



Government of Nepal

Ministry of Forests and Environment

Ref.No. 280

P.O.Box No.3987
Singha Durbar, Kathmandu

Date :- 24 November 2020

To:
The Facility Management Team
Forest Carbon Partnership Facility
Washington D.C.

Subject: Updates on Nepal's ER Program

As you are aware that Nepal's proposed Emission Reductions Program Document (ERPD) was selected into the portfolio of the Carbon Fund of the FCPF in June 2018. Building on a legacy of community-based forest management to improve forest management regimes, the ERPD has identified seven area of interventions to generate emission reductions (ER) target. As a result, Nepal aims to generate 34.2 MtCO₂e for the 10 years period of ERPD. The estimated cost of Nepal's ER Program over 10 years is USD 184 million, or USD 123 million for the prospective six years under the Carbon Fund. I refer to the Chair's Summary of the Eighteenth Meeting of the Carbon Fund (CF18), pursuant to which Carbon Fund Participants and Observers encouraged Nepal to further develop the following issues under its ER Program. I would like to inform you, the Carbon Fund Participants and Observers about the updates on the issues related to ER Program implementation as follows.

1) ER Program synergies and complementarity with related programs:

ER Program area in Terai Arc landscape (TAL) region is the most bio-diverse yet highly deforestation and forest degradation prone region making it important from the perspective of REDD+ implementation. Therefore, there are different interventions in the areas that actually complement REDD+ interventions in the region. First, ER program area covers the Terai part of 5 provinces and 13 districts, so different institutional, policy and program measures are already being implemented through three tiers of government. Through annual budget and program, Government of Nepal, Provincial and Local Governments have dedicated programs and funding for forest management especially focused on sustainable forest management and community-based forest management approaches, which is being implemented via 16 Divisional Forest Offices in 13 districts in the program area. Second, the ER Program area falls within the broad Chure-Terai Madhesh Conservation Program area, and on an annual average, NPR. 1600 million is being spent in conservation and development activities in the region. The major activities carried under the initiative include forest management, watershed conservation, and river basin management. Third, the \$6.6 million project called Integrated Landscape Management to Secure Nepal's Protected

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Areas and Critical Corridors (ILaM) is another recently launched initiative in conservation of forest dominated corridor and connectivity in the TAL area from 2020 to 2025. Fourth, Terai Arc Landscape Program itself is another flagship program to conserve forest and biodiversity, and safeguard the ecological integrity in the ER Program area. A total of NPR 421 million has already been invested from WWF Nepal to implement the activities under different themes in last two years (July 2018 – June 2020). Fifth, Government of Nepal with support from the World Bank, has prepared Forest Investment Plan – Forests for Prosperity Project starting from 2020. This project aims at improving sustainable forest management, increasing benefits from forests and contributing to emission reductions in selected municipalities in Province 2 and Lumbini Province. A total amount of USD 24 million is approved for the Project. Finally, many community-based forest users' groups are practicing sustainable forest management by utilizing significant fund for forest conservation and management.

2) Address potential underperformance or lack of ER generation by exploring additional financing: The ERPD has estimated to generate 4.9 MtCO_{2e} and 5.3 MtCO_{2e} in years 4 and 6 of ER implementation, respectively. Based on this potential emission reduction, benefit sharing plan (Advanced Draft) deals with different performance scenarios of ER program implementation: 100% performance of ER target, 50% performance, 10% performance, and non- performance scenario. Though BSP has already visualized possible four scenarios, efforts are being made to implement the ER interventions in an effective manner through various activities and meet the 100% ER target as far as possible. There are varieties of programs and projects in line with identified ER interventions in the program area. Further, benefit sharing plan considers retroactive accounting of ER from June 2018 (the ERPD approval date) to calculate the emission reduction performance coverings all ER activities implemented before the ERPA signature, helping us to address the potential underperformance.

It is expected that through the regular program of the three tiered government system and complementary and supportive projects and programs in the field contributes ER program implementation and generate target ER while addressing the potential underperformance.

Thanking you.

Sincerely,

(Prakash Lamsal)

Joint Secretary and Chief

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