People and Forests
"An SFM-based Emission Reduction Program in Nepal's Terai Arc Landscape"

**Nepal's responses and commitments
to addressing
CFP's and TAP's concerns**

Government of Nepal
Ministry of Forests and Environment
18th CF meeting
20-22 June, 2018
Paris

# Nepal's response and plan of action for outstanding issues

- Nepal appreciates World Bank, TAP, FMT & CFPs for their feedback and delivers its sincere thanks

- Feedback are incorporated in line with national policies and addressing WB requirements

- Nepal is taking stepwise approach and building capacity with program development and implementation

- Committed to resolve most of the outstanding issues by 2018

# Highlights of the TAP Report

## Overview of the Review Processes

| Topic | Criteria | initial review | 1st review | 2nd review |
|---|---|---|---|---|
| **Level of ambition** | 3 | Y=3 | Y=3 | Y=3 |
| **Carbon accounting** | 44 | Y=23, N=13, NA=8 | Y=24, N=12, NA=8 | Y=34, N=2, NA=8 |
| **Safeguards** | 32 | Y=8, N=15, NA=9 | Y=11, N=12, NA=9 | Y=23, N=3, NA=6 |

**Final: Yes (Y)= 60,  No (N)= 5, NA= 14**

# Highlights of outstanding issues

- Emission factors
- FRL and MMR
- ESMF and SIS plans
- Data management system
- Operationalization of the DMS

- Leakage risk analysis
- Safeguards
- Institutional arrangeme
- BSM
- Financing gaps

# Emission Factors

- Method used/to be used for:
    - FRL: Gain-Loss
    - MMR: Gain-Loss

- FRL:     EF based on <u>Area Gain</u>: $3.8 tCha^{-1}yr^{-1}$ (based on plot data)
- Ex-Ante: RF for forest remaining as forest : $2.8 tCha^{-1}yr^{-1}$ IPCC (conservative to above).

- There will be no difference in EF between FRL and MMR

Way Forward:
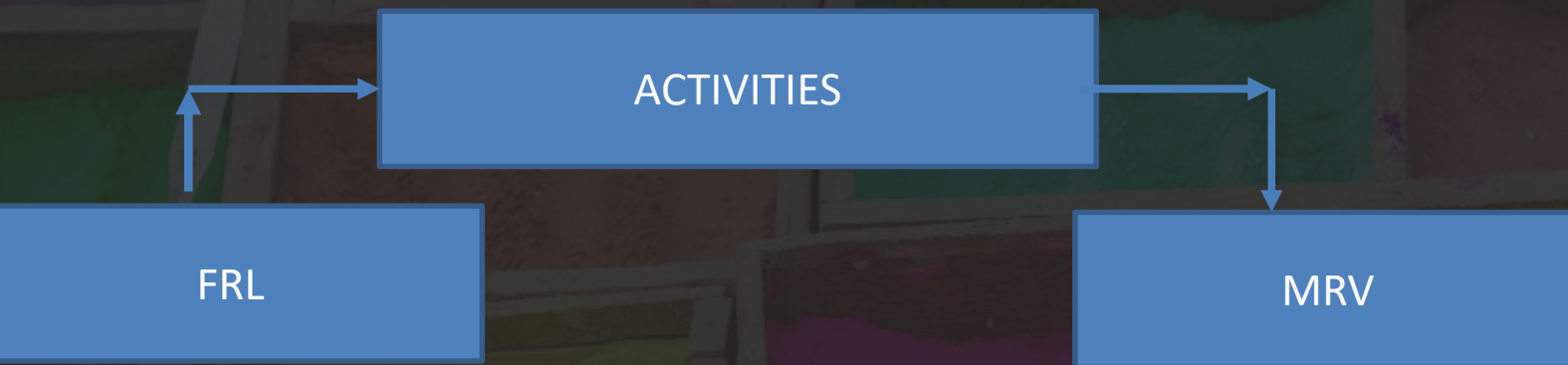Enhancement occurring in *forests remaining as forests* further needs to be carried out
Plots will be developed to monitor these and in particular in CBFM to develop RF. CBFM areas will also be mapped

The areas to be targeted are at present estimated at:
- Stable Core: 839k ha
- Stable Edge: 175k ha

# ER Volume Estimates

ACTIVITIES

FRL

MRV

(2004- 2014)

GAIN-LOSS
Monte-Carlo propagation
FRL-MMR=ER

Plots will be made to monitor RF of forest - forest

- Deforestation
- Degradation
- Gain-Loss

NOTE: FRL will be updated with additional data   for  Removal factors for Forests remaining Forest

# Measurements, Monitoring & Reporting

Fully aligned with the NFMS;

Two year cycle AD  as in the reference level & be improved in a stepwise approach (e.g. Pending gaps in linking Community areas and impact to Deg, Def and Gain as well as add enhancement in Forest remaining Forest to FRL);

Report include: AD x EF/RF for Def, Deg, Gain, Enhancement

Four-tier institutional structure: national, province, local government, & community level;

DFRS will be the central authority for MMR, NFD-NFIMS & SIS;
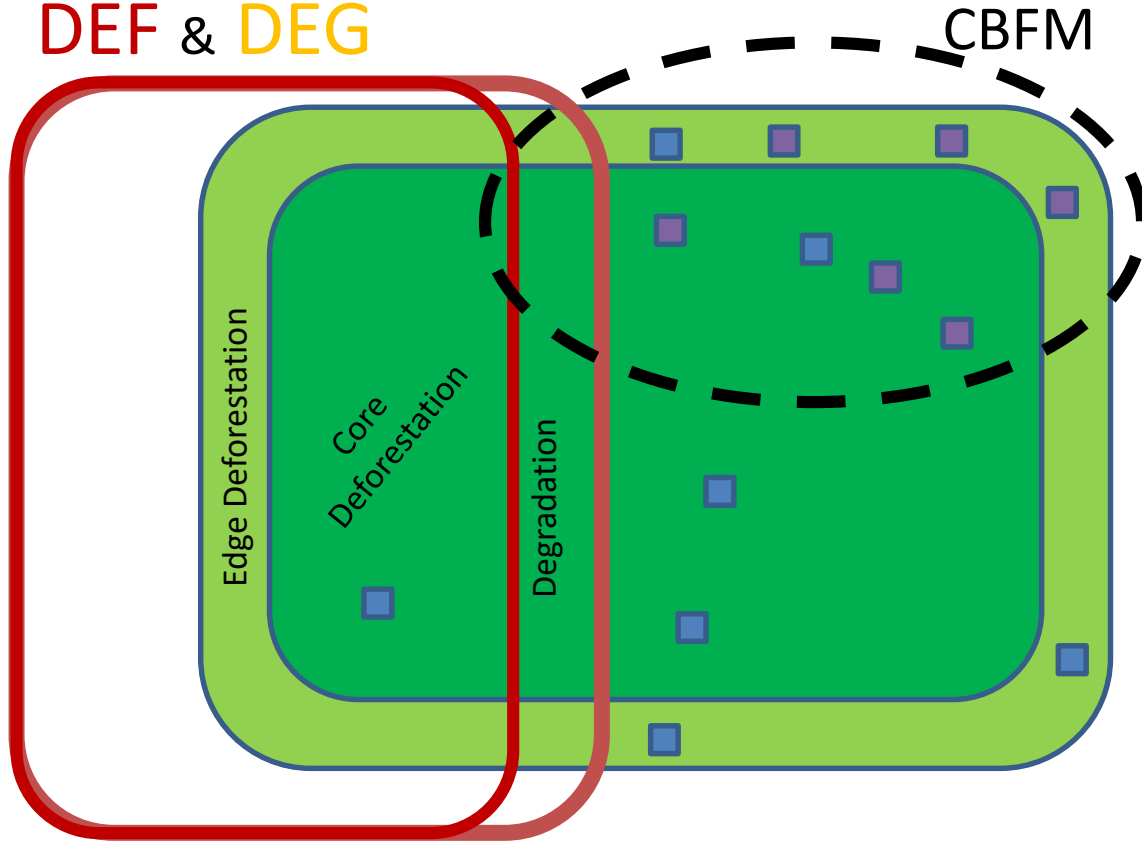
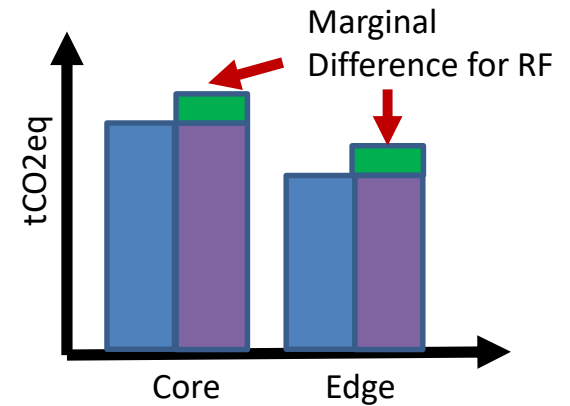Participatory approach: local

Norad

ANSAB
Rich Biodiversity and
Prosperous Communities

ICIMOD

Federation of Community Forestry Users, Nepal (FECOFUN)

Forest Carbon Stock Measurement

Guidelines for measuring carbon stocks in community-managed forests

# GAPS in MMR



## DEF & DEG

## CBFM

Edge Deforestation

Core Deforestation

Degradation

NFI Plots for 2nd Measurement

New Plots for CBFM RF

Marginal Difference for RF

tCO2eq

Core | Edge

1. Marginal Difference Is NOT The IPCC Value used for Ex-Ante Estimates
2. We will collect data to inform removal factor
   1. NFI 2nd Measurement
   2. Additional Plots

# Displacement & Reversal Risks

- Risk assessments done based on field consultations

- REDD+ strategy & other related policies prioritize addressing displacement & reversal risks

- ESMF & ERPD is informed by possible risks in the area

- Proposed interventions minimize risks
  - CBFM: improve productivity & monitoring
  - Biogas: reduce demand

Credit: © Akash

# Safeguards

- The ESMF: Completed & available  online with provisions for updating

- ESMF: Explains details of IPVC identification, provisions of rights over lands, FPIC & IPVC development plan

- Customary land rights: Recognized/respected through specific provisions under CBFM system

- Rights  over land & resources: Recognized by country's constitution, REDD+ strategy & forest policy

# Data Management System

- Consolidated NFD and NFIS is under development

- NFIS will be informed by NFD

- NFIS will be publicly available online in both English and Nepali language once completed

- SIS will also be a part of the NFIS

- DFRS database system is being updated inline with NFMS and REDD+ MRV requirements

- DFRS will maintain database system for ER Program

# Institutionalization of BSM



- ToR for BSP being developed
- BSP to be informed by national policies for benefits & revenue sharing, REDD+ strategy, SEA/ESMF, & related other reports;

- Basic guidelines for the BSM:
  - **80%** of the financial benefits to be channeled to communities in the form of capital (subsidy for SFM, forest-based enterprises, income generation, capacity building )
  - Not more than 20% to be used for administrative costs
  - Key beneficiaries:
    - Community-based forestry groups
    - Indigenous peoples
    - Women
    - Other marginalized groups, such as Dalits
    - Private sector
  - Equity, inclusivity and conditionality

# Financial Gap

**Grand total ≈$184 Million**

**Available Finance≈$ 134 million**
Yea1-6:     $49.7 M (Government Source/Projects
                $45.8M (from Carbon Revenue)
Year 7-10: $38.5M (Government Source/Projects)
                $73.1M (Expected Carbon Revenue)

**Total Gap:**          **$50 million**
Gap:
Year 1-6:          $27.3 million
Year 7-10:         $22.7million

Sources for GAP:
- Internal Borrowing (Government)
- Expected Carbon Revenue of $ 73.1M of Year 7-10 will help in fulfilling the borrowing
- IDA : EOI is being forwarded through MOF

# Institutions and capacity

- Activities will be executed by existing government's institutions ;

- Institutions will be stable as the restructuring process is finalized;

- Multi-stakeholder forum will make necessary decisions;

- Government is aware of limited institutional & stakeholder's capacity;

- Most of the remaining additional funding will be used for capacity building;

# Summary of Follow-up Actions

| Issues | What will be done | Who? | When? | Remarks |
|---|---|---|---|---|
| **EF Consistency** | -Establish new NFI plots in the Terai (tier 3)<br>-Biomass modeling (tier 3) | DFRS + FAO | Dec 2018<br>Dec 2019 | -110 new plots (DFRS)<br>-FAO will provide technical support |
| **Removal Factor of CBFM** | -CBFM will be mapped to generate evidence of its impact (enhancement) | NRC, DFRS, ICIMOD | Mar 2019 | -proposal is being developed |
| **Emissions from fire** | -Forest fire & its emission trend will be assessed | NRC, DFRS | Dec 2018 | -proposal is being developed |
| **DMS** | -NFD NFIS will be completed & be available online;<br>-update DFRS DBS for MRV | NRC, MoFE DFRS | Dec 2019<br><br>Dec 2018 | -will be accessible online (Nep & Eng)<br>-updated yearly |
| **BS plan** | - a detail study will be conducted | NRC, MoFE | Dec 2018 | -provide details of BS plan |
| **GRM** | -functionalize | NRC,DFO | Dec 2018 | |
| **ESMF** | -update based on feedback | NRC | Yearly | -Feedback, learning |

# Thank- You

# National VS TAL FRL

| Criteria | National FRL | TAL FRL |
|---|---|---|
| Scale | National | Sub national |
| Approach | Historical average, stepwise | Historical average, stepwise |
| Forest definition | A: > 0.5 ha, TCC: >10%, height: 5m | A: > 0.5 ha, TCC: >10%, height: 5m |
| Activities | Def, Deg, enhancement | Def, Deg, enhancement |
| Gases | $CO_2$ | $CO_2$ |
| Pools | ABG, BGB | ABG, BGB |
| Estimation | Gain loss, supply demand | Gain loss, Monte Carlo |
| AD | Land based, volume based | Land based, activity based, core edge |
| EF | NFI plot data, IPCC, Sharma and Pukkala (1990) | NFI plot data, IPCC, Sharma and Pukkala (1990) |
| Adjustment | None | None |
| Data source | NFI, Landsat, Other | NFI, Landsat (UMD), NFRL |