

Comments Germany – UK- US– Nepal ERPD Advanced Draft – October 2017
3rd of November 2017

Summary

First, we would like to thank Nepal for the submission of the Advanced ERPD and the commendable effort that went into the elaboration of the document. Similarly, we appreciate the thorough review of the TAP: the document provides a good overview of strengths and weaknesses of the ERPD and the explanations provided are clear.

With 25 indicators currently not meeting the MF standard and another 15 not yet scored (n.a.), it appears that Nepal's Advanced ERPD is still very much work in progress in several sections. It appears that the TAP review was somehow too early in the process, and that the Program would have benefited from more work before being submitted. Particularly, the lack of a Safeguards Framework (and a clear process) and the methodological inconsistency between the national and the jurisdictional REL are of strong concern.

The CFPs therefore advise to thoroughly consider if all the major issues raised by the TAP and the CFPs could be properly addressed and mostly resolved before submitting a final draft for consideration at the CF meeting.

Overall, the CFPs agree with the main concerns identified by the TAP. Please find in the following the more detailed comments concerning the various sections of the ERPD.

1) REL and MRV

In line with the TAP comments, this area is of strong concern for the CFPs. The huge discrepancy between jurisdictional REL and the national REL submitted to UNFCCC has to be reconciled before Nepal can be admitted into the CF portfolio. Overall, the section on REL and MRV would benefit from more detail to understand the methodological choices and its implications.

National vs jurisdictional REL

The two RELs appear to have been developed in isolation, despite the ERPD being the most important REDD+ initiative in the country – with significant political importance. The reasons for this remain unclear. There are significant methodological differences between the two approaches, which are briefly summarized in the ERPD (p.133/134). However, it does not explain the magnitude of the difference in the RELs.

It appears that harmonizing the two approaches would benefit the methodological soundness of both the jurisdictional and the national. For example the national REL uses a stock change approach, which is not applied in the jurisdictional REL. While using gain-loss for deforestation appears most appropriate, it appears that using stock change for degradation/regeneration also at the jurisdictional level would be beneficial. Especially, since planned interventions focus on regeneration and limiting degradation. There is a significant amount of field data, supplemented by LIDAR, this could be a good basis for estimating emissions from degradation. Given the rather small size of the intervention areas, this could also be adapted to a suitable monitoring approach.

The use of distinct forest classes with assigned emission factors does not seem a suitable approach for degradation/regeneration neither in the REL estimation nor for the monitoring – particularly not for regeneration since growth processes are gradual.

Uncertainty

The uncertainty analysis is not fully clear and not complete as also the TAP points out.

Activity data: the stratified area estimate (accuracy assessment) is only applied for the 2009-2011 data (lack of high resolution imagery is given as the reason for pre-2009) – there is no explanation why it is not applied for the 2010-2014 period. Equally, it should be explained why deforestation numbers and the equivalent emissions are substantially different between the July and September Version of the ERPD (see TAP comment).

Especially for deforestation, the accuracy assessment should be applied for the whole reference period- acknowledging that for some years no higher resolution imagery might be available. However, since Nepal commendably has chosen a time-series approach for the jurisdiction – accuracy assessment can be carried out with LandSat and a more thorough classification for the selected sample.

Reference period

The initial justification for choosing 2014 is understandable – the 10 year period is fully in line with the MF. However, given that the REL needs a serious overhaul to make jurisdictional and national REL coherent, the inclusion of 2015 data seems feasible.

MRV

In line with the comments above, we second the TAPs observation that there is some doubt the proposed MRV approach will be able to capture positive impact by the proposed interventions. It should also be a key consideration that the jurisdictional and national MRV approach are fully aligned to avoid inconsistencies and achieve cost-effectiveness (avoiding parallel systems).

Calculation of expected ER

In addition to the TAP comments in respect to unclear or partly flawed calculations- the estimated 10y ER are as high as the estimated REL, it appears highly unlikely that net deforestation and degradation are completely stopped in this period even when considering increased and successful regeneration (which, in addition, will be slow in the first years of the program).

