing barriers. On the other hand, this is understandable in a country lacking technical and institutional capacity across the board. One should also be mindful that Nepal is only going through the first stages of recovering from the political upheaval lasting more than a decade.

9. REDD strategy monitoring and implementation:**How forest cover and land use change are monitored today, and any constraints in this approach?**

Forest cover is not monitored in a regular way in Nepal. The existing data on forest cover and deforestation rates come from few and far between exercises and studies involving different instruments and methodologies, with limited comparability across temporal and geographical scales. Not surprisingly, data collection has been limited to above ground live vegetation, and monitoring of forest degradation too is inadequate. Nepal proposed to emulate the Brazilian experience.

Comment: An entire new system would need to be put in place. REDD resources will be needed to put together, perhaps with other funding, to establish a monitoring system that can rely on aerial measurements coupled with ground truthing in order to track changes in land use and land cover.

10. Additional benefits of potential REDD strategy, and how to monitor them: biodiversity and rural livelihood?

This section is well covered and adequately justified.

Biodiversity monitoring is quite widespread in Nepal at national and local levels. Under a REDD the proposal would continue such and monitoring and enhance it through monitoring by CFUGs.

Rural livelihoods are being monitored but not as well in the government sector, and would benefit through a national level database from regional and micro-level monitoring systems.

Comment: Biodiversity and rural livelihoods monitoring appears to be more detailed and consistent than land use monitoring. REDD can make use of the current systems and strengthen them to improve bottom-up components of the data collection.

11. What assistance is country likely to request from FCPF Readiness Mechanism?

The document lays out six components: scoping study, planning/strategy, capacity development, governance, grassroots models, and documentation and dissemination. These would be implemented over a 3-year period and cost US \$1 million.

Comment: These items are appropriate for a REDD strategy, but they do not explicitly address the key needs for a REDD program.

1. Under the strategy section, it may be timely to start thinking of providing adequate legal framework.
2. The proposal needs to explicitly include ways that Nepal would improve the quantitative aspects of REDD. These would include its forest inventory, collection of data to establish a system for base year and future monitoring of at least REDD land areas, inclusion of all carbon pools, estimation of opportunity costs of land and biodiversity indices and other sustainable development indicators, and REDD payment mechanism and financing considerations.

12. Donors and international partners already cooperating with country on REDD.

The key donors and partners (SNV, WWF, DFID, Winrock, CARE International) who cooperated in writing of the document have affirmed their support for developing a national REDD strategy. There aren't significant donors being aligned for the strategy. The proposal is heavily dependent on international NGO assistance, in particularly from WWF.

13. Country's Potential Next Steps and Schedule:

Three steps are noted in the document.

Step 1 Scoping study

Step 2. Capacity development system:

Step 3. Governance:

Comment: Please see item 11 above. In addition, the resources requested for the proposed set of tasks do not seem adequate to conduct careful quantitative analysis given the lack of consistent data sets that have been described throughout the proposal.

14. Attachments and their usefulness:

Annexes are cited and provided. These are useful to give a detailed and comprehensive background of Nepal's forestry sector.