

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TFOA4169
Printed On: 10/30/2019

Reporting Period: 07/01/2018 to 06/30/2019
Report Type: Progress Report
Report Status: Approved

Assignment: TFOA4169

Forest Carbon Partnership Facility (FCPF) Readiness Fund - Third Nepal REDD Plus Readiness Preparation Support

FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000239109 - Andrea Kutter
Approving Manager: 00000086248 - Magdolna Lovei

Summary Information	
TF Status	ACTV
Recipient Country	Nepal
Executed By	Recipient
Managing Unit	9274 - SSAE1
Grant Start Date / End Date	01/20/2017 to 12/31/2020
Original Grant Amount	5,200,000.00
Grant Amount	5,200,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	1,769,124.02 as of 06/30/2019
Disbursed 07/01/2018 to 06/30/2019	1,289,308.50
Donor	TF602001 - MULTIPLE DONORS

This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program(FCPFR), Disbursements.

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OVERVIEW

Overall Assessments

Grant Objectives:

The objective of the Nepal Readiness Preparation Program is to prepare Nepal to engage in and benefit from the potentially emerging performance-based system from Reducing Emissions from Deforestation and Forest Degradation (REDD plus) within the context of the international climate negotiations of the UN Framework Convention on Climate Change.

Overall progress from 07/01/2018 to 06/30/2019 with regard to Achieving Grant Objectives:

Comment:

Although the overall disbursement continues to remain low, there have been some improvements compared to previous reporting period in implementing some of the technical activities (see the next section). However, rate of progress with achieving the planned project outcomes and results remains slow. Reasons for the continuing delays in project implementation are mainly due to lack of human capacity within RIC, a low authorized FY spending authority issued for RIC by MoF and MoFE, the budgeting process within MoFE, challenging government procurement rules for firm contracts and other government priorities associated with the ongoing federalization process. RIC has to accelerate the implementation of the still outstanding activities in order to achieve the project objective.

Overall progress from 07/01/2018 to 06/30/2019 with regard to Implementation of Grant Financed Activities:

Comment:

During this reporting period, RIC has worked on the following activities, some of which are completed and some are in the final stage of completion. Here is the summary of such activities. 1) RIC has been preparing the benefit sharing plan for the Emission Reduction Program Area. A draft version was shared with the Bank recently and it is being revised. 2) Preparation of Sustainable Forest Management Plans - A total of 15 CF management plans in the ER Program area are updated incorporating provisions of sustainable harvesting and enhancement of carbon stock. Currently, draft of the updated plans are being reviewed by concerned forest officers and forest users. The plans will be approved by the respective community forestry user groups (CFUGs) followed by the endorsement by the respective Divisional Forest Office. 3) 20 leasehold forest operation plans of Parsa district and Mawanpur Districts were revised. Similarly 50 buffer zone community forest operational plans were also revised in Chitwan, Banke and Bardiya National Parks. 4) Currently, 1500 community forest (CF) operational plans are being revised (covering smaller forest areas of 25-50 ha) to incorporate REDD+ strategy and Emission reduction interventions. 5) RIC has started to strengthening agroforestry in ER program district, by preparing profile of current agroforestry and developing road map for its further strengthening. 6) 10 land use plans are being prepared for selected municipalities in the emission reduction program area. 7) 300 permanent sample plots have been measured and quality control assessment completed in Middle Mountain, High Mountain and High Himal regions for National Forest Monitoring. 8) As part of capacity building, RIC organized three trainings for trainers for REDD focal person, one event for capacity development of IPs leaders at national level, eight training events on gender integration in REDD+, and eleven capacity development training for government officials at different levels. More than 2000 persons have been capacitated on various aspects of REDD+.

Despite all these progresses, overall disbursement continues to be slow. In the current pace, it is unlikely to use all the allocated grant within the project period.

Grant follow-up and structure

Description and context of Grant:

The Grant was restructured in June 2018 and the GA was amended. The Grant was restructured as follows:

##Extension of current grant closing date from December 31, 2019 to June 30, 2020. The FCPF terminates on June 30, 2020.

The undisbursed amount beyond this date will have to be returned to FCPF. The other countries supported FCPF have signed the Additional Funding Grant Agreement with a closing date of June 30, 2020. Considering the pace of the project and request received from Government of Nepal, it is recommended to extend the grant closing date by 6 months from December 31, 2019 to June 30, 2020.

##Inclusion of DFRS as one of the implementing agencies. DFRS, one of the five departments under MoFSC, is an expert agency for some of the planned FCPF activities. DFRS will lead on national reference level, ER Program level reference level, national forest monitoring system, measurement, monitoring, reporting and verification (MRV) of emissions reductions, ER Program registry and other aspects of carbon accounting. DFRS may seek technical assistance and support from other relevant national

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or international organizations, including United Nations Agencies. DFRS will also be responsible for implementation progress monitoring and reporting to REDD IC, which is the lead implementing agency of the overall REDD+ Program in the country. REDD IC still remains responsible to report to the Bank and FCPF on overall implementation of REDD+ Additional Funding and ER Program.

Expected follow up (if any): Expanded capacity

Comment on follow up:

The Task Team visited Nepal in May 2019 and urged RIC and MoFE to accelerate the implementation of the project, including reviewing the budget, accelerating the development of the Terms of References (TOR) for the outstanding consultancies and procuring the consultancy services. The team would regularly follow up and supervise the project activities.

The project is closely coordinated with the implementation of the Forest Investment and Emission Reduction (ER) Program activities.