Leakage:

The description is rather short and needs clarification and more supporting evidence for mitigation activities – given that main drivers identified are linked to fuel wood and illegal logging it does seem likely that some of this activity will shift to other forests outside the program area. This also has to be captured by the MRV system.

Permanence:

The argument for low permanence risk is understandable but would also benefit from more supporting evidence. Particularly, when considering the fragile political context in the recent past and how the

deforestation dynamics were affected by it (e.g. spike after 2009). The proposed 11% risk buffer appears to be low.

2) Sustainable Program Design

The rationale for the design of the program area is not clear, and the reason for leaving out part of the Terai is not apparent.

In comparison to other ER Programs the intervention area is rather small, however, the percentage of community managed forest in Nepal is already high. Adding 200,000 ha through handover procedures to existing 336,000 ha of community managed forest land in the Terai would mean a drive for land management change and effective reforestation in a large area. These numbers are highly ambitious.

The introduction of integrated land use planning to municipal land is a first step. It is not clear what the wider implications are for adjacent land and how this impacts expansion strategies of urban centers in the Terai. However it is commendable that such interlinkages are envisaged and thought of.

The financing/investment plan for the interventions should also become more detailed in order to fully understand priorities and be able to gauge expected outcomes.

The program area is relatively small, and does not include any whole jurisdictions. Can Nepal provide greater detail on how the program area was chosen?

Fires are noted as a major potential driver of deforestation. However, non-GHG gases from fire are not included in the FREL/MRV system. In addition, fire management is not proposed as an area of intervention for the program.

BSP

The MF does not require a full benefit sharing plan at this stage – however, key information has to be provided to understand the intervention logic and the participation of different stakeholder groups. A clear outline with the most important components should be developed for the final draft - and a clear process for the detailed elaboration of the plan.

Institutional Arrangements

While the institutional arrangements have been elaborated in the ERPD, some of the institutions have yet to be operationalized. Therefore it is difficult to assess how effective these arrangements will be. Furthermore, the current political transition adds more uncertainty to the effectiveness of the proposed institutional arrangements.

3) Safeguards

In line with TAP comments it is regrettable that the SESA and ESMF work prior to the submission has not been finalized. This would have clarified and shown the integration of Civil Society Organizations into the processes and a roadmap to public legal awareness on the Grievance Redress Mechanism. In our understanding, substantial work has been carried out with the assistance of UN REDD but this is not reflected in the ERPD. These issues should be addressed before the submission of a final draft.

Additionally the references to institutional bodies (ESC and ESAMU) for ES monitoring that do not yet exist, as the political transition process is still underway, make the readiness for safeguard compliance incomplete, a clear roadmap for the process is recommended.

Of particular concern is the treatment of displaced peoples as part of Nepal's post-conflict transition. This issue was raised by CFPs in the April 2014 Carbon Fund meeting, and there should be a greater deal of preparedness in the Nepalese institutions before an ERPD can be approved.

4) ER Transactions

Several legal issues around ER transactions still have to be resolved. Details on transfer of title are needed, particularly for ERs generated on private forests.

The Data Management System and the registry still have to be designed and formal decisions taken.

The inclusion of a timeline for deciding on the appropriate registry is positive, but there is still a lack of clarity when the registry will be designed and implemented.

Vesting authority in the NRC to submit funding proposals to the GCF through Nepal's Nationally Designated Authority will provide additional sources of financing, but will necessitate a robust registry system to ensure ER transaction integrity.

5) Political Commitment

Nepal has put considerable effort into REDD+ over the last few years. However, with the REDD+ strategy not endorsed and its frequent citation in the ERPD, areas of the document like Benefit Sharing Mechanisms stay vague and open for political discussion.

Nevertheless, REDD+ is a high priority government program with significant influence on future land use planning in the project area. A clear way forward for the formal endorsement of the REDD strategy and the respective decisions necessary should be clearly outlined

Clarification Questions

- What do you consider a realistic time frame to fully address the issues with the REL and the MRV – especially the inconsistencies between jurisdictional and national level?
- What is the rationale to select a program area that is neither fully aligned with political jurisdictions nor with ecosystem boundaries? Would including the whole of the Terai be an option?
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