End Date of Last Site Visit:

Restructuring of Grant:

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OUTCOME

Comments on outcome achieved from 07/01/2018 to 06/30/2019

Major outcomes in this reporting period include availability of updated forest management plans for different categories of forests, and improved understanding of relevant stakeholders on various aspects of REDD+,.

Grant Outcome Indicators

No Outcome indicators are defined or used for this grant.

COMPONENTS

Output and Implementation by Component

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Component 1. Readiness Coordination and Consultation (US\$1.070 million)

Status:	Under Implementation
Planned Output:	Meetings of REDD Working Group and set up REDD+ Desk in 7 provinces
Actual Output:	REDD+ Desks have been established in all 7 provinces, and a focal person from every province has been appointed.

Component 2. National REDD+ Strategy Preparation

Status:	Under Implementation
Planned Output:	Preparing sustainable forest management plans and updating existing community forest plans, leasehold forest plans and so forth.
Actual Output:	15 sustainable forest management plans, 1500 community forest plans, 15 leasehold forest plans and 50 buffer zone community forest management plans are being revised.

Component 3. Reference Scenario Formulation and National Forest Monitoring

Status:	Under Implementation
Planned Output:	improve capacity on reference level and MRV
Actual Output:	300 permanent sample plots re-measured and quality assured for National Forest Monitoring

Component 4. Project management

Status:	Under Implementation
Planned Output:	RIC is responsible overall project management including external audits. RIC to provide support for procurement, FM, environmental and social safeguards, communication, and monitoring and evaluation
Actual Output:	This component is progressing with delays.

Comment on planned and actual Output

Comment on component implementation progress

Component 1: REDD+ Readiness Coordination and Consultation. REDD IC has the mandate to coordinate all REDD+ activities in Nepal. Since the last review in December 2018, the REDD IC's new staff has received necessary capacity development, which has in turn enhanced their ability to accelerate the implementation of the Project. Using these capacities for implementing the remaining activities is now a priority as only 13 months are left for achieving the project outcomes and objective.

Component 2: National REDD+ Strategy Preparation. The development and updating of forest management plans for community-managed forests is being supported. Under this component, currently, 1500 community forest (CF) operational plans are being revised (covering smaller forest areas of 25-50 ha). For CFs in the ER Program (ER-P) area, REDD IC will ensure that ER-P activities are fully embedded in the plans. In addition, with support of REDD IC, the 15 sustainable forest management (SFM) plans are being developed for larger, more productive forest areas in the ER area.

Component 3: Reference Scenario Formulation and National Forest Monitoring. Progress with implementing Component 3 remains a major concern. These activities will now be executed by Forest Research and Training Centre (FRTC) and a consulting firm to be hired to complete the activities under component 3 during the next fiscal year.

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EXECUTION

Bank project related to the grant

Project ID / Name: P125198 - NP: FCPF Nepal Grant - Supervision
Project Status: Lending
Global Focal Area: Multi-focal area
Product Line: CN - Carbon Offset

Implementing agency and contact details

Agency: REDD Implementation Center, Ministry of Forests and Environment
Contact: Dr. Sindhu Dhungana
Address: Babar Mahal, Kathmandu, Nepal
Phone: 977 1 4239126 Email: info@mofsc-redd.gov.np
Website: www.mofsc-redd.gov.np

PROGRAM

Program Specific Questions

1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those funded by Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those f

The Grant is closely coordinated with the ERPD and the Forest Investment Program.

2. Describe any important changes in the technical design or approach related to the Grant activities.

No changes have been introduced in the current reporting period. Some changes were made in the previous reporting period, which are also presented below.

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3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant.

There has been gradual improvement on financial and procurement management capacity. However, implementation and technical capacity continues to be an issue because of the frequent transfer of staff and continuous need of building capacity on REDD+. Such high turnover is due to federalization process, and it is beyond the control of REDD IC and the ministry.

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4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?

RIC is in the process of finalizing the ER Program#level SEA Report and ESMF. The safeguards team met with RIC and its consultants to review the progress on the preparation of these documents and was pleased to find that, while improvements were still needed in certain sections, they represented a good start. Findings from the SEA Report and ESMF have been reflected in the revised ERPD. It was agreed that these documents should be completed by end-April and shared once more with the Bank and that, furthermore, public disclosure of the ESMF by RIC should coincide with the publication of the final ERPD on the FCPF website.

5. Is the ESMF prepared in accordance with the Common Approach?

Yes.

6. Describe progress in stakeholder consultation, participation, disclosure of information, and the FGRM related to this Grant.

Benefit sharing plan for the ER Program area is being prepared consulting thoroughly with all relevant stakeholders from national, provincial and local level. Similarly, all the plan preparation and revisions as explained are happening with strong participatory process.

DISBURSEMENTS

Disbursements Summary in USD

Date From	Date To	Planned Cumulative	Planned Period	Actual Cumulative	Actual Period
01/01/2017	06/30/2017	0.00	0.00	400,000.00	400,000.00
07/01/2017	12/31/2017	0.00	0.00	400,000.00	0.00
01/01/2018	06/30/2018	0.00	0.00	479,815.52	79,815.52
07/01/2018	12/31/2018	0.00	0.00	790,074.43	310,258.91
01/01/2019	06/30/2019	0.00	0.00	1,769,124.02	979,049.59
07/01/2019	12/31/2019	0.00	0.00	0.00	0.00
01/01/2020	06/30/2020	0.00	0.00	0.00	0.00
07/01/2020	12/31/2020	0.00	0.00	0.00	0.